

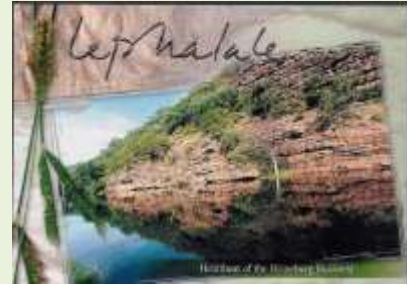


2012-2013

# ANNUAL REPORT

## Volume I

LEPHALALE  
LOCAL  
MUNICIPALITY



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# Contents

## **PREFACE**

### **INTRODUCING THE ANNUAL REPORT 2012/2013 FINANCIAL PERIOD**

Chapter 1: of the Annual Report provides an introduction and an overview of the Municipality's geographic profile, its vision and mission as well as some general information about the Municipal area.

Chapter 2: Governance. The purpose of the annual report is to promote accountability to a local community for decisions made by Municipal Political and Administrative structures throughout a fiscal year. This chapter reviews governance structures, intergovernmental relations; public accountability and participation and Corporate Governance.

Chapter 3: focuses on service delivery by service delivery basis. The purpose of the chapter is to demonstrate what is being attempted in terms of service delivery, what is being achieved and what remains outstanding.

Chapter 4: provides insight into human resources and organizational management. It focuses on staff profile, remuneration, benefits, personnel expenditure, skills development, labor relations, termination of service, performance management, etc.

Chapter 5: Financial Performance. The aim of this chapter is to provide an overview of the financial performance of the municipality with the aim of measuring results. Information included in this chapter covers statement of financial performance, spending against capital budget, cash flow management and investment and other financial matters.

Chapter 6: Auditor General's Findings. This chapter provides an overview of the Auditor General Report of the previous financial year. It provides details on issues raised during the previous financial period pertaining to non-compliance with legislative requirements; as well as remedial action to address non-compliance issues.

Appendices are added to ensure that the Annual Report complies with the requirements of various Legislation.

Volume II: AFS

The Annual Report review and reflects the performance of the Municipality for the period 1 July 2012 to 30 June 2013.





**MAYOR**  
**MJ MAEKO**



**MUNICIPAL MANAGER**  
**AS Naidoo**



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## VISION FOR LEPHALALE LOCAL MUNICIPALITY

***“To build a vibrant city and be the’ energy hub of Africa”.***

Mission of the Lephalale Local Municipality

***“We are committed to rural development, provision of quality, sustainable and affordable services, financial viability and good governance, local economic development and job creation”.***

The value system includes the following:

- **Community orientation:** Provide and deliver sustainable services and activities for the whole community
- **Transparency:** Invite and encourage public sharing and democratic participation in council's activities
- **Commitment:** Focus and concentrate on council's core activities in a consistent manner
- **Business orientation:** Subscribe to, and comply with, the best business practices
- **Integrity:** Conduct council's business in a fair, responsible, flexible, equitable and honest manner
- **Accountability:** Report regularly to all stakeholders regarding council's actual performance
- **Environmental care:** with all the development in Lephalale, the municipality will focus on taking care of the environment.
- **Empowerment:** to be seen empowering our people and knowledge is power.

**Ethos (Culture) of Lephalale Local Municipality follows:**

### RELATIONSHIP BETWEEN COUNCILLORS

**We believe in:**

- Interactive teamwork achieved through mutual trust, respect and information sharing thus ensuring transparency and accountability.
- Leading by example through self-development and pro-active, innovative thinking and action thus accepting responsibility for service delivery while being prepared to delegate such responsibility to achieve maximum results.
- Building an understanding of the different roles and responsibilities of politicians while being perceptive to new ideas and an early resolution of conflict.

### RELATIONSHIPS AMONGST OFFICIALS

**We believe:**

- In respect for authority and actively preventing the undermining of authority by implementing council resolutions.
- Being co-operative and following the right communication channels will promote trust, information sharing, Honesty and work ethics.
- In being committed, dedicated and having a passion for our work which will take us beyond a silo mentality to achieve synergy and team work.
- In developing our shared knowledge to ensure the implementation of holistic, integrated and sustainable solutions to challenges.

---

## RELATIONSHIPS BETWEEN COUNCILLORS AND OFFICIALS

### **We believe that:**

- We should stand together and serve together and be part of a cohesive working relationship based on mutual respect, trust and support which can be achieved through a clear definition of our different roles and responsibilities and the establishment of communication channels which are conducive to the sharing of timely, correct information thus enabling team work.
- Together we must build our knowledge base of legislation, realities and challenges and act as a team in complying to and addressing these.
- Respect for and adherence to the Codes of Conduct for Councilors and Officials will provide a healthy foundation for a good working relationship.

## RELATIONSHIPS OF COUNCILLORS AND OFFICIALS TOWARDS THE PUBLIC

### **We believe:**

- In living Batho Pele and, in doing so, treating our public with respect, courtesy, friendliness and attentiveness.
- In projecting a unified institution which serves one client, makes realistic promises and undertakings, is transparent, accountable and responsive through proper consultation and delivers a clear message of credibility and trustworthiness but being intolerant towards community actions which are to the detriment of development and growth.

An overview of our logo is depicted below:



## CHAPTER 1

### COMPONENT A: MAYOR'S FOREWORD

#### a. Vision

Lephalale Local Municipality has been identified by LEGDP as a petrochemical cluster and has attained the status of national development node; This makes our municipality to be the fastest growing municipality in the whole country.

In last Financial year the state President and National Minister of public enterprises visited our municipality in more one occasion, the purpose of such visits was to take stock of progress made in the construction of Medupi Power station. The National Minister of Human Settlements brought a program of bulk infrastructure services for human settlements in urban and rural settlements.

Lephalale Municipality is 75% rural and farmlands and the current council are more focused on rural development in infrastructure and economic development. Lephalale as geographical area was cited in the state of the nation's address by the State President due socio-economic growth its shows.

It is against this background that the vision of Lephalale Local Municipality shows our dedication to uplifting and welfare in the community through growth opportunities:

***“To build a vibrant city and be the’ energy hub of Africa”.***

Mission of the Lephalale Local Municipality

***“We are committed to rural development, provision of quality, sustainable and affordable services, financial viability and good governance, local economic development and job creation”.***

The value system includes the following:

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- **Accountability:** Report regularly to all stakeholders regarding council's actual performance
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- **Empowerment:** to be seen empowering our people and knowledge is power

Lephalale has been identified by Limpopo Employment Growth and Development Plan as a petrochemical cluster and has attained the status of national development node. The Waterberg coal fields which boast more than 40% of the total coal reserve of South Africa is located in Lephalale. The Municipality is on the verge of huge economic development related to mining and energy generation

due to the recent announcement of a new power station and expansion of mining activities.

***The key projects are***

- ❖ Medupi Power Station
- ❖ Proposed Sasol coal mine
- ❖ Mokolo Crocodile River Water Augmentation Project
- ❖ Opening of New Coal Mines, e.g. Boikarabelo and Mmamabula
- ❖ The Expansion of Existing Exxaro Mine
- ❖ Agricultural Corridor
- ❖ SIP 1 From National Government ( Special Infrastructure Project 1 )

Lephalale Municipality is going the direction of becoming the first city to be built in democratic South Africa, this we envisage to be the results the Economic break through from the above mentioned projects. The expansion of Grooteegeluk Exxaro mine to supply coal to the new Power Station Medupi is a major change to existing business infrastructure.

This changes are bringing an influx of people from other municipalities in pursuit of better job opportunities

Which in turn increase the population of Lephalale Municipality and the mushrooming of informal settlements,

These major changes are straining the capacity to render services to the community.

**b. Key Policy Developments**

None of the by-laws were brought to council for discussion. New policies were developed. The IDP is aligned to outcomes based delivery approach. When developing policies the Millennium goals, the 12 national outcomes and the Provincial growth and development strategy was taken in to consideration.

**c. Key Service Delivery Improvements**

Public Participation: Our Municipality follows a development-communication approach, which means that our public participation programmes are responsive to the needs of the community within the context of government's mandated programme to improve lives of all community members.

Our Public Participation Programme is implemented as per Implementation Principles and Protocol for Public Participation Programme as adopted by Cabinet at its meeting of 24 March 2010. Unlike before, when it was still called "Imbizo" and had *Imbizo* focus week, our new Outreach approach has a minimum of ten Public Participation events spread throughout the year. Beside the large size mass meetings, we have sectorial or stakeholder meetings, walk about engagements, community meetings as well as projects visit. We also prioritize designated groups like women, Youth, Children, the Elderly and People Living with Disabilities. There was an improvement of infrastructure services for Marapong township. Basic services were also improved for better in both rural area with water schemes and sanitation reticulation in urban areas. We can mention in the same breath that our basic services infrastructure has reached its capacity and thus giving



challenges in other portions of settlements, The delays in Medupi progress results in direct shortage of electricity for new developments.

**d. Future Actions**

The municipality is embarking on consultation process with communities about their needs and Ward committees are to be closely monitored. Establishment of courtesy centre and the community participation unit within the municipality

Exxaro and Anglo Coal are prospecting for new major investments in energy from coal and renewable energy sources in support the green economy initiatives and mining.

The Municipality has plans to involve the local communities to build the new city and the first city to be built in the democratic dispensation.

**e. Agreements and Partnerships**

The municipality has a partnership with both Eskom and Exxaro for the delivery of basic commodity-water. The Construction of the Kuipersbult road from the R510 to the heavy industrial site is a joint venture from Eskom and Exxaro. The supply of portable water for Marapong and Onverwacht is still an agreement between Municipality and the two big businesses in town, Eskom and Exxaro.

**f. Conclusion**

The year 2012/13 has been a year of improvement on quality of lives of the people of Lephalale, The Economic growth projects improves the GDP and the earning ability of community. The social standards have improved, and infrastructure development has improved. Unemployment levels have reduced drastically however this change is converse to the levels of HIV/AIDS pandemic. Lephalale Municipality will continue its mandate of delivering quality services to its community.

On a sad note I would like to end by reporting that this past financial was not a good year for Lephalale as we have lost 10 of our employees through death, and it did not end with officials only, we also lost a public representative in form Mr RK Motsholakgetse

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

Mayor/Executive Mayor

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

The five year long term plan is contained in the Integrated Development Plan (IDP) which is the Master Plan for service delivery within local government sphere. From the IDP we derive the Service Delivery and Budget Implementation Plan (SDBIP) and similarly the Performance Plans for Management are derived from the SDBIP. These strategic documents are fully aligned. The annual report looks back at the SDBIP and IDP for a period of one year and the outcomes help with the Annual Planning and results in the review of the five year Master Plan (IDP).

This annual report provides feedback in terms of our actual performance against the milestones and targets as set for the period under review, being the 2012/2013 financial year.

National Government measures itself against the following five priority areas:

- **Job Creation**
- Education and Skills Development
- Health Care
- Rural Development
- Fight against Crime.

As a Municipality, we are measured against our IDP Priority List and the SDBIP.

Section 152 (1) of the Constitution sets out the Objectives of local government as follows:

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

The Objects of Local Government as outlined in the Constitution, Key Performance Areas (KPAs) as outlined in the Local Government: Municipal Planning and Performance Management Regulations (2001) inform the strategic objectives and the ultimate outcomes to be achieved as indicated in the table below:



OBJECTS OF LOCAL GOVERNMENT	KPA	STRATEGIC OBJECTIVE
Provide democratic and accountable government for local communities	Financial Viability	Enhance revenue and financial management
	Good Governance and Public Participation	Responsible, accountable, effective and efficient corporate governance
Encourage the involvement of communities and community organisations in the matters of local government		Capacitate disadvantaged groups
	Transformation and Organisational Development	Provide quality and well maintained infrastructural services in all municipal areas
		Improve functionality, performance and professionalism
Promote a safe and healthy environment	Service Delivery and Infrastructure	Protect the environment and improve community well-being
Ensure the provision of services to communities in a sustainable manner.		
Promote social and economic development	Local Economic Development	Create a conducive environment for businesses to invest and prosper
	Spatial Rationale	Rational planning to bridge first and second economies and provide adequate land for development

Section 152 (2) states that a municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).

Section 153 of the Constitution sets out the Developmental duties of municipalities as follows:

A Municipality –

- (a) Structure and manage its administrative and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community, and
- (b) Participate in national and provincial development programs.

The constitution requires us to prioritize the delivery of basic services. It is widely accepted that basic needs and basic services refer to the same set of functions/services being water, electricity, sanitation and refuse removal.

Our municipality is one of the fastest economically growing Municipality in the country, if not in the continent. The economic boom brought some challenges to the municipality. Administratively, we oiled our service delivery machinery to meet both the infrastructure and Human Resources challenges. This report will outline projects undertaken to meet water, sanitation and other infrastructure challenges.

This report will reflect on our actual performance, identifies our key successes and some of the challenges faced during the 2012/2013 financial year in terms of the strategic (SDBIP and IDP) as well as operational performance of Directorates.

Comparisons of performance against targets are highlighted in the form of colours based on scores which were calculated using an automated system adapted to comply with the Lephalale Local Municipality's performance management requirements. The scoring method utilised is in line with the assessment rating calculator prescribed by the Local Government: Municipal Performance Regulations

for Municipal Managers and Managers directly accountable to Municipal Managers, Regulation 805 of 2006. An explanation is as per the table below:

Colour code	Scoring	% Target achieved		Example Target=100%	Example Target=25%
Rating	Score	Low	High	Actual Achieved	Actual Achieved
Unsatisfactory	1-1.99	0.0%	66%	0-66.6%	0 - 16.6%
Below average	2 -2.99	66.7%	99.9%	66.67% - 99.9%	16.7 – 24.9%
Achieved target	3 -3.99	100%	132%	100-132.9%	25 – 33.2%
Achieved/ exceeded target	4 -4.99	133%	166.9%	133 – 166.9%	33.3% - 41.7%
Outstanding	5+	167.0%	+	167% and above	41.8% and above
NA – Not applicable for reporting in reporting period (excluded from performance measurement)					

Overall Organizational Performance of the Strategic (SDBIP) non-financial performance indicators achieved a score of **2.69 (90%)**.

A summary of the Strategic (SDBIP) of the non-financial performance per Key Performance Area (KPA) at the end of the 2012/13 financial year is being highlighted below, indicating the successes and challenges:

The KPA for **Spatial Rationale** achieved an overall performance rating of **2.56 (85.33%)** by the end of the third quarter as per the previous financial year. Three (3) indicators are contributing towards the SDBIP for this key performance area. Success was seen in the following:

- All land applications use (consolidations, special consent for second building unit, building line relaxation) were considered within one month of receipt of application in compliance with the provisions of the town planning scheme.

Challenges were faced in that only 80% of land use applications for rezoning and special consent for other uses were considered by EXCO within two months of receipt of applications.

The KPA for **Service Delivery and Infrastructure** achieved an average performance rating of **2.48 (83%)** which is just below target. Success was seen in that all urban households (as per licensed area) are provided with electricity achieving its quarterly target of 13 652. Overall, 60% of households have access to weekly refuse removal, exceeding the annual target of 49%. In total, thirty high mast lights were upgraded and 45 street lights were provided during the financial year. A total of 1 200 VIPs were constructed during the year as per target.

Challenges were mostly faced in that only 84.67% of households have access to basic level of water, but this was mainly due to the outstanding approval of the technical reports by the department of Water Affairs (DWA). Access to basic level of sanitation for the whole municipal area stands at 85% against the annual target of 89%, mainly due to the rapid expansion of rural villages and urban households. The percentage water loss (unaccounted water) stood at 26.62% against the annual target of 16%. However the Auditor General found that the water loss is 17% not 26% as reported earlier.

The KPA for **Financial Viability** achieved an overall performance rating of **2.47 (83%)** at the end of the financial year. The following KPIs had success:

- ▶ The liquidity ratio stood at 214% against the annual target of 200%.
- ▶ Cost Coverage were 818.44% against the annual target of 200%.
- ▶ The Outstanding service debtors to revenue were at 15% and far below the allowable maximum target of 40%.

Challenges were faced in that only 49% of the capital budget and only 38% of MIG funding were spent. Households with access to free basic water and free basic electricity were well below target in that only 30% (1 687) of the targeted 97% registered indigents receive free basic water and electricity, which is attributed to the indigent register that was updated late (end of June 2013).

The KPA for **Local Economic Development** achieved an overall performance rating of **3.13 (104.33%)** at the end of the financial year. Only one (1) KPI is contributing to this key performance area. In total 255 jobs were created through the municipality's LED initiatives including capital projects throughout the year, exceeding the annual target of 235 jobs to be created.

The KPA for **Transformation and Organizational Development** achieved an overall performance rating of **3.05 (101.66%)**. Three (3) KPIs contribute towards this KPA. Success was achieved in that 2.5% of the municipality's operating budget (salary budget) was spent on implementing its workplace skills plan exceeding the annual target of 2%. The challenges of this KPA are as follows:

- ▶ The staff turn-over rate was 4% against the annual maximum target of 3%.
- ▶ Only 25 positions from 29 (25/29) were filled for the first three levels, which can be attributed to the postponement of the selection processes.

The KPA for **Good Governance and Public Participation** achieved an overall performance rating of **2.44 (82%)** and is the KPA with the lowest performance rating score by the end of the financial year. Success was achieved in that all Council Resolutions have been implemented by the end of the financial year and the only enquiry from the Premier's hotline was resolved within a week of receipt. Challenges were experienced in that only one targeted for the youth and gender awareness campaigns were held successfully due to budgetary constraints. Three (3) out of the targeted four (4) each of the disability and elderly awareness campaigns were held, also due to insufficient budget. The qualified audit opinion also contributed to the underperformance of this KPA, as well as that only 10 out of the targeted 12 public participation meetings were held and that only 10 out of the 12 ward committees are functional.

The **Office of the Municipal Manager** is responsible for ensuring the smooth running of the municipality. It provides guidance and advice on compliance with certain Legislative Acts that govern the Municipality to the political structures; political office-bearers and officials. The Office of the Municipal Manager consists of the following administrative units, namely:

- ▶ Internal Audit
- ▶ Risk management
- ▶ Performance Management



The key functions of the Department are:

- ▶ The formation and development of an economical, effective, efficient and accountable administration that is equipped to carry out the task of implementing the municipality Integrated Development Plan (IDP) and responsible to the needs of the local community
- ▶ As Accounting Officer, the cost effective management of the municipality's budget and the timely implementation of resolutions
- ▶ The implementation of the municipality's IDP and monitoring the progress with the implementation of the plan

- The management and monitoring of Municipal services provided to local community in a sustainable and equitable manner
- The administration and implementation of the Municipality's by-laws and other legislation, including the implementation of National and Provincial directives, policies and legislation
- Exercising powers delegated to the Municipal Manager by the Municipal Council and other authorities of the Municipality
- Rendering administrative and strategic support to the Mayor and other political structures in Council

In the day to day activities, the Office of the Municipal Manager is also required to contribute to the achievements of the following operational objectives as set out in the IDP:

Programme / Focus Area	Programme Objective
Audit Committee	To advise management and council on issues of corporate governance, Risk Management and Internal controls
Internal Auditing	To assist management to comply with all relevant legislations and maintain an internal control system
Risk Management	Improve risk management processes by ensuring that all identified risks are mitigated
Monitoring and Evaluation	Ensure accountability through the implementation of integrated performance management through timely, accurate and validated data for reporting and obtaining good audit opinion by 2014

The Directorate of the **Office of the Municipal Manager** achieved an overall score (inclusive of operational level performance) of **2.67 (89%)** at the end of the financial year with slight improvement each quarter. On the Strategic (SDBIP) level a score of **2.71 (90%)** was achieved.

Some of the key achievements of the Directorate were as follows:

- All Council Resolutions were implemented
- The targeted four (4) Audit Committee meetings were held
- All (100%) of matters raised by the Auditor General related to the Directorate were addressed
- All Internal Audit queries related to the directorate were resolved
- All (100%) of service delivery complaints related to the Directorate were addressed within 30 calendar days
- The annual report for the past year has been submitted and it was approved by Council and the Annual Performance Report for 2011/12 was submitted to the Auditor General on time
- The draft SDBIP was submitted to the Mayor within 14 days after the approval of the budget and approved by the Mayor on 26 June 2013 which is within the legal timeframe of 28 days after approval of the budget. The approved SDBIP was also submitted to Council for notification
- All Performance Agreements were submitted to the Mayor on the 8th of June (within 14 days after approval of the Budget (Budget approved on the 28th of May 2013) and made public by publishing it on the website
- The annual risk assessment was concluded before the next financial year (by June 2013)
- A total of 255 jobs were created through LED initiatives including capital projects
- In total 60% of households in the municipal area has access to weekly refuse removal against the annual target of 49%

Challenges were faced in that only 49% of the capital budget was spent by the end of the financial year due to delays on registration of MIG projects with COGHSTA, limited capacity in Supply Chain Unit and project management matters whereby service providers that finish projects late. The

municipality also achieved a qualified audit opinion from the Auditor General on the previous financial year's audit results. A total of 91% of the all the matters raised by the Auditor General for the whole municipality in the previous year's audit report have been addressed - out of 45 audit queries raised by the Auditor General 33 queries were resolved and seven (7) were partially resolved and five (5) are still outstanding. Quarterly performance reports are not audited on time due to late submission of actual performance data and supporting documentation. A total of 80% (nine out of eleven) risks related to the Office of the Municipal Manager were attended to successfully and only 56% of identified risk for the whole municipality have been attended to successfully. Only 85% of households have access to basil level of sanitation (at least VIP) due to the rapid expansion of rural villages and urban households. The staff turn-over rate was at 4% at the end of the financial year against the annual target of 3%. Also, only 25 of the 29 targeted positions at the three highest levels of management were filled due to postponement of the selection processes.

The **Budget and Treasury Office** is responsible for budget compilation and control, Debtor management (Credit Control, Debt collection), Accounting Services (Cash flow management, Cost accounts), Treasury management (Loans, Investments) and Inventory (Procurement & Provisioning). The department has the following units:

- ▶ Budget and Reporting
- ▶ Expenditure
- ▶ Income
- ▶ Supply Chain Management



The key functions of the Directorate are:

- ▶ The management of Municipality's financial accounting functions to ensure unqualified audit reports
- ▶ The compilation and control of the municipality's budget to effect no budget variance
- ▶ To manage cash receipts and disbursement to facilitate non-utilization of bank overdrafts
- ▶ Accurate payment of personnel salaries and allowances
- ▶ The administration of the municipal finances to ensure cash is available for projects and operations
- ▶ Ensuring daily banking of cash received
- ▶ Management of investment to earn above national average interest on surplus funds
- ▶ Determination of tariffs and taxes and ensuring budgeted costs are recovered
- ▶ Timely development and submission of financial statements to ensure positive financial results
- ▶ Alignment of the budget, Integrated Development Plan and Performance Management System
- ▶ Manage income and expenditure of the municipality to ensure sound financial management of Council

In the day to day activities, the Budget and Treasury Office is also required to contribute to the achievements of the following operational objectives as set out in the IDP:

Programme / Focus Area	Programme Objective
Budget and Reporting	Compliance with regulatory frameworks. Implement cost management accounting
Asset Management	Ensure that the asset register is compliant with GRAP and other prescriptions
Expenditure Management	Payment of creditors within 30 days



Indigents / free basic services	To provide free basic services to qualifying indigents
Revenue Management	To increase own revenue through credit control and lobby for more external funding
Supply Chain Management	Ensure compliance with SCM regulatory framework

The **Budget and Treasury Office** achieved an overall score (inclusive of operational level performance) of **2.51 (84%)** at the end of the financial year. On the Strategic (SDBIP) level a score of **2.93 (97.67%)** was achieved which is just below target.

Some of the key achievements of the Directorate were as follows:

- The annual physical asset verification was conducted as planned
- All (100%) of new assets were captured on the asset register within 2 months of acquisition
- All (100%) of damaged, lost or stolen assets reported to insurance company within 14 days of discovery
- The liquidity ratio for the municipality stood at 214% against the target of 200%
- The Cost Coverage ratio stood at 818.44% against the minimum target of 200% which amounts to outstanding performance. From this ration and the previous one on liquidity shows the sound financial status of the municipality
- All four MFMA S52 and all twelve MFMA S66, Finance Management Grant, Municipal Systems Improvement Grant reports were submitted during the financial year
- The indigent register was updated at the end of the financial year
- Of significance is that the percentage of outstanding service debtors to revenue was only 15% due to considerable debt collection measures taken by the newly established credit control unit in January 2013 and the disconnecting of electricity on a weekly basis
- All twelve Supply Chain reports on the implementation of the Supply Chain Policy in terms of SCM Regulations 868 of 2000 R6(3) have been submitted within 10 working days after the end of each month
- All (100%) of Council and management committee resolutions related to budget and Treasury Office have been implemented
- The Directorate had four departmental meetings during the financial year

The challenges that contributed to this overall performance are that only 30% of registered indigents received free basic water and electricity, mainly due to the fact that the indigent register was only updated at the end of the financial year. Due to a system breakdown in October 2012 due to virus attack on the server, monthly service accounts could only be issued on time for five out of the twelve months (first four and last month). This matter also contributed to the fact that only 89% debt collection rate which is lower than the annual target of 92% as during the period of December 2012 to February 2013 could not issue accounts. Because the Debt Collectors were only appointed late in June 2013, the percentage of debt over 90 days stood at 77% at the end of the financial year. Only 75% of matters raised by the Auditor General in the audit report for the previous year were addressed and this is mainly due to challenges experienced in obtaining completion certificate for current additions. For the same reason, only 77.14% of internal audit queries could be resolved in time. Also only 63.64% (seven out of eleven risks) against the annual target of 70% of identified risks related Budget and Treasury Office were attended to.

The **Corporate Support Services** Directorate is responsible for Administrative Support, Legal and Secretariat as well as Human Resources Management. It provides support services, provided based on specialized knowledge, best practices and technology to serve internal (and sometimes external) customers and stakeholders. The department has the following units:

- Administration and Secretariats
- Human Resources
- Legal Services



The key functions of the Department are:

- The management of the Municipality's and department's human resources; legal services and administration in accordance with Municipal legislation and other legislation applicable to the Municipality, including the management, discipline and development of staff
- The cost effective management of the department's budget and the timely implementation of resolutions related to the department
- The administration and implementation of the Municipality's by-laws and other legislation, including the implementation of National and Provincial directives, policies and legislation and the rendering of legal advice, litigation and ensuring legislative compliance
- Rendering of swift and accurate administrative support services with internal customer orientation

In the day to day activities, the Directorate is also required to contribute to the achievements of the following operational objectives as per IDP:

Programme / Focus Area	Programme Objective
Administration	To ensure safe keeping of council documentation at all times
Governance	To have full functionality of all council committees at all times
Property Management	Credible fixed asset register by June 2014
Facility management	Centralised facility management by June 2015
Labour relations	Maintaining harmonious employment relations by minimizing grievances, disputes and locally initiated labour action
Organisational Design	To have the relevantly qualified competent people in the right positions and correct directorates by June 2015
Recruitment	To have proper recruitment and retention policies by June 2014
Discipline	To continuously enforce code of conduct and disciplinary code
Training and Development	To build and retain competent staff
By-laws	To ensure that relevant by-laws are in place and updated as and when needed
Legal services	To minimise unwarranted litigation
Information and communication technology	To ensure that IT systems are secure and communication is efficient

The **Corporate Support Services** Directorate achieved an overall score (inclusive of operational level performance) of **2.68 (89%)**. On the Strategic (SDBIP) level a score of **3.25 (108.33%)** was achieved.

Some of the key achievements of the Directorate were as follows:

- Five out of the four targeted departmental meetings were held
- A total of 91.30% of SLA's were drafted within two weeks of receipt of request from SCM against the annual target of 80%

- Three workshops were held to create awareness on labour relations matters with staff members against the annual target on one
- The annual organogram was concluded together with the IDP and budget
- A total of 96% (445 positions out of 467 budgeted position) were filled by 30th June 2013
- The Employment Equity report was submitted to the department of Labour on time (end September)
- The Skills Development Plan was developed and submitted to SETA before 30<sup>th</sup> of June 2013
- 2.5% (against the annual target of 2%) of the municipality's operating budget (salary budget) was actually spent on implementing the workplace skills plan.

The challenges that contributed to this overall performance are that only 66% (two out of three) of matters related to the Directorate that were raised by the Auditor General in the previous audit report were addressed due to time constraints in the filling of all identified positions. Although all eight (8) targeted by-laws were drafted and were ready for going for public participation, due to the work load of the office of the Speaker dates could not be set for the public participation sessions. For the same reason, the drafted by-laws could not be submitted to CoGHSTA for gazetting. Only 70% of the timeous delivery of Agendas could be achieved due to late submission of items by other Directorates. Only 62.5% of internal audit queries related to the Directorate were attended to. Also only 55% (six out of eleven) of the identified risks related to the Directorate were attended to due to the fact that the required land audit was not budgeted for, career guidance is not the competence of the Directorate, delay in supply chain processes related to the safe for records and some challenges with the Pay Roll system. Due to unavailability of members of the Local Labour Forum (LLF) only nine out of the targeted ten meetings were held. Also due to the postponement of LLF meetings, only three out of the targeted seven labour related policies were reviewed.

The **Development Planning** Directorate is responsible for Land Use Management, Building Control, Local Economic Development, Tourism Development, Municipal Marketing and International relations as well as coordinating SMME development. The department has the following units:



- Building Control
- Economic Development and International Relations
- Land Use Management
- GIS (Geographical Information System)

The key functions of the Department are:

- The facilitation of Local Economic Development for the purposes of poverty reduction, economic growth, improved beneficiation for all members of the community, integration of markets and establishment of partnerships
- The promotion of eco-tourism and marketing and branding of the Municipality - International Relations
- The facilitation of investment in the Municipal for purposes of economic growth
- The co-ordination of the development and review of the municipality's IDP and the implementation of the plan
- The promotion of tourism attractiveness and popularization of Local tourism products
- The coordination of spatial planning and responsible land use



In the day to day activities, the Directorate is also required to contribute to the achievements of the following operational objectives as per IDP:

Programme / Focus Area	Programme Objective
Job creation	To reduce unemployment rate (27%) by 5% within the municipality by 2015
Marketing and Branding	To develop and maintain a 90% generic marketing plan for Lephalale Municipality by 2015
Outdoor advertising	To ensure 90% compliance to the legislated application procedures by 2014
Public/Private Partnership	To identify and convert one in two of potential investors (both local and foreign) to invest by 2022
SMME's	To Identify and utilise local resources to create opportunities for economic growth and employment by 2015
Tourism Development	To develop and promote tourism office, tourism establishments and attraction facilities by Lephalale Municipality by 2017
Rail Link	To determine economic impact of rail infrastructure by 2014
Mining and Industrial Development	To complete planning for specialist energy hub by 2015
GIS	To have a sustainable and integrated GIS System by 2014
Land acquisition	To ensure adequate land availability for development by 2014
Land use	To develop and implement all land use policies according to land use principles by 2014
Sustainable and integrated rural development	To establish sustainable rural settlements by 2022
Building control	Implement an effective administrative/regulatory framework for building plan approval by 2014

The **Development Planning** Directorate achieved an overall score (inclusive of operational level performance) of **2.49 (83%)** with a steady improvement over all the quarters. On the Strategic (SDBIP) level a score of **2.34 (78%)** was achieved.

Some of the key achievements of the Directorate were as follows:

- All (100%) of Council resolutions related to the Directorate were implemented
- Total of six (6) against the target of four (4) departmental meetings were held
- There were not matters raised by the Auditor General against the previous year related to the Directorate that needed to be attended to
- A total of 71% (5 out of 7) identified risks related to Directorate were attended to
- A total of 156 against the target of 30 jobs were created through EPWP
- Two exhibitions were held
- A total of 40 Tourism product owners were supported (facilitation of workshops or payment of office rental)
- All (100%) of building plans (res 2, 3, 4 and commercial) were processed within 1 month of receipt of building plan
- All (100%) of building contraventions attended to within 1 month from detection
- All of the 41 of building plans (res 1) received were assessed within 2 weeks of receipt of building plan

- All the building plans for minor building construction were assessed within 2 weeks from receipt
- Out of the total of 209 requests for building inspections were conducted within 16 working hours
- All (100%) of land use (consolidations, special consent for second building unit, building line relaxation) applications were considered within 1 month of receipt of application

The challenges that were experienced are that due to unavailability of officials that were elected to serve of the project team to determine office space needs, only 90% of management committee resolutions were implemented. Only 50% (3 out of 6) internal audit queries related to Directorate were resolved within agreed timeframes due to the legal status of the Lephalale Town Planning Scheme of 2005 which remained unresolved and also budget limitations. Due to insufficient staff only seven out of the eight targeted exhibitions / conferences were attended.

Due to insufficient budget provision, only six out of the targeted eight marketing publications could be published. Only one strategic economic partnership was established during this financial year. Only eight workshops with SMMEs were conducted against the annual target of twelve. Due to the position for GIS has not been filled yet, the Directorate was unable to update the GIS regularly. Due to various delays only 90% of land use contraventions were attended to within 1 month of detection. For various reasons, only 80% of land use (rezoning, special consent for other uses) applications were considered by EXCO within 2 months of receipt of application.

The **Infrastructure Services** Directorate is responsible for Water services, Electrical services, Sanitation services, Public Works, Roads and Storm water, and Municipal Workshop. The department has the following units:

- Water
- Sewerage
- Project Management Unit
- Electrical
- Roads and Storm water



The key functions of the Department are:

- The management of the Directorate's administration in accordance with Municipal legislation and other legislation applicable to the municipality, including management, discipline and development of staff
- The cost effective management of the department's budget and the timely implementation of resolutions and projects related to the department
- The Provision, upgrading and maintenance of clean drinking water and hygienic sanitation systems
- The construction and maintenance of municipal roads for safe accessible roads
- Cost effective project management of infrastructure development
- The supply and maintenance of the electrical network in the municipal licensed area
- The management of the mechanical workshop

In the day to day activities, the Directorate is also required to contribute to the achievements of the following operational objectives as per IDP:

Programme / Focus Area	Programme Objective
Electricity - Maintenance and Upgrading	To ensure continuous and reliable supply of electricity to all residents within the Lephalale municipal area by 2025
Electricity - Maintenance and Upgrading	To attend and resolve all electricity breakdowns within 24 hours
Electricity - Maintenance and Upgrading	To increase the effective utilisation and to upgrade the capacity of the electricity network with 120 MVA by 2020
Electricity - New infrastructure	To provide all households within the municipal area with electricity in line with national targets
Energy Efficiency	To reduce energy consumption by 10% by 2015
Fleet Management	To reduce unauthorised expenses related to fleet by 80% by June 2014
Roads and storm water - Maintenance and Upgrading	Upgrading all access roads to villages from gravel to tar by 2030
Roads and storm water - Maintenance and Upgrading	To maintain all municipal roads as per required standards and timeframes
Roads and storm water - New infrastructure	Construct the southern and northern by-pass roads by 2020
Water - Drinking water quantities	To acquire the water abstraction licence for the municipality of 20 million cubic litres by 2020
Water - Drinking water qualities	Maintain blue drop status (minimum of 90%)
Water - Maintenance and Upgrading	To ensure that all AC pipes are replaced by 2017
Water - Maintenance and Upgrading	To attend and resolve all water breakdowns within 24 hours
Water - Maintenance and Upgrading	Reduce water losses to acceptable standards of 13% by 2014
Water - New infrastructure	To ensure that all rural households have yard connections by 2030
Sanitation - Maintenance and Upgrading	To attend and resolve all sanitation breakdowns within 24 hours
Sanitation - Maintenance and Upgrading	To establish a compliant, healthy and hygienic sanitation system by 2020
Sanitation - Maintenance and Upgrading	To implement mechanisms to reduce sanitation spillages by 20% annually to achieve no spillages by 2020
Sanitation - New infrastructure	To establish a city wide water borne sanitation system by 2040
Maintenance of Municipal buildings	To attend to all minor maintenance aspects within 24 hours

The **Infrastructure Services** Directorate received an overall score (inclusive of operational level performance) of **2.08 (69%)** at the end of the financial year. On the Strategic (SDBIP) level a score of **1.67 (56%)** was achieved.

Some of the key achievements of the Directorate were as follows:

- All tenders were adjudicated within 90 days after tender closure
- All Council resolutions related to the Directorate were implemented

- Five out of the four targeted departmental meetings were held
- A total of 85 jobs were created for community members through sanitation projects
- A total of 45 street lights were provided
- All 30 of the targeted high mast lights were upgraded
- The target of 60% for meeting the green drop water quality standards was achieved
- All of the 13 652 urban households that are within the licensed area are being provided with electricity
- Two substations were upgraded
- The Municipality managed to blade the gravel roads of all 38 villages
- The target of constructing 1 200 VIPs were achieved
- All (100%) sanitation and water breakdowns were attended to and resolved within 24 hours
- One water conservation workshop was held on 26 June 2013 as part of the environmental day event

The challenges that contributed to this overall performance are that only 38% of MIG funding was spent during the financial year which was due to delays in registrations and procurement processes. Only 90% of management resolutions were implemented and are mainly due to matters beyond the control of the Directorate. Only 50% of matters related to the Directorate that were raised by the Auditor General during in the audit report of the previous financial year were addressed. This was mainly due to the fact that the position of Executive Manager was only filled recently as well as late registration of projects that had an impact.

Only 20% of internal audit queries were resolved, mainly due to understaffing in the Fleet Division. Only 60% of identified risks related to the directorate were addressed. Only 57 against the annual target of 120 jobs were created for community members through water projects, mainly due to the fact that two projects are approaching completion stage. Due to budgetary constraints, only one energy conservation workshop was held during the financial year. It was targeted that 13 high mast lights to be provided, but due to delays on the side of the contractor in the testing of the soil, no new high mast lights were completed this financial year. Also due to delays of the contractor, only 50 out of the targeted 100 streetlights were upgraded with energy saving LED globes.

The municipality did not achieve their target of 95% for the blue drop water quality standard rating, but only achieved 93%. Due to late advertisement of tenders, no tar roads were resealed, neither were any gravel roads upgraded to tar. Only 1.5 km of existing storm water measures were upgraded against the target of 2.4 km. Of the targeted 26 times that the sewerage affluent was supposed to have been monitored on a bi-weekly basis, this only occurred 19 times. This can mainly be contributed to delays in the appointment of a service provider. The achievement of providing 24 675 household with at least basic level of sanitation (at least VIP level of service) was just slightly below the annual target of 24958. This shortfall is due to uncertified and connected houses.

A total of 25 167 (90.67%) households out of the annual target of 27 756 are utilizing a water supply within 200m of households. This shortfall is mainly due to approval of technical reports by DWA that are outstanding. As a result of challenges being experienced regarding accurate billing information, the water loss (unaccounted water) was reported as being 26.62% at the end of the financial year.

The **Social Services** Directorate is responsible for Recreational Facilities, Solid Waste Management and Environmental Management, Housing, Library, Arts and Culture, Safety and



Security, Fire and Rescue Services, Disaster Management, Traffic Control, Licensing Authority, Safety and Security Management. The department has the following units:

- Traffic
- Registration
- Housing
- Waste Management
- Parks
- Libraries

The key functions of the Department are:

- The management of department's administration in accordance with Municipal legislation and other legislation applicable to the Municipality, includes management, discipline and development of staff
- Through Environmental management, ensuring clean, safe and quality water, pollution free environment and the appropriate disposal of the dead and refuse
- Through Environmental Health Management, ensuring healthy and safe premises
- Co-ordination of Health programs ensuring healthy communities, productive workforce and economic growth
- Manage the provision of fire and rescue services in saving lives, the prevention of fires, safeguarding of property, humans and animals
- Facilitation of a crime free environment
- Monitoring the provision of adequate housing and the restoration of dignity
- The promotion of Sports, Arts and Culture for purposes of wellness, preserved and diverse culture and a society with high morals
- The endorsement of literacy, economic growth, enrichment of minds, job security and safe schools

In the day to day activities, the Directorate is also required to contribute to the achievements of the following operational objectives as per IDP:

Programme / Focus Area	Programme Objective
Human Settlement	To capacitate stakeholder for the effective delivery of integrated human settlement by 2016
Human Settlement	To reduce the growth of informal settlement by 30% by 2020
Human Settlement	To create a working document for status quo of integrated human settlement in line with SDF by 2022
Libraries	To promote literacy and numeracy programmes within all communities
Libraries	To support 60% of schools with periodicals by 2022
Environmental Management	To continuously protect health, wellbeing and environment in line with environmental legislation and guidelines
Cemeteries	To continuously protect health, wellbeing and environment in line with environmental legislation and guidelines
Waste Management	To divert recyclables from landfill site by 25% by 2016
Licensing	To make provision of adequate testing facilities and timeous testing of applicants for learners; driving licenses and periodic testing of vehicles for roadworthiness by 2022

Programme / Focus Area	Programme Objective
Public Transport	Ensure efficient and effective public transport system through the implementation of the integrated Transport Management Plan
Road Safety	To decrease the road traffic offenses with 5% by 2022
Safety and Security	To facilitate safe and secure communities by 2022

The **Social Services** Directorate received an overall score (inclusive of operational level performance) of **2.23 (74%)** at the end of the financial year. On the Strategic (SDBIP) level a score of **2.50 (83%)** was achieved.

Some of the key achievements of the Directorate were as follows:

- All Council resolutions related to the Directorate were implemented
- The targeted four departmental meetings were held
- The annual target was to plant 500 trees from the operational budget, but the municipality managed to plant 1 000 trees and planted 7 000 trees against the annual target of 5 000 funded by the provincial greening programme
- A total of five library campaigns were held even though only four were set as the annual target
- A total of 11 read for fun programmes were held
- Four out of the targeted four Transport Forum meetings were held
- R36 for each vehicle licensed was paid over to RTMC for each vehicle licensed each month
- Vehicle Testing Equipment was calibrated once as planned
- The 3% of revenue generated through testing of vehicles for roadworthiness was paid over to SABS twice as planned
- The payment of 80% of revenue generated through registration and licensing of motor vehicles to Department of Transport was made each month by the 15th
- Twelve (12) monthly report on activities of Driving License Test Centre, Motor vehicle testing station and registering authority were submitted to Department of Roads and Transport before 7th of subsequent month
- All (100%) of queries by Inspectorate of Driving License Test Centers and vehicle testing stations were responded to within 30 days of inspection
- All money due to Prodiba was paid over within 7 days of ordering of the cards
- Four public transport meetings were held as planned
- A total of 13 clean up campaigns were held during the financial year
- Six Eco Clubs were established even though only four were targeted
- Five Waste Management Forum meetings were held against the annual target of four
- All 13652 households are provided with weekly refuse removal service
- The municipality managed to conduct a total of twelve landfill site audits during the financial year
- A Total of 11 recycling clubs in rural areas (schools) were established
- Two road safety awareness campaigns were held with Eskom

Challenges were experienced in that only 90% of management resolutions related to the Directorate were implemented, mainly due to the possibility of COGHSTA withdrawing allocated units and resistance of illegal informal settlements. Only 38% (three out of eight) identified risks related to Directorate were attended to due to insufficient resources. Only three out of four reports on Public Transport activities / meetings were submitted to Council. Eleven out of the targeted twelve waste awareness campaigns were held. Even though the cemetery plan is available, due to a delay in the



submission of feasibility study report on urban and rural cemeteries, the report has not been submitted to Council yet. Due to delays in the SCM procedures, no existing sport and recreation facilities were rebuilt. The housing beneficiary list has only been updated nine times this financial year.

The **Strategic** Directorate is responsible for strategic planning and provides support to the office of the municipal manager on strategic management issues. The department has the following units:

- Integrated Development Planning
- Special Programmes (Youth, elderly, disabled, gender and HIV/AIDS)
- Internal and external communication
- Office of the Mayor
- Offices of the Speaker and Chief Whip
- Public Participation

The key functions of the Department are:

- The management of internal and external communication of the municipality
- The management and coordination of activities and programmes of the Office of the Mayor, Speaker's Office and the Chief Whip
- The coordination of Youth, Elderly, Children, Disabled and Gender activities and programmes
- The coordination of Public Participation and Intergovernmental Relations activities and programmes
- Provide strategic direction to the development and review of credible Integrated Development Plans
- Provision of efficient and effective information and communication technology systems

In the day to day activities, the Directorate is also required to contribute to the achievements of the following operational objectives as per IDP:

Programme / Focus Area	Programme Objective
Integrated Planning	Credible IDP
Anti-corruption	To curb corrupt behaviour
Communication	Prompt, agile and accurate communication to the community through making use of technology at least once a quarter
Public participation	To ensure continuous community involvement (knowledge is power)
Special Projects	Mainstreaming and empower vulnerable groups such as people with disabilities, children, aged, victims of abuse
Ward committees	To have fully functional ward committees at all times

The **Strategic Management** Directorate received an overall score (inclusive of operational level performance) of **2.23 (74%)** at the end of the financial year. On the Strategic (SDBIP) level a score of **2.42 (81%)** was achieved.

Some of the key achievements of the Directorate were as follows:

- All Council resolutions related to the Directorate were implemented

- ▶ All Presidential and Premier's hotline enquiries received were addressed within 1 month of receipt of enquiry
- ▶ The IDP was developed, submitted to and approved by Council within the legal deadlines
- ▶ Both the draft and final IDP documents were submitted to the MEC within timeframes
- ▶ The targeted four IDP Representative forum meetings were held successfully
- ▶ Five IDP Steering Committee meetings were held during the financial year

The challenges experienced were that only three (3) out of the targeted four (4) disabilities and elderly awareness campaigns each were held. Only one (1) out of the targeted four (4) youth and gender awareness campaigns each were held, mainly due to insufficient funding. Due to lack of secretarial support in the Directorate, only 75% of management resolutions related to the Directorate were implemented. Also only two (2) departmental meetings were held against the annual target of four (4). A total of 75% of matters related to Directorate that were raised by the Auditor General in the audit report for the previous year were addressed.

No external newsletter was published due to budget limitations. Only 50% (four out of eight) internal audit queries related to Directorate were resolved within timeframes and this is mainly due to the need for capacity building of staff members. Only 10 out of the targeted 12 public participation meetings were held during the financial year. Only 60% (two out of three) identified risks related to the Directorate were resolved. All the wards are functional, but some wards failed to hold their quarterly meetings, causing an impact on them being fully functional. Only eight ward committees hold quarterly meetings.

In terms of general project implementation within the whole municipality, a total of 18 of the 42 projects were completed and a further four (4) were nearly complete. Some challenges were faced in relation to Supply Chain Management with the non-appointment and the late appointment of service providers.

In conclusion, it should be mentioned that the IDP and SDBIP indicators are fully aligned to Council priorities. The financial sustainability of the municipality has been secure during the 2012/13 financial year and this can be observed from how well the municipality is performing regarding their Cost Coverage (818.44%) and liquidity ratio (214%) as well as the vast improvement on debt collection whereby the outstanding service debtors to revenue is only 15%.

The municipality is making all effort to conserve water and electricity usage in their offices and although the replacement of street lights with energy saving LED globes have not been completed, this process is in progress and should be finalized during the next financial year. Efforts are also being made to make use of municipal owned venues for meetings rather than to outsource this function and in the events of having to make use of outside venues, economic options are being utilized in order to save on such costs. The municipality has entered into a shared service agreement with the Waterberg District Municipality regarding ICT and the financial system.

*T 1.1.1*

## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Despite the considerable growth in the Lephalale area and the rapid expansion of rural villages due to the on-going development by Exxaro and Eskom and the economic spin offs for local businesses as a result thereof, the municipality is making all efforts to supply and improve on the delivery of basic services to its community members. A total of 90.67 % of our households receive at least basic level of water (within 200m of dwelling). A total of 24 675 households receive at least basic sanitation (VIP) level of service. In total 60% (13 652 in urban areas) households receive weekly refuse removal. All



households within the municipal licenced are receive electricity. A total of 255 jobs were created through the municipality's LED initiatives including capital projects. Over 250 jobs were created through the expansion of Grootgeluk mine (Exxaro) and Medupi. The influx of temporary contractors due to the aforementioned developments has had a considerable impact on the hospitality sector.

Building plans have been attended to within timeframes, which has a positive impact on economic growth and with the exception of land use applications (rezoning, special consent for other uses) of which only 80% of the applications were considered by EXCO within two (2) months, all the land use (consolidations, special consent for second building unit, building line relaxation) applications were considered within 1 month of receipt of application.

The powers and functions that are performed by local authorities in South Africa are defined primarily in section 156 and 229 of the constitution (Act 108 of 1996). Section 156 states that the Municipality has executive authority in respect of, and has the right to administer the following areas: Lephalale Local Municipality reviewed its organizational structure in the year 2010 to respond closely to its mandate, as well as how the municipality has organized its resources and competencies, for the purpose of delivering on core responsibilities. The powers and functions are as follows:

Function	Authority	Capacity	Personnel	Department	Budget	Comments
Air pollution	No	Limited	0	Social services	No	District function.
Building regulation	Yes	Yes	5	Development Planning	Yes	Municipality has capacity and budget, function performed by building control & LED
Bulk supply of Electricity	Yes	Yes	39	Infrastructure services	Yes	Municipality provides electricity in urban area and eastern part of Lephalale town
Fire fighting	No	No	11	Social services	Yes	District function performed by the municipality as agent of WDM.
Local tourism & LED	Yes	Yes	1	Development planning	Yes	Perform function in collaboration with local tourism association
Municipal planning	Yes	Yes	3	Development planning	Yes	With spatial development and land use and building control
Municipal health services	No	No	N/A	Department of health & social development	N/A	District function.
Municipal public transport	Yes	Limited	1	Social services	No	Municipality is currently responsible for coordination of transport related activities.
Municipal roads and storm water	Yes	Yes	42	Infrastructure services	Yes	Municipality only responsible for access roads and

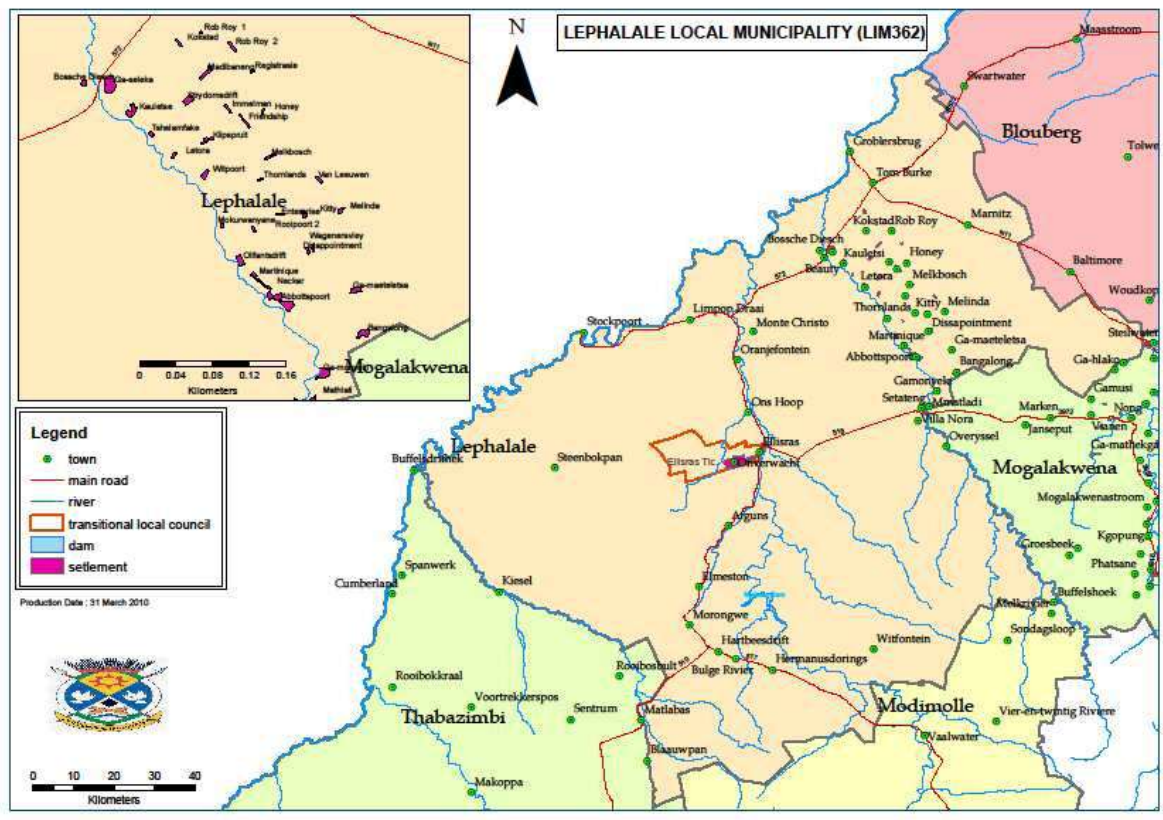
Function	Authority	Capacity	Personnel	Department	Budget	Comments
						still waiting for road classification
Trading regulation	Yes	No	No	Function not performed	No	No service level agreement ( not clear who is responsible to perform function)
Bulk supply of water	Yes	Yes	44	Infrastructure services	Yes	Municipality only provides water for residential areas and small, medium business
Sanitation	Yes	Yes	36	Infrastructure services	Yes	Function performed through infrastructure services
Billboards & the display	Yes	Yes	11	Development planning	Yes	No service level agreement in place
Cemetery, funeral parlors & crematoria	Yes	Yes	9	Social services	Yes	Rendered through social services in urban areas and Steenbok pan
Street cleansing	Yes	Yes	18	Social services	Yes	Rendered through social services
Control of public nuisance	Yes	Yes	11	Social services	Yes	Function performed in collaboration with SAPS
Control of undertakings that sell liquor to the public	Yes	No	N/A	Liquor board (social services)	No	Social service has authority but no budget and service level agreement. SAPS are currently responsible for law enforcement.
Licensing & undertakings to sell food to the public	Yes	No	N/A	WDM function	No	No service level agreement and district not performing the function
Municipal parks & recreation	Yes	Yes	40	Social services	Yes	Function performed through social services
Noise pollution	Yes	No	0	Social services	No	No service level agreement in place
Refuse removal, refuse dump & solid waste disposal	Yes	Yes	35	Social service	Yes	Service available in urban areas only. In rural areas only cleaning campaigns embarked upon on interval.
Street trading	Yes	Yes	11	Social services	Yes	No service level agreement in place, Development

Function	Authority	Capacity	Personnel	Department	Budget	Comments
						planning should also play a role
Traffic and parking	Yes	Yes	11	Social services	Yes	Performed by social services
Occupational health & safety	Yes	Yes	1	Social services	Yes	Performed by social services

Additional Functions Performed						
Housing	No	Yes	6	Social services& DPLG&H	Yes	Department of local government & housing as per agreement with the municipality
Library, Arts & Culture	No	Yes	13	Social services& DSAC	Yes	Department of sport, arts & culture with the municipality as per agreement.
Registering Authority	No	Yes	11	Department of Transport & Social service	Yes	Department of Transport with the municipality as per agreement.

The Municipality is located in the north western part of the Waterberg District of Limpopo Province of the Republic of South Africa. It borders with four local municipalities (Blouberg, Modimolle, Mogalakwena and Thabazimbi). Its north-western border is also part of the international border between South Africa and Botswana. The Lephalale municipality is the biggest municipality in the Limpopo province (covering 14 000km<sup>2</sup>). The town of Lephalale is located a mere 280 km from Tshwane and is a recognized gateway to Botswana and other Southern African Countries. The town Lephalale (Ellisras/Onverwacht/Marapong) is located approximately 40 km from the border of Botswana. It is situated between 23°30' and 24°00' south latitude 27°30' and 28°00' east longitude.

## BACKGROUND DATA

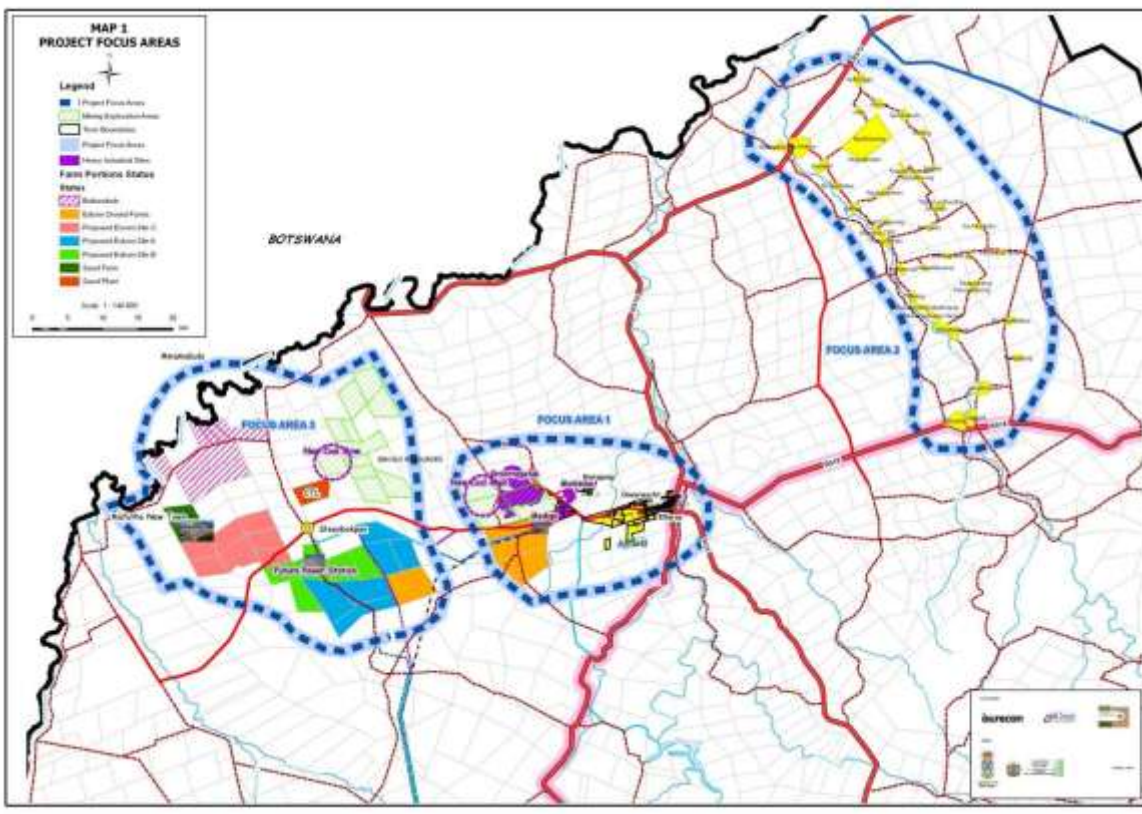


Lephalale Municipal area's contribution of mining to GDP is significant at 59.21%. Electricity contributes 11.33% to the GDP and its contribution to the Waterberg electricity sector is at 69.65%. Other sectors that have a significant contribution to the Waterberg GDP per sector include agriculture, mining, and manufacturing. Agriculture (38.85%) is the sector that employs the largest part of the workforce and is followed by community services (15.71%).

Nestled at the spur of the Waterberg Mountains, Lephalale is a place of peace and breath-taking beauty. As part of the Waterberg biosphere, Lephalale area is richly blessed with pristine natural beauty and an abundance of fauna and flora. Lephalale offers an infinite variety of scenic contrasts and encompass the unique Waterberg wilderness with its extraordinary beauty which boasts superb vistas, mountain gorges, clear streams and rolling hills. Rich in geological sites and rock art is a strong draw-card for the region, suggesting its links to many previous generations.

Hence, the importance of the tourism industry to the economy of the area as it is likely to continue to grow into the future. This is likely to be related to the hunting and ecotourism industries, but could also be linked to any expansion of the industrial operations and the related business tourism. Agriculture, red meat and crop farming is one the potential economic activities which is likely to grow in the municipal area. Lephalale Local municipality has been blessed with natural resources that give it a competitive and comparative advantage in Mining, Energy, Tourism and Agriculture.

Both social infrastructure and economic infrastructure indicators show that much must still be done to improve the quality of life of the people of Lephalale. Communities are still experiencing a considerable level of unemployment, high level of illiteracy rate, HIV/AIDS and related problems.



## DEMOGRAPHICS

Municipal population according to the official census of 2001 was 96 102 people, comprising of 23 403 households. At that stage the average household size was 4.1 persons. Demographic analysis of Lephalale local Municipality, and studies conducted by the Department of Water Affairs (DWA) in the past on the basis of the 2001 data, census for water service planning purpose suggested a population increase, considerably higher than the provincial population growth rate of 0.94% per year, because of the local economic growth that attracted workers from other places across the country. Population growth within Lephalale Town node is among the highest in Limpopo and reflects the influx of people to work on the power station construction and the mine expansion projects.

According to official census of 2001 and 2011 the household in Lephalale have increased from 20 277 with an average household size of 3.5 in 2001 to 29 880 household in 2011 reflecting a household size of 3.9. The recent census indicate a 35.8 % population increase



in Lephalale Municipality against the Waterberg district population of 679 336 for the past ten years which, is phenomenally massive and require well thought strategic intervention by all spheres of government including private sector, the STATSSA census estimate population of Lephalale Municipality at 115 768 for 2011 which represent a change of 35.8% compared to 2001 census.

The rural settlements are relatively small with an average household of 800 per village. The only clear deviation from this pattern is in the urban core where the settlements are large and clustered. There are no areas outside the urban core that distinguishes itself as candidates for focusing investment and to develop sustainable urban nodes.

**The age and gender profile follows:**

Age group	0-4	5 - 9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75+	Total
Male	6042	4748	4581	5158	8570	8904	6357	4534	3354	2991	2535	1842	1246	614	556	699	62727
Female	5850	4732	4420	4911	6381	5723	4138	3532	2813	2693	2038	1645	1246	879	754	1290	53041
Total	11892	9479	9001	10069	14951	14627	10495	8066	6167	5684	4573	3487	2492	1493	1310	1989	115768
Percentage	10.2%	8.1%	7.7%	8.7%	12.9%	12.6%	9.0%	6.9%	5.3%	4.9%	3.9%	3.0%	2.1%	1.2%	1.1%	1.7%	100%

### Socio Economic Profile of the municipality:

ANNUAL HOUSEHOLD INCOME		
Income categories	Households	Percentage
No income	4305	15,5%
R 1- R 4 800	5.646	20,3%
R 4 801- R 9 600	6.937	25%
R 9 601- R 19 200	4.000	14.4%
R 19 201- R 38 400	2.368	8.5%
R 38 401- R 76 800	1.942	7%
R 76 801- R 153 600	1.601	5.7%
R 153 601- R 307 200	633	2.2%
R 307 201- R 614 400	148	0.5%
R 614 401- R 1 228 800	58	0.2%
R 1 228 801- R 2 457 600	53	0.18%
R 2 457 601 & more	38	0.1%
<b>Total</b>	<b>27756</b>	<b>100%</b>

*Source: Global Insight, Aurecon and Municipality*

Approximately 64% of the total households earn less than the minimum level of income, which is less than R800 a month.

More than 57% earn less than R1 600 per month. The low-income levels are a clear indication of the number of households in the municipal area, which struggle to make ends meet. The majority of the households in the low income levels are located in the rural areas. There is a definite increase in households in urban areas with low levels of income. It has a direct bearing to the level of services, which can be afforded by people in both urban and rural areas.

Review of Neighborhoods within Lephalale Municipality		
Settlement Type	Households	Population
Towns/townships and Big Villages		
Lephalale/Onverwacht and Marapong	9150	29000
Thabo Mbeki	1300	4300
Seleka		13200
Shongoane		15200
Townships		
Onverwacht		14000
Marapong		14430
Thabo Mbeki, CBD and 1 Village	1300	6300
Sub-Total		32730
Rural settlements		
31 rural villages	17306	33600
Seleka 3 villages		14800
Shongoane 4 villages		16700
Sub-Total		62000
Informal settlements		
farms	800	10996
Steenbok pan informal settlement		1700

informal settlement	1492	3500
Total	27756 excluding the new informal settlements	115 996

The Municipality consists of 4 proclaimed townships and 38 villages and a number of service points and farm areas. All the townships are located around Lephalale town with the exception of Thabo-Mbeki which is about 85km away in the north eastern site in the location of the rural villages. The rural villages cover a range of about 600 km<sup>2</sup> scattered, settlements in a leaner pattern along the D3110 road. The three population growth points are located in Setateng, Seleka and Thabo-Mbeki area.

The presence of huge coal reserves in Lephalale is the main reason for the expected development and upswing in the economy and the resultant growth in population.

Natural Resources	
Major Natural Resource	Relevance to Community
Coal and other Minerals	Mining and Energy production
Agricultural Arable land and the Bush veld	Commercial Farming and tourism
Rivers	Mining and irrigation schemes
Waterberg Valleys	Tourism

Lephalale Municipality is currently an economical growth point in whole country because of the high density of coal deposit and other minerals. The construction of coal fired power stations and the possibility of a petro-Chemical plant being built here changes the demographics overnight. There is a high influx of people from other parts of the country set great business opportunities because the consumer market is increased. The challenge is the growth in size of the municipality and the population seeking basic services. The mushrooming of informal settlements by those looking for greener pastures is one of the challenges.

The main mineral resource is coal and there is a possibility of creation of new mining opportunities. Sekoko Coal has done prospecting and feasibility studies for coal mining. This could bring new opportunities for the local community and new service delivery challenges for the municipality. Methane gas has been explored in the Deelkraal farms and if abundant could bring job opportunities for local people.

Game farming and Agriculture are contradicting parameters where we see active crop farming declining and tourism and game farming inclining. Municipality established a tourism office in town and it is assisting with day to day mending of the office.

### 1.3. SERVICE DELIVERY OVERVIEW

A full range of services are provided by the municipality through the various Directorates.

Lephalale Municipality as a Water Service Authority has a duty to all customers and potential customers within its area of jurisdiction to progressively ensure efficient, affordable, economic and sustainable access to water in terms of section 11 [Water Services Act of 1997]. The Municipality has a duty to provide water to a population estimated at 110 726 living within urban, peri-urban and rural areas of jurisdiction.

All the water for the urban area of the Lephalale municipality originates from Mokolo Dam. Grootegeeluk Coal Mine originally built the main supply lines, pump station, balancing dam and water purification works in the urban area. The supply, as well as maintenance of the dam (as agent of DWA) is still



done by Grootegeeluk coal mine. In the case of Marapong township, which is situated near the mine/power station, purified water to the Municipality is supplied by Matimba Power Station. Even though the municipality has benefited to date from the investments made by Exxaro and Matimba there is a concern that as water service authority, and considering long term development implications, the municipality should have ownership of infrastructure required to provide water and sanitation services to Marapong area.

The Department of Water Affairs (DWA) appointed consultants to investigate alternative solutions for provision of water to the Lephalale node area 1 as a result of the development potential of the municipality. Based on water infrastructure, the current water availability and water use allows only limited spare yield existing for future allocations for the anticipated surge in economic development in the area. DWA commissioned the Mokolo- Crocodile (West) Water Augmentation project (MCWAP) to analyze the options for transferring water from the Crocodile River (West) with the intention to implement the project in two phases; "Augmentation of the supply from Mokolo Dam" and "transfer water from the Crocodile River (West) to the Lephalale area".

The rural areas all obtain their water from groundwater sources (about 85% from boreholes and 15% from well field type boreholes in the riverbed alluvium). The four water sub schemes serve approximately 38 villages through a network of approximately 138 boreholes, which are all owned and operated by the municipality. The water is pumped to storage reservoirs and then distributed to the consumers. Chlorine dosing tanks were installed in the storage reservoir but the municipality is experiencing difficulty in maintaining the dosing equipment due to budgetary constraints and insufficient resources. The ground water from the boreholes is generally low due to poor yields and unacceptable water quality (class 3 or 4); however this does not necessarily pose a health risk to communities. Water from the well field type boreholes has however higher yields and acceptable quality. The surety of the current water supply from boreholes is not known. It is also not known what the actual volume of water is provided to the community. The municipality has commissioned a study on water volumes provided to rural villages.

Based on a RDP level of service for the existing community, an allocated water use of an average of 9kl/month per household in the rural areas and 36kl/month per household for Thabo-Mbeki & Thabo-Mbeki Ext 1 is proposed, the total theoretical current water demand calculated for the development focus area 2 amounts to 5,992kl/d and 1,692kl/d for Thabo-Mbeki and Thabo-Mbeki Ext 1, all inclusive of a water loss of 15%. A detailed study is required to determine if the current supply from boreholes and wells are sufficient to meet this demand. According to data on the sizes of the reservoirs collected in the municipality water asset register, the existing reservoirs have a capacity of 8,317kl/d but it is not clear whether the groundwater sources meets demand. The available groundwater yield and quality and storage capacity needs to be investigated as it is unsure if this resource can be expanded and to what degree.

According to the water service development plan "starter requirements" approximately 22.6% of the rural population has access to water that have to be carried/carted 0-200m, while 20.5% of the population has access to water that is 200-500m away from the point of use. This implies that 35.6% of the rural population does not have water that falls within RDP standard of maximum cartage distance of 200m from point of use (i.e. resident/house).

In Lephalale, one-third of households do not have access to water in the dwelling or yard, but have to make use of community stand pipes. In Marapong this figure is somewhat lower (20% of households make use of community stand pipes) more than half of the households have access to water inside their dwelling. In ward 3 and town Lephalale, approximately 75% of households have access to water inside their dwelling, while 20% have a tap in the yard. The remainder makes use of community stand pipes.

In relation to sanitation, the land on which Lephalale town is situated is relatively flat. Sewers are installed on slopes exceeding the slope of the natural ground level and over relatively short distances become so deep that it must be pumped. Presently there are 38 pump stations in Onverwacht and

Ellisras. All land around the developed areas is privately owned. The township layouts will be prepared by or on behalf of the land owners and the design of sewerage infrastructure will be carried out by their consultants. The requirements with regard to the placement and sizing of pump stations will be the product of the planning and design work undertaken by these developers. For these reasons it is believed that each developer should be responsible for the installation of any sewage pump station(s) and pump line(s) that he may require. Where feasible, when developments take place at the same time in the same area, these developers should be encouraged, if practical to construct infrastructure that they share. Sewage discharged from Onverwacht/Ellisras area is treated at the Paarl sewage treatment works. The treatment works has been expanded to treat 7.25ML sewage per day and presently has spare capacity of 3ML.

Sewage from Marapong is discharged to an oxidation pond system with a reported capacity of 300kl/day. Theoretically the volume of sewage discharged to this treatment works exceeds its capacity and immediate upgrading of this treatment works is also required. A capacity of 4.5ML will be required by 2026. An oxidation pond will no longer suffice. Resgen and its BEE partners, through its operating company Ledjadja coal (PTY) LTD which is currently developing Boikarabelo mine about 60km west of Lephalale town has offered the Municipality a phase-in expansion of the oxidation pond to a 16ML/d waste water treatment plant for Marapong area on a 30 year; built, maintain and transfer contract. An agreement has been reached and a consulting engineering firm was appointed to do a feasibility study. Sanitation in the rural areas consists of informal pit latrine structures or Ventilated Improved Pit Latrine. It is estimated that 6.1% of the households have no sanitation service. There is no waterborne sanitation in the rural area. The sanitation level of service varies from no service to basic level of service. Approximately 15381 households will require an improved sanitation system. The sanitation in Thabo-Mbeki and Thabo-Mbeki Ext 1 is mostly septic tanks with French drains. The Central Business District has access to full waterborne sanitation systems that drain into oxidation ponds which have currently reached maximum capacity.

More than 50% of households in the municipality are without hygienic toilets. Sanitation backlog is estimated at 14 250 units mostly in the farms and rural village.

Lephalale Municipality is an electricity provider and has an electrical reticulation network supplying electricity to Onverwacht and the eastern region of Lephalale. The Lephalale electricity network is supplied from Eskom at 11kV via the Lephalale Main Substation next to the Onverwacht area. The Eskom supply is generated at Matimba Power Station and fed via the Matimba Substation at 132kV. The Matimba Substation feeds the Eskom Waterberg Substation (Lephalale) where it is stepped down from 132kV to 33kV. Waterberg Substation has two 132kV/33kV transformers. From Waterberg Substation the power is fed via two Wolf conductor lines (approximately 8km each) to the main substation, at Lephalale. The substation has both an Eskom section with three 33kV/11kV 10MVA transformers and a municipal distribution substation from where the primary feeders are fed into the Lephalale network. We are still waiting for allocation of extra 5MVA to make a firm 35MVA.

Due to the current maximum demand and load growth in the town and surrounding areas, the distribution network will have to be upgraded to allow for expansion. The current load growth based on applications for new connections will be approximately 10MVA per year over the next five years for the existing and planned reticulated area. The load growth from 2008 to date is about 200%.

For the area surrounding Lephalale town for which Eskom holds the supply license the load growth could be as high as 5 MVA per year for the next few years. In line with the expected load growth different scenarios will be proposed to upgrade the network. The rural villages, farm areas and Marapong are Eskom distribution area. The Villa Nora and Tom burke substations will require an additional 20MVA capacity for the next few years.

The municipality has no drop-off, garden sites, transfer station, material recovery facilities and buy-back centers for recycling. The municipality is relying on private companies and community programmes for recovery of the recyclables. The companies such as Nampak, Consol, Mondi,

Transpaco, Collect-a-can and Consol have contracted a service provider for the recovery of K4 box, cans, plastic bottles, clear and mixed plastics, white paper and glass bottles. There are also informal recyclers in the landfill, collecting K4 box, plastics, papers and steel. The municipality has a challenge of providing refuse removal service to the rural community. The challenges range from unavailability of land to inadequate funds to provide the service. The municipality has a serious challenge of illegal dumping of garden waste in areas such as Marapong and Onverwacht, in that garden sites are needed in the mentioned areas. All formalized townships have access to weekly refuse removal services.

The indigent register was only updated at the end of the financial year under review, resulting in that only 30% of registered indigents received free basic water and electricity.

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#### 1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW

In the light of the actual and potential development challenges the Municipality reviews its organizational structure in order that the structure should reflect how the municipality has organized its resources and competencies for the purpose of delivering on core responsibilities. The political structure consists of council and the executive committee. The administration consists of the office of the Municipal Manager and six departments: Corporate Service, Budget & Treasury, Development Planning, Infrastructure Services, Social Services and Strategic Management.

Current institutional capacity constraints within Lephalale municipality will impede the achievement of development targets for the Limpopo Coal and Petrochemical cluster. The most critical constraints in the context of the cluster are in technical services, both at managerial and operational levels. Specific areas of acute constraints are in water and sanitation.

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#### 1.5. FINANCIAL HEALTH OVERVIEW

The excellent performance in relation to the main financial ratios that measures the financial viability of a municipality shows that the municipality's is financially healthy. This can be attributed to the fact that the liquidity ratio stood at 2014% against the annual target of at least 200%. Cost Coverage was 818.44% against the minimum target of 200%. Of significance is that the percentage of outstanding service debtors to revenue was only 15% due to considerable debt collection measures taken by the newly established credit control unit in January 2013 and the disconnecting of electricity on a weekly basis.

Due to a system breakdown in October 2012 due to virus attack on the server, monthly service accounts could only be issued on time for five out of the twelve months (first four and last month). This matter also contributed to the fact that only 89% debt collection rate which is lower than the annual target of 92% as during the period of December 2012 to February 2013 could not issue accounts. Because the Debt Collectors were only appointed late in June 2013, the percentage of debt over 90 days stood at 77% at the end of the financial year.

Operating Ratios	
Detail	%
Employee cost	31%
Repairs & maintenance	4%
Finance charge & impairment	4%

**COMMENT ON OPERATING RATIOS:**

Employee cost is inclusive of councillors remunerations is equal to R106 905 017 versus the total operating expenditure of R336 813 030. Repairs and maintenance total cost is R11 923 549 and the finances charges are R12 524 935 from the total operating expenditure of R336 813 030.  
*T 1.4.3*

Total Capital Expenditure:Year-2 To Year 0			
	2012/2013	2011/2012	R'000
Detail	Year-2	Year-1	Year0
Original budget	76 874	55 578	n/a
Adjustment budget	117 563	119 402	n/a
Actual	47 823	70625	n/a
	40%	59%	

#### COMMENT ON CAPITAL EXPENDITURE:

The Reason for under expenditure is due to project being registered late for MIG and the supply of incorrect specification by end users and the specifications committee which resulted in the re-advertisement of bids for projects.

The specification's committee was established late in the financial year.

The SCM unit was not fully staffed in the financial year; there were movements of positions to improve the situation by supplying more interns to the unit.

### 1.6. AUDITOR GENERAL REPORT

#### FINAL MANAGEMENT REPORT TO THE ACCOUNTING OFFICER ON THE AUDIT OF LEPHALALE LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2013 INTRODUCTION

1. Our responsibility is to express an opinion on the financial statements, to express a conclusion on the annual performance report in the management report and to report on material findings relating to compliance with specific requirements in key applicable laws and regulations as set out in the *General Notice* issued in terms of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA). Our engagement letter sets out our responsibilities and the responsibilities of the accounting officer in detail.

2. This management report includes audit findings arising from the audit of the financial statements, reporting on predetermined objectives and compliance with laws and regulations for the year ended 30 June 2013 which were communicated to management and includes their response to these findings. The report also includes information on the internal control deficiencies that were identified as the root causes for the matters reported. Addressing these deficiencies will assist in ensuring an improvement in the audit outcomes.

3. The management report consists of an executive summary and detailed audit findings which are contained in Chapter 6.

The Final Audit opinion in relation with matters raised is a QUALIFIED audit Opinion.

### 1.7. STATUTORY ANNUAL REPORT PROCESS

Lephalale complies with the statutory annual report process. The activities and related timeframes are provided below:

No.	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 the 4th quarter Report for previous financial year	

4	Submit draft year 0 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 audits 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	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January
		T 1.7.1

#### COMMENT ON THE ANNUAL REPORT PROCESS:

The outcomes approach is designed to ensure that government is focused on achieving the expected real improvements in the lives of all South Africans. The Outcomes approach clarifies what we expect to achieve, how we expect to achieve it and how we will know whether we are achieving it. During Planning we plan backwards based on the outcome approach we used the SMART method to set service delivery targets.

The five year term plan is contained in the IDP (Integrated Development Plan) which is master plan for service delivery in local government sphere, from the IDP we can derived an annual budget implementation plan called the Service Delivery and Budget Implementation Plan (SDBIP) and similarly the Performance Plans for the section 56 managers and all those who are on the Performance Management system will be derived from the SDBIP. All this strategic documents are aligned. The annual report looks back at the SDBIP and IDP for a period of one year and it helps with annual planning and changing of the five year master plan (IDP) if the need arise.

## CHAPTER 2 – GOVERNANCE

Lephalale Local Municipality is a category B type of local governance and Council and the executive committee members are elected in accordance with the South African Electoral law. The municipal council is constituted by 24 seats for councillors who are directly elected.

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

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.

The political head is the Mayor, who has an executive committee system. The municipality has established section 79 and 80 committees' to ensure effective execution of its functions. The municipal council has political clusters with chairpersons. The head of administration is the municipal manager who is the accounting officer.

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#### 2.1 POLITICAL GOVERNANCE

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

The EXCO is established to assist Mayor with his/her functions. Each member of the EXCO is also a chairperson of a cluster committee. The following are the different clusters: Finance and Economic Development, Administration and Governance, Municipal Services and Community Development.

The Oversight committee and the Performance Audit Committee have also been established.

The Municipal Public Accounts Committee (MPAC) has been established and held regular meetings.

A development forum (Lephalale Development Forum) has been established for leverage between big business and the municipality.





**MAYOR**

**MJ Maeko**



**SPEAKER**

**MR Boloka**



**CHIEF WHIP**

**KR Molokomme**

**Executive Committee:**

**Cllr. MJ Maeko (Mayor).**

**Cllr RM Moatshe (Cluster: Municipal Services)**

**Cllr DE Erasmus (EXCO Member)**

**Cllr. AE Basson (Cluster: Social Services)**

**Ward Councillors:****Ward 1 Mr WM MOTLOKWA****Ward 2 Ms GB KOADI****Ward 3 Mr F MAGWAI****Ward 4 Mr S SNYDERS****Ward 5 Ms M.J MOJELA****Ward 6 Mr RK  
MOTSHOLAKGETSE( deceased,  
Jan 2013 and Replaced by  
Paulinah Ngoako March 2013)****Ward 7 Mr JA MOGOASA****Ward 8 Ms MJ SELOKELA****Ward 9 Mr M J MAJADIBODU****Ward 10 Ms C MATSHABA****Ward 11 Mr NJ MOTEBELE****Ward 12 Ms P MOLEKWA****PR Councillors:****PR1 Mr MJ MAEKO****PR 2Ms MR BOLOKA****PR 3Ms KR MOLOKOMME****PR 4 Ms SHONGWE LM****PR 5Mr DINALE ME****PR 6Ms RM MOATSHE****PR 7Ms ME MAISELA****PR 8Mr DE ERASMUS****PR 9Mr MJ MARAKALALA****PR 10 Ms AE BASSON****PR 11Mr LS MANAMELA****PR 12 Ms SJ PELOTONA****COUNCILLORS:**

The total number of councilors is 24, half of whom are ward councilors and the others are party proportional representatives. The names and distinctions are mentioned in the above table 2.1.1. The speaker Ms. M.R. Boloka is the chairperson of council. Out of the total of 24 councilors 12 are male and 12 female.

Lephalale municipality established a five member executive committee for its council and it later reduced to four member committee by CoGHSTA .

A Functional Mayoral Planning Committee was established by the elected council, four executive clusters were established namely, Budget and Economic Development, Governance and Administration, Municipal Services and Social Services.

**POLITICAL DECISION-TAKING**

Council is scheduled to meet at least four times per year and it is the highest decision making body in terms of governance in the municipal area. In past financial year 11 council meetings were held and 161 resolutions were taken and all resolutions were implemented. The executive committee meets on monthly basis and it delegated part of its authority to certain committees and head of directorates.

Dates for 2012/13 Financial Year	Ordinary EXCO and Dates	Ordinary Council Meeting and Dates	Special EXCO and Date	Special Council and Dates
30 July 2012	0	0	1	
25 September 2012	1	1		
30 August 2012	1	1		
30 October 2012	1	1		
13 Dec 2012	1	1		
25 Jan 2013	1	1		
26 Feb 2013	1	1		
13 March 2013	0	0		1
26 March 2013	1	1		
28 May 2013	1	1		
11 June 2013	0	0	1	1
27 June 2013	0	0	1	1
Total	8	8	3	3

In between the council meeting some of the Portfolio Committees and the Mayoral planning committee were meeting go through items for discussion during council.

Few policies were adopted in the Financial Year 12/13, among other adopted policies was a policy for the regulation of accommodation for the thousand migrant workers on the Medupi project, thus a Contractors Camp/ Transient Workers Accommodation Policy was adopted by council.

IN terms of the Administrative wing of the Municipality at the beginning of the financial year all the critical positions were filled, but as year progresses the two positions for section 56 managers had their contracts ending at the end of October month in 2012. The positions were the one for Manager Development Planning and Manager Community Services, the position for Manager Community Services was filled within three months after it ended. The same could not be said about the position of Development Planning.

The position of Manager Corporate Services was voluntarily vacated by the incumbent at end of February 2013

The divisional Head SCM was also dismissed from his position on the 13<sup>th</sup> December 2013 and this led to the municipality ending the year with less critical position filled.

## 2.2 ADMINISTRATIVE GOVERNANCE

MFMA S60 (b) states: The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

Two Managers had their contracts ending at the end of October 2012, Manager social services, Mrs. Maria Cocquyt and Manager Development planning, Mr. Sole Leonard.

Mr., LS Thobane was appointed as the new Social Services Manager as from January 2013 and the Position of Manager development Planning was not filled until the end of Financial Year in June 2013.

The CFO's position and contract ended at the end of April 2013 and the Existing CFO Mr. Lekaka Charles was Re-appointed at the beginning of May 2013.

Manager Corporate support services left the Municipality at the end of February for a better position at the district Municipality and her position was filled until end of financial year.

Council took a resolution the position of manager should be given to divisional heads and the position of manager change to executive manager as per recommendation by the institutional study which was conducted by a service provider.

## TOP ADMINISTRATIVE STRUCTURE

<b>TIER 1</b> <b>MUNICIPAL MANAGER</b> <b>Mr. AS Naidoo</b>	<b>Function</b> Strategic Support, Liaise and advise Political Structures, Internal Audit, Manage Administration
<b>TIERS 2</b> <b>MANAGER: Strategic</b> <b>Mr K S Motebele</b>	Overall management of offices for Mayor, Speaker and Chief whip, Responsible for correspondences from these offices. Deals with Public participation and intergovernmental co-operative governance
<b>MANAGER: Chief Financial Officer</b> <b>Mr. N C Lekaka</b>	Budget compilation and control, Debtor management (Credit Control, Debt collection), Accounting Services (Cash flow management, Cost, etc.), Treasury management (Loans, Investments), Inventory (Procurement & Provisioning).
<b>MANAGER: Social Services</b> <b>Mr. L S Thobane</b>	Recreational facilities; Solid Waste Management; Environmental Management; Housing; Library, Arts and Culture; Safety and Security; Fire and Rescue Services; Disaster Management; Traffic Control; Licensing Authority; Safety and Risk Management.
<b>MANAGER:</b> <b>Corporate Support Services</b> <b>Mr. G Makgamatha (Acting)</b>	Administrative Support; Legal and Secretariat; Human Resources.
<b>MANAGER:</b> <b>Infrastructure Services</b> <b>Mr. LK Tihako</b>	Water services; Electrical services; Sanitation services; Public Works; Roads and Storm water; Municipal Workshop; Land-use and Building Control.
<b>MANAGER:</b> <b>Development Planning Services</b> <b>Mrs. C Mutshavi (Acting)</b>	Integrated Development Planning; Tourism, Marketing and Municipal In Relations; LED/SMME.

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

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

Lephalale Local Municipality participates in the following forums for intergovernmental relations, The Premier/ Mayor's forum and the Municipal Manager's forum. The IDP and PMS Units are participating in the Provincial forum and district municipality's forum these forums includes sector departments operating at the grass roots level and at the face of society and communities.

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## 2.3 INTERGOVERNMENTAL RELATIONS

### NATIONAL INTERGOVERNMENTAL STRUCTURES

Besides Provincial forums attended by both officials and politicians, there are formal intergovernmental structures dealing directly with the national government. Interaction between national government and municipality is done through the Provincial forums. These are: the Provincial IDP forum, Premier's *Lekgotla*, Premier's Monitoring and Evaluation forum and the Monitoring and Evaluation Forum by CoGHSTA Department.

### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Provincial IDP forum, Premier's *Lekgotla*, Premier's Monitoring and Evaluation forum and the Monitoring and Evaluation Forum by CoGHSTA Department. These forums assisted the municipality with the implementation of the PMS at municipal level and the establishments of credible IDP and SDBIP.

### DISTRICT INTERGOVERNMENTAL STRUCTURES

The Waterberg District Municipality co-ordinates service delivery in local municipalities the similar forums attended at provincial level are hosted at district level. Lephalale municipality is benefitting from attending the District Monitoring and Evaluation forum. The Mayor's forum and the Municipal Managers forum are also beneficial in terms of planning and execution of the functions of the municipality.

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## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The MSA S17 (2) requires a municipality to establish and organise its administration to facilitate and a culture of accountability amongst its staff. S16 (i): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. S18 (i) (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

The municipality has established the Municipal Public Accounts Committee (MPAC) and this committee meets regularly to scrutinize reports and make recommendations to Council.

## 2.4 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

Lephalale Local Municipality has a newsletter which is published from the Office of the Communication Officer. In the past financial year the Communication strategy was adopted by council, where the office of the Mayor through the communication officer outlines how communication and dissemination of government information is to be accomplished.

Apart from the formal administrative meetings like the IDP/PMS forums, the Mayor and council engage on community outreach programs like Izimbizo and celebrations of significant dates on the calendar year.

The table below shows the list of the participation meetings by community and forums held in the past financial year.

#### WARD COMMITTEES

Ward committees are community coordinating structures and are assisting the ward Councillors in their functions in a ward. Ward committees are the key tool to community participation and representation.

The ward committee is legislatively chaired by the ward councilor; this helps the councilor to established report between the community and him/her.

Twelve Ward committees were established in the financial year 2010/11 at the beginning of the 5year political circle of council and for past financial year all the 12 committees were functioning. Most of the committees managed to hold a monthly meeting every month however quarterly public meetings were not held.

Public Meetings							
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issues raised by community	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Opening Of Taxi Rank( Mohlasedi)	12 July 2012	18	14	8500		yes	
IDP/BUDGET ROADSHOW	13/04/2013	20	26	1000			
IDP/BUDGET ROADSHOW	20/04/2013	18	24	650		yes	
IDP/BUDGET ROADSHOW	04/05/2013	18	26	1000		yes	
Local Energy Forum( Mogol Fuction Hall)	23 Nov 2012	16	10	350		Yes	
Community consultative Meeting( Hlaga la Kwenavillage)	05 Jan2013	14	12	400		yes	

Community consultative meeting( shongoane)	06 Feb 2013	19	14	600		yes	
Consultation with Traditional councils( Thabo Mbeki)	26 Sep 2012	18	10	150		Not All issues	
SOD Turning and Public Participation meeting( Tlapa le borethe & Town)	12 Sep 2012	19	16	800			
Community Outreach ( Botsalanong Village)	31 August 2012	16	20	650			
Community Consultative Meeting(Phahladira)	02 Dec 2012	16	13	500			
Women's day commemoration (Thabo Mbeki)	8 August 2012	14	8	400			
Grade 12 Class Motivation( Seleka)	05 July 2012	15	11	600			
Infrastructure Forum ( Thabo Mbeki)	15 August	17	12	600			

#### COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

From the entire public participation meetings held the municipality was able to prioritize the needs for the community, established the satisfaction levels and was able to set key performance targets through the IDP/Budget and PMS forums.

#### 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes, but no impact KPIs
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	T2.5.1



## COMPONENT D: CORPORATE GOVERNANCE

### 2.6 RISK MANAGEMENT

The Accounting Officer must ensure that the Municipality has and maintains effective, efficient and transparent system of financial, risk management and internal control.

Risk Management is a valuable management tool which increases an institution's prospects of success through minimizing negative outcomes and optimizing opportunities.

Lephalale Municipality Management had a risk identification session whereby all risks affecting the municipality were identified. Below are the top 5 risks of the Municipality:

1	To manage debt effectively and efficiently	Financial Management	Inability to reduce municipal debts account	1. Poor implementation of credit control and debt collection policy 2. Non cut-off of services for long outstanding debtors.	Critical	5	Common	5	Maximum	25
2	To obtain clean audit	Financial Management	Poor financial management	1.Lack of skills and capacity 2.None implementation of controls and non-compliance with legislative requirement	Critical	5	Common	5	Maximum	25
3	To render sustainable water and sanitation services to all house within the area	Water and Sanitation	New rural areas are without reliable water services and sanitation facilities	unplanned rural developments/extensions	Critical	5	Common	5	Maximum	25

4	Provision and maintenance of assets.	Public works	1. Vandalism of Sign Boards 2. Illegal road crossing.	Lack of knowledge and sense of ownership	Critical	5	Common	5	Maximum	25
5	Provide quality and well maintained sanitation infrastructural services in all Municipal areas	Sanitation	Lack of regular servicing of pumps and sewer systems	Shortage of skilled personnel and telemetric system	Critical	5	Common	5	Maximum	25

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## 2.7 ANTI-CORRUPTION AND FRAUD

### FRAUD AND ANTI-CORRUPTION STRATEGY

Lephalale Municipality's has adopted the Fraud Prevention Plan and the Fraud Prevention Policy as the strategies to prevent fraud and corruption.

The Fraud/corruption risk areas include:

- Procurement, including urgent/emergency matters, sole suppliers and
- Vetting of suppliers and other trading partners;
- Travel claims;
- Conflicts of interest and private work declarations;
- Compliance to delegations of authority;
- Payroll; and
- Revenue collection –both from individuals and businesses

The Municipality has implemented the following control to prevent fraud and corruption:

- Financial policies and procedures;
- Human Resources policies and procedures;
- Segregation of duties;
- Code of Conduct for Municipal Officials and Councillors;
- Physical and Information Security; and
- Exclusion of Councillors from the procurement processes.

The Municipality has also implemented controls to detect fraud and corruption:

- Periodic Internal Audit reviews;
- Annual External Audit reviews; and
- Regular management reviews.

All employees and other stakeholders are expected to comply with the applicable policies and procedures. A fundamental risk in this area is the lack of knowledge, awareness, effective communication and training relating to Fraud, Theft and Corruption. The Municipality has a number of systems, policies and procedures designed to ensure compliance with specific laws and regulations and basic internal control.

Notes: See Chapter 4 details of Disciplinary Action taken on cases of financial mismanagement (T4.3.6). MSA 2000 S83(c) requires providers to be chosen through a process which minimizes the possibility of fraud and corruption.

## 2.8 SUPPLY CHAIN MANAGEMENT

### OVERVIEW OF SUPPLY CHAIN MANAGEMENT

The Bid Evaluation and Bid Adjudication Committees have been established. Advertised tenders are being evaluated, adjudicated and appointments are made for tenders in terms of the Supply Chain Management Policy. Quarterly reports on the tenders are submitted to Council.

## 2.9 BY-LAWS

By-laws Introduced during 2012/13				
Newly Developed	Date Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	Date of Publication
NONE	NONE	No		
NONE	NONE	No		
NONE	NONE	No		
NONE	NONE	No		
NONE	NONE	No		

### COMMENT ON BY-LAWS:

MSA S11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

The by-laws for Lephalale Municipality were adopted in the 10/11 financial year, No by-laws were established during the 2012/2013 financial year.

There are policies which were adopted in the preceding Financial Year, the policy dealing the regulation and control of the contractor's camp was adopted by council as per item A176/2012[9] and Resolution A51/2013[5].

## 2.10 WEBSITES

Municipal Website : Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	<Yes / No>	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	16/01/2012 14/06/2012
All current budget-related policies	Yes	01/05/ 2012 14/06/2012
The previous annual report (2011/12)	Yes	09 July 2013
The annual report (2012/13) published/to be published	Yes	February 2014
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2012/13) and resulting scorecards	Yes	14 June 2013
All service delivery agreements (2012/13)	Yes	27/06/2012
All long-term borrowing contracts (2012/13)	YES	13/01/2013
All supply chain management contracts above a prescribed value (give value) for 2012/13	YES	22/11/2012
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2012/13	Yes	22/03/2013
Contracts agreed in 2012/13 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	YES	29/7/2012
Public-private partnership agreements referred to in section 120 made in 2012/13	YES	29/7/2012
All quarterly reports tabled in the council in terms of section 52 (d) during 2012/13	Yes	23/4/2013

### COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS:

The table above depicts the times and types of municipal documents posted on the website for the public to view.

The Lephalale Municipality has established a web site. The website is sponsored by a government SETA. Due limited capacity we have not yet placed strategic documents on the website.

A dedicated IT specialist was appointed in 2010 for servicing the website regularly.

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

### PUBLIC SATISFACTION LEVELS

The public satisfaction survey was not conducted for the financial year 12/13, because Lephalale municipality was not selected for the survey by CoGHSTA. For the purpose of this report the result for the survey conducted for financial year 10/11 will kept and it is stated below here.

The levels of satisfaction about municipal service delivery are very low for key deliverables like Road maintenance, sanitation and water supply, where as it average for services like electricity and refuse removal.

For Lephalale Municipality the satisfaction survey for the Financial Year under review was not conducted.

Satisfaction Surveys Undertaken during 2009/10 and 2010/11				
Subject matter of survey	Survey method	Survey date	No of people included in survey	Survey results indicating satisfaction or better (%)*
<b>Overall satisfaction with:</b>	questionnaire	Nov 2010	196	
(a) Municipality	questionnaire	Nov 2010	196	29%
(b) Municipal Service Delivery	questionnaire	NOV 2010	196	38%
(c ) Mayor	questionnaire	NOV 2010	196	44%
<b>Satisfaction with:</b>	questionnaire	NOV 2010		
(a) Refuse Collection	questionnaire	Nov 2010	196	53%
(b) Road Maintenance	questionnaire	Nov 2010	196	29%
(c ) Electricity Supply	questionnaire	Nov 2010	196	61%
(d) Water Supply	questionnaire	Nov 2010	196	33%
(e) Sanitation	questionnaire	Nov 2010	196	28%
(f) Information supplied by municipality to the public	questionnaire	Nov 2010	196	18%
(g) Opportunities for consultation on municipal affairs	questionnaire	Nov 2010	196	18%

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

### INTRODUCTION

The IDP and SDBIP were developed reflecting indicators and targets per Key Performance Area (KPA). Performance against predetermined objectives (service delivery and key performance indicators and targets) per KPA follows in the table below:

KPI Performance per KPA	End June '13
<b>Indicators</b>	<b>2.69</b>
Financial Viability	2.47
Good Governance and Public Participation	2.44
Transformation and Organisational Development	3.05
Spatial Rationale	2.56
Service Delivery and Infrastructure	2.48
Local Economic Development	3.13

The overall average performance rated at **2.69 (90%)** at the end of the financial year.

The key performance area Local Economic Development achieved the highest performance rating of **3.13 (104%)**, which is just above target. The main contributing factor thereto is that a total of 255 jobs were created through the municipality's LED initiatives including capital projects against the target of 235 jobs.

The second best performing key performance area was Transformation and Organisational Development that also achieved an above target score of **3.05 (102%)** due to 2.5% out of target of 2% of municipality's operating budget (salary budget) that was spent on implementing its workplace skills plan.

Spatial Rationale rated **2.56 (85%)** due to only 80% land use (rezoning, special consent for other uses) applications that were considered by EXCO within two months of receipt of application.

Service Delivery and Infrastructure achieved a just below rating of **2.48 (83%)**. The main contributing factors are that it was reported that no high mast lights were provided against the annual target of 13; only 50 out of targeted 100 street lights were upgraded with energy saving LED globes and no gravel roads were upgraded to tar due to late advertisement for consultants and contractors. No existing sport and recreation facilities were rebuilt.

The key performance area Financial Viability received a rating of **2.47 (83%)**. The low performance can be attributed to under-spending of the capital budget at the end of the financial year that was reported as only at 49% and spending on the Municipal Infrastructure Grant (MIG) stood at only 38%. The access of registered indigent households to free basic electricity and water is reported as only 30%, whereas the annual target is set as 97%.

Good Governance and Public Participation achieved the lowest score of **2.44 (82%)** mainly due to only one awareness campaign each related to gender and youth and elderly that were held against the targets of four for the financial year. Another contributing factor to the below target performance is the fact that the municipality received a qualified audit opinion.



## COMPONENT A: BASIC SERVICES

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

### INTRODUCTION TO BASIC SERVICES

The provision of basic services to the community determines a person's quality of life, and has a potential to boost socio-economic development. The supply of free basic services to all households remains a challenge. Backlogs have remained high in the delivery of water, electricity and sanitation which has been impacted by the current infrastructure as well as the high number of rural communities.

#### 3.1. WATER PROVISION

Lephalale Municipality as Water Service Authority has a duty to all customers and potential customers within its area of jurisdiction to progressively ensure efficient, affordable, economic and sustainable access to water in terms of section 11 [Water Services Act of 1997]. The Municipality has a duty to provide water to a population estimated at 115 746 living within urban, peri-urban and rural areas of jurisdiction.

The Lephalale Municipality is designated as Water Service Authority and Water Service Provider. All the water for the urban area of the Lephalale municipality originates from Mokolo Dam. Grooteegeluk Coal Mine originally built the main supply lines, pump station, balancing dam and water purification works in the urban area. The supply, as well as maintenance of the dam (as agent of DWA) is still done by Grooteegeluk coal mine. In the case of Marapong township, which is situated near the mine/power station, purified water to the municipality is supplied by Matimba Power Station. Even though the municipality has benefited to date from the investments made by Exxaro and Matimba in the past there is a concern that as water service authority, and considering long term development implications, the municipality should have ownership of infrastructure required to provide water and sanitation services to Marapong area. The Municipality has a Water Service Development Plan which was adopted by council in 2009 and reviewed regularly. The current reviewed plan has been populated into a new template and presented to council for adoption in August 2011.

The Department of Water Affairs (DWA) appointed consultants to investigate alternative solutions for provision of water to the Lephalale node area 1 as a result of the development potential of the Municipality. Based on water infrastructure, the current water availability and water use allows only limited spare yield existing for future allocations for the anticipated surge in economic development in the area. DWA commissioned the Mokolo- Crocodile (West) Water Augmentation project (MCWAP) to analyse the options for transferring water from the Crocodile River (West) with the intention to implement the project in two phases. Augmentation of the supply from Mokolo Dam and transfer water from the Crocodile River (West) to the Lephalale area. The Department of Water Affairs (DWAF) has allocated 1.8 billion for this current financial year to phase in the project on a three year basis. It is imperative to note that the outcome of the MCWAP project need to be implemented to address expected water shortages before any development in node area 1 will be viable, as currently the area does not have sufficient water resources to sustain any development. Furthermore the municipality will need to obtain an appropriate license to abstract water from MCWAP scheme to provide water to node area 1.

Water is pumped from the Mokolo dam to the Wolfefontein storage dam, from where it gravitates down to Zeeland water purification plant and the purification plant at Matimba power station. Bulk raw water gravitates down to the Grooteegeluk mine and Eskom's Matimba power station.

Lephalale and Onverwacht are supplied with water that gets purified at the Zeeland water treatment works (owned and operated by Exxaro resources). The effluent gets treated at Paarl waste water treatment works. Currently, the Matimba Power Station at 7.1 million m<sup>3</sup>/a, Grootegeluk

Mine at 10.1 million m<sup>3</sup>/a, (Lephalale Municipality at 5.0 million m<sup>3</sup>/a of the Exxaro/Matimba allocation) and the Irrigation Sector at 10.4 million m<sup>3</sup>/a account for the 27.6 million m<sup>3</sup>/a of water allocated from the Mokolo Dam. Based on the estimated current water use, the catchment yield versus demand is in balance; however, this makes no allowance for the Ecological Reserve. Future expansions for power generation as well as the coal requirement for such development require additional volume of water which cannot be supplied from the resources within the Mokolo Water Management Area.

Water Infrastructure is indicated below:

Asset Type	Unit Measured	Quantity	Remarks
Boreholes	Number	138	
Reticulation Pipelines	Length(m)	424,973	286,311 m of uPVC pipes 136,702 m of AC pipes 1,960 m of HDPE pipes
Bulk pipelines	Length(m)	34,693	28,593 m of uPVC pipes 6,046 m of AC pipes
Reservoirs	Number	121	
Water Treatment works	Number	2	Witpoort and Maletswai
Pump Stations	Number	38	

*Source: Lephalale Municipality IDP*

## WATER AVAILABILITY IN RURAL AREAS

The rural areas all obtain their water from groundwater sources (about 85% from boreholes and 15% from well field type boreholes in the riverbed alluvium). The four water sub schemes serve approximately 38 villages through a network of approximately 138 boreholes, which are all owned and operated by the municipality. The water is pumped to storage reservoirs and then distributed to the consumers. Chlorine dosing tanks were installed in the storage reservoir but the municipality is experiencing difficulty in maintaining the dosing equipment due to budgetary constraints and not enough resources. The ground water from the boreholes is generally low due to poor yields and unacceptable water quality (class 3 or 4); however this does not necessarily pose a health risk to communities. Water from the well field type boreholes has however higher yields and acceptable quality. The surety of the current water supply from boreholes is not known. It is also not known what the actual volume of water is provided to the community. The municipality has commissioned a study on water volumes provided to rural villages.

Based on a RDP level of service for the existing community, an allocated water use of an average of 9kl/month per household in the rural areas and 36kl/month per household for Thabo-Mbeki & Thabo-Mbeki Ext 1 is proposed, the total theoretical current water demand calculated for development focus area 2 amounts to 5,992kl/d and 1,692kl/d for Thabo-Mbeki and Thabo-Mbeki Ext 1, all inclusive of a water loss of 15%. A detailed study is required to determine if the current supply from boreholes and wells are sufficient to meet this demand. According to data on the sizes of the reservoirs collected in the municipality water asset register, the existing reservoirs have a capacity of 8,317kl/d but it is not clear whether the groundwater sources meets demand. The available groundwater yield and quality and storage capacity needs to be investigated as it is unsure if this resource can be expanded and to what degree.

According to the water service development plan “starter requirements” approximately 22.6% of the rural population has access to water that have to be carried/carted 0-200m, while 20.5% of the population has access to water that is 200-500m away from the point of use. This implies that 35.6% of the rural population does not have water that falls within RDP standard of maximum cartage distance of 200m from point of use (i.e. resident/house).

In Lephalale, one-third of households do not have access to water in the dwelling or yard, but have to make use of community stand pipes. In Marapong this figure is somewhat lower (20% of households make use of community stand pipes) more than half of the households have access to water inside their dwelling. In ward 3 and town Lephalale, approximately 75% of households have access to water inside their dwelling, while 20% have a tap in the yard. The remainder makes use of community stand pipes.

The household by level of access of water is indicated below:

Number of household by level of water.	Piped water inside dwelling.	Piped water inside yard.	Communal piped water; less than 200m from dwelling/institution.	Communal piped water between 200m and 500m from dwelling	Communal piped water between 500m and 1000m (1km) from dwelling	Communal piped water distance greater than 1000m (1km) from dwelling	No access to piped water
29 880	9 367	10 566	6 559	1 716	555	2 11	798
Households below basic level of service/Backlog		3 280					
Households below basic level of service/Backlog as a percentage		10%					

Sources: StatsSA 2011

Water Service Policy Objectives Taken From IDP							
Service Objectives	Service Indicators	Year -1	Year 0		Year 1	Year 2	Year 3
		Actual	Target	Actual	Target		
Provide quality and well maintained infrastructural services in all municipal areas	Percentage Meeting green drop water quality standard	20%	60%	60%	70%	80%	90%
Provide quality and well maintained infrastructural services in all municipal areas	Percentage Meeting blue drop water quality standard	93%	95%	93%	93%	95%	95%
Provide quality and well maintained infrastructural services in all municipal areas	Percentage households with access to basic level of water (within 200m of dwelling)	100%	100%	90.67%	91%	93%	100%

Water Service Policy Objectives Taken From IDP							
Service Objectives	Service Indicators	Year -1	Year 0		Year 1	Year 2	Year 3
		Actual	Target	Actual	Target		
Provide quality and well maintained infrastructural services in all municipal areas	Percentage of water loss (unaccounted water)	22%	16%	26.62%	18%	15%	15%
							T 3.1.6

Employees: Water Services					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalent s)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	1	0
4 - 6	7	7	7	7	0
7 - 9	9	9	9	9	0
10 - 12	1	1	1	1	0
13 - 15	26	26	23	23	3
16 - 18	8	8	7	1	1
19 - 20					
Total	52	52	42	42	4

Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments 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 2012/13: Water Services					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue (excluding tariffs)</b>	R48 832	R43 852	R51 194	R52 309	R1 115
Expenditure:					
Employees	R10 825	R11 687	R11 222	R11 581	R-359
Repairs and Maintenance	R4 942	R2 055	R2 246	R2 122	R124
Other	R31 414	R21 867	R43 260	R38 620	R4 640
<b>Total Operational Expenditure</b>	R47 181	R21 880	R56 728	R52 323	R4 405
<b>Net Operational (Service) Expenditure</b>	R1 651	R21 972	R-5 534	R-14	
Net expenditure to be consistent with summary table in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					

Capital Expenditure 2012/13					
R' 000					
	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A Mokuruenyane/ShongoaneRWS	R11400 000	none	7 284 648	4 115 352	R11 400 000
Project B Witpoort/Seleka RWS Phase 3	R 3 762 000	None	R3 331 751	430 249	
Project C Marapong 8,5 ML Reservoir	R 8 884 704	None	R9 175 777	R291 073	
Project D Marapong Pipeline	R 1 500 000	none	R 611 476	888 524	
Total project value represents the estimated cost of the project on approval by council (including					

past and future expenditure as appropriate.

### 3.2 WASTE WATER (SANITATION) PROVISION

Sanitation is about dignity. The availability of sanitation facilities does not only improve the dignity of people, but also promotes their health. Areas without proper sanitation systems give rise to water borne diseases like cholera, diarrhea, typhoid etc. It is therefore important that as a Municipality, priority should be given to this service, particularly taking into account the backlog (rural sanitation) and the national target.

The land on which Lephalale town situated is relatively flat. Sewers are installed at slopes exceeding the slope of the natural ground level and over relatively short distances become so deep that it must be pumped. Presently there are 38 pump stations in Onverwacht and Ellisras. All land around the developed areas is privately owned. The township layouts will be prepared by or on behalf of the land owners and the design of sewerage infrastructure will be carried out by their consultants. The requirements with regard to the placement and sizing of pump stations will be the product of the planning and design work undertaken by these developers. For these reasons it is believed that each developer should be responsible for the installation of any sewage pump station(s) and pump line(s) that he may require.

Where feasible, when developments take place at the same time in the same area, these developers should be encouraged, if practical to construct infrastructure that they share. Sewage discharged from Onverwacht/Ellisras area is treated at the Paarl sewage treatment works. The treatment works has been expanded to treat 7.25ML sewage per day and presently has spare capacity of 3ML.

Sewage from Marapong is discharged to an oxidation pond system with a reported capacity of 300kl/day. Theoretically the volume of sewage discharged to this treatment works exceeds its capacity and immediate upgrading of this treatment works is also required. A capacity of 4.5ML will be required by 2026. An oxidation pond will no longer suffice. Resgen and its BEE partners, through its operating company Ledjadja coal (PTY) LTD which is currently developing Boikarabelo mine about 60km west of Lephalale town has offered the Municipality a phase-in expansion of the oxidation pond to a 16ML/d waste water treatment plant for Marapong area on a 30 year; built, maintain and transfer contract. An agreement has been reached and a consulting engineering firm was appointed to do feasibility study.

Sanitation Infrastructure is indicated below:

Number of treatment works	Capacity of treatment works	Capacity currently utilized	Length of bulk sewer pipelines	Number of pump stations	Length of reticulation pipelines
3	10,73m/l	6,73m/l	105km	38	66,4km

Sanitation in the rural areas consists of informal pit latrine structures or Ventilated Improved Pit Latrine. It is estimated that 5% of the households have no sanitation service. There is no waterborne sanitation in the rural area. The sanitation level of service varies from no service to basic level of service. Approximately 15381 households will require an improved sanitation system. The sanitation in Thabo-Mbeki and Thabo-Mbeki Ext 1 is mostly septic tanks with French drains. The Central Business District has access to full waterborne sanitation system that drains into oxidation ponds which has currently reached maximum capacity.

As indicated in the section covering the water infrastructure, the area does not have sufficient water resources to accommodate a waterborne sanitation system for the entire nodal area 2. The pit latrines and VIPs in the rural area will need to be replaced with a more appropriate environmentally acceptable



sanitation system once a more detailed study on what the most suitable technical solution for the existing ground conditions has been completed.

Based on RDP level of service for the existing community, an allocated sanitation demand of an average 30kl/month per household for Thabo-Mbeki and Thabo-Mbeki Ext 1 is used. The total theoretical current waste water treatment capacity requirement calculated for population concentration point amounts to 1,424kl/d inclusive of a factor of 15% for infiltration. The estimated capacity of the oxidation ponds is 297kl/d.

The oxidation ponds have therefore insufficient capacity to receive all the waste water from Thabo-Mbeki town. It is estimated that the capacity requirements will increase to 1,715kl/d by 2030 thus an additional 287kl/d.

The development nodal area 2 is a relatively large area characterized by mostly informal settlements with a current population estimated at 66 300 people. Approximately 50.4% of the households are below the basic RDP level of service.

The scenario is premised on the provision of more appropriate sanitation system in the rural areas and full level service to residential areas of Thabo-Mbeki and Thabo-Mbeki Ext 1 and the business area in Thabo-Mbeki.

Waste Water (Sanitation) Service Policy Objectives Taken From IDP							
Service Objectives	Service Indicators	Year -1	Year 0		Year 1	Year 2	Year 3
		Actual	Target	Actual	Target		
Provide quality and well maintained infrastructural services in all municipal areas	Number of new VIPs constructed	0	1200	1200	748	2000	1551
Provide quality and well maintained infrastructural services in all municipal areas	Number households with access to basic level of sanitation (at least VIP level of service)	23758	24858	24675	27125	27950	28950

Employees: Sanitation Services					
Job Level	2011/12	2012/13			
	Employee es	Posts	Employees	Vacancies (fulltime equivalents )	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	1	1	1	1	0
4 – 6	2	2	1	1	1
7 – 9	10	10	10	0	0
10 – 12	-	-	-	-	-
13 – 15	10	10	10	0	0
16 – 18	14	14	14	0	0
19 – 20	-	-	-	-	-
Total	36	37	36	2	1
<p>Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments 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>					

Financial Performance 2012/13: Sanitation Services					
					R'000
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue (excluding tariffs)</b>	R27 529	R25 361	R34 874	R29 812	R5 062
Expenditure:					
Employees	R6 703	R5 910	R6 111	R7 082	R-971
Repairs and Maintenance	R2 144	R3 109	R 3 257	R3 409	R-152
Other	R5 356	R22 576	R 5 631	R4 684	R947

<b>Total Operational Expenditure</b>	R14 203	R31 595	R14 999	R15 175	R-175
<b>Net Operational (Service) Expenditure</b>	R13 326	R6 234	R19 875	R14 637	
Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					

<b>Capital Expenditure 2012/13: Sanitation Services</b>					
<b>R' 000</b>					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A Zongesien WWTW Marapong	R 14 820 000	None	R 11 72359	3 096 410	
Project B Re- Engineering of Network System	R6 000 000	None	R 1 923 745	4 076 255	
Project C	N/A	None	000	000	
Project D	N/A	None	000	000	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					

### 3.3 ELECTRICITY

#### INTRODUCTION TO ELECTRICITY

Lephalale Municipality is an electricity provider and has an electrical reticulation network supplying electricity to Onverwacht and the eastern region of Lephalale. The Lephalale electricity network is supplied from Eskom at 11kV via the Lephalale Main Substation next to the Onverwacht area. The Eskom supply is generated at Matimba Power Station and fed via the Matimba Substation at 132kV. The Matimba Substation feeds the Eskom Waterberg Substation (Lephalale) where it is stepped down from 132kV to 33kV. Waterberg Substation has two 132kV/33kV transformers. From Waterberg

Substation the power is fed via two Wolf conductor lines (approximately 8km each) to the main substation, at Lephalale. The substation has both an Eskom section with three 33kV/11kV 10MVA transformers and a municipal distribution substation from where the primary feeders are fed into the Lephalale network. We are still waiting for allocation of extra 5MVA to make a firm 35MVA.

Lephalale is supplied with a 30MVA firm and no bulk and all three transformers are in service. Eskom has 20MVA firm capacity at Waterberg and 40 MVA if both 20MVA transformers are in service. Lephalale has a maximum demand of 29.5MVA, and nothing can be allocated to the new development area as there is no spare capacity. Only 4MVA can be reserved for the new mall should we receive the extra 5MVA as requested?

Due to the current maximum demand and load growth in the town and surrounding areas, the distribution network will have to be upgraded to allow for expansion. The current load growth based on applications for new connections will be approximately 10MVA per year over the next five years for the existing and planned reticulated area. The load growth from 2008 to date is about 200%.

For the area surrounding Lephalale town for which Eskom holds the supply license the load growth could be as high as 5 MVA per year for the next few years. In line with the expected load growth different scenarios will be proposed to upgrade the network. The rural villages, farm areas and Marapong are Eskom distribution area. The Villa Nora and Tomburke substations will require an additional 20MVA capacity for the next few years.

Electricity Service Policy Objectives Taken From IDP							
Service Objectives	Service Indicators	Year -1	Year 0		Year 1	Year 2	Year 3
		Actual	Target	Actual	Target		
Protect the environment and improve community well-being	Number new street lights provided	15	45	45			
Protect the environment and improve community well-being	Number high mast lights provided	6	13	0			
Protect the environment and improve community well-being	Number high mast lights upgraded	4	30	30			
Protect the environment and improve community well-being	Number streetlights upgraded with energy saving LED globes	100	100	50			
Provide quality and well maintained infrastructural services in all municipal areas	Number of urban households provided with electricity	13652	13652	13652			
							T 3.3.5

Employees: Electricity Services					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	1	1	1	0	0
4 – 6	6	6	4	2	
7 – 9	15	15	15	0	
10 – 12	1	1	1	0	
13 – 15	8	8	7	1	
16 – 18	13	13	13	0	
19 – 20	-	-	-	-	
Total	44	44	41	3	
<p>Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments 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>					

Financial Performance 2012/13: Electricity Services					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue (excluding tariffs)</b>	R129 529	R123 178	R130 446	R133 461	R-3 015
Expenditure:					
Employees	R8 396	R9 589	R 9 115	R 8 739	R 376

Repairs and Maintenance	R 2 498	R2 908	R1 842	R2 688	R-846
Other	R68 374	R83 003	R94 065	R89 985	R4 080
<b>Total Operational Expenditure</b>	R 79 268	R 95 500	R 105 022	R101 412	R 3 610
<b>Net Operational (Service) Expenditure</b>	R 50 261	R 27 678	R25 424	R32 049	
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					

<b>Capital Expenditure 2012/13: Electricity Services</b>					
<b>R' 000</b>					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A 6 High Mast Light	R 1300 000	None	R1 243 097	569 300	
Project B Sub-Station 4	R 2 500 000	None	R 00000	2 500 000	
Project C 3 Generators	R1 300 000	None	R 999 091	300909	
Project D 13 High Mast Light	R 3 900 000	None	R 3 650 000	250 000	
Project E 2 Energy saving Projects	R 3 000 000	None	R 3 205 679	R205 679	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					

#### COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

Over 82% of the population of Lephalale has access to Electricity at any given time; The Municipality directly is responsible for distribution at the urban area and townships, whereas the rural villages and the farming community get distribution from ESKOM.

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

#### INTRODUCTION TO WASTE MANAGEMENT

The municipality developed a draft waste management plan as required by NEMA: Waste act and determined by its powers and function. The Municipality is allocated the function of solid waste management. The function involves determination of waste disposal strategy, regulation, establishment, operation and control of waste disposal sites or facilities, refuse removal, waste minimization through recycling, re-use and waste education and awareness. In implementing its function the Municipality has a role to ensure that waste management systems are in place and the systems should be in line with the hierarchy of waste management according to the national waste management strategy. The implementation of the function is dependent on the function that is allocated to the Municipality i.e. refuse removal. Currently most of the waste is collected from household followed by commercial industries.

The municipality has no drop-off, garden sites, transfer station, material recovery facilities and buy-back centres for recycling. The municipality is relying on private companies and community programmes for recovery of the recyclables. The companies such as Nampak, CONSOL, Mondi, Transpaco, Collect-a-can and Consol have contracted a service provider for the recovery of K4 box, cans, plastic bottles, clear and mixed plastics, white paper and glass bottles. There are also informal recyclers in the landfill, collecting K4 box, plastics, papers and steel. The municipality has a challenge of providing refuse removal service to the rural community.

The challenge range from unavailability of land and inadequate funds to provide the service. The municipality has a serious challenge of illegal dumping of garden waste in areas such as Marapong and Onverwacht, in that garden sites are needed in the mentioned areas.

The municipality has five 12 cubic meter , three 20.6 or HC250 compactor trucks and three canter trucks for refuse removal and street cleaning, servicing four collection routes on Monday and Tuesday and five collection routes on Wednesday, Thursday and Friday. Most of the 12 cubic meter compactor trucks were bought in 1991 and 1992 and are no longer reliable. The municipality has no transfer station and Roll-on-Roll-off system in areas that are situated at 30 to 35 kilometers from the landfill site. The areas such as Steenbokpan, Ga-Seleka, Shongoane, and Mokuruanyane are in need of transfer stations.

The Municipality has in-adequate refuse receptacles for refuse storage. The municipality is using 1, 75 cubic meters bins and is on the process of rolling out 6 cubic meter skip bins for waste storage. In the central business district about seven to ten shops are sharing one or two 1, 75 cubic meter bins and the capacity is not enough. There are in-adequate refuse receptacles on the streets of Lephalale town. The community and other businesses are not provided with 240 liter wheeled bins for waste storage. The Municipality has one permitted waste disposal facility. The life expectancy of the landfill is 5 years without waste minimization programmes but with such programmes the life expectancy can go as far as more than ten years. The Municipality has appointed a service provider to conduct the feasibility studies for the development of new landfill site. The municipality has no garden sites for temporary storage of garden waste, material recovery facility such as convenient transfer station for recycling and composting.

The municipality has no data base of waste management companies operating within its area of jurisdiction and statistics for the recovered waste for recycling and disposed waste.



Waste Management Service Policy Objectives Taken From IDP							
Service Objectives	Service Indicators	Year -1	Year 0		Year 1	Year 2	Year 3
		Actual	Target	Actual	Target		
Protect the environment and improve community well-being	Percentage of households with access to weekly refuse removal	49%	49%	60%	60%	60%	60%
Protect the environment and improve community well-being	Number of urban households with access to weekly refuse removal	13652	13652	13652	13652	13652	13652
							T 3.4.4

Employees: Solid Waste Management Services					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0
4 - 6	1	1	1	0	0
7 - 9	2	2	1	1	1
10 - 12	-	-	-	-	-
13 - 15	12	12	12	2	2
16 - 18	40	40	40	0	0
19 - 20	-	-		-	-
Total	56	56	55	3	3

Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments 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.

Employees: Waste Disposal and Other Services					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	-
4 - 6	-	-	-	-	-
7 - 9	2	2	0	0	0
10 - 12	1	1	1	0	0
13 - 15	-	-	-	-	-
16 - 18	2	2	1	0	0
19 - 20	-	-	-	-	-
Total	5	5	2		
<p>Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments 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>					

Financial Performance 2012/13: Solid Waste Management Services					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue (excluding tariffs)</b>	R17 787	R18 725	R19 246	R19 016	R230
Expenditure:					
Employees	R7 418	R7 774	R8 474	R8 062	R412

Repairs and Maintenance	R619	R2 059	R629	R714	R85
Other	R2 712	R2 162	R3 045	R3 289	R 244
<b>Total Operational Expenditure</b>	R10 749	R11 995	R12 148	R12 065	R83
<b>Net Operational (Service) Expenditure</b>	R7 038	R6 730	R7 098	R6 951	
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					

### 3.5 HOUSING

The provision of socio- economic perspective of the local Municipality as whole, as well as the three priority nodal area is essential to attain sustainable human settlement initiative. The elements of demography, economic production, employment and economic development potential is of cardinal importance and as such need to be dealt with properly.

The majority of houses in the municipal area are good quality brick structures. They are uniformly distributed across municipal settlement areas. One should have expected more traditional dwellings but are only a few of them in the settlements. There is no specific pattern regarding backyard dwelling detectable. These apply to both urban core and the rural outlying areas. Land tenure and ownership is currently very difficult to assess. In rural areas the land is tribal and household have free ownership. This is as a result of the fact that land ownership in tribal areas is a sensitive issue and very complicated. However a significant number of households in rural areas own the houses they live in. Rented housing occurs only in Onverwacht, Marapong and Lephalale town. Hostel accommodation type exists for Exxaro and contractors for Medupi project.

The Municipality needs to provide a spatial perspective that deal with the actual land use development trends and tendencies within the three focus areas as reflected on the projected focus area map page 23 to inform the development of planning scenarios and provision of bulk infrastructure. There are informal settlements in Steenbokpan, Marapong and Ellisras town.

Land availability in respect of agricultural potential and environmental sensitive areas in the nodal area need to be clearly defined. The Municipality adopted the housing chapter in 2009 and has reviewed the chapter under Lephalale integrated scoping report in 2011.

The Lephalale proclaimed township area which includes Onverwacht and Ellisras town has 4831 erven covering an area of 9761540 m<sup>2</sup> that is fully serviced. Marapong has 2147 fully serviced erven including Extension 1 to 4 residential areas which covers 165638 m<sup>2</sup>. Only 3, 8% of the total land proclaimed has not been developed. The township extension has increased from 49 to 103 with the number of erven increasing from 6978 to 19591, this represent an increase of 12613 erven on a land scale of 1858 hectares.

Most of these township extensions have services been installed and, or are waiting for bulk infrastructure availability to proceed with top-up structural building. 37.5% have already been proclaimed and 61.0% have been approved. 62.5% require municipal services. A total of 28935 residential units for Marapong, Onverwacht and Ellisras town has been approved and proclaimed. The area covered by this development is 15936338m<sup>2</sup>.

The estimated residential units can accommodate potential population of 38815. Looking at the projected population growth this figures present an oversupply of units in Lephalale, especially on the upper market housing segment. There is an element of lower supply of housing units on rental and low-income level. The estate agents have confirmed that the existing available residential erven far exceeds current demand. Exxaro is in a process to establish approximately 3000 residential erven. Eskom is having a two-fold approach which includes the purchase of erven from private sector and establishment of housing for Marapong Extension 5 on their own land which is still in a process. The Provincial Government has allocated 1.2 billion on a three year basis for the establishment of 5000 erven in Altoostyd farm. The project will result in the provision of housing for middle income and other designated groups within the spatial development area 1 which forms natural extension of the existing development. The scattered nature of the township development area has prompted the municipality to follow an infill approach for integrated human settlement.

<b>Employees: Housing Services</b>					
<b>Job Level</b>	<b>2011/12</b>	<b>2012/13</b>			
	<b>Employee</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 – 3	1	1	1		
4 – 6	1	1	1		
7 – 9	3	3	2	1	
10 – 12	1	1	0		
13 – 15	-	-	-	-	
16 - 18	-	-	-	-	
19 - 20	-	--	-	-	
Total	6	6	4	1	
Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments 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 2012/13: Housing Services					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue (excluding tariffs)</b>					
Expenditure:					
Employees	R1 546	R1 758	R1 537	R1 433	R104
Repairs and Maintenance	R32	R53	R34	R 28	R6
Other	R460	R353	R384	R372	R12
<b>Total Operational Expenditure</b>	R2 038	R2 164	R1 955	R1 833	R122
<b>Net Operational (Service) Expenditure</b>	R2 038	R2 164	R1 955	R1 833	
Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					

Capital Expenditure 2012/13: Housing Services					
R' 000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	Budget is at the	N/A	N/A	N/A	
Project A	Province				
Project B		N/A	N/A	N/A	
Project C					

Project D	N/A	N/A	N/A	N/A	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					

### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

NUMBER OF HOUSEHOLDS PROVIDED WITH FREE BASIC SERVICES.					
Water	Sewerage & Sanitation	Electricity	Refuse removal	Total households served	Total households served as %
7 898	5 119	Configuration 1 777 (3,052)	600	27 756	28,4%

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

The municipality has updated their Indigent Register at the end of the financial year under review. Due to outdated information, only 30% of registered indigents received free basic water and electricity during the year under review. It is foreseen though that with the updated register this situation will improve in the years to come.

Free Basic Service Policy Objectives Taken From IDP							
Service Objectives	Service Indicators	Year -1	Year 0		Year 1	Year 2	Year 3
		Actual	Target	Actual	Target		
Enhance revenue and financial management	Percentage of registered indigent household with access to free basic water	60%	97%	30%			
Enhance revenue and financial management	Percentage of registered indigent household with access to free basic electricity	95%	97%	30%			
							T 3.6.5

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## COMPONENT B: ROAD TRANSPORT

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

The Municipality has a constitutional obligation to ensure that accessible, safe, efficient, adequate and affordable public transport is provided to the community. The Municipality adopted the Integrated Transport Plan in 2012 after the assistance from Department of Cooperative Governance Housing and Traditional Affairs. The geographical location of the villages and work opportunities in Lephalale is one of the determining factors in understanding transport demand problems. There are 38 rural villages in Lephalale, many of them located 40 km or more from the CBD of Lephalale. The CBD and town are located close to the coal mines and power stations, whereas the villages developed historically along Lephalale River. Approximately 65% or more of the Lephalale population live on farms or rural villages. This results in low residential densities, which makes the cost of effective transport provision high. The coal reserves, estimated up to 300 years of reserves, are the main driver of economic activity in the area.

If the planned and envisaged additional power stations and potential coal to liquid facilities, similar to SASOL or Secunda materialized, it will be a large stimulus for development in the area. Depending on what developments materialize in the area, between 16 000 and 37 000 additional housing units will be required for the next 20 years or so. In the development of future coal mines and power stations, care should be taken that residential settlements are located as close as possible to these work opportunities, to reduce travel time and cost of transport.

There are three formal taxi ranks in Lephalale, two informal taxi ranks and one bus rank. Bus shelters provided by the Municipality at some of the villages are only able to accommodate five people. Public Transport facilities are inadequate and in some cases far from the people they are supposed to serve.

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### 3.7 ROADS

#### INTRODUCTION TO ROADS

The roads in Lephalale are adequately connected to National, Provincial and District roads. The issue being experienced in terms of the roads in the municipal area is two-fold in nature. The first being: the primary roads and related issues. These include the poor state of the roads due to limited maintenance of these roads. The poor state of these primary routes is having a detrimental effect on the distribution of goods, services and people in and through the municipality. Possible causes of this are lack of funds, human resources, equipment and capacity to maintain the existing infrastructure. The second element of this issue is the poor state of the internal circulation routes in the area (especially in the rural area). The causes of the poor state of these roads can be attributed to lack of appropriate road maintenance policies and funds, the category/type of the roads i.e. gravel roads carrying high volumes of traffic. The R33 road serve as a link between Lephalale and Modimolle municipality more especially for the delivery of machinery and equipment for construction of Medupi power station, expansion of Grooteegeluk coal mine and future developments. This road needs special attention from Department of Roads and Transport and Road Agency Limpopo (RAL). The road is currently under rehabilitation and the process is expected to be concluded towards October 2012. Between Vaalwater and Lephalale the road gradient is too steep for abnormal heavy duty loads, therefore R510 and R517 are recommended for heavy goods vehicles (freight).

The southern by-pass provincial road P198-1 linking R510 to Medupi has been identified as one of the main critical road. The Lephalale municipality will be responsible for bulk road infrastructure and individual developers of townships will have to provide all internal roads. There is concern on the



rapidly degrading of many roads due to the increasing economic activities. Of the total length of municipal roads, some are paved and these are mainly in Marapong, Onverwacht and Ellisras respectively. The unpaved roads vary from dirt tracks to graded gravel surfaces which are mainly located in the rural areas of the municipality. The current policy for improving municipal roads, as stated in the 2010/2011 IDP is to ultimately pave all municipal roads. Given limited resources and finances, interim 3 to 5 year programmes are prepared and updated annually to maintain existing assets to address serious problems, to improve access roads between villages and the higher order roads in conjunction with programmes of WDM, DOR&T, RAL and SANRAL. In the medium term, improved access to Lephalale will become a top priority, in terms of road, rail and air. It is unlikely that the coal and petrochemical cluster will reach its full potential without the upgrading of the R33 which is currently under rehabilitation, the construction of a southern bypass from the R33 to the coal mine and power stations and the upgrading of the road in a westerly direction from Lephalale town to Steenbokpan and beyond to the Botswana border.

The road network is the principal means of travel in Lephalale and the greater Waterberg district municipality. On a district scale, several provincial roads provide inter-provincial and inter-municipal connectivity for the wider district, they also serve as linkage roads that provide local connectivity and form key components of the supply chain of the local economy. Intensive road network and infrastructure planning did not precede nor has it kept pace with the significant industrial and population growth within the municipal area. To date few of the unchecked development effects visible in road transport include:

- Increased traffic through Lephalale without extended road infrastructure
- Significantly high freight truck traffic,
- High levels of road congestion during peak traffic periods.

The description of this roads are summarized below and it is important to note that this is a regional classification of the main roads and some of these road classification will change where the roads run through an urban area such as small towns and villages along the route.

Total road network length	Road kilometers tarred	Road infrastructure backlog
1 054. 84km	233. 02km	821. 83km

Road Service Policy Objectives Taken From IDP							
Service Objectives	Service Indicators	Year -1	Year 0		Year 1	Year 2	Year 3
		Actual	Target	Actual	Target		
Provide quality and well maintained infrastructural services in all municipal areas	Number of km's of gravel roads upgraded to tar	4.4km	1.8km	0	3.5km	3km	5km
							T 3.7.6

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

#### INTRODUCTION TO TRANSPORT

Public transport services are predominately private owned in Lephalale leading to uncoordinated service within the area. No provincial or municipal scheduled bus service is operating within the municipal area. Job opportunities and areas of residents are dispersed and leads to extensive travel times to and from jobs and businesses due to unscheduled services. Five taxi associations are operating in Lephalale Municipality with a total vehicle fleet of 566 vehicles. Three of these associations provide local service, the rest cross border and long-distance services.

Four Bus operators are operating in Lephalale municipality with a total bus fleet of 155 vehicles. The majority of operators provide local services, with one bus operator providing cross border and long-distance services.

### 3.9 WASTE WATER (STORMWATER DRAINAGE)

#### INTRODUCTION TO STORMWATER DRAINAGE

Just as the municipal road network is mainly rural in character, so are the related storm water drainage facilities. With the exception of most of the paved residential streets in Onverwacht and Ellisras which have kerbs, side channels, inlets and sub-surface drain pipe or open collector channels network. The majority of municipal roads in and between the rural villages carry storm water drainage at surface level in open lateral channels, in and across the roadways and occasionally in culverts under the road.

Storm water Policy Objectives Taken From IDP							
Service Objectives	Service Indicators	Year -1	Year 0		Year 1	Year 2	Year 3
		Actual	Target	Actual	Target		
Provide quality and well maintained infrastructural services in all municipal areas	Total kilometres existing storm water measures upgraded	1.5km	2.4km	1.5km			
							T 3.9.5

## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.10 PLANNING

#### INTRODUCTION TO PLANNING

The central question that all urban and regional planners and development managers grapple with is how to ensure the development of sustainable cities, towns, and rural areas in a climate where the immediate needs of poverty and lack of basic needs overshadows the development agenda. The Spatial Development Framework (SDF) for Lephalale Municipality will ensure that the development of sustainable urban and rural environment create an enabling environment for the implementation of the developmental agenda of national government. The National Spatial Perspective states that “the challenges and opportunities posed by and in urban settlements whether they are declining or expanding necessitates a targeted response by government to achieve better urban management”. The purpose of a Spatial Development Framework is to provide general direction to guide integrated development planning and decision making as well as actions over multi-year period, and to create a strategic framework for the formulation of an appropriate land use management system.

The reviewed Spatial Development Framework for Lephalale Municipality was adopted by council in June 2009, and the current review process of the SDF is progressing well since the appointment of a second service provider.

Planning Policy Objectives Taken From IDP							
Service Objectives	Service Indicators	Year -1	Year 0		Year 1	Year 2	Year 3
		Actual	Target	Actual	Target		
Rational planning to bridge first and second economies and provide adequate land for development	Percentage of land use (rezoning, special consent for other uses) applications considered by EXCO within 2 months of receipt of application	100%	100%	80%	100%	100%	100%
Rational planning to bridge first and second economies and provide adequate land for development	Percentage of land use (consolidations, special consent for second building unit, building line relaxation) applications considered within 1 month of receipt of application	100%	100%	100%	100%	100%	100%

Planning Policy Objectives Taken From IDP							
Service Objectives	Service Indicators	Year -1	Year 0		Year 1	Year 2	Year 3
		Actual	Target	Actual	Target		
Rational planning to bridge first and second economies and provide adequate land for development	Percentage of land use (township establishment) applications considered by Council within 3 months of receipt of application	100%	100%	100%	100%	100%	100%
							T 3.10.3

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

#### INTRODUCTION TO ECONOMIC DEVELOPMENT

The success of local economic development is tied to the provision of basic and other types of infrastructure services to the people. The provision of these services has the potential to boost socio-economic development (as per LED). Infrastructure analysis focuses on the status quo regarding water supply, sanitation facilities, energy, housing provision, roads and public transport, waste management and telecommunications – all of which underpin socio-economic development and determine a people's quality of life.

Lephalale is defined by Limpopo Growth and Development Strategy as a coal mining and petrochemical cluster. The area is currently experiencing growth driven by mining expansion and construction of Medupi power station. The coal to liquid project that is currently being investigated by Sasol could broaden the opportunities for cluster formation. The local economy is dominated by the coal mine and the power station. Three clusters that are most relevant to Lephalale are firstly Coal and Petrochemical, secondly red meat and thirdly Tourism. Lephalale is currently in the second stage of considerable public sector investment, estimated at R140 billion over six years, for the construction of Medupi power station. One of government's key priorities is to increase economic growth and to promote social inclusion.



Unemployment in Lephalale at 22.9% is below the provincial average, due to all the local developments relating to the new Eskom (Medupi) power station and the expansion of coal production from the mine. The labor force participation rate in Lephalale is above the provincial average, which indicates the high incidence of workers who originates from other places.

Sector	%	R' million
Agriculture, forestry and fishing	5.0	200.0
Mining and Quarrying	30.0	1200.0
Manufacturing	3.0	120.0
Electricity, gas and water	20.0	800.0

Sector	%	R' million
Construction	5.0	200.0
Wholesale and retail trade, catering and accommodation	8.0	320.0
Transport, storage and communication	7.0	280.0
Finance, insurance, real estate and business services	10.0	400.0
Community, social and personal services	2.0	80.0
General government	10.0	400.0
Total	100.0	4000.0

*Estimated sector contributions to GVA in Lephalale at current prices for 2009 (Source: Estimated by Glen Steyn and Associates based on statistics provided by Global Insight and Quantec)*

Mining and Quarrying is the largest employer in Lephalale. The trade and accommodation sector is the second biggest employer. It responds to the consumption needs of the local workforce, but also includes game lodges and accommodation for hunters on game farms. Employment in the electricity sector is likely to improve when Medupi power station becomes operational towards the end of 2012.

The importance of tourism industry to the economy of the area is likely to continue to grow into the future. This is likely to be related to the hunting and ecotourism industries, but could also be linked to any expansion of the industrial operations and the related business tourism. The existing importance of the business tourism sector, and its strong links to the mine and power station are also viewed as important. The challenge faced by the tourism industry in the area is to increase leisure/ecotourism visitors in the summer seasons. This would rather relate to ecotourism rather than hunting. There is the opportunity to increase tourism in the area through tours to the power station (s) and/or mine. The location of the Lephalale municipality provides unique opportunities for economic development and tourism in particular. The area is renowned for hunting, wildlife and scenic beauty and nature reserves, sports and adventure. Five routes have been developed in the municipal area and include the following:

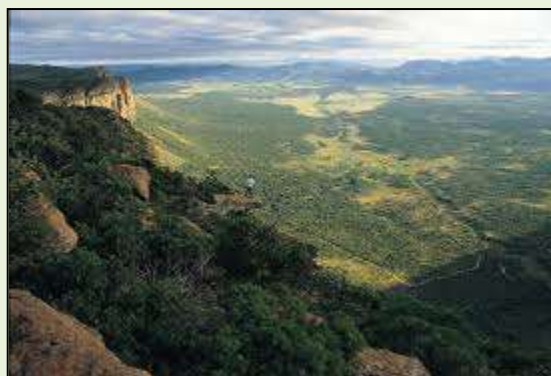
- The Mokolo Route
- Marula Route
- Limpopo Route
- Waterberg Route; and
- Heritage Route.



The Waterberg Savannah Biosphere, and the UNESCO declared Biosphere covers a large portion of the Waterberg District Municipality namely, Lephalale, Mogalakwena, Thabazimbi and Modimolle municipalities.

The biggest part of the Waterberg Biosphere is located within the Lephalale municipality and the entire biosphere measures 15 000 square meters. The central vision of the Waterberg Biosphere reserve is to maximize the area's potential for conservation, sustainable development and social upliftment.

Tourism and especially eco-tourism has shown considerable growth in recent years. It is a good example of sustainable use of opportunities and resources, and offers the benefit of a range of employment options for local people. A negative factor in the Lephalale economy is the lack of economic



activity in the rural village areas. This is where the majority of the current population lives. The very high rate of unemployment implies that opportunities for the establishment of small industries or businesses which are labor intensive should be pursued in order to make use of the potential workforce.

Local Economic Development Policy Objectives Taken From IDP							
Service Objectives	Service Indicators	Year -1	Year 0		Year 1	Year 2	Year 3
		Actual	Target	Actual	Target		
Create a conducive environment for businesses to invest and prosper	Number jobs created through municipality's LED initiatives including capital projects	663	235	255	700	850	1000
							T 3.11.7

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

### 3.12 LIBRARIES, ART AND CULTURE

#### INTRODUCTION TO LIBRARIES, ART AND CULTURE

Library and Information Sources advocate and support the provision of efficient, user-oriented and excellent library and information services that inspire equal access to information for the whole community.

Sports facilities in schools around town are zoned as “educational” and thus not accessible to the general community. In the rural villages, a number of informal football and netball field have been cleared on school premises and are mostly in poor condition. Local teams play on open spaces which are cleared in various settlements. Sports facilities in both Onverwacht and Marapong are privately owned. The Municipality is paying an annual grant to Mogol club as a contribution towards recreational facilities in the urban area. Mogol sport centre and Marapong stadium are the two facilities which are available to the community in the urban area. There are public parks with children playing equipment in the urban areas. Some of these parks are maintained although the standard in Marapong is lower as compared to the one in Onverwacht and town. There are no parks in the entire rural villages although the majority of the population resides in those settlements.

There are two enclosed sports field at Ga-Monyeki village and Thabo-Mbeki Township which cater for sporting activities for the community in rural areas. These facilities have been erected some years ago but their standard is not satisfactory. The third facility was erected at Ga-Seleka village but has since collapsed before it could even be opened for the public. The enclosed sports field in Thabo-Mbeki has been closed to the community but nevertheless it been utilized without permission.

**ANNUAL REPORT : 1/7/2012-31/6/2013**

**FUNCTION : SOCIAL SERVICES**

**SUB FUNCTION : LIBRARY DIVISION**

Reporting Level	Detail	2011/12	2012/13
Overview:	<b>LIBRARY:-</b> <ul style="list-style-type: none"><li>• Collection Development</li><li>• Marketing</li><li>• Reference Sources</li><li>• Preservation of Library materials</li><li>• Supervision and training of staff</li></ul>		
Description of the Activity:	<b>LENDING SERVICES:-</b> <p>It deals with the library circulation materials borrowed by users.</p> <b>SITA LIBRARY MANAGEMENT SYSTEM (SLIMS):-</b> <p>All Lephalale library materials including books are bar-coded, edited and linked to the system. Thabo Mbeki &amp; Marapong still on manual system</p>	Books: <b>64 412</b>  Periodicals: <b>2 038</b>    New catalogued books:  Lephalale: <b>947</b>  (SLIMS used)	<b>27672</b>  <b>190</b>    <b>1259</b>



Description of the Activity continues...	<p><b>PHOTOCOPIES:-</b></p> <p>Users make use of library materials and their private copies.</p> <p><b>FAXES:-</b></p> <p>Users receive and send own documents</p> <p><b>INTERNET:-</b></p> <p>Users rely on this service for recent and factual information when there are no recent available sources for research and school projects.</p> <p><b>MEMBERSHIP:-</b></p> <p>Library users receive permission to loan available sources by signing to be Library users. There are renewals, withdrawals and new members.</p> <p><b>COLLECTION DEVELOPMENT</b></p> <p>Library collection is acquired through purchase and donations</p> <p><b>LIBRARY CAMPAIGN/PROMOTION:-</b></p> <p>The staff managed to recruit users,</p>	<p>Copies made by customers: <b>30 381</b></p> <p>Sent: <b>13 806</b></p> <p>Received: <b>709</b></p> <p>Users requested Internet: <b>1002</b></p> <p>New members: <b>702</b></p> <p>Renewals: <b>400</b></p> <p>Current : <b>5861</b></p> <p>Book Purchased: <b>700</b> Books &amp; periodicals</p>	<p>Copies: <b>74 430</b></p> <p>Sent: <b>18 560</b></p> <p>Received: <b>1343</b></p> <p>Internet : <b>1050</b></p> <p>New members: <b>640</b></p> <p>Renewals: <b>432</b></p> <p>Current: <b>6471</b></p>
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	<p>through various Library promotion programs.</p> <p><b>FREE DELIVERY SERVICES:-</b></p> <p>Customers receive free information service such as books, magazines, film video and DVD, musical CD, reference materials, studying and reading as well as general enquiries.</p> <p>Telephone and desk enquiries are received, customers are updated for reserved books and renewals</p> <p><b>LIBRARY VISITS:-</b></p> <p>Pre-schools, Primary &amp; High schools pay visits at the library on appointment</p> <p><b>REMINDERS:-</b></p> <p>Library patrons are reminded about the borrowed books to be returned and also about the payments of lost and late books.</p>	<p>donated: <b>500</b></p> <p><b>6</b> x schools: 3 Readathon</p> <p><b>5</b> x schools: 2 Lib.campaign</p> <p><b>322 x kids</b> : 10 Read for Fun</p> <p>Internal use: <b>150 000</b></p> <p>Enquiries: <b>120 000</b></p> <p>Books renewed: <b>29 019</b></p> <p>Books reserved: <b>358</b></p> <p>Schools: <b>20</b></p>	<p>Book purchased: <b>750</b></p> <p>Books donated (from Library users) : <b>352</b></p> <p>2 x READATHON</p> <p>3 x LIBRARY CAMPAIGN</p> <p>26 x READ FOR FUN</p> <p>2373 x children attended</p> <p><b>156 000</b></p> <p><b>120 000</b></p> <p><b>25 603</b></p> <p><b>367</b></p> <p><b>15</b></p>
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	<p><b>The strategic objectives of these functions are to:-</b></p> <p><b>LIBRARY DIVISION</b></p> <ul style="list-style-type: none"> <li>• Develop accessibility and availability of Library and Information materials.</li> <li>• To encourage the whole community to use the Library</li> <li>• To promote and instill culture of reading within our society.</li> <li>• To stimulate the community with knowledge and informational needs</li> <li>• To overcome the trends and challenges of information services within our society.</li> <li>• To deliver good Information services to the community at large.</li> <li>• To encourage growth of information to our society</li> <li>• To serve the community with high-quality services.</li> </ul>	<p>Sent:           <b>150 000</b></p> <p>Responded:   <b>750</b></p>	<p><b>1872</b></p> <p><b>1754</b></p>
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	<b>The key issues for 2012/13 are:-</b> <ul style="list-style-type: none"> <li>• To add more activities in Read for fun</li> <li>• Continue to promote Library marketing and campaigns</li> <li>• To budget for more Library materials for quality and access to our services</li> <li>• To improve customer care skills for effective and efficient services</li> </ul>		<b>The key issues achieved for 2011/2012 are:</b> <ul style="list-style-type: none"> <li>-Operating new Library with efficient and sufficient professional customer service and to give Marapong community access to the Library</li> <li>-Promoting "Read for fun" project to other branch Libraries</li> </ul>
<b>Analysis of the function</b>	<b>Nature and extent of facilities provided:-</b>	<b>Facilities</b>	<b>Users</b>
	<b>LIBRARY SERVICES:</b>  Libraries   <b>Number of employees</b>	<b>3</b>       <b>14 employees in 2012/2013</b>	Thabo Mbeki, Lephalale and Marapong communities     1 x Division Manager  3 x Librarians

	<b>cost to employer of all personnel in the</b>  <b>Library Division</b>  <b>Total operating cost of</b> <b>Social Service function</b>	<b>Check the accurate</b> <b>cost at finance</b>	1 x Assistant Librarian 4 x Library Assistants 3 x Library Helpers 1 x Library Cleaner 1x Library Assistant vacant in Thabo Mbeki (currently)
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Against Targets, Actuals Achieved and plans to improve Performance</b>	<b>Current</b>	<b>Target</b>
<ul style="list-style-type: none"> <li><b>Library Marketing</b></li> <li><b>Weeding</b></li> <li><b>Public service</b></li> </ul>	<b>Actual performance achieved:</b> <ul style="list-style-type: none"> <li>Marketing and campaigning of the Library through outreach programmes</li> <li>Weeding-old and damaged Library materials</li> <li>Deliver essential and efficient service to the public and promote access to free information by recommending DDC shelf guides</li> </ul>	Lephalale kids, ABET school & One Stop Community center in Marapong were recruited  300 Provincial stock weeded  Provide services such	To encourage the community to realize the importance and purpose of reading  To make sure our Library is neat and clean  Encourage the community to read & expel kids away from the street

<ul style="list-style-type: none"> <li>• <b>Cataloguing and Classification</b></li> </ul>	<ul style="list-style-type: none"> <li>• New Library information sources purchased are classified and catalogued either manually or in SLIMS system. Manual catalogue for Marapong and Thabo Mbeki only.</li> </ul> <p><b>Plans to improve performance:</b> <b>Direction</b></p> <ul style="list-style-type: none"> <li>• Continue with marketing, promotion and campaigning of the Library to increase our membership</li> <li>• Arrange children's programmes to excel in art skills like poems, drama and paper crafts</li> <li>• Looking forward to renovate children section colourfully to attract kids</li> </ul>	<p>as lending &amp; borrowing of library materials, information retrieval, faxes &amp; photocopies.</p> <p>All stock (Library sources):</p> <p>Lephalale is developing, we need more efforts to plan</p> <p>Compete in beading and dancing</p>	<p>To process special information resources to satisfy basic needs of Library members. All books should be catalogued &amp; classified</p> <p>To build core and consistent Library and Information service that is reliable to the community</p> <p>To let them get more information from our Library sources about all these skills of competency</p> <p>To instill the culture of reading from early stage of infancy</p> <p>To give users right direction to the right shelves</p> <p>To manage 30% of books that are purchased</p>
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	<ul style="list-style-type: none"> <li>To extend shelf-guides to fiction shelves</li> <li>Increase the number of cataloguing &amp; classified books</li> </ul>	<p>Not attractive</p> <p>No shelf-guides</p> <p>Currently more books are flocking in and exceed our pace of cataloguing. 10% of stock is managed.</p>	
<ul style="list-style-type: none"> <li><b>Objectives</b></li> </ul>	<b>Improvements planned for next year:2014</b>	<b>Current</b>	<b>Target</b>
	<ul style="list-style-type: none"> <li>Continue to increase Library Membership</li> </ul>	Increased to 6472	<p>To reach maximum number of interested members of the community</p> <p>Awaiting Sport, Arts and Culture(SAC) respond</p>

	<ul style="list-style-type: none"> <li>To provide book circulation through SLIMS System also to our branch Libraries</li> <li>Continue to provide services</li> <li>Introducing new Library skills and programmes</li> </ul>	<p>SLIMS operating only in Lephalale Library</p> <p>Employees try by all efforts to provide good service.</p> <p>Training of staff members to equip knowledge and skills.</p>	To become a well-established and organised Library in Waterberg District
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#### RECOMMENDATIONS: LIBRARY DIVISION

- Library and Information Service (LIS) management recognizes the need to protect its sources and looking forward for the usage of information to the community at large.
- LIS acknowledges the retrieval of information sources as well as to consider reader-guidance for equalizing access to information for the whole community.
- Build the foundation of well knowledgeable and reading generation as to promote our Library programmes such as Read for Fun, Readathon, Literacy and Back to school.
- To inspire children to deviate from criminal activities on the street and to acquire more knowledge and information through reading



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### 3.15 CEMETERIES

There are only five zoned public burial sites in the whole Municipal area. The Municipality is providing services at the urban area, Thabo-Mbeki and Steenbokpan. Burial fees are determined on a sliding scale for Onverwacht/ Rupert Street, Marapong, Steenbokpan and Thabo-Mbeki.

The demarcated burial site in Marapong is nearly reaching its capacity and will probably be full within the next 24 months or so based on the current rate of graves erected. No feasibility has been conducted by the Municipality to identify an alternative burial site. The lack of forward planning has the potential to create challenges for the Municipality looking at the current tariffs and the distance to the nearest burial site which is in Onverwacht, taking into consideration the fact that most families in Marapong are indigent.

The municipality is not providing any burial service in the rural villages and the area is communal land controlled by traditional authorities.

## COMPONENT E: ENVIRONMENTAL PROTECTION

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### 3.15 POLLUTION CONTROL

The municipality has sensitive and conservation worthy areas within its jurisdiction, such as the wetlands, river systems, cultural sites, rare and endangered species and part of the Waterberg biosphere. There are also many areas that require remedial attention. i.e. the eradication of alien vegetation, soil erosion control and aspects that require special management, such as pollution control and land use management.

Air quality legislation comprises primary standards which protect human health and secondary standards which protect property, vegetation, climate and aesthetic values. The development of industries that increase air pollution through emission of gases in the atmosphere should be managed. The construction of Medupi power station and the envisaged third power station in the municipal area requires that the industries should comply with air quality standards. The Lephalale municipality has been identified as the air quality hot spot. An air quality plan should be developed in order to manage the situation. The environmental features that are found in the municipal area are affected by natural environmental challenges inter alia, ozone depletion, global warming, solid and hazardous wastes, the endangerment of biological diversity and land degradation. Environmental degradation in the form of soil erosion, overgrazing, deforestation, over exploitation and habitat destruction should be prevented to effect economic development negatively.

Water is a scarce resource in Lephalale municipality. Water quality legislation seeks to achieve water quality consistent with protection of aquatic life, wild life and safe conditions for human recreation and consumption. It therefore aims to eliminate discharges of pollutants into navigable waters which include rivers and streams. The water resources are exposed to excessive contamination of rivers/streams. One of the main contributors to water pollution is the discharge of industrial wastes into the rivers and streams and also cholera outbreaks. To curb the challenge business can improve water quality by regulating their non-point source water pollution- a situation where runoff from streets, construction sites, farmlands and animal feedlots which cause significant nutrient and toxic substances that build up in the bodies water receiving the pollutants thereby damaging the usability of the resources for plants, animals and humans alike. There is a need for ad-hoc water sampling of water sources. The municipality needs to respond to the aforementioned challenges by doing cost benefit analysis, risk management and strategic environmental management.

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### 3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

A big of Lephalale municipality forms part of the Waterberg Biosphere which was declared by UNESCO. Mokolo dam and D'Nyala Nature reserve are nature conservation destinations within Lephalale Municipality and Limpopo parks board is the agency at the heart of operation for this bio-diversity entities. There are quite a number of privately owned Game farms and nature conservation reserves like Mmama Tau, Fahad nature reserve, and many more Game farms which provide employment opportunities for the poor from the villages.

The directorate social services has a parks division which deals with landscaping, however this is an added function on the normal parks work and a new development in terms of the functions of the division. Statically most the empty land space is privately owned and cannot be dealt with without the concerned of the owner.



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## COMPONENT F: HEALTH

Clinics in Lephalale offer the Primary health care. There are five main clinics, equipped with mobile unit for the scattered villages and farms. Services rendered by this clinic include distribution of medicine for chronic diseases, pre-natal care for pregnant woman, and testing for chronic diseases. Primary Health is not a function of Lephalale Local Municipality.

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### 3.18 AMBULANCE SERVICES

The ambulance service within the municipality is rendered by the Provincial Department of Health and Social Development and it is co-coordinated at the District. There are two Ambulance centres in the municipality, located and based at the two hospitals within the municipal boundaries.

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### 3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

This is function performed by the District municipality, however the deployed members to municipalities. In Lephalale municipality there four members from the district deployed to service the local municipality with monitoring of water quality, food control, waste management, health surveillance of premises, chemical safety, disposal of the deceased and environmental pollution.

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## COMPONENT G: SECURITY AND SAFETY

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### 3.20 POLICE

There are six police stations around Lephalale Municipality, a mobile station in Marapong and two border policing points at Stockpoort and Groblersbrug. Crime in general is showing trends of increment, this is as a result of more people flocking to Lephalale to look for economic opportunities. In our view this has potential to lead into more serious and or organized crime. The South African Police Service (SAPS), with the input of various stakeholders, are working hard to combat crime in and around to make Lephalale a safe place for the community. Some of the joint efforts relate to the combined operations that the police, private security and traffic departments often conduct in order to combat crime and to maximize the outputs and outcomes of the available scarce resources. Community policing and crime prevention human resource is equivalent to 1:350 per officer, which depicts a well spread ratio across the Municipal area. The sparsely located settlements create a major challenge for resources to be deployed evenly to cover all areas of the municipality during specific times.

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### 3.21 FIRE

The function of fire fighting services is handled at district municipality level. In Lephalale Local Municipality the fire station was opened in 10/11 financial year by Waterberg district municipality.

For urban settlements and air strip at defunct army base the fire fighting service has been in closer vicinity and its service readily available. The rural settlements in Lephalale are situated over 55km from the fire station and it is challenge to afford swift service in this regard.



### 3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

The aim of the Disaster Management Plan is to enhance the capacity of Lephalale Municipality to prevent and deal with disasters and to avoid developments that are subject to a high risk of disaster. The local Disaster Management Centre has officially been opened recently. The Lephalale Municipality adopted its disaster management plan in 2006, which should be followed during an emergency/disaster in the area. Furthermore, the local authority does not have the capacity to deal with any large-scale disaster within the Municipality. The Social Services Directorate of the Municipality has established various “associations” within the local community to facilitate, that the action groups are informed about their roles and responsibilities in the case of an emergency or a disaster.

With reference to the institutional arrangements, the Social Services Directorate of the Municipality has completed the process of establishing the required links with the Waterberg District Municipality and other local role-players. It is critically important to involve the local communities who are at risk of

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disaster. The involvement of communities will ensure that all likely types of disasters are identified and to prepare localized disaster management strategies according to the local circumstances. The disaster management strategies should be developed in such a manner to facilitate and ensure maximum emergency preparedness.

The local authority does not have the resource capacity to act as sole responsible agent for the implementation of the different disaster management strategies and it is therefore crucial that the district and provincial authorities be involved during the planning of the strategies. This will ensure that the role and responsibilities of the different spheres of government and local role-players are adequately delineated and clear. This will ensure a smooth implementation of the disaster management strategy if and when the time requires it.

Disaster management is a cross-sectorial task which relates to a wide range of sectors and aspects such as avoiding settlements or investment in high risk locations, construction technologies, water management, health services etc. It is therefore not an issue that can be dealt with by a special project, but it requires compliance of any development's measures with basic principles of disaster prevention and mitigation. Rather than taking any possible disaster into consideration, one has to focus on risks which are very likely and which justify the efforts of preparedness. Lephalale Municipality is prone to disasters that emanate from veldt and informal settlements fires, floods, drought epidemics and crime.

The following is regarding as Disaster Management challenges:

- Potential risk of some households in rural villages which are located in the flood line area.
- State of readiness by the Municipal disaster Centre in case of any large-scale disaster occurrence.
- Level of training for the current personnel to deal with disaster occurrence of high magnitude.





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## COMPONENT H: SPORT AND RECREATION

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### 3.23 SPORT AND RECREATION

General planning standards applicable to the provision of recreational facilities and open spaces can be summarized as follow:

- Sports field of 1.2ha be provided for every 1000 residential units;
- Regional sport facilities of 5ha for every 20 000 residential units; and
- Show grounds- 1:20 000 units.
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The last two services can be regarded as regional functions, thus the need should be determined within the region not just within the urban area.

Sports facilities in schools around town are zoned as “educational” and thus not accessible to the general community. In the rural villages, a number of informal football and netball field have been cleared on school premises and are mostly in poor condition. Local teams play on open spaces which are cleared in various settlements. Sports facilities in both Onverwacht and Marapong are privately owned. The Municipality is paying an annual grant to Mogol club as a contribution towards recreational facilities in the urban area. Mogol sport centre and Marapong stadium are the two facilities which are available to the community in the urban area. There are public parks with children playing equipment in the urban areas. Some of these parks are maintained although the standard in Marapong is lower as compared to the one in Onverwacht and town. There are no parks in the entire rural villages although the majority of the population resides in those settlements.

There are two enclosed sports field at Ga-Monyeki village and Thabo-Mbeki Township which cater for sporting activities for the community in rural areas. These facilities have been erected some years ago but their standard is not satisfactory. The third facility was erected at Ga-Seleka village but has since collapsed before it could even be opened for the public. The enclosed sports field in Thabo-Mbeki has been closed to the community but nevertheless it been utilized without permission.

All Sport Facilities were maintained on a monthly basis throughout the year with the maintenance schedule being executed 100%. Grass cutting, weed control, fertilization and general cleaning were executed as planned. Salty water at Reuben Mogashoa was a problem.

The Sport function performed at provincial level; Municipality is assisting with co-ordination of sporting activities and events like the OR Tambo games. The municipality is proving sporting facilities like the two stadia under the maintenance plan of the municipality. A maintenance fee for sporting facilities in Marapong and Onverwacht is paid annually from municipal funds. This facility in turn gives employment opportunity to communities around and the opportunity for those communities to participate in sports.

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.24 EXECUTIVE AND COUNCIL

The Office of the Municipal Manager under which the functions of Internal Auditing and Performance Management resort as well as the Strategic Management Directorate that is responsible for the rendering of support to the Office of the Mayor and Councillors, Communication, Public Participation, Integrated Development Planning and Special Programmes will be dealt with in this section.

The Executive and Council Policy Objectives Taken From IDP							
Service Objectives	Service Indicators	Year -1	Year 0		Year 1	Year 2	Year 3
		Actual	Target	Actual	Target		
Responsible, accountable, effective and efficient corporate governance	Percentage of All Council resolutions implemented	100%	100%	100%	100%	100%	100%
Responsible, accountable, effective and efficient corporate governance	Percentage of Presidential hotline enquiries addressed within 1 month of receipt of enquiry	80%	100%	100%	100%	100%	100%
Responsible, accountable, effective and efficient corporate governance	Percentage of Premier's hotline queries addressed within 1 month of receipt of enquiry	90%	100%	100%	100%	100%	100%
Responsible, accountable, effective and efficient corporate governance	AG audit results	50% (Qualified Audit Opinion)	100% (Unqualified Audit Opinion)	50% (Qualified Audit Opinion)	100% (Unqualified Audit Opinion)	100% (Unqualified Audit Opinion)	100% (Unqualified Audit Opinion)
Responsible, accountable, effective and efficient corporate governance	Number of public participation meetings held successfully	11	12	10	12	12	12

The Executive and Council Policy Objectives Taken From IDP							
Service Objectives	Service Indicators	Year -1	Year 0		Year 1	Year 2	Year 3
		Actual	Target	Actual	Target		
Responsible, accountable, effective and efficient corporate governance	Number ward committees that are functional	10	12	10	12	12	12
Capacitate disadvantaged groups	Number of disability awareness campaigns held successfully	4	4	3	4	4	4
Capacitate disadvantaged groups	Number of gender awareness campaigns held successfully	4	4	1	4	4	4
Capacitate disadvantaged groups	Number of youth awareness campaigns held successfully	4	4	1	4	4	4
Capacitate disadvantaged groups	Number of elderly awareness campaigns held successfully	4	4	3	4	4	4
							T 3.24.3

### 3.25 FINANCIAL SERVICES

Budget and Treasury Office is mandated to handle all functions to ensure the ongoing financial viability within the Municipality.

Financial Service Policy Objectives Taken From IDP							
Service Objectives	Service Indicators	Year -1	Year 0		Year 1	Year 2	Year 3
		Actual	Target	Actual	Target		
Enhance revenue and financial management	Percentage liquidity ratio	300%	200%	214%	200%	200%	200%



Financial Service Policy Objectives Taken From IDP							
Service Objectives	Service Indicators	Year -1	Year 0		Year 1	Year 2	Year 3
		Actual	Target	Actual	Target		
Enhance revenue and financial management	Percentage Capital budget actually spent on capital projects identified for financial year i.t.o. IDP	70%	100%	49%	100%	100%	100%
Enhance revenue and financial management	MIG expenditure as Percentage of annual allocation	65%	100%	38%	100%	100%	100%
Enhance revenue and financial management	Percentage Cost coverage	200%	200%	818.4%	200%	200%	200%
Enhance revenue and financial management	Percentage outstanding service debtors to revenue	40%	40%	15%	40%	40%	40%
							T 3.25.3

### 3.26 HUMAN RESOURCE SERVICES

The objective of this division is to facilitate the implementation of the organizational goals for the Municipality as well as handling the day to day processes and tasks related to the hiring and ongoing support of our employees.

Human Resource Services Policy Objectives Taken From IDP							
Service Objectives	Outline Service Targets	Year -1	Year 0		Year 1	Year 2	Year 3
		Actual	Target	Actual	Target		
Improve functionality, performance and professionalism	Percentage staff turn-over rate	5%	3%	4%			
Improve functionality, performance and professionalism	Number people from employment equity groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan	28	29	25			

Human Resource Services Policy Objectives Taken From IDP							
Service Objectives	Outline Service Targets	Year -1	Year 0		Year 1	Year 2	Year 3
		Actual	Target	Actual	Target		
Improve functionality, performance and professionalism	Percentage municipality's operating budget (salary budget) actually spent on implementing its workplace skills plan	2%	2%	2.5%			
							T 3.25.3

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

Information Communication is very important in the municipality, as almost everyone uses a computer to perform their duties and for communicating with the rest of the world including members of the community. In actuality, information technology is the use of computers and software to manage information. The information technology unit is responsible for storing information, protecting information, processing the information, transmitting the information, and later retrieving information as necessary.

Making sure that all our satellite offices operate as they should when coming to ICT is one of our service delivery priorities and making sure that members of the public has unlimited access to computer and internet facilities in their communities.

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

The main activity of the legal Division is to provide legal services to the broader Lephalale Municipality and manage the general overall compliance of activities in the Municipality.

The strategy of the division is to provide appropriate legal services to the broader Lephalale Municipality and manage the general overall compliance of activities in the municipality so as to meet the following objectives:

- Minimize unwarranted litigations from various citizenry
- Compliance with required legal stipulations governing Municipalities
- Provide legal advice to different divisions of the municipality so as to enhance the fulfillment of the municipality's objectives

In managing compliance of activities the Division of Legal and Property must ensure that appropriate legislations are in place to guide officials in performing their duties. The division should ensure that appropriate by-laws are developed in order to enable proper regulation of the area of Lephalale. Activities include the following:

- To provide legal opinions/advice to the Municipality in general.
- To institute or defend claims and actions in the name of or against the municipality:
- To obtain legal opinions from the attorneys of the Municipality.

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- To instruct attorneys to enter appearance on behalf of the Council in any matter instituted by or against the Municipality and to sign all necessary documents for this purpose, and to authorize the briefing of advocates.
  - To conduct any necessary action in any matter instituted by or against the Municipality, including the signature of the prescribed powers of attorney, affidavits and other documents in order to conduct the matter to its end
  - To appoint attorneys to institute or defend any legal action in a competent court in order to protect the interests of the Municipality.
  - To appoint Conveyances and notaries to register or de-register servitudes on behalf of Council or even the moving of the Municipality's servitudes to other locations
  - To appoint attorneys to apply in terms of section 28(4) of the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977), for a court order in any magistrate's court in terms of section 21 of the Act and in general to do everything or anything deemed necessary to finalise the application in the best interests of the Municipality.
  - To draft agreements on behalf of the Municipality regarding sale of land or any property owned or to be owned by Council.

#### COMPONENT J: MISCELLANEOUS

Lephalale Local Municipality has small airport which caters for medium and smaller air crafts. The airport is part of the former military base, SA Infantry Battalion 118 which now defunct.

No abattoirs are municipal enterprises, all abattoirs are privately owned.

## COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year.

### Summary

The detailed performance in terms of Key Performance Areas and related IDP Strategic Objectives and Focus Areas (Programmes) for the 2012/13 financial is indicated below:

#### KPA1: Spatial Rationale

Hierarchy (Strategic Objective \ Programme)	ID	KPI	Comments	Challenges	Corrective Action	Score	Baseline 2011/12 Actual	Annual Target (2012/13)	Annual Actual (2012/13)	Variance from Annual Target
Rational planning to bridge first and second economies and provide adequate land for development\ Land use	M — 1 4 4	Percentage of land use (rezoning, special consent for other uses) applications considered by EXCO within 2 months of receipt of application	Compliance with functional regulations of the Municipality i.e. NBRSA, Town Planning Scheme, etc.	Negligence of duties, delay in execution of instructions/ insubordination by one of the town planning officials; delayed submission of outstanding documents/ information required to accompany such application by the relevant applicant	Assessment of applications upon receipt and during the objections/ comments period	1.67	100	100	80	20

Hierarchy (Strategic Objective \ Programme)	ID	KPI	Comments	Challenges	Corrective Action	Score	Baseline 2011/12 Actual	Annual Target (2012/13)	Annual Actual (2012/13)	Variance from Annual Target
Rational planning to bridge first and second economies and provide adequate land for development\ Land use	M-146	Percentage of land use (consolidations, special consent for second building unit, building line relaxation) applications considered within 1 month of receipt of application	Compliance with the provisions of the town planning scheme	Availability of infrastructure services for additional dwelling unit/granny flats;	Municipal infrastructure development plans;	3	100	100	100	0
Rational planning to bridge first and second economies and provide adequate land for development\ Land use	M-243	Percentage of land use (township establishment) applications considered by Council within 3 months of receipt of application	Zero percent received	None	None	3	100	100	100	0

**KPA2: Service Delivery and Infrastructure**

Hierarchy (Strategic - Objective \ Programme)	I D	KPI	Comments	Challenges	Corrective Action	Score	Baseline 2011/ 12 Actual	Annual Target (2012/ 13)	Annual Actual (2012/ 13)	Varianc e from Annual Target
Protect the environment and improve community well-being\ Public lighting	M 2 2 0	Number high mast lights provided	The contractor is appointed and has commenced with the work.	They are waiting for their technician to test the soil	Follow up meeting with the contractor and progress meetings to monitor progress	1	6	13	0	13
Protect the environment and improve community well-being\ Public lighting	M 2 2 1	Number high mast lights upgraded	Contractor has been appointed	None	None	1	4	30	0	30
Protect the environment and improve community well-being\ Public lighting	M 2 1 7	Number new street lights provided	NO Street light were installed	none	None	1	15	45	0	45
Protect the environment and improve community well-being\ Public lighting	M 2 2 2	Number streetlights upgraded with energy saving LED globes	Contractor has been appointed.	Contractor has requested the change of scope	BAC has approved the change of scope.	3	100	100	100	0

Hierarchy (Strategic - Objective \ Programme)	I D	KPI	Comments	Challenges	Corrective Action	Score	Baseline 2011/ 12 Actual	Annual Target (2012/ 13)	Annual Actual (2012/ 13)	Varianc e from Annual Target
Protect the environment and improve community well-being\ Refuse removal and solid waste disposal	M – 2 4 2	Percentage of households with access to weekly refuse removal	60% of the Total Households in Lephalale Municipality has access to refuse removal. All houses at urban and Peri-urban are serviced on weekly basis. This include the 3 informal settlements that's the set target is exceeded	Rural villages sparsely scattered and have no refuse removal program. This is a challenge as rural villages' forms part of the Municipal house hold and community.	Transfer station for refuse and solid waste to be established at rural villages. Stations are to be set at parts of rural villages for transfer of solid waste	3.28	49	49	60	-11
Protect the environment and improve community well-being\ Refuse removal and solid waste disposal	M – 2 5 0	Number of urban households with access to weekly refuse removal	All 13652 households provided with weekly refuse removal service	None	None	3	13652	13652	13652	0

Hierarchy (Strategic - Objective \ Programme)	I D	KPI	Comments	Challenges	Corrective Action	Score	Baseline 2011/ 12 Actual	Annual Target (2012/ 13)	Annual Actual (2012/ 13)	Varianc e from Annual Target
Provide quality and well maintained infrastructural services in all municipal areas\ Drinking water quality	M - 8 3	Percentage Meeting blue drop water quality standard	The results the blue drop was not issued for new period and the last standing is used. The result for the past year is taken in account.	Blue and green drop results not announced by the Honourable Minister of Water and Environmental Affairs during the 4th Municipal Water Quality Conference.	To be reported soon after publication by Honourable Minister of Water and Environmental Affairs.	2.97	93	95	93	2
Provide quality and well maintained infrastructural services in all municipal areas\ Drinking water quality	M - 1 7 1	Percentage Meeting green drop water quality standard	Preliminary assessment documentation received	Performance results not yet issued as green drop conference of 11 July 2012	Unofficial assessment result will be utilised until the official result are handed out by DWA	3	20	60	60	0
Provide quality and well maintained infrastructural services in all municipal areas\ Electricity	M - 2 2 5	Number of urban households provided with electricity	All the applicants/households have been connected with electricity.	None	None	3	13652	13652	13652	0



Hierarchy (Strategic - Objective \ Programme)	I D	KPI	Comments	Challenges	Corrective Action	Score	Baseline 2011/ 12 Actual	Annual Target (2012/ 13)	Annual Actual (2012/ 13)	Variance from Annual Target
Provide quality and well maintained infrastructural services in all municipal areas\ Roads and storm water	M 7 4	Number of km's of gravel roads upgraded to tar	Contractors appointed	Late adverts for consultants and contractors	Speeding up the process of construction	1	4.4	1.8	0	1.8
Provide quality and well maintained infrastructural services in all municipal areas\ Roads and storm water	M 7 6	Total kilometers existing storm water measures upgraded	Project completed for only the total amount approved.	Only funding for the construction of 1,5 km was approved instead of 2.4 km planned	Requested more funding for completion of remaining 0,9km and more kilometers and approval was granted	1.63	1.5	2.4	1.5	0.9
Provide quality and well maintained infrastructural services in all municipal areas\ Sanitation	M 2 4 1	Percentage households with access to basic level of sanitation (at least VIP level of service)	85% of House Hold has access to at least VIP type of sanitation	Rapid expansion of rural villages and urban house hold	Re-engineering of sewerage reticulation in town and urban townships. Upgrading of Thabo Mbeki sanitation network	2.94	85	89	85	4

Hierarchy (Strategic - Objective \ Programme)	I D	KPI	Comments	Challenges	Corrective Action	Score	Baseline 2011/ 12 Actual	Annual Target (2012/ 13)	Annual Actual (2012/ 13)	Variance from Annual Target
Provide quality and well maintained infrastructural services in all municipal areas\ Sanitation	M — 2 2 3	Number households with access to basic level of sanitation (at least VIP level of service)	All VIP allocated where constructed and occupation certificates where issued to new constructed waterborne system in farms, Town and Township.	Uncertified and connected houses.	All occupation certificates to also be submitted to infrastructure for data correction	2.99	23758	24958	24675	283
Provide quality and well maintained infrastructural services in all municipal areas\ Sanitation	M — 1 6 6	Number of new VIPs constructed	All VIP were constructed in 6 villages. Lebu, Mmaletswai , Steve Biko, steenbokpan, maeteletja and letlora	None	None	3	0	1200	1200	0
Provide quality and well maintained infrastructural services in all municipal areas\ Sports, Arts and Culture	M — 2 5 1	Number existing sport and recreation facilities upgraded	A service provider is appointed and waiting to start a project soon at Thabo Mbeki stadium. KPI does not belong to Parks Division, PMU handles it.	The KPI was placed in the wrong division and reporting was difficult, Project implementation to commence in the 13/14 Financial Year	KPI taken to Public Works at the Infrastructure department	1	0	1	0	1

Hierarchy (Strategic - Objective \ Programme)	I D	KPI	Comments	Challenges	Corrective Action	Score	Baseline 2011/ 12 Actual	Annual Target (2012/ 13)	Annual Actual (2012/ 13)	Varianc e from Annual Target
Provide quality and well maintained infrastructural services in all municipal areas\ Sports, Arts and Culture	M - 2 5 8	Number existing sport and recreation facilities rebuilt	Detailed design completed, tender advertised for contractors and contractor appointed.	There were delays through the SCM procedures. The contractors were appointed towards the end of the financial year, project to roll over to next financial year.	Monitor and fast track the implementation on site.	1	0	1	0	1
Provide quality and well maintained infrastructural services in all municipal areas\ Water	M - 2 2 4	Percentage households with access to basic level of water (within 200m of dwelling)	Out of total 27756 households a total 25450 has access to RDP level of water	Approval of Technical Reports by DWA.	Follow up was made with DWA during the meeting held on the 27th of June 2013.	2.84	100	100	91.69	8.31
Provide quality and well maintained infrastructural services in all municipal areas\ Water	M - 8 1	Percentage of water loss (unaccounted water)	According to the report, we managed to improve from 23.8% to 18% on water losses.	Old infrastructure on water reticulation and meters.	Refurbishment of AC pipes and installation of new meters in the future.	2.76	22	16	18	2

### KPA3: Financial Viability

Hierarchy (Strategic Objective \ Programme)	ID	KPI	Comments	Challenges	Corrective Action	Score	Baseline 2011/12 Actual	Annual Target (2012/13)	Annual Actual (2012/13)	Variance from Annual Target
Enhance revenue and financial management\ Asset Management	M-201	Percentage liquidity ratio	Achieved	None	None	3.09	300	200	214	-14
Enhance revenue and financial management\ Expenditure Management	M-09	Percentage Capital budget actually spent on capital projects identified for financial year i.t.o. IDP	On capital projects 48.7 of the total budget was spend as of end of June	Delays on registration of MIG projects with COGHSTA. Lack of capacity at the SCM unit. Project Management by service Providers who finish project late.	Specifications are done in the third quarter of the preceding year.	1.15	70	100	49	51
Enhance revenue and financial management\ Expenditure Management	M-157	MIG expenditure as Percentage of annual allocation	The appointment of contractors has been done and contractors have started with Establishment.	Delays in registrations and procurement process had a negative impact.	Proactive planning and fast-tracking of procurement processes	1	65	100	38	62
Enhance revenue and financial management\ Indigents / free basic services	M-10	Percentage of registered indigent household with access to free basic water	1 687 Indigents are receiving free basic Water.	The updated indigent register was finalised at the end of June	The indigent register was finalised and will be implemented from 01 July 2013	1	60	97	30	67

Hierarchy (Strategic Objective \ Programme)	ID	KPI	Comments	Challenges	Corrective Action	Score	Baseline 2011/ 12 Actual	Annual Target (2012/ 13)	Annual Actual (2012/ 13)	Variance from Annual Target
Enhance revenue and financial management\ Indigents / free basic services	M-204	Percentage of registered indigent household with access to free basic electricity	1 605 Indigents are receiving free basic Water.	The updated indigent register was finalised at the end of June.	The indigent register was finalised and will be implemented from 01 July 2013	1	95	97	30	67
Enhance revenue and financial management\ Revenue Management	M-01	Percentage Cost coverage	Better utilisation of cash	none	none	5	200	200	818.44	-618.44
Enhance revenue and financial management\ Revenue Management	M-16	Percentage outstanding service debtors to revenue	231,879,814.88 billed revenue	The Credit control unit officials were only appointed in Jan 2013	The Municipality is currently disconnecting electricity on a weekly basis	4.42	40	40	15	25

#### KPA4: Local Economic Development

Hierarchy (Strategic Objective \ Programme)	ID	KPI	Comments	Challenges	Corrective Action	Score	Baseline 2011/12 Actual	Annual Target (2012/13)	Annual Actual (2012/13)	Variance from Annual Target
Create a conducive environment for businesses to invest and prosper\ Job Creation	M-51	Number jobs created through municipality's LED initiatives including capital projects	Over 250 jobs were created through expansion of Grootegeeluk mine (Exxaro) and Medupi project more temporary jobs through the MCWAP pipeline	Accumulation of evidence and records for proof	LDF structure to assist with collection of information from stakeholders	3.13	663	235	255	-20

#### KPA5: Transformation and Organisational Development

Hierarchy (Strategic Objective \ Programme)	ID	KPI	Comments	Challenges	Corrective Action	Score	Baseline 2011/12 Actual	Annual Target (2012/13)	Annual Actual (2012/13)	Variance from Annual Target
Improve functionality, performance and professionalism\ Recruitment	M-244	Percentage staff turn-over rate	The percentage turnover is up by one percent.	Cannot control exit of employees	None	2.86	5	3	4	-1

Hierarchy (Strategic Objective \ Programme)	ID	KPI	Comments	Challenges	Corrective Action	Score	Baseline 2011/12 Actual	Annual Target (2012/13)	Annual Actual (2012/13)	Variance from Annual Target
Improve functionality, performance and professionalism \ Recruitment	M-14	Number people from employment equity groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan	Only 25 of the 29 positions filled	Postponement of the selection processes	The employment equity plan of the Municipality is adhered to, as well as the recommendation from training committee.	2.83	28	29	25	4
Improve functionality, performance and professionalism \ Training and Development	M-212	Percentage municipality's operating budget (salary budget) actually spent on implementing its workplace skills plan	Amount of 1.9m committed by end of June 2013	Employees not honoring the Plan	Enforce that by engaging Managers and not planning if there are no good reasons for not attending	3.25	2	2	2.5	-0.5

#### KPA6: Good Governance and Public Participation

Hierarchy (Strategic Objective \ Programme)	ID	KPI	Comments	Challenges	Corrective Action	Score	Baseline 2011/12 Actual	Annual Target (2012/13)	Annual Actual (2012/13)	Variance from Annual Target
Capacitate disadvantaged groups \ Special Projects	M-178	Number of disability awareness campaigns held successfully	Three disability meeting held.	The Special Project Officer has misplaced the attendance register	A file is to be created and all minutes and attendance registers to be filed for record purposes	2.75	4	4	3	1

Hierarchy (Strategic Objective \ Programme)	ID	KPI	Comments	Challenges	Corrective Action	Score	Baseline 2011/12 Actual	Annual Target (2012/13)	Annual Actual (2012/13)	Variance from Annual Target
Capacitate disadvantaged groups\ Special Projects	M-179	Number of gender awareness campaigns held successfully	Take a Girl Child Campaign successfully held, however other gender awareness campaigns did not materialize.	Congestion of programmes in the special project's office	A schedule of events to be organized for all events annually.	1.25	4	4	1	3
Capacitate disadvantaged groups\ Special Projects	M-185	Number of youth awareness campaigns held successfully	No campaigns held due to unavailability of budget	Unavailability of funds due to unplanned commitments	Funds allocated for youth campaigns will no longer be used for unrelated projects	1.25	4	4	1	3
Capacitate disadvantaged groups\ Special Projects	M-259	Number of elderly awareness campaigns held successfully	3 elderly awareness campaigns were done	Budget too little	Request for more resources	2.75	0	4	3	1
Responsible, accountable, effective and efficient corporate governance\ Administration	M-267	Percentage of All Council resolutions implemented	1 Item was marked out for the Municipal Manager; LDF coordinator will arrange a Workshop to give feedback.	None	None	3	100	100	100	0
Responsible, accountable, effective and efficient corporate governance\ Anti-corruption	M-183	Percentage of Presidential hotline enquiries addressed within 1 month of receipt of enquiry	No presidential queries received in the current quarter.	None	n.a.	3	80	100	100	0



Hierarchy (Strategic Objective \ Programme)	ID	KPI	Comments	Challenges	Corrective Action	Score	Baseline 2011/12 Actual	Annual Target (2012/13)	Annual Actual (2012/13)	Variance from Annual Target
Responsible, accountable, effective and efficient corporate governance\ Anti-corruption	M-184	Percentage of Premier's hotline queries addressed within 1 month of receipt of enquiry	One enquiry received and addressed within a week	Some of the issues raised may not be addressed within one month due to budgetary constraints	Where the solution can only be implemented in the next financial year due to budgetary constraints, the matter will be recorded as addressed.	3	90	100	100	0
Responsible, accountable, effective and efficient corporate governance\ Auditor General	M-04	AG audit results	Qualified Audit Opinion	Asset register and Long term pension benefits	Follow the Action Plan to deal with the challenges	1.17	0	100	50	50
Responsible, accountable, effective and efficient corporate governance\ Customer Care	M-232	Percentage overall customer satisfaction level - Municipality	None conduction of the survey.	Customer satisfaction survey was not conducted for this financial year	Survey to be budgeted for in the financial year 13/14	n.a.	70	80	0	80
Responsible, accountable, effective and efficient corporate governance\ Public Participation	M-265	Number of public participation meetings held successfully	Ten Public Participation meetings, including IDP and projects meetings.	No attendance registers due to the large numbers.	Attendance registers will be done for politicians as proof of event.	2,78	11	12	10	2

Hierarchy (Strategic Objective \ Programme)	ID	KPI	Comments	Challenges	Corrective Action	Score	Baseline 2011/12 Actual	Annual Target (2012/13)	Annual Actual (2012/13)	Variance from Annual Target
Responsible, accountable, effective and efficient corporate governance\ Ward Committees	M-208	Number ward committees that are functional	10 Out 12 Wards are functional	Some wards fail to hold their quarterly meetings.	This matter is being discussed with the Speaker and a Council Sub-Committee is to be established to monitor Ward Committees and lend support where necessary.	2.71	10	12	10	2

### Project Implementation

Project Implementation received a score of **2.53 (84%)** at the end of the financial year due to various challenges that were faced in implementing the projects before the end of the financial year. Detail provided below:

Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/13	Variance from Annual Budget
Financial Viability\ Enhance revenue and financial management\ Revenue Management	P_01	Credit control IT system	BTO	100	The system was purchased in June 2013	None	None	3.00	94740	200000	105260

Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/ 13	Variance from Annual Budget
Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Administration	P_02	Archives system	Corp .	20	Specifications done	To identify a system that is suitable for the Municipality	Benchmarking with other Municipalities	1.20	0	200000	200000
Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Fleet Management	P_03	Sedan Registry department	Soc.	100	Sedan was purchased in January	None	None	3.00	145909.07	170000	24090.93
Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Fleet	P_04	Motor vehicles for the Mayor (x ) replacement of sedan	Strat	100	Vehicles successfully purchased	None	n/a	3.00	890539.98	900000	9460.02

Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/ 13	Variance from Annual Budget
Management											
Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Fleet Management	P_05	Pool car ( DC LDV)	Strat	100	Vehicle successfully purchased	no challenges	n/a	3.00	412792.34	600000	187207.66
Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Municipal buildings,	P_06	Upgrade of board room- social services + temporary office space & reception area at main entrance of civic centre	Soc.	100	Mobile offices, update of social services boardroom and reception area at main entrance were purchased.	None	None	3.00	344217.2	650000	305782.8

Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/ 13	Variance from Annual Budget
furniture and equipment											
Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Municipal buildings, furniture and equipment	P_07	Trailer for road marking machine	Soc.	100	Trailer purchased	None	None	2.80	54155.7	50000	-4155.7

Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/ 13	Variance from Annual Budget
Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Municipal buildings, furniture and equipment	P_08	8 x New walk behind lawn mowers	Soc.	48.85	The tender is advertised and the closing date 05/07/2013.	Late submission to BAC	Follow up with PMU	1.49	0	200000	200000
Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Municipal buildings, furniture and equipment	P_09	6 X Brush cutters	Soc.	100	Purchased	None	None	3.00	59700	90000	30300

Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/ 13	Variance from Annual Budget
Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Municipal buildings, furniture and equipment	P_10	2 X New chain saws	Soc.	100	Purchased	None	None	3.00	14999	15000	1
Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Municipal buildings, furniture and equipment	P_11	Seleka sports stadium	Soc.	25	Service provider appointed for consulting. Project does not belong to Parks Division, PMU handles it.	None	KPI to be transferred to Infrastructure Department	1.25	0	6548850	6548850

Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/ 13	Variance from Annual Budget
Good Governance and Public Participation\ Responsible, accountable, effective and efficient corporate governance\ Municipal buildings, furniture and equipment	P_12	Fertilizer spreader	Soc.	100	Fertiliser machine purchased and delivered	None	None	3.00	55000	60000	5000
Service Delivery and Infrastructure\ Protect the environment and improve community well-being\ Refuse removal and solid waste disposal	P_14	Operationalize Weigh bridge-landfill site	Soc.	70	Computer system installed and personnel appointed	Solar panel is not enough to operate the system	Increase the solar panel and batteries.	2.70	282209.28	300000	17790.72



Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/ 13	Variance from Annual Budget
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Electricity	P_16	315 KVA Generator for pump station 1 & 23 (x 2)	Inf.	65	Contractor is appointed to provide us with 2 Generators.	Contractor to sign the SLA.	Set the date with the contractor.	1.65	878070.18	1300000	421929.18
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Electricity	P_17	Electrification of MPCC	Inf.	100	The project is completed	None	None	3.00	R329703.00	500000	R170297.
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Electricity	P_18	Substation 4 (Switch gear + building)	Inf.	25	Specification is done	It was reversed for seven days' notice.	To be advertised	1.25	0	2500000	2500000

Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/ 13	Variance from Annual Budget
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Electricity	P_19	Upgrading of high mast lights in all the villages	Inf.	0	Scope of work is changed to streetlights with BAC approval.	Energy saving to be done on municipal network because high masts are on Eskom network.	Project is currently on urban and is about to be completed.	1.00	0	2000000	2000000
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Electricity	P_20	Solar lighting for unreticulated areas: Steenbokpan, Mmamojela Park and Steve Biko informal settlements	Inf.	30	Contractor has been appointed	Late appointment of service provider to implement the project.	Weekly monitoring of implementation by manager	1.30	0	1000000	1000000
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Electricity	P_21	Upgrading of robots and installation of new ones	Inf.	60	Contractor has been appointed and has forwarded first claim	There were SCM delays and appointment was done late towards the end of the year	Monitor and fast track implementation of project.	1.60	0	1000000	1000000

Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/ 13	Variance from Annual Budget
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Electricity	P_22	Upgrading of lighting in all Municipal building and premises (Sports facilities; Offices; Hall & Library)	Inf.	60	Only civic center is done	Other municipal buildings are not done. Contractor requested to change scope of work.	BEC approved the change of scope	1.60	0	2000000	2000000
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Electricity	P_23	45 X Solar lighting for cemeteries in all villages	Inf.	30	Contractor has been appointed.	There were SCM delays in appointment of contractors	Monitor and Fast Track the implementation process.	1.30	0	1000000	1000000
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Electricity	P_24	Removal of old incandescent and energy lights in Town and Marapong	Inf.	35	Installed residential lights	They are waiting for main roads lights	They Waiting for payment.	1.35	0	1000000	1000000

Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/ 13	Variance from Annual Budget
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Electricity	P_25	13 High mast lights in various villages	Inf.	30	Contractor appointed and Contractor on site. Busy with site establishment	The project will have to roll over to the next financial year.	Fast track the implementation process.	1.30	1095000	3315000	2220000
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Municipal buildings, furniture and equipment	P_29	Walk in safe to keep documents	Corp	30	Specifications done. Discussion with Architects preliminary drawings	Awaiting the appointment letter signed by MM	Follow up for the letter to be drafted and signed by MM.	1.30	0	1800000	1800000

Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/ 13	Variance from Annual Budget
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Municipal buildings, furniture and equipment	P_30	Upgrade Weighbridge – for testing ground	Soc.	100	KPI not for Registering Authority & Licensing	KPI not for Registering Authority & Licensing	KPI not for Registering Authority & Licensing	3.00	90932.1	100000	9067.9
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Municipal buildings, furniture and equipment	P_31	Furniture MPCC/relocation of e NATIS to MPCC.	Soc.	35%	Already evaluated awaiting for adjudication	Postponement of BAC meeting due to unavailability of BAC members.	Properly plan for BAC meetings	3.00	145909.07	850000	704090.93

Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/ 13	Variance from Annual Budget
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Municipal buildings, furniture and equipment	P_32	Security system for Marapong & MPCC Mokuruanyane	Soc.	75%	Palisade fence completed at Marapong library.	Delay in procurement process (installation of CCTV). Budget Constraints	Follow and meetings with SCM. Request additional funds during review of adjustment budget	3.00	344217.2	600000	255782.8
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Municipal buildings, furniture and equipment	P_33	2 X Hand held alcohol screening apparatus	Soc.	100	Done	None	None	3.00	54155.7	60000	5844.3

Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/ 13	Variance from Annual Budget
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Roads and storm water	P_36	Access roads	Inf.	30	Detailed design completed, tender was advertised for Contractors. And Contractors are appointed.	The Contractors were appointed towards the end of the financial year; this project must be rolled over to the next financial year.	Fast track the Implementation on site.	1.30	470250	7800000	7329750
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Roads and storm water	P_37	Storm water open channel phase 2	Inf.	35	The Contractor was appointed, and the Construction is on-going.	Construction process delayed	Fast Track the Implementation.	1.35	380190	10000000	9619810

Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/ 13	Variance from Annual Budget
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Roads and storm water	P_38	Mechanical street sweeping machine	Inf.	0	No achievements	Insufficient funds	Funds have been transferred to other projects	1.00	0	250000	250000
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Sanitation	P_39	VIP Toilets for rural villages: Bangalong, Ga-Seleka, Ga-Shongoane	Inf.	100	Project completed on human settlement funding and project implemented by Human settlements	Insufficient funding to reach the National target of eradicating backlog by 2014	More funding is required to cover more areas.	3.00	0000 Budget withdraw by Human settlement for implementation from their side.	0000	00000
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Sanitation	P_40	Sewer Dumping and metering equipment	Inf.	0	Still awaiting for Adjudication to sit for appointment of the service provider	Procurement a bit slow	Fast track the appointment of service provider	1.00	0	1000000	1000000



Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/ 13	Variance from Annual Budget
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Sanitation	P_41	Land valuation-acquisition Marapong sewer site	Inf.	95	Valuation of land completed. Land purchase agreement done and signed	Awaiting invoice from Eskom for Payment	Make follow ups on Eskom for the Invoice.	3.00	0	750000	750000
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Sanitation	P_42	Re-engineering of sewer network	Inf.	50	None	Contractor to complete installing telemetry system on pump station.	Consultant to make sure that all work is done on time.	1.50	1924045	4065000	2140955
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Water	P_44	Mokuruanyane –Shongoane RWS Phase 3	Inf.	100	Technical Reports submitted to DWA in March 2013. Actual Implementation of the project to be done 2013/2014 FY.	Awaiting for Letter of Approval from DWA.	Consult DWA for the approval letters.	3.00	435088.13	6035000	5599911.87

Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/ 13	Variance from Annual Budget
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Water	P_45	Witpoort RWS Ga-Seleka WS Phase 3	Inf.	100	Technical Reports submitted to DWA in March 2013. Actual Implementation of the project to be done 2013/2014 FY.	Awaiting for Letter of Approval from DWA.	Consult DWA for letter of Approval.	3.00	358138.13	3769096	3410957.87
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Water	P_47	Water conservation and Water demand management	Inf.	50	Six submitted bid documents were evaluated and the preferred bidder was recommended to DWA RBAC.	The department of water affairs has delayed the appointment process.	Water division from Lephalale Municipality has engaged the department to sort out the delays and update the developments	1.50	0	4400000	4400000

Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/ 13	Variance from Annual Budget
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Water	P_48	Reservoir cover - Marapong Reservoir	Inf.	50	Material is delivered on site.	Marapong new reservoir is not yet commissioned and it is difficult for the appointed contractor to continue with the works as the reservoir is still operational.	The contractor and the consultant were engaged on this matter and during the engagement it was indicated that CT plumber was appointed by the contractor to address the outstanding works. t	1.50	498000	1000000	502000
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Municipal buildings, furniture and equipment	P_49	Mokuruanyane MPCC	Inf.	100	Project Complete, physical Construction on site Completed.	Consultant to Submit Close-out report and As-Built Drawings.	No Corrective action.	3.00	4723873	6647238	1923365

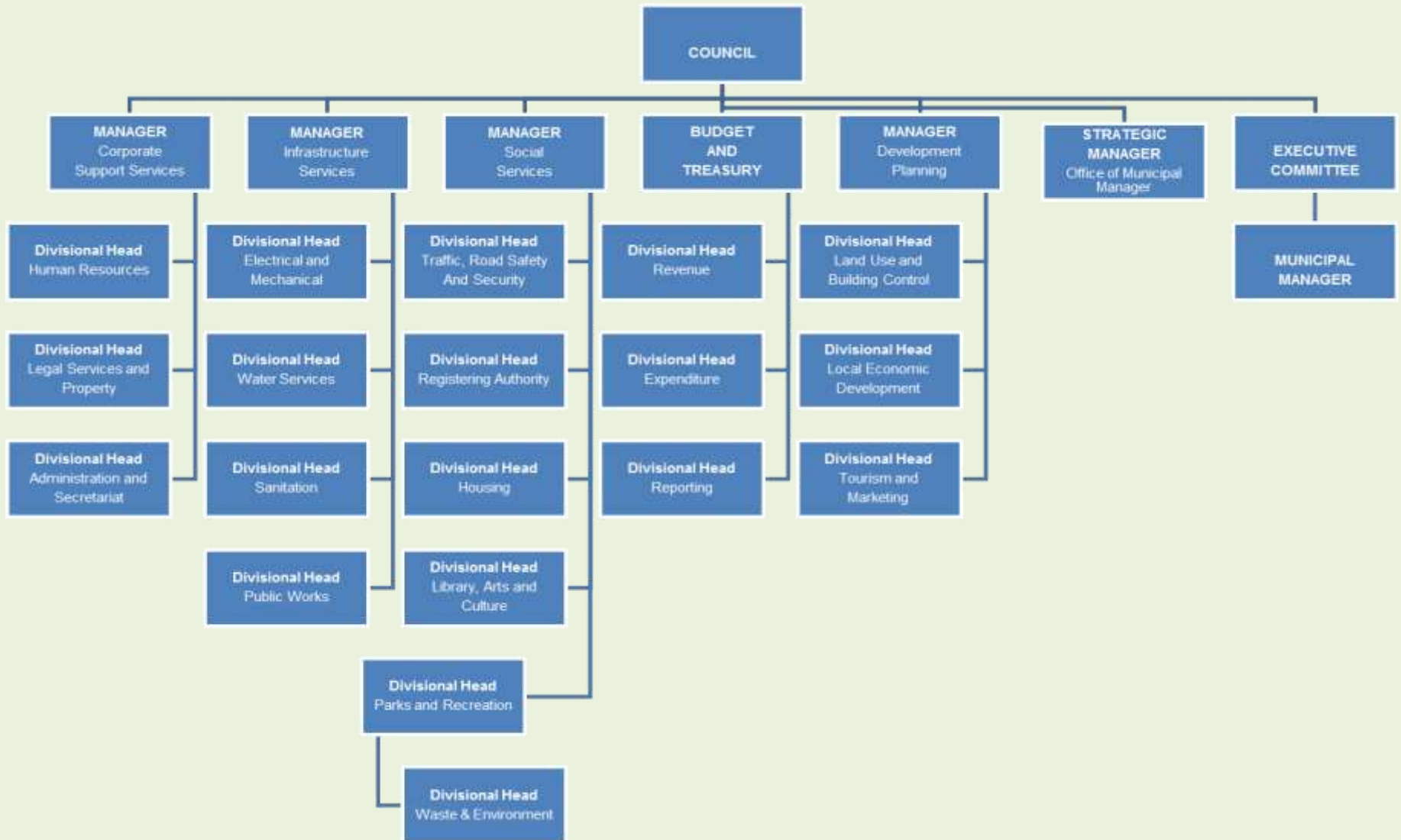
Hierarchy (KPA \ Strategic Objective \ Programme)	ID	Project	Dir.	% Actual Progress	Comments	Challenges	Corrective Action	Score	YTD Expenditure	Annual Budget 2012/ 13	Variance from Annual Budget
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Water	P_50	Seleka / Witpoort RWS Phase2 & Phase 3	Inf.	95	All Reticulation Network has been Completed, only testing of borehole outstanding.	None	Contractor to hand over site.	2.95	676465	676465	0
Service Delivery and Infrastructure\ Provide quality and well maintained infrastructural services in all municipal areas\ Water	P_51	Mokuruanyane RWS Phase 2 & Phase 3	Inf.	100	Project Complete.	None	None	3.00	11695287.7	12100814	405526.34

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

### INTRODUCTION

In the light of the actual and potential development challenges the Municipality reviews its organizational structure in order that the structure should reflect how the municipality has organized its resources and competencies for the purpose of delivering on core responsibilities. The political structure consists of council and the executive committee. The administration consists of the office of the Municipal Manager and five Directorates: Corporate Service, Budget & Treasury, Development Planning Services, Infrastructure Services, Social Services and Strategic Management.





## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1 EMPLOYEE TOTAL, TURNOVER RATE AND VARIANCES

EMPLOYEES					
Description	2011/12	2012/13			
	Employees	Approved Posts	Employees	Variance	Variance
	No.	No.	No.	No.	%
Water		49	49	0	0
Waste Water (Sanitation)		35	34	1	2.8
Electricity		46	41	5	10.8
Waste Management		56	52	4	7.1
Housing		5	3	2	40
Waste Water (Storm water Drainage)					
Roads		47	47	0	
Transport					
Planning		9	8	1	11.1
Local Economic Development		1	1	0	0
Planning (Strategic & Regulatory)		30	27	3	10.1
Local Economic Development					
Community & Social Services		26	25	1	3.8
Environmental Protection					
Health					
Security and Safety		38	37	1	2.6
Sport and Recreation		44	39	5	11.3
Corporate Policy Offices and Other		83	78	5	6
<b>Totals</b>		<b>469</b>	<b>441</b>	<b>28</b>	<b>5.9%</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.					

T4.1.1

Current institutional capacity constraints within Lephalale municipality will impede the achievement of development targets for Limpopo Coal and Petrochemical cluster. The most critical constraints in the context of the cluster are in technical services, both at managerial and operational levels. Specific areas of acute constraints are in water and sanitation.

Department	Number of Positions 12/13						
	Management	Technical	Labor	Support	Total	Vacant	%Vacant
Infrastructure Services	6	48	125	6	185	6	3%
Social Services	7	30	103	34	176	13	7%
Corporate Support Services	4	0	15	18	37	2	6%
Budget and Treasury	5	0	1	31	37	0	0%
Planning and Development	4	6	0	5	15	4	27%
Office of Municipal Manager	4	0	2	13	19	2	11%
Total Positions	30	84	246	107	469	27	9%

Vacancy Rate 2012/13			
Designations	*Total Approved Posts	*Variances (Total time that vacancies exist using fulltime equivalents)	*Variances (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	
CFO	1	0	
Other S57 Managers (excluding Finance Posts)	5	11	
Other S57 Managers (Finance posts)			
Municipal Police	11	2	
Fire fighters	9	0	
Senior management: Levels 13-15 (excluding Finance Posts)	21	16	
Senior management: Levels 13-15 (Finance posts)	4	6	
Highly skilled supervision: levels 9-12 (excluding Finance posts)	97	101	



Highly skilled supervision: levels 9-12 (Finance posts)	12	0	
<b>Total</b>	<b>161</b>	<b>136 months</b>	
<p>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.</p>			
T4.1.2			

- The current organizational structure is not strategically designed nor equipped to optimally effect the execution of the current and new business imperatives that the municipality face.
- The organizational capacity and capability of the municipality is seriously deficient to meet additional service delivery demands of key industry players such as Eskom and Exxaro due to expansions of industrial operations.
- To date the draft by-laws are not implemented as the Municipality is still waiting for completion of the process of promulgation.
- The process of developing a mechanism of cascading of performance management system has not yet been concluded. At individual level only section 56 managers have signed performance contracts in accordance with section 57 of the MSA.
- The challenge of attraction and retention of skilled personnel to implement the powers and functions
- The positions of two Directors have been vacant for the whole financial year under review.

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year  No.	Terminations during the Financial Year  No.	Turn-over Rate*
2012/2013	58	24	5,7%
<p>* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year</p>			
T4.1.3			

Out of the 24 terminations 10 people are deceased, 8 people resigned voluntarily and 3 three people had their contracts ending i.e 2 section 56 managers and a PMU manager. One person was dismissed after a disciplinary hearing. There was a total 43 new appointments and 15 promotions of staff in 2012/13 Financial Year.

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### 4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action	100%	Not yet	Incorporate in EE Policy 2011
2	Attraction and Retention	100%	Not yet	Item A/40/2010
3	Code of Conduct for employees	100%		Adopted by Council as amended at Bargaining Council from time to time.
4	Delegations, Authorisation & Responsibility	100%		A197/2012
5	Disciplinary Code and Procedures	100%		B61/2010
6	Essential Services			Not yet concluded
7	Employee Assistance / Wellness	100%		2010
8	Employment Equity	100%		A/24/ 2011
9	Exit Management			
10	Grievance Procedures	100%		Adopted by Council as amended at Bargaining Council from time to time.
11	HIV/Aids	100%		A/278/2003
12	Human Resource and Development	100%	2011	2011
13	Information Technology	100%		A26/2010
14	Job Evaluation	100%		Adopted by Council as amended at Bargaining Council from time to time.
15	Leave	100%	2009	2010
16	Occupational Health and Safety			A 28/2010
17	Official Housing	60%		Not yet adopted by Council
18	Travel and Subsistence Policy	100%	2009	2009
19	Official transport to attend Funerals	100%		2011
20	Official Working Hours and Overtime	100%	2009	A 121/2012
21	Organisational Rights	100%		Adopted by Council as amended at Bargaining Council from time to time.
22	Payroll Deductions			

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
23	Performance Management and Development	100%		2010
24	Recruitment, Selection and Appointments	100%	2011	2011
25	Remuneration Scales and Allowances	100%	2011	2012
26	Resettlement			
27	Sexual Harassment	100%	2003	2003
28	Skills Development	100%	2011	A178/2011
29	Smoking			
30	Special Skills			
31	Work Organisation			
32	Uniforms and Protective Clothing			
33	Overtime Policy	100%	2012	A121/2012
T 4.2.1				

#### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken  Days	Employees using injury leave  No.	Proportion employees using sick leave  %	Average Injury Leave per employee  Days	Total Estimated Cost  R'000
Required basic medical attention only	60	5	8.33%	12	60
Temporary total disablement					
Permanent disablement					
Fatal					
Total	60	5	8.33%	12	60
T4.3.1					

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	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
Total	2533	2%	400	437	5.7	
* - Number of employees in post at the beginning of the year						T4.3.2

Note: The kind of system used to get the data for the table above is not functioning in a way that would not allow the capturer to disseminate the information according to levels. The information drawn from the system is as tabulated, the totals for the cost and sick leave in Lephalale Municipality for past financial year.

The position of the Safety Officer remains vacant. As this is a specialized position no one was appointed as acting to execute duties of safety officer. The data is therefore not available.

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 Finalised	Date Finalised
1. DH:SCM				
2. Messenger	Unauthorised use of Municipal vehicle.	07 September 2012	The matter was referred to DC and was postponed until further notice.	Postponed until further notice.
3.				

Disciplinary Action Taken on Cases of Financial Misconduct				
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised	
1. DH:SCM	Breach of Employers Service Level Agreement/Contract & Letter of Appointment. R167000.72 loss to municipality	Dismissal	13/12/2012	
2. Mr. MD Chokoe	He claimed S&T Claims without attending the workshop.	Resigned pending DC.	30 June 2013	
3. Mr. JI Roux	Used municipal employees & resources at the house he is an agent.	Resigned pending DC	30 August 2013	
4. Mr. K Tsebe	He fraudulently, cancelled to appoint a different service provider after the Manager: Infrastructure has signed.	Resigned pending DC	31 July 2013	
5. Mr. O Petje	Sold municipal erfs to members of the public	Resigned pending DC	31 November 2013	

#### 4.4 PERFORMANCE REWARDS

Performance Evaluations for 2010/11 financial year for Managers were held during December 2012, but no rewards have been paid in this regard. No Performance evaluations done yet for 2011/12.

Performance Rewards By Gender	
Designations	Beneficiary profile

	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2008/09	Proportion of beneficiaries within group
				R' 000	%
Lower skilled (Levels 1-2)	Female	2	0	0	
	Male	5	0	0	
Skilled (Levels 3-5)	Female	N/A	N/A		
	Male	N/A	N/A		
Highly skilled production (levels 6-8)	Female	N/A	N/A		
	Male	N/A	N/A		
Highly skilled supervision (levels 9-12)	Female	N/A	N/A		
	Male	N/A	N/A		
Senior management (Levels 13-15)	Female	N/A	N/A		
	Male	N/A	N/A		
MM and S57	Female	N/A	N/A		
	Male	N/A	N/A		
Total					
Has the statutory municipal calculator been used as part of the evaluation process?					Yes/No
Note: MSA 2000 S51 (d) requires that ... 'performance plans, on which rewards are based, should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).					T4.4.1

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### 4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2011	Number of skilled employees required and actual as at 30 June 2011											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual 30 June 2010	Actual 30 June 2011	Target	Actual 30 June 2010	Actual 30 June 2011	Target	Actual 30 June 2010	Actual 30 June 2011	Target	Actual 30 June 2010	Actual 30 June 2011	Target
MM and S57	Female	02		0	00	01	00	00				01	00	01
	Male	03		0	00	01	00	00				01	00	01
Councillors, senior officials and managers	Female	21		01	01	05	10	10				05	11	11
	Male	22		01	01	03	04	04				03	05	05
Technicians and associate professionals	Female	10		00	00	07	04	04				07	04	04
	Male	46		00	00	08	18	18				08	18	18
Professionals	Female	07	03	01	01	03	03	03				06	04	04
	Male	19	00	07	07	10	08	08				10	15	15
Sub total	Female	24		00	00	16	17	17				16	17	17

	Male	90		00	00	12	30	30				12	30	30
Total		130	03	10	10	28	47	47				31	57	57
														T4.5.1



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 assessments 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)(e))
<b>Financial Officials</b>						
<i>Accounting officer</i>	1	0	1	1	1	1
<i>Chief financial officer</i>	1	0	1	1	1	1
<i>Senior managers</i>	3	0	3	3	3	3
<i>Any other financial officials</i>	4	0	4	3	0	3
<b>Supply Chain Management Officials</b>						
<i>Heads of supply chain management units</i>	1	0	1	0	0	0
<i>Supply chain management senior managers</i>	1	0	1	0	0	0
<b>TOTAL</b>	<b>11</b>	<b>0</b>	<b>11</b>	<b>8</b>	<b>5</b>	<b>8</b>

\* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

T4.5.2

\* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

T4.5.2

# COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

## 4.6 EMPLOYEE EXPENDITURE

Skills Development Expenditure										
R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development 2012/13							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	01								
	Male	05								288000.00
Legislators, senior officials and managers	Female	20								144750.00
	Male	25								7118.86
Professionals	Female	12								139148.31
	Male	23								161721.95
Technicians and associate professionals	Female	13								127086.00
	Male	66								99240.02
Clerks	Female	40								146786.00
	Male	25								37119.32
Service and sales workers	Female									
	Male									
Plant and machine operators and assemblers	Female	4								10500.00
	Male	33								95928.02
Elementary occupations	Female	33								163285.00
	Male	137								91074.00
Sub total	Female	123								584228.17

	Male	314								854702.17
Total		437							1986017.00	1883946.34
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									2%*	*R1986017.

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	
	Male	
Skilled (Levels 3-5)	Female	00
	Male	00
Highly skilled production (Levels 6-8)	Female	00
	Male	00
Highly skilled supervision (Levels 9-12)	Female	00
	Male	00
Senior management (Levels 13-16)	Female	00
	Male	00
MM and S 57	Female	00
	Male	00
Total		00
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).		



## 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

*T 5.0.1*

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL STATEMENTS

*T 5.1.0*

## 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

### LIM362 Lephalale - Table C1 Monthly Budget Statement Summary - M12 June

Description	2011/12	Budget Year 2012/13							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b><u>Financial Performance</u></b>									
Property rates	27,124	34,157	30,157	2,944	30,620	30,157	463	2%	–
Service charges	146,233	132,448	140,694	17,873	153,003	140,694	12,309	9%	–
Investment revenue	14,693	8,877	13,277	868	11,244	13,277	(2,033)	-15%	–
Transfers recognised – operational	127,656	86,384	86,383	–	127,551	86,383	41,168	48%	–
Other own revenue	13,262	94,879	135,455	6,151	16,653	135,455	(118,803)	-88%	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>328,968</b>	<b>356,745</b>	<b>405,966</b>	<b>27,837</b>	<b>339,070</b>	<b>405,966</b>	<b>(66,896)</b>	<b>-16%</b>	<b>–</b>
Employee costs	90,958	103,787	101,502	9,583	100,756	101,502	(746)	-1%	–
Remuneration of Councillors	5,855	6,279	6,245	(306)	6,149	6,245	(96)	-2%	–
Depreciation & asset impairment	53,574	49,072	54,734	–	55,521	54,734	787	1%	–
Finance charges	4,547	7,553	14,396	1,642	12,252	14,396	(2,144)	-15%	–
Materials and bulk purchases	77,003	82,747	89,172	10,404	86,738	89,172	(2,434)	-3%	–
Transfers and grants	1,019	1,054	1,054	13	1,055	1,054	1		–
Other expenditure	74,463	72,629	70,661	24,660	75,922	70,661	5,261	7%	–
<b>Total Expenditure</b>							<b>629</b>	<b>0%</b>	

	307,419	323,121	337,764	45,996	338,393	337,764			–
<b>Surplus/(Deficit)</b>	<b>21,549</b>	<b>33,624</b>	<b>68,202</b>	<b>(18,160)</b>	<b>677</b>	<b>68,202</b>	<b>(67,525)</b>	<b>-99%</b>	<b>–</b>
Transfers recognised - capital Contributions & Contributed assets	–	(76,875 )	(117,563)	(2,544)	(48,549)	(117,563 )	69,014	-59%	–
	–	–	–	–	–	–	–		–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>21,549</b>	<b>(43,251 )</b>	<b>(49,361)</b>	<b>(20,703)</b>	<b>(47,872)</b>	<b>(49,361)</b>	<b>1,489</b>	<b>-3%</b>	<b>–</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
<b>Surplus/ (Deficit) for the year</b>	<b>21,549</b>	<b>(43,251 )</b>	<b>(49,361)</b>	<b>(20,703)</b>	<b>(47,872)</b>	<b>(49,361)</b>	<b>1,489</b>	<b>-3%</b>	<b>–</b>
<b><u>Capital expenditure &amp; funds sources</u></b>									
<b>Capital expenditure</b>	<b>70,432</b>	<b>76,874</b>	<b>117,563</b>	<b>2,544</b>	<b>44,444</b>	<b>117,563</b>	<b>(73,119)</b>	<b>-62%</b>	<b>–</b>
Capital transfers recognised	36,781	62,729	82,686	2,197	31,221	82,686	(51,465)	-62%	–
Public contributions & donations	–	–	2,923	–	2,923	2,923	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	<b>33,648</b>	<b>14,145</b>	<b>31,954</b>	<b>346</b>	<b>14,406</b>	<b>31,954</b>	<b>(17,548)</b>	<b>-55%</b>	<b>–</b>
<b>Total sources of capital funds</b>	<b>70,429</b>	<b>76,874</b>	<b>117,563</b>	<b>2,543</b>	<b>48,550</b>	<b>117,563</b>	<b>(69,013)</b>	<b>-59%</b>	<b>–</b>
<b><u>Financial position</u></b>									
Total current assets	206,238	56,667	154,228		235,156				154,228
Total non-current assets	938,331	910,401	1,002,433		1,076,361				1,002,433

Total current liabilities	77,794	15,723	50,904		100,998				50,904
Total noncurrent liabilities	36,189	33,920	125,952		125,924				125,952
<b>Community wealth/Equity</b>	<b>1,030,586</b>	<b>917,425</b>	<b>979,805</b>		<b>1,084,595</b>				<b>979,805</b>
<b><u>Cash flows</u></b>									
Net cash from (used) operating	54,326	72,276	121,415	(14,906)	55,363	121,415	(66,052)	-54%	—
Net cash from (used) investing	(70,676)	(76,874)	(117,573)	(2,544)	(141,910)	(117,573)	(24,337)	21%	—
Net cash from (used) financing	(2,435)	(2,435)	(2,435)	—	85,305	(2,435)	87,740	-3603%	—
<b>Cash/cash equivalents at the month/year end</b>	<b>117,796</b>	<b>20,229</b>	<b>119,204</b>	<b>—</b>	<b>116,554</b>	<b>28,669</b>	<b>87,885</b>	<b>307%</b>	<b>117,796</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Days</b>	<b>151-180 Days</b>	<b>181 Dys-1 Yr.</b>	<b>Over 1Yr</b>	<b>Total</b>
<b><u>Debtors Age Analysis</u></b>									
Total By Revenue Source	16,928	8,672	6,177	8,456	4,536	3,701	20,633	##### #	135,500
<b><u>Creditors Age Analysis</u></b>									
Total Creditors	—	—	—	—	—	—	—	—	—

## Description



## 5.2 GRANTS

## COMMENT ON FINANCIAL PERFORMANCE:

- Comment on variances above 10%.

T5.1.3

**LIM362 Lephalale - Supporting Table SC7 Monthly Budget Statement - transfers and grant expenditure - M12 June**[illegible]

<b>Provincial Government:</b> 0 0 0 0 Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
							-		
							-		
							-		
<b>District Municipality:</b>  [insert description]	-	-	-	-	-	-	-	-	-
							-		
<b>Other grant providers:</b>  [insert description]	-	-	-	-	-	-	-	-	-
							-		
<b>Total operating expenditure of Transfers and Grants:</b>	<b>78,472</b>	<b>84,639</b>	<b>84,639</b>	<b>180</b>	<b>84,339</b>	<b>84,191</b>	<b>148</b>	<b>0.2%</b>	<b>-</b>
<b><u>Capital expenditure of Transfers and Grants</u></b>									
<b>National Government:</b>	47,140	60,409	60,891	1,295	27,782	45,891	(18,109)	<b>-39.5%</b>	-
Municipal Infrastructure Grant (MIG)	44,469	43,557	43,557	717	25,630	43,557	(17,927)	-41.2%	
MSIG	790	800	800	50	801	800	1	0.1%	
Public Works	777	1,052	1,534	528	1,351	1,534	(183)	-11.9%	
Electrification Grant	1,104	8,000	8,000				-		
Rural Household Income		7,000	7,000				-		
Other capital transfers [insert description]							-		

<b>Provincial Government:</b>  DPLG Project Funding  <b>District Municipality:</b>  0  <b>Other grant providers:</b>  0		239	–	–	–	–	–	–		–
		239						–		
		206	–	–	–	–	–	–		–
		206						–		
		–	4,065	–	–	–	–	–		–
			4,065					–		
<b>Total capital expenditure of Transfers and Grants</b>		47,585	64,474	60,891	1,295	27,782	45,891	(18,109 )	-39.5%	–
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		126,057	149,113	145,530	1,474	112,120	130,082	(17,962 )	-13.8%	–

**COMMENT ON OPERATING TRANSFERS AND GRANTS:**

Under-expenditure of Municipal Infrastructure Grant (MIG) was caused by poor planning which resulted in late appointment of contractors.

The other grants received were spent.

*T 5.2.2*

**COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:**

*T 5.2.4*

**5.3 ASSET MANAGEMENT**

**INTRODUCTION TO ASSET MANAGEMENT**

Lephalale municipality has an audited asset register for the financial 2011/12, the asset management unit is reviewing and updating the register as assets after acquired, completed or purchased.

*T5.3.1*

**TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2011/12**

<b>Asset 1</b>				
Name	Lephalale Civic Centre			
Description	Municipal buildings			
Asset Type	Immovable			
Key Staff Involved				
Staff Responsibilities				
	2007/08	2008/09	2009/10	2010/11
Asset Value			10,400000	R11,000,000
Capital Implications	To Extended			
Future Purpose of Asset	Council Chamber and Offices for Operation of Municipality			
Describe Key Issues				
Policies in Place to Manage Asset				

**Asset 2**

Name	Paarl Sewer Treatment Plant
------	-----------------------------

Description	Sewerage Treat meant Plant			
Asset Type	immovable			
Key Staff Involved				
Staff Responsibilities				
	2007/08	2008/09	2009/10	2010/11
Asset Value				R31,600 000
Capital Implications				
Future Purpose of Asset	Treatment of raw affluent water and by products			
Describe Key Issues				
Policies in Place to Manage Asset				

Asset 3				
Name	Onverwacht Palala Reservoir			
Description	Water Reservoir			
Asset Type	immovable			
Key Staff Involved				
Staff Responsibilities				
Asset Value	2007/08	2008/09	2009/10	2010/11
				R16000000
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				

#### INTRODUCTION TO ASSET MANAGEMENT

Lephalale municipality has an audited asset register for the financial 2011/12, the asset management unit is reviewing and updating the register as assets after acquired, completed or purchased.

### TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2011/12

#### Asset 1

Name	Lephalale Civic Centre			
Description	Municipal buildings			
Asset Type	Immovable			
Key Staff Involved				
Staff Responsibilities				
	2008/09	2009/10	2010/11	2011/12
Asset Value	9.600 000	10, 400 000	11,000 000	R12,600,000
Capital Implications	To Extended			
Future Purpose of Asset	Council Chamber and Offices for Operation of Municipality			
Describe Key Issues				
Policies in Place to Manage Asset				

#### Asset 2

Name	Paarl Sewer Treatment Plant			
Description	Sewerage Treat meant Plant			
Asset Type	immovable			
Key Staff Involved				
Staff Responsibilities				
	2009/10	2009/10	2010/11	2011/12
Asset Value	27400 000	28 600 000	31 600 000	R33,600 000
Capital Implications				
Future Purpose of Asset	Treatment of raw affluent water and by products			
Describe Key Issues				

Policies in Place to Manage Asset	
-----------------------------------	--

Asset 3				
Name	Onverwacht Palala Reservoir			
Description	Water Reservoir			
Asset Type	immovable			
Key Staff Involved				
Staff Responsibilities				
Asset Value	2008/09	2009/10	2010/11	2011/12
	140 000.00	150 000.00	R160 000	R17000000
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				

**LIM362 Lephalale - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M12 June**

Description	Ref	2011/12	Budget Year 2012/13							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Total Repairs and Maintenance Expenditure		16,256	15,919	12,988	542	11,936	12,988	(1,648)	-17.9%	–



<p>COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:</p> <p>91% expenditure on repairs and maintenance was spent.</p>	
	<i>T 5.3.4.1</i>

#### 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

	2011/12	2012/13
Liquidity Ratios		
Current Ratio	3:1	3:1
Acid Test Ratio	3:1	3:1
Debtors Collection Period	120 Days	120 Days

<p>COMMENT ON FINANCIAL RATIOS:</p> <p>The Liquidity ratios are an indication of the ability of the municipality to pay its operational obligation as they become due. The municipality's current ratio is within the norm.</p>	
	<i>T 5.4.9</i>

### COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

<p>INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET</p>	
	<i>T 5.5.0</i>

## 5.5 CAPITAL EXPENDITURE

**LIM362 Lephalale - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)**  
**- M12 June**

Vote Description	Ref	2011/12	Budget Year 2012/13							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>Capital Expenditure - Standard Classification</b>										
<i>Governance and administration</i>		1,244	4,500	5,050	35	2,144	5,050	(2,906)	-58%	–
Executive and council		796	2,300	2,300	35	2,126	2,300	(174)	-8%	
Budget and treasury office		373	200	200			200	(200)	-100%	
Corporate services		75	2,000	2,550	–	18	2,550	(2,532)	-99%	
<b>Community and public safety</b>		7,511	2,845	10,492	–	6,588	10,492	(3,904)	-37%	–
Community and social services		7,511	2,845	10,192	–	6,588	10,192	(3,604)	-35%	
Sport and recreation								–		
Public safety								–		
Housing		–	–	300		–	300	(300)	-100%	
Health								–		
<b>Economic and environmental services</b>		19,259	29,995	44,893	592	10,779	44,893	(34,114)	-76%	–
Planning and development	4			1,500			1,500	(1,500)	-100%	
Road transport		19,255	29,995	43,393	592	10,779	43,393	(32,614)	-75%	

Environmental protection								–		
<b>Trading services</b>		<b>42,418</b>	<b>39,534</b>	<b>57,128</b>	<b>1,916</b>	<b>29,039</b>	<b>57,128</b>	(28,089)	-49%	–
Electricity		4,786	15,615	18,749	1,878	6,328	18,749	(12,421)	-66%	
Water		23,468	10,804	15,727	38	13,121	15,727	(2,606)	-17%	
Waste water management		11,540	12,815	18,598	–	7,689	18,598	(10,909)	-59%	
Waste management		2,624	300	4,054	–	1,901	4,054	(2,153)	-53%	
<b>Other</b>								–		
<b>Total Capital Expenditure - Standard Classification</b>	<b>3</b>	<b>70,432</b>	<b>76,874</b>	<b>117,563</b>	<b>2,543</b>	<b>48,550</b>	<b>117,563</b>	<b>(69,013)</b>	<b>-59%</b>	<b>–</b>

## 5.6 SOURCES OF FINANCE

**LIM362 Lephalale - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M12 June**

Vote Description	Ref	2011/12	Budget Year 2012/13							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Funded by:</b>										
National Government		36,781	62,729	82,686	2,197	31,221	82,686	(51,465)	-62%	
Provincial Government								–		
District Municipality								–		

Other transfers and grants								–		
<b>Transfers recognised – capital</b>		<b>36,781</b>	<b>62,729</b>	<b>82,686</b>	<b>2,197</b>	<b>31,221</b>	<b>82,686</b>	<b>(51,465)</b>	<b>-62%</b>	<b>–</b>
<b>Public contributions &amp; donations</b>	5			2,923		2,923	2,923	–		
<b>Borrowing Internally generated funds</b>	6			–		–	–	–		
		33,648	14,145	31,954	346	14,406	31,954	(17,548)	-55%	
<b>Total Capital Funding</b>		<b>70,429</b>	<b>76,874</b>	<b>117,563</b>	<b>2,543</b>	<b>48,550</b>	<b>117,563</b>	<b>(69,013)</b>	<b>-59%</b>	<b>–</b>

**COMMENT ON SOURCES OF FUNDING:**

The Under-spending on capital expenditure was due poor planning on MIG projects. The overall spending of capital is 42%.

T 5.6.1.1

**5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS**

	<b>Capital Expenditure of 5 largest projects*</b>					
	<b>R' 000</b>					
<b>Name of Project</b>	<b>Current Year</b>				<b>Variance Current Year</b>	
	<b>Original Budget (Vat Inc.)</b>	<b>Awarded Amount (Vat Inc.)</b>	<b>Adjust ment Budget</b>	<b>Actual Expenditure</b>	<b>Original Variance (%)</b>	<b>Adjust ment variance (%)</b>
A – Marapong Internal Roads Ext 4 upgrading	R 18 924 000.	R18 924 000.		R9 685 382.		
B – Mokuruenyane /Shongoane RWS	R11 400 000	R11 400 704.00		R 8 882 319		
C – Conversion/ zongesien WWTW in to Sludge Plant	R 14 820 000	R14 584 651.98		R 11 723 059		
D – Mmatladi Access Road	R 10 128 706	R10 134 704		R 8 564 105		
E – Mmaletswai Access Road	R 10 175 484	R11 668 606.69		R 1 604 445		

	* Projects with the highest capital expenditure in 2012/13
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#### COMMENT ON CAPITAL PROJECTS:

The total expenditure on capital projects, including MIG was at lower level as compared to the past financial years. The total percentage of expenditure is 42 % of the total capital budget. All the above big projects are completed.

*T 5.7.1.1*

### 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

#### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The backlogs on the basic services are based on the RDP level of standard and the expression of percentage is based on the household number of 27756 within Lephalale local municipality including farms and rural homes

*T 5.8.1*

#### COMMENT ON BACKLOGS:

Municipality is comprised of 38 scattered rural settlements and farms. Provision of basic infrastructure services remains a challenge. There additions of challenges as the informal settlements are on the rise.

Provision of basic services at farms is the discretion of the owner. There is no strategy in place as yet to guide the municipality regarding the provision of services to farm dwellers and farming community in general.

Provision of basic services within the formalized town is on target. There are still some challenges at the rural areas. The details are outlined in chapters 1 and 3.

Sanitation backlog of 54.2 %

Water backlog of 10 %

Electricity backlog of 11.3 %

*T 5.8.4*

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

## 5.9 CASH FLOW

**LIM362 Lephalale - Table C7 Monthly Budget Statement - Cash Flow - M12 June**[illegible]

<b>OPERATING ACTIVITIES</b>		<b>54,326</b>	<b>72,276</b>	<b>121,415</b>	<b>(14,906)</b>	<b>55,363</b>	<b>121,415</b>	<b>(66,052)</b>		<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE						(141,910)		(141,910)	#DIV/0!	
Decrease (Increase) in non-current debtors								-		
Decrease (increase) other non-current receivables								-		
Decrease (increase) in non-current investments								-		
<b>Payments</b>										
Capital assets		(70,676)	(76,874)	(117,573)	(2,544)	-	(117,573)	(117,573)	100%	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(70,676)</b>	<b>(76,874)</b>	<b>(117,573)</b>	<b>(2,544)</b>	<b>(141,910)</b>	<b>(117,573)</b>	<b>24,337</b>	<b>-21%</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-		
Borrowing long term/refinancing						89,982		89,982	#DIV/0!	
Increase (decrease) in consumer deposits								-		
<b>Payments</b>										
Repayment of borrowing		(2,435)	(2,435)	(2,435)	-	(4,677)	(2,435)	2,242	-92%	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(2,435)</b>	<b>(2,435)</b>	<b>(2,435)</b>	<b>-</b>	<b>85,305</b>	<b>(2,435)</b>	<b>(87,740)</b>	<b>3603%</b>	<b>-</b>



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<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(18,785)</b>	<b>(7,033)</b>	<b>1,407</b>	<b>(17,449)</b>	<b>(1,242)</b>	<b>1,407</b>			<b>-</b>
Cash/cash equivalents at beginning:	136,581	27,262	117,797		117,796	27,262			117,796
Cash/cash equivalents at month/year end:	117,796	20,229	119,204		116,554	28,669			117,796

**COMMENT ON CASH FLOW OUTCOMES:**

The municipality ended the financial year with a positive bank balance of R1168m, even though there was a challenge in the debtors' collection.

*T 5.9.1.1*

**5.10 BORROWING AND INVESTMENTS**

**INTRODUCTION TO BORROWING AND INVESTMENTS**

*T 5.10.1*

<b>Actual Borrowings: Year -2 to Year 0</b>			
	<b>R' 000</b>		
<b>Instrument</b>	<b>Year -2</b>	<b>Year -1</b>	<b>Year 0</b>
<b>Municipality</b>	300	382	355
Long-Term Loans (annuity/reducing balance)	200	250	270
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Municipality Total</b>	<b>500</b>	<b>632</b>	<b>625</b>
<b>Municipal Entities</b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Entities Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

*T 5.10.2*

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#### COMMENT ON BORROWING AND INVESTMENTS:

The long term loans which the municipality has are from Development Bank of South Africa (DBSA), Infrastructure Corporation Limited (NCA) and Exxaro.

The municipality has an investment of 245 shares which were valued at R16 000 on 20 June 2013. The other investments which the municipality has are short-term investments which are transferred back to the municipality's primary bank account every year end.

	2011/12	2012/13
Long-term loans	R11 009 637	100 270 240
Investments	R9 508	R16 000

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#### 5.11 PUBLIC PRIVATE PARTNERSHIPS

##### PUBLIC PRIVATE PARTNERSHIPS

A total of ten strategic economic partnerships have been established exceeding the annual target of eight and ensuring that the program of *Public/Private Partnerships* reached target at the end of the financial year. Partnership agreements were concluded with the Pistorius Group and others are yet to be signed with Exxaro, SEDA, LIBSA and Marula Mile Developers before the end of the financial year. Draft agreements with the National Youth Development Agency and Tourism Enterprise Partnership are in place. Co-operation with DLGH on implementation of the Business survey project for Lephalale was conducted. A total of ten strategic economic partnerships have been established exceeding the annual target of eight and ensuring that the program for *Public/Private Partnerships* reached target at the end of the financial year.

T 5.11.1

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## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.12 SUPPLY CHAIN MANAGEMENT

#### SUPPLY CHAIN MANAGEMENT

The Bid Evaluation and Bid Adjudication Committees have been established. Advertised tenders are being evaluated, adjudicated and appointments are made for tenders in terms of the Supply Chain Management Policy. Quarterly reports on the tenders are submitted to Council.

### 5.13 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 will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

*T 5.13.1*

## **LEPHALALE LOCAL MUNICIPALITY**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**for the year ending 30 June 2013**

## **1 BASIS OF ACCOUNTING**

### **1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised 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 standards have also been prescribed by the Minister of Finance in terms of

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

### **1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

### **1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

## **1.4 COMPARATIVE INFORMATION**

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

## **1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18

GRAP 20

GRAP 105

GRAP 106

GRAP 107

## **2 PROPERTY, PLANT AND EQUIPMENT**

### **2.1 INITIAL RECOGNITION**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

## **2.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

## **2.3 DEPRECIATION AND IMPAIRMENT**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

<b>Infrastructure</b>	<b>Years</b>	<b>Other</b>	<b>Years</b>
Roads and Paving	15	Buildings	30
Pedestrian Malls	10	Specialist vehicles	15
Electricity	30	Other vehicles	8
Water	30	Office equipment	5
Sewerage	20	Furniture and fittings	8
<b>Community</b>		Bins and containers	8
Buildings	30	Specialised plant and equipment	15
Recreational Facilities	30	Other items of plant and equipment	15
Security	8		
Halls	30		
Libraries	30	Emergency equipment	
Parks and gardens	30	Computer equipment	8
Other assets	20		

The residual values and estimated useful lives have thus been implemented retrospectively in the current financial year. Assets have also been tested for impairment. Residual values and remaining useful lives will be reviewed annually and implemented prospectively henceforth.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.



## 2.4 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

# 3 INTANGIBLE ASSETS

## 3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

## 3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

### 3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5 -8YRS
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

### 3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 4 HERITAGE ASSETS

### 4.1 INITIAL RECOGNITION

Heritage assets are assets that have a cultural, environmental, historical, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. A heritage asset that qualifies for recognition as assets shall be measured at its cost or where is acquired through a non-exchange transaction; its cost shall be measured at its fair value as at the date of acquisition. The municipality has adopted GRAP 103 and recognises Heritage assets at cost without determining the fair value.

## **4.2 SUBSEQUENT MEASUREMENT**

After initial recognition a heritage asset shall be carried at its cost less impairment losses

## **4.3 DERECOGNITION**

A heritage asset shall be derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal

# **5 NON-CURRENT ASSETS HELD FOR SALE**

## **5.1 INITIAL RECOGNITION**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

## **5.2 SUBSEQUENT MEASUREMENT**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

**6.1 INITIAL RECOGNITION**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

**6.2 SUBSEQUENT MEASUREMENT**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

**7.1 INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value.

**7.2 SUBSEQUENT MEASUREMENT**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other").

## 7.2.1

### INVESTMENTS

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks, are categorised as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

## 7.2.2

### TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

## 7.2.3

### TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest. Amounts payable within 12 months are classified as current.

## 7.2.4

### CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

## **8 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **9 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **10 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **11 PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

## 12 LEASES

### 12.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

## **12.2 MUNICIPALITY AS LESSOR**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease installments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

# **13 REVENUE**

## **13.1 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.



Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. The estimates of consumption between meter readings are based on the previous three months' average consumptions.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazette tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

## **13.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

## 14 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

## 15 EMPLOYEE BENEFITS

## 15.1 Provision for employee benefits

Provision is made in the financial statements for all employee benefits

Liabilities for wages and salaries, including non-monetary benefits, bonuses and annual leave obliged to be settled within 12 months of the reporting date, are recognised in other payables or provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable

The liability for long service leave for which settlement can be deferred beyond 12 months from the reporting date is recognised in the non-current liability for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms of maturity and currency that match as closely as possible, the estimated future cash outflow.

## 15.2 Pension and other post-retirement benefits provision for employee benefits

The municipality provides retirement benefits for its employees and councillors. The municipality has accounted for the defined contribution plan in terms of GRAP 25 Employee benefits. A defined contribution plan is a pension plan under which the municipality pays fixed contributions into a separate entity,

For defined contribution plans, the municipality pays contributions on a mandatory, contractual or voluntary basis. The municipality has no further payment obligations once the contributions have been paid. Accordingly, the municipality recognises the contributions to the scheme as an expense when the employees and councillors have rendered the employment service or served office entitling them to contributions.

The municipality provides post-retirement medical benefits to qualifying retirees. They are recognised in accordance with GRAP 25 on defined benefits plan.

The cost of providing health care is charged to the income statement so as to recognise current and past service cost on defined benefit obligations, and the effect of any curtailments, net of expected returns on plan assets. Actuarial gains and losses are recognised in full directly in the statement of financial performance. Additional benefits are expensed as past service cost in the period in which the benefit is granted to the extent that it is not covered by a surplus to contributions funded by the municipality. The municipality has no plan assets. A liability is consequently recognised in the statement of financial position based on the present value of the defined benefit obligations, less any unrecognised past service costs.

## 16 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of *a physical work proportion of the contract work*.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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## **IMPAIRMENT OF ASSETS**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

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## **EVENTS AFTER BALANCE SHEET DATE**

Any material events that affects the activities of Municipality that the Municipality becomes aware of after the balance sheet date, but before the issue of the financial statements, will be disclosed as to the nature of the event and the impact of it to the current financial statements and future operations of the Municipality.

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## **RELATED PARTY TRANSACTIONS**

At the end of each financial year a circular is issued to all employees to disclose their business interest and declare if they have done business with the Municipality. All related party transactions are disclosed in notes 24 and 25 of the financial statements.

## CONTRACTUAL COMMITMENTS

At the end of each financial year the Municipality determines the completion stage of each contract awarded and not completed. The difference between the contractual amount and what has been paid is disclosed as commitments in the notes to the annual financial statements.

## BUDGET INFORMATION

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objective. The approved budget covers the fiscal period from 01/07/2012 to 30/06/2013. The budget and the financial statements are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts

## SIGNIFICANT JUDGEMENTS AND ESTIMATES

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

### Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the financial statements.

### Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the entity's accounting policies the following estimates, were made:

### **Provisions**

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

### **Pension and other post-employment benefits**

Post-employment benefits offered by the entity take the form of defined benefit plans. The cost of defined benefit pension plans, other post-employment medical benefits, and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### **Effective interest rate**

The entity uses an appropriate interest rate, taking into account guidance provided in the standards, and applying professional judgement to the specific circumstances, to discount future cash flows.

### **Trade receivables**

The municipality assesses its trade receivable, held to maturity investments and loans for impairment at the end of each reporting period. In determining the impairment, the municipality makes judgement as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment for trade receivables, held to maturity investments and loans is calculated on a portfolio basis, based on historical loss ratio, adjusted for national and industry specific economic conditions and other indicators present at the reporting period.

#### **Allowance for slow moving, damaged and obsolete stock**

An allowance for stock to write stock down to the lower of cost or net realisable value. Management makes estimates of selling price on certain inventory. Any wrote down is included in the operating surplus.

#### **Trade receivables**

The municipality assesses its trade receivable, held to maturity investments and loans for impairment at the end of each reporting period. In determining the impairment, the municipality makes judgement as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment for trade receivables, held to maturity investments and loans is calculated on a portfolio basis, based on historical loss ratio, adjusted for national and industry specific economic conditions and other indicators present at the reporting period.

#### **Allowance for slow moving, damaged and obsolete stock**

An allowance for stock to write stock down to the lower of cost or net realisable value. Management makes estimates of selling price on certain inventory. Any wrote down is included in the operating surplus.

#### **VALUE ADDED TAX**



Even though the Municipality has registered for VAT on payment basis to SARS, the annual financial statements have been prepared on an accrual basis of accounting and as a result VAT is accounted for on accrual basis.

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#### **Accumulated surplus**

Accumulated surplus comprise the balance of accumulated surpluses or deficits at the beginning of the period, the surplus or deficit for the period and the effects of changes in accounting policies and correction of prior period errors recognised in accordance with the Standard of GRAP on accounting policies, changes in accounting estimates and errors.

<i>T 5.12.1</i>
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## 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 section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

*T 6.0.1*

### COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR - 1

#### 6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

Auditor General Report on Financial Performance 2011/12	
Status of audit report:	QUALIFIED
Non-compliance Issues	Remedial action taken
Asset Residual Values	Service Provider to do residual values calculation to be appointed
Long Service Award Budget	Actual valuation calculation

### COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

#### 6.2 AUDITOR GENERAL REPORT YEAR 0

Auditor General Report on Financial Performance 2011/12	
Status of audit report:	QUALIFIED
Non-compliance Issues	Remedial action taken

<b>Assets Values( roads ownership)</b>	<b>Asset recording to started early</b>
<b>Loan from Exxaro( Current Liability)</b>	<b>Exxaro to documents for proof</b>
<b>Wage curve</b>	<b>SALGA AND UNIONS negotiates</b>

#### AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 0

Material misstatements in the financial statements were identified during the audit. These misstatements were not prevented or detected by the Municipality's system of internal control. These material misstatements also constitute non-compliance with the section 122 of the MFMA. The misstatements not corrected form the basis for the qualified opinion on the financial statements.

T 6.2.3

#### COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0

All the matters raised in the Auditors report and management letter are being addressed on a monthly basis. The Accounting Officer arranges a monthly meeting following the responses to raised matter from the Auditor Report .

A residential Accountant is deployed in the Municipality to assist with the process.

#### COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

All the section 71 reports were sent treasury on time each month  
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.

Signed (Chief Financial Officer)..... Dated

T 6.2.5

### REPORT OF THE AUDITOR-GENERAL TO LIMPOPO PROVINCIAL LEGISLATURE AND THE COUNCIL ON LEPHALALE MUNICIPALITY

#### REPORT ON THE FINANCIAL STATEMENTS

##### Introduction

1. I have audited the financial statements of the Lephalale Municipality set out on pages X to XX, which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor-General's responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### **Basis of qualified opinion**

#### **Non-current borrowings**

6. I was unable to obtain sufficient appropriate audit evidence that management has properly recognised and measured non-current borrowings. I was unable to confirm the non-current borrowings by alternative means. Consequently, I was unable to determine whether any adjustment to infrastructure assets and non-current borrowings stated at R928 101 976 and R94 957 349, respectively, in the financial statements were necessary.

### **Trade and other receivables from exchange transactions and other receivables from non-exchange transactions**

7. The municipality did not assess whether objective evidence of impairment exists individually for receivables that are individually significant, as required by SA Standards of GRAP 104, *Financial Instruments*. I have not determined the correct amount of the impairment as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to trade and other receivables from exchange transactions and other receivables from non-exchange transactions stated at R78 815 201 and R25 179 628, respectively, in the financial statements were necessary.

### **Property, plant and equipment**

8. During 2012 I reported that the municipality did not review the residual values and useful lives of assets and test for impairment at each reporting date in accordance with SA Standards of GRAP 17, *Property, plant and equipment*. The municipality made a prior year net adjustment of R54 779 527 in the current year under review. I was unable to obtain sufficient appropriate audit evidence for the adjustment. I was unable to confirm the adjustment by alternative means. Consequently, I was unable to determine whether any adjustment to community assets and other assets stated at R27 149 808 (2012: R27 022 247) and R44 661 645 (2012: R40 134 106), respectively, in the financial statements were necessary. Additionally, there is a consequential impact on the surplus for the period and the accumulated surplus.
9. Section 84(1)(f) of the Municipal Structures Act, 1998 (Act No. 117 of 1998) states that the district municipality has the powers and function with regards to municipal roads which form an integral part of a road transport system for the area of the district municipality as a whole. I identified the municipality recognised in instances district and provincial roads as assets. I was unable to obtain sufficient appropriate audit evidence that management has properly accounted for all roads as the municipality did not have systems and procedures in place to assess the rights and ownership thereof. I was unable to confirm the roads infrastructure by alternative means. Consequently, I was unable to determine whether any adjustment to infrastructure assets stated at R928 101 976 (2012: R852 844 183) in the financial statements were necessary.

### **Contingent liability**

10. The municipality has not disclosed a contingent liability in note 42 to the financial statements in respect of the uncertainties arising from the dispute declared by the unions and the pending litigation regarding the wage curve agreement.

### **Qualified opinion**

11. In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs the financial statements present fairly, in all material respects, the financial position of the Lephalale Municipality as at 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

### **Emphasis of matters**

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### **Significant uncertainty**

13. With reference to note 42 to the financial statements, the municipality is the defendant in several claims. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

#### **Irregular expenditure**

14. As disclosed in note 38.3 to the financial statements, the municipality incurred irregular expenditure amounting to R22 371 541, due to contravention of the supply chain management policy.

#### **Unauthorised expenditure**

15. As disclosed in note 38.1 to the financial statements, the municipality incurred unauthorised expenditure of R6 898 598, mainly due to the overspending of two votes within the budget.

#### **Material under spending of the conditional grants**

16. As disclosed in note 15 to the financial statements, the municipality has materially under spent its conditional grants to the amount of R39 805 452. The under spending relates to poor planning, human capacity constraints and delays in the tender processes on capital projects. Due to the economic growth point of the municipal area, the developments were mostly performed by the private sector. The allocated grants were not in all instances used, as a consequence the municipality has not achieved its objectives of rendering quality services to the community.

#### **Additional matter**

17. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### **Unaudited supplementary schedules**

18. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

19. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

#### **Predetermined objectives**

20. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages X to X of the annual report.
21. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information (FMPPI)*.
22. The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
23. The material findings are as follows:

## **Usefulness of information**

### **Presentation**

#### **Measures taken to improve performance not supported by sufficient appropriate evidence**

24. Section 46 of the Municipal System Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) requires the disclosure of measures taken to improve performance in the annual performance report where planned targets were not achieved. Adequate and reliable corroborating evidence could not be provided for 67% of measures taken to improve performance as disclosed in the annual performance report. The municipality records did not permit the application of alternative audit procedures and this was due to limitations placed on the scope of my work.

Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the reliability of the measures taken to improve performance.

### **Measurability**

#### **Performance indicators not well defined**

25. The *FMPPI* requires that indicators should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 100% of the indicators were not well defined in that clear unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management was aware of the requirements of the *FMPPI* but chose not to apply the principles contained in the *FMPPI*.

### **Reliability of information**

#### **Reported performance not reliable**

26. The *FMPPI* requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.

Significantly important targets with respect to development priority: Refuse, development priority: Sanitation, development priority: Water and development priority: Electricity is materially misstated.

This was due to the lack of frequent review of validity of reported achievements against source documentation.

### **Additional matter**

27. I draw attention to the matter below. My conclusion is not modified in respect of this matter:

#### **Achievement of planned targets**

28. Of the total number of 43 targets planned for the year, 24 targets were not achieved during the year under review. This represents 56% of total planned targets that were not achieved during the year under review.

This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.

### **Compliance with laws and regulations**

29. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

#### **Annual financial statements, performance and annual reports**

30. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA.

Material misstatements of non-current assets, net assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

#### **Audit committee**

31. The audit committee did not advise the council on matters relating to internal financial control, internal audit, effective governance, performance management and performance evaluation, as required by section 166(2)(a) of the MFMA
32. The audit committee did not advise the council on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.
33. The audit committee did not advise the council and accounting officer on matters relating to compliance with legislation, as required by section 166(2) (a) (vii) of the MFMA.

#### **Internal audit**

34. The internal audit unit did not function as required by section 165(2) of the MFMA, in that it did not advise the accounting officer and report to the audit committee on matters relating to all matters of internal controls, accounting procedures and practices, risk management.
35. The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance with the MFMA, the DoRA and other applicable legislation, as required by section 165(2)(b)(vii) of the MFMA.

#### **Procurement and contract management**



36. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by Supply Chain Management (SCM) regulation 17(a) and (c).
37. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements and a procurement process which is fair, equitable, transparent and competitive.
38. Contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1) (f) of Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) (PPPFA).
39. Contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM Regulations 21(b) and 28(1)(a) and the Preferential Procurement Regulations.
40. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the PPPFA and its regulations.
41. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c)
42. Contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.
43. Awards were made to providers who are in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulations 44.

#### **Expenditure management**

44. Reasonable steps were not taken to prevent unauthorised and irregular expenditure, as required by section 62(1)(d) of the MFMA

#### **Asset management**

45. An effective system of internal control for assets was not in place, as required by section 63(2) (c) of the MFMA.

#### **Consequences management**

46. Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.

#### **Internal control**

47. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

#### **Leadership**

- The accounting officer and management did not exercise adequate oversight responsibility over the enforcement of the municipality's SCM policy.

- The municipality did not have sufficient monitoring controls to ensure the proper implementation of the overall performance management system process of reporting.
- The accounting officer and the council did not exercise oversight responsibilities in relation to promoting the audit committee as an independent advisory body for strengthening internal controls.

#### **Financial and performance management**

- The municipality did not have a proper system of record management that provides for the maintenance of information that supports the financial statements for loans, property, plant and equipment and impairment on receivables as well as reported performance information.
- The financial statements contained misstatements that were corrected. This was mainly due to staff members not fully understanding the requirements of the financial reporting framework and inadequate review over the preparation of the financial statements.
- The municipality's preventive internal controls over procurement of goods and services did not identify contraventions to the municipality's SCM policy.

#### **Governance**

- The internal audit unit did not in all instance performed its functions as required by legislation.
- The audit committee did not provide oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.

### **OTHER REPORTS**

#### **Investigations**

48. An investigation is being conducted by the Public Protector into allegations of tender improprieties involving the awarding of tenders to companies. The investigation was still on-going at the reporting date.
49. A forensic investigation is being conducted, by an independent firm into an infringement into the municipal bank account. The investigation was still on-going at the reporting date.
50. An investigation is being conducted by an independent firm into the irregular awarding of tenders and irregular payments to suppliers. The investigation was still on-going at the reporting date.

Polokwane

30 November 2013



## 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.
<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 performance indicators</b>	<b>Key</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 “ <i>what we use to do the work</i> ”. They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National</b>	<b>Key</b> • Service delivery & infrastructure

<b>performance areas</b>	<ul style="list-style-type: none"> <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.
<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</i></p>

	<p><i>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>
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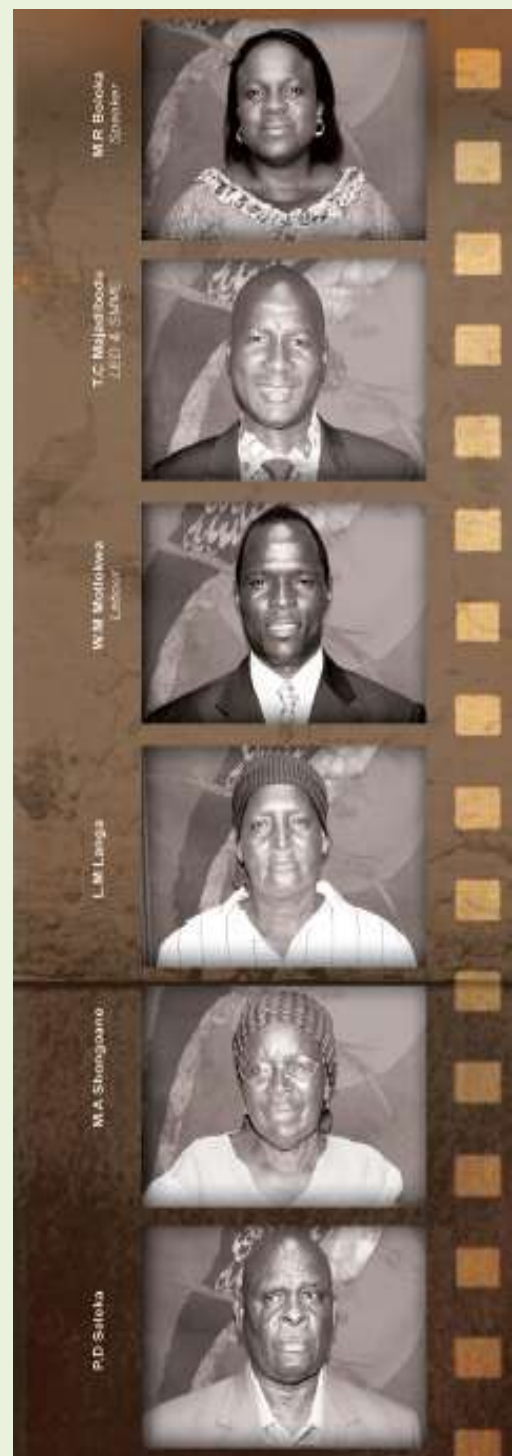
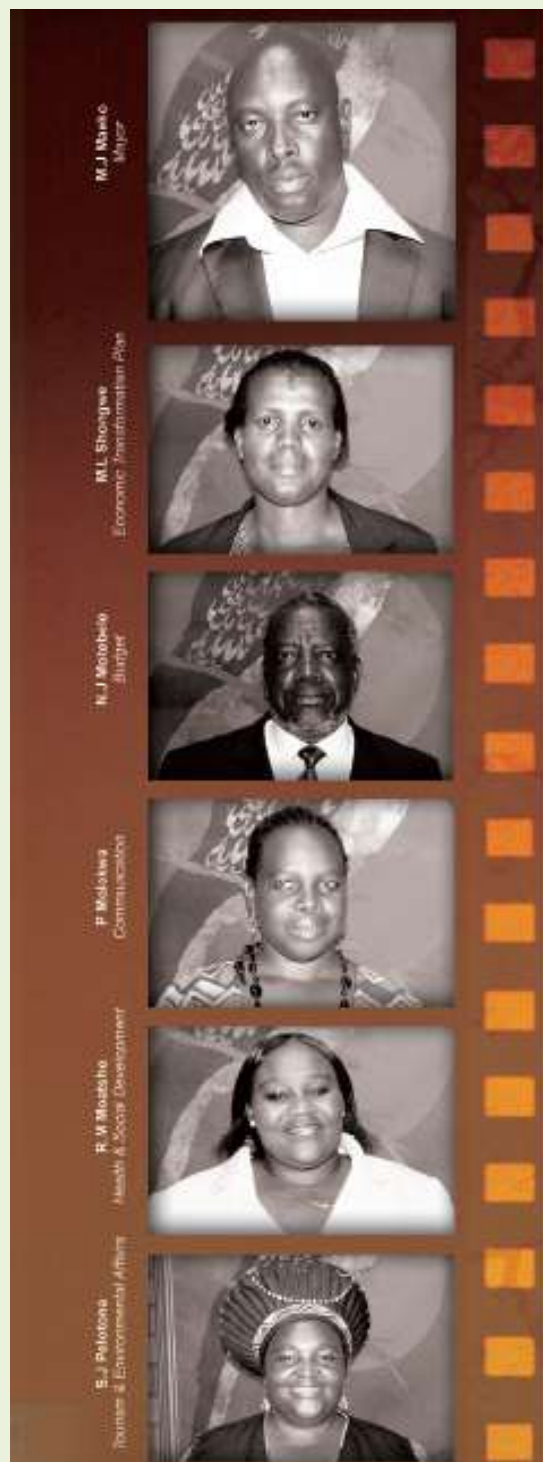
## APPENDICES

### APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Council Members	Full/Part Time (FT/PT)	Committees Allocated	*Ward and/or Party represented	% Council meetings attendance	% Apologies for non-attendance
<b>Executive Leadership</b>					
Cllr. MJ Maeko	FULL TIME	Mayor	ANC PR	100 %	0
Cllr. MR Boloka	FULL TIME	Speaker	ANC PR	95%	1
<b>Executive Committee Members</b>					
Cllr. AE Basson	PART TIME	Head of Cluster: Community Development.	DA PR	100%	0
Cllr. ME Dinale	PART TIME	Head of Cluster: Governance & Administration.	ANC PR	85%	3
Cllr. RM Moatshe	FULL TIME	Head of Cluster: Municipal Services.	ANC PR	90%	2
Cllr. DE Erasmus	PART TIME	Head of Cluster: Finance & Economic Development.	ANC PR	100%	0
<b>Portfolio Council Chairpersons</b>					
Cllr. F Magwai	PART TIME	Land and Agriculture.	ANC WARD	95 %	1
Cllr. ML Shongwe	PART TIME	Public Transport and Roads.	ANC PR	100%	0
Cllr. TC Majadibodu	PART TIME	LED/SMME.	ANC WARD	90%	2
Cllr. RM Moatshe	FULL TIME	Health and Social Development.	ANC PR	90%	2
Cllr. SJ Peletona	PART TIME	Tourism and Environment Affairs.	COPE PR	95%	1
Cllr. ME Maisela	PART TIME	Education and Pre-Schools.	ANC PR	100%	0
Cllr. MJ Mojela	PART TIME		ANC WARD	85%	3
Cllr. GB Koadi	PART TIME	Traditional and Home Affairs.	ANC WARD	90%	2
Cllr. MC Matshaba	PART TIME	Water & Sanitation.	ANC WARD	100%	0
Cllr. P Motlokwa	PART	Labour.	ANC	100%	0

Council Members	Full/Part Time (FT/PT)	Committees Allocated	*Ward and/or Party represented	% Council meetings attendance	% Apologies for non-attendance
	TIME		WARD		
Cllr. P Molekwa	PART TIME	Communications.	ANC WARD	100%	0
Cllr. MJ Selokela	PART TIME	Housing.	ANC WARD	95%	1
Cllr. JA Mohwasa	PART TIME	Sports, Arts and Culture.	ANC PR	85%	3
Cllr. S Snyders	PART TIME	Income and Expenditure	DA WARD	85%	3
Cllr. KR Molokomme	FULL TIME	Audit	ANC PR	90%	2
Cllr. MJ Marakalala	PART TIME	MIG, Green and Waste, Parks and Cemetery	ANC PR	100%	0
Cllr. DE Erasmus	PART TIME	Mining and Industry.	ANC PR	95%	1
Cllr. LS Manamela	PART TIME	Safety, Security, Liaison & Disaster.	DA PR	100%	0
The Late Cllr RK Motshola kgetse/ Cllr P Ngoako	PART TIME	LED and Planning	ANC WARD	70%	4
<b>Councillors' directly elected to the WDM</b>					
Cllr. L Moremi			ANC	100%	0
Cllr. NR Mogotlane			ANC	100%	0
<b>Traditional Leaders</b>					
Kgoshigadi ML Laka					
Kgoshi PD Seleka					
Kgoshigadi MA Shongoane					
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					









**Clr. M E Dinale**





**THE LATE Clr R K Motsholakhets**

**CLUSTER: BUDGET AND  
ECONOMIC DEVELOPMENT:**

**LED AND PLANNING**

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

<div>  <div> <b>LEPHALALE MUNICIPALITY</b>            Develop, Sustain, Prosper         </div>  </div>		
CLUSTER	COUNCILLORS	CONTACT NUMBER
<b>MAYOR</b> Special Projects, Gender, Youth and Disability	<b>Clr. M J Maeko</b>	<b>071 271 7326</b>
<b>SPEAKER</b> Public Participation	<b>Clr. M R Boloka</b>	<b>078 398 8511</b>
<b>CLUSTER: BUDGET AND ECONOMIC DEVELOPMENT:</b>	<b>Clr. M E Dinale</b>	<b>078 751 7512</b>
Portfolio: Budget	Clr N J Motebele	<b>072 264 4754</b>
Portfolio: Income & Expenditure	Clr S Snyders	<b>083 304 6146</b>
Portfolio: Audit	Clr K R Molokomme	<b>083 659 2852</b>
<b>CLUSTER: GOVERNANCE AND ADMINISTRATION</b>	<b>Clr M J Maeko</b>	<b>071 271 7326</b>
Portfolio: Traditional and Home Affairs	Clr G B Koadi	<b>072 633 1183</b>
Portfolio: Land and Agriculture	Clr F Magwai	<b>079 342 2282</b>
Portfolio: Labor	Clr W M Motlokwa	<b>072 682 0899</b>
Portfolio: Communication	Clr P Molekwa	<b>072 122 7651</b>
<b>LED AND PLANNING</b>	<b>Clr R K Motsholakhetshe</b>	<b>073 947 5979</b>
Mining & Industries	Clr D E Erasmus	<b>082 561 6860</b>
Economic Transformation Plan	Clr M L Shongwe	<b>072 111 4033</b>
LED & SMME	Clr T C Majadibodu	<b>078 179 3394</b>
<b>Tourism &amp; Environment Affairs</b>	Clr S J Peletona	<b>083 350 0287</b>
<b>CLUSTER: MUNICIPAL SERVICES</b>	<b>Clr R M Moatshe</b>	<b>082 306 9447</b>
Portfolio: Water and Sanitation & Electricity	Clr M C Matshaba	<b>073 090 9293</b>
Portfolio: Housing	Clr M J Selokela	<b>076 395 5619</b>
Portfolio: Roads, Storm Water, Portfolio: Public Transport and Roads, Traffic & License	Clr M L Shongwe	<b>072 111 4033</b>
MIG, Green & Waste, Parks & Cemetery	Clr M J Marakalala	<b>073 256 1379</b>
<b>CLUSTER: SOCIAL SERVICES</b>	<b>Clr AE Basson</b>	<b>083 350 0287</b>
Portfolio: Health and Social Development	Clr R M Moatshe	<b>082 306 9447</b>
Portfolio: Education and Pre-School	Clr M E Maisela	<b>074 652 8916</b>
Portfolio: Sports, Arts and Culture	Clr J A Mogoasa	<b>071 920 1198</b>
Portfolio: Safety, Security, Liaison and Disaster Management	Clr L S Manamela	<b>083 308 3563</b>

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

<b>TIER 1</b> <b>MUNICIPAL MANAGER</b> <b>Mr. AS Naidoo</b>	<b>Function</b> Strategic Support, Liaise and advise Political Structures, Internal Audit, Manage Administration
<b>TIERS 2</b> <b>MANAGER: Strategic</b> <b>Mr K S Motebele</b>	Overall management of offices for Mayor, Speaker and Chief whip, Responsible for correspondences from these offices. Deals with Public participation and intergovernmental co-operative governance
<b>MANAGER: Chief Financial Officer</b> <b>Mr. N C Lekaka</b>	Budget compilation and control, Debtor management (Credit Control, Debt collection), Accounting Services (Cash flow management, Cost, etc.), Treasury management (Loans, Investments), Inventory (Procurement & Provisioning).
<b>MANAGER: Social Services</b> <b>Mr. L S Thobane</b>	Recreational facilities; Solid Waste Management; Environmental Management; Housing; Library, Arts and Culture; Safety and Security; Fire and Rescue Services; Disaster Management; Traffic Control; Licensing Authority; Safety and Risk Management.
<b>MANAGER:</b> <b>Corporate Support Services</b> <b>Mr. G Makgamatha (Acting)</b>	Administrative Support; Legal and Secretariat; Human Resources.
<b>MANAGER:</b> <b>Infrastructure Services</b> <b>Mr. LK Tlhako</b>	Water services; Electrical services; Sanitation services; Public Works; Roads and Storm water; Municipal Workshop; Land-use and Building Control.
<b>MANAGER:</b> <b>Development Planning Services</b> <b>Mrs. C Mutshavi (Acting)</b>	Integrated Development Planning; Tourism, Marketing and Municipal In Relations; LED/SMME.

# APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Function	Authority	Capacity	Personnel	Department	Budget	Comments
Air pollution	No	Limited	0	Social services	No	District function.
Building regulation	Yes	Yes	5	Development Planning	Yes	Municipality has capacity and budget, function performed by building control & LED
Bulk supply of Electricity	Yes	Yes	39	Infrastructure services	Yes	Municipality provides electricity in urban area and eastern part of Lephalale town
Fire fighting	No	No	11	Social services	Yes	District function performed by the municipality as agent of WDM.
Local tourism & LED	Yes	Yes	2	Development planning	Yes	Perform function in collaboration with local tourism association
Municipal planning	Yes	Yes	6	Development planning	Yes	With spatial development and land use and building control
Municipal health services	No	No	N/A	Department of health & social development	N/A	District function.
Municipal public transport	Yes	Limited	1	Social services	No	Municipality is currently responsible for coordination of transport related activities.
Municipal roads and storm water	Yes	Yes	42	Infrastructure services	Yes	Municipality only responsible for access roads and still waiting for road classification
Trading regulation	Yes	No	No	Function not performed	No	No service level agreement ( not clear who is responsible to perform function)
Bulk supply of water	Yes	Yes	44	Infrastructure services	Yes	Municipality only provides water for residential areas and small, medium business
Sanitation	Yes	Yes	36	Infrastructure services	Yes	Function performed through infrastructure services
Billboards & the display	Yes	Yes	12	Development planning	Yes	No service level agreement in place
Cemetery, funeral	Yes	Yes	9	Social services	Yes	Rendered through social services in urban

Function	Authority	Capacity	Personnel	Department	Budget	Comments
parlors & crematoria						areas and Steenbokpan
Street cleansing	Yes	Yes	18	Social services	Yes	Rendered through social services
Control of public nuisance	Yes	Yes	11	Social services	Yes	Function performed in collaboration with SAPS
Control of undertakings that sell liquor to the public	Yes	No	N/A	Liquor board (social services)	No	Social service has authority but no budget and service level agreement. SAPS are currently responsible for law enforcement.
Licensing & undertakings to sell food to the public	Yes	No	N/A	WDM function	No	No service level agreement and district not performing the function
Local sport facilities	Yes	Limited	No	Social services	Yes	Municipality paying grant to implementing agent around urban area and adhoc staff at rural areas.
Municipal parks & recreation	Yes	Yes	40	Social services	Yes	Function performed through social services
Noise pollution	Yes	No	0	Social services	No	No service level agreement in place
Refuse removal, refuse dump & solid waste disposal	Yes	Yes	35	Social service	Yes	Service available in urban areas only. In rural areas only cleaning campaigns embarked upon on interval.
Street trading	Yes	Yes	11	Social services	Yes	No service level agreement in place, Development planning should also play a role
Traffic and parking	Yes	Yes	11	Social services	Yes	Performed by social services
Occupational health & safety	Yes	Yes	1	Social services	Yes	Performed by social services
<b>Additional Functions Performed</b>						
Housing	No	Yes	6	Social	Yes	Department of local

Function	Authority	Capacity	Personnel	Department	Budget	Comments
				services& DPLG&H		government & housing as per agreement with the municipality
Library, Arts & Culture	No	Yes	13	Social services& DSAC	Yes	Department of sport, arts & culture with the municipality as per agreement.
Registering Authority	No	Yes	11	Department of Transport & Social service	Yes	Department of Transport with the municipality as per agreement.

#### APPENDIX E – WARD REPORTING

Functionality of ward committees					
Nam of ward (number)	Name of ward councillor and elected ward committee member	Ward 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 the year
1	Cllr W M Motlokwa	Yes	1	12	2
2	Cllr B G Koadi	Yes	1	12	2
3	Cllr F Magwai	Yes	1	12	3
4	Cllr S Snyders	Yes	none	12	3
5	Cllr M J Mojela	Yes	1	12	3
6	The late Cllr R K Motsholakhetsi/ Cllr P Ngoako	Yes	1	12	3
7	Cllr J A Mogoasa	Yes	1	12	2
8	Cllr M J Selokela	Yes	1	12	4
9	Cllr T C Majadibodu	Yes	1	12	3
10	Cllr C Matshaba	Yes	none	12	3
11	Cllr N J Motebele	Yes	1	12	4
12	Cllr P Molekwa	Yes	1	12	4

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

### REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE OF THE LEPHALALE MUNICIPALITY

We are pleased to present our report for the financial year ended 30 June 2013

#### **Audit and Risk Committee responsibility**

The Audit Committee is pleased to report that it is properly constituted as required by section 166 of the MFMA and has complied with its responsibilities arising from the section and Treasury Regulations. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, and has regulated its affairs in compliance with this charter. As mandated, we hereby report on the functions of the Audit Committee for the year ended 30 June 2013.

#### **Audit Committee meetings**

The Audit Committee consists of the three members with the Chairperson and one member resigning during the financial year. The Committee meets at least four times per annum in line with its approved charter, three (3) meetings were held during the year under review. The attendance record of the different members is detailed below.

#### **Effectiveness of internal control**

In carrying out its mandate which is conferred by its terms of reference and section of the Treasury Regulations, the Committee confirms that taking into consideration the reports by both internal and external auditors; it has reviewed and assessed the following:

- the effectiveness of the internal control systems;
- the effectiveness of internal audit;
- the effectiveness of the risk management processes;
- the risk areas of the entity's operations to be covered in the scope of internal and external audits;
- the adequacy, reliability and accuracy of financial information provided to management and other users of such information;
- any accounting and auditing concerns identified as a result of internal and external audits;
- the entity's compliance with legal and regulatory provisions;
- the activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations; and
- Where relevant, the independence and objectivity of the external auditors.



Based on the information and explanations given by Management, Internal Audit function and discussions with the independent external auditors on the result of their audits, the Audit Committee is of the opinion that the internal accounting controls are adequately designed and fully effective to ensure completeness, accuracy and reliability of financial records for preparing the annual financial statements, and that the accountability for assets and liabilities is maintained.

Whilst there is a notable improvement in the overall internal control systems within the organization since the previous financial year, the Audit Committee is however of the view that there are still areas where controls need to be improved. The committee is concerned about the gravity of some of the matters raised in the external auditor's management report and has thus satisfied itself of the efficacy of action plans adopted by management of the organization to resolve each matter.

### **Evaluation of financial statements and management reports**

In terms of section of the Treasury Regulations the Committee has reviewed and evaluated the following:

- Effectiveness of internal control
- Quality of management reports
- The annual financial statements

#### *Annual financial statements*

The Audit Committee has:

- Reviewed and discussed the audited financial statements to be included in the annual report with the Auditor-General, Municipal Manager and the Chief Financial Officer;
- Reviewed the Auditor-General's management letter and the management's response thereto;
- Reviewed changes in accounting policies and practices; and
- Reviewed significant adjustments resulting from the audit.

The Audit and Performance Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements, and recommends that the audited financial statements be accepted by the Council and read together with the report of the Auditor General.

### **Chairperson of Audit Committee**

**24 February 2014**



## APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long term contracts (20 Largest Contracts Entered into 2012/13)					
Name of Service provider( Entity or Municipal Department)	The service provider	Start date of contract	Expiry date of contract	Project Manager	Contract value
ESKOM	ESKOM	01 July 2012	20 June 2013		
EXXARO	EXXARO	01 July 2012	20 June 2013		

Public Private Partnerships Entered into 2012/13					
Name and description of project	Name of Partner(s)	Initiation Date	Expiry date	Project Manager	Value
Leasing of building	Lephalale Tourism Association	July 2011	2013		
Development Altoostyd	CoGHSTA	July 2011	2013		
Provincial Greening	Exxaro	July 2011	June 2013		
Business Support	LIBSA	July 2011	June 2013		
Development Rooigoud Farm Project	Department of Agriculture	July 2011	June 2013		
Business Licencing	LEDET	July 2011	June 2013		
	SEDA				
	Doornhoek Development				

# APPENDICES

## APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

No Services were outsourced to Entities.

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

<b>Seodisa Maduma Thomas</b>	<b>SJ Monene Trading Enterprise</b>
<b>Kegobatlile Herman Tapala</b>	<b>Plambotie Construction Services</b>
<b>Magana Middlas Mabube</b>	<b>Plambotie Construction Services</b>
<b>MF Mabotja</b>	<b>Maphunya Trading Alinafe Design &amp; Tailoring Chiyembekezo Trading Phetoso Trading</b>
<b>GE Mathebula</b>	<b>Delight Delicious CC Walking Tall Trading Kgotsa O Mone Construction</b>
<b>Mothokoa Kgobe</b>	<b>Kgotsa O Mone Construction</b>
<b>MG Makgamatha</b>	<b>Lephalale Training Placement Agency PBLMS Construction &amp; Building</b>
<b>Kabelo Andrew Leseke</b>	<b>Wekasa Computers CC Wekasa Construction &amp; Engineering CC</b>
<b>Merriam Mfisa</b>	<b>Seboifeng Trading</b>
<b>Simon Nkoe</b>	<b>MSNUB T &amp; P Bathusi Develop Morothodi Development B3 Lephalale Insurance Brokers CC</b>
<b>Agrey Nailana</b>	<b>Kgotlelelo Construction and Road Maintenance Manaila Waste management and cleaning services KK security services</b>
<b>E Jacobs</b>	<b>Hippo Drankwinkel Phomolong restaurant Castle corner</b>

# APPENDICES

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

## APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

[illegible]

# APPENDICES

Vote 15 - Example 15		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>2</b>	<b>328,969</b>	<b>279,870</b>	<b>288,403</b>	<b>35,197</b>	<b>323,380</b>	<b>288,403</b>	<b>34,977</b>	<b>12.1%</b>	<b>-</b>

# APPENDICES

## APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Description	Ref	2011/12	Budget Year 2012/13							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YTD actual	YTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		27,124	34,157	30,157	2,944	30,620	30,157	463	2%	
Property rates - penalties & collection charges								–		
Service charges - electricity revenue		101,668	93,115	93,171	8,701	101,817	93,171	8,646	9%	
Service charges - water revenue		23,189	20,423	27,002	2,864	28,708	27,002	1,706	6%	
Service charges - sanitation revenue		14,876	12,059	13,605	5,650	15,598	13,605	1,993	15%	
Service charges - refuse revenue		6,500	6,851	6,916	658	6,880	6,916	(36)	-1%	
Service charges - other			–	–	–		–	–		
Rental of facilities and equipment		913	1,339	1,339	–	134	1,339	(1,205)	-90%	
Interest earned - external investments		8,982	4,320	6,620	401	6,597	6,620	(23)	0%	
Interest earned - outstanding debtors		5,711	4,557	6,657	467	4,647	6,657	(2,010)	-30%	
Dividends received				0	–		0	(0)	-100%	
Fines		90	164	190	–	999	190	809	426%	
Licenses and permits		6,944	6,479	7,077	(297)	7,327	7,077	250	4%	
Agency services					–			–		
Transfers recognised -								41,168	48%	

# APPENDICES

operational		127,656	86,384	86,383	–	127,551	86,383			
Other revenue		5,315	86,897	126,849	6,448	7,242	126,849	(119,607)	-94%	
Gains on disposal of PPE						951	–	951	#DIV/0!	
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>328,968</b>	<b>356,745</b>	<b>405,966</b>	<b>27,837</b>	<b>339,070</b>	<b>405,966</b>	<b>(66,896)</b>	<b>-16%</b>	<b>–</b>

# APPENDICES

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

[illegible]

# APPENDICES

Other transfers and grants [insert description]	4							–		
								–		
								–		
District Municipality: [insert description]		–	–	–	–	–	–	–		–
								–		
								–		
Other grant providers: [insert description]		–	–	–	–	–	–	–		–
								–		
								–		
Total Operating Transfers and Grants	5	81,572	84,639	84,639	–	84,639	84,639	–		–
<b>Capital Transfers and Grants</b>										
National Government:		39,606	64,474	64,956	–	45,891	45,891	–		–
Municipal Infrastructure Grant (MIG)		35,907	43,557	43,557	–	43,557	43,557	–		
Sanitation DWA			4,065	4,065						
MSIG		790	800	800	–	800	800	–		
Public Works		1,177	1,052	1,534	–	1,534	1,534	–		
Electrification Grant		1,732	8,000	8,000				–		



# APPENDICES

Rural Household Income Other capital transfers <i>[insert description]</i>			7,000	7,000				–		
								–		
<b>Provincial Government:</b>	–	–	–	–	–	–	–	–		–
								–		
<i>DPLG Project Funding</i>								–		
<b>District Municipality:</b>	–	–	–	–	–	–	–	–		–
<i>Waterberg</i>								–		
								–		
<b>Other grant providers:</b>	–	–	–	–	–	–	–	–		–
<i>Seta and Other Grants</i>								–		
								–		
<b>Total Capital Transfers and Grants</b>	5	39,606	64,474	64,956	–	45,891	45,891	–		–
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	121,178	149,113	149,595	–	130,530	130,530	–		–

# APPENDICES

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

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

[illegible]

# APPENDICES

Transfers recognised - capital		36,781	62,729	82,686	2,197	31,221	82,686	(51,465)	-62%	–
Public contributions & donations	5			2,923		2,923	2,923	–		
Borrowing	6			–		–	–	–		
Internally generated funds		33,648	14,145	31,954	346	14,406	31,954	(17,548)	-55%	
Total Capital Funding		70,429	76,874	117,563	2,543	48,550	117,563	(69,013)	-59%	–

# APPENDICES

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

[illegible]

# APPENDICES

Infrastructure - Other	36	2,059	81	11	403	74	(329)	-443.4%	—
Waste Management	36	2,059	81	11	403	74	(329)	-443.4%	
Transportation							—		
Gas							—		
Other							—		
<b>Community</b>	<b>191</b>	<b>968</b>	<b>268</b>	<b>14</b>	<b>440</b>	<b>246</b>	<b>(194)</b>	<b>-79.0%</b>	<b>—</b>
Parks & gardens	152	550	218	3	294	200	(94)	-47.0%	
Sports fields & stadia						—	—		
Swimming pools						—	—		
Community halls						—	—		
Libraries	24	69	15	3	21	14	(7)	-52.8%	
Recreational facilities						—	—		
Fire, safety & emergency		297	—	8	111	—	(111)	#DIV/0!	
Security and policing						—	—		
Buses						—	—		
Clinics						—	—		
Museums & Art Galleries						—	—		
Cemeteries	15	52	35	0	15	32	18	54.6%	
Social rental housing						—	—		
Other							—		
<b>Heritage assets</b>							—		

# APPENDICES

	-	-	-	-	-	-		-
Buildings							-	
Other							-	
							-	
<b>Investment properties</b>	-	-	-	-	-	-		-
Housing development							-	
Other							-	
<b>Other assets</b>	<b>2,930</b>	<b>595</b>	<b>2,527</b>	<b>44</b>	<b>258</b>	<b>599</b>	<b>340</b>	<b>56.8%</b>
General vehicles	1,702	262	1,728				-	
Specialised vehicles							-	
Plant & equipment		187					-	
Computers - hardware/equipment							-	
Furniture and other office equipment	284	81	146				-	
Abattoirs							-	
Markets							-	
Civic Land and Buildings							-	
Other Buildings							-	
Other Land							-	
Surplus Assets - (Investment or Inventory)							-	
Other	944	65	653	44	258	599	340	56.8%
<b>Agricultural assets</b>	-	-	-	-	-	-	-	-
List sub-class							-	
							-	
<b>Biological assets</b>	-	-	-	-	-	-	-	-
List sub-class							-	

# APPENDICES

								-		
<b>Intangibles</b>		-	-	-	-	-	-	-		-
Computers - software & programming								-		
Other								-		
<b>Total Repairs and Maintenance Expenditure</b>		<b>16,256</b>	<b>15,919</b>	<b>11,926</b>	<b>542</b>	<b>10,863</b>	<b>9,214</b>	<b>(1,648)</b>	<b>-17.9%</b>	<b>-</b>

# APPENDICES

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

INFORMATION IS CONTENTS OF CHAPTER 3 ABOUT SERVICE DELIVERY

## APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

INFORMATION IS CONTENTS OF CHAPTER3 ABOUT SERVICE DELIVERY

## APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

No schools	of	No classrooms	of	Water needs %		Sanitation needs	Electricity needs
94		1146		Water available	No water available	Backlog	Backlog
Total no of learners		Total of teachers		40%	60%	43%	24%
26869		1290					

## APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

1. Upgrading of Infrastructure of schools is the responsibility of the department of Education
2. Access of Primary health care services by farming community is a huge challenge.
3. Construction of Library and Information centres to enable farming community to access services
4. Construction of a new driver's licence testing station at Mokuruanyane is supposed to be constructed by the Provincial Department of Transport.
5. Maintenance of Road Infrastructure belonging to the District Municipality and the Provincial Department of Transport.
6. Upgrade of the sanitation facilities at Thabo Mbeki Town and Onverwacht/Marapong by the Department of CoGHSTA
7. Electrification of schools at the Rural Villages.
8. Telecommunications and Postal services at rural parts of Lephalale by South African Post and Telecommunications services still remains a huge challenge.
9. Formalization of villages by the department of CoGHSTA to extend provision of services to the rural villages.
10. Construction of RDP houses to address housing backlogs by the department of CoGHSTA.



# APPENDICES

## APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the municipality 2008/09				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2012/13 R' 000	Total Amount committed over previous and future years
SPCA	Prevention of cruelty to animals, Money used to care for abandoned and abused animals	Caring of animals	180	
Mogol club	Maintenance of Sports and Recreational facilities at Onverwacht	Maintenance of facilities	420	
Sports Club Marapong	Maintenance of sports and Recreational facilities at Marapong	Maintenance of facilities	420	
* Loans/Grants - whether in cash or in kind				

## APPENDIX S – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

ALL SECTION 71 RETURNS WERE SUBMITTED FROM LEPHALALE MUNICIPALITY

## APPENDIX T – PRESEDENTIAL OUTCOME FOR LOCAL GOVERNMENT

ON THE PRESIDENTIAL HOT LINE 31,

# APPENDICES

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92% OF SERVICE DELIVERY COMPLAINTS LODGED AT THE PRESIDENTIAL HOT LINE WERE  
RESOLVED BY THE MUNICIPALITY

# VOLUME II

## VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.