

Emthanjeni Municipality



*Annual Report
2013/14*

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Chapter 1: Executive Summary

CHAPTER 1

COMPONENT A: MAYOR'S FOREWORD

Let me take this opportunity once again to present the 2013/2014 Annual Report, as prescribed by South African legislation governing local municipalities. During the Council Inauguration in 2011, I made the commitment that by 2014 the Municipality would have an unqualified Audit Report. It is with pleasure that I can inform you that we have made good on that commitment by achieving an unqualified Audit Report with matters for 2013/2014. This achievement has strengthened us a collective to work harder with our stakeholders toward economic emancipation for all our residents. The following has been our main focus for economic activities and service delivery:

The development of the De Aar Railway and Solar Parks has been the key potential investment opportunities for improving the quality of life of residents of Emthanjeni.

The construction of Solar Plants in the Municipality has changed the face of the local economy and contributed to increased economic activity in the area. There are four Solar Plants in the Municipal area, with one in Hanover and three in De Aar. The Solar Projects created more than six thousand five hundred (6500) temporary jobs, which mostly lasted about 24 months. As a result of the success of the Projects, more solar companies are showing an interest in the area. About fifty (50) people are permanently employed to maintain the Solar Plants.

The Solar Projects stimulated the local economy extensively resulting in huge boost in the hospitality industry (guesthouses, restaurants) and tourism sector.

The revitalization of the Railway Hub is underway and Transnet is considering the following projects:

- Storage of new perway (rails), turnouts, fasteners and sleepers
- Storage, and sale of old (removed) perways (rails), turnouts, fasteners and sleepers
- Storage of OHTE (electrical) and signalling equipment and parts
- Welding/cutting of perway on site with a mobile welder

Soil testing – local youth/women/people living with disabilities can be trained in this process/technology.

- Site camp for construction equipment such as earthworks, welding and communication equipment
- Potential to set up an equipment maintenance workshop providing training opportunities and jobs for local youth/women
- Training (construction and railway operations related)
- Transportation to and from line/warehouse (youth-owned/women owned companies)

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The Municipality, in partnership with Transnet, has officially opened the Youth Precinct, which will accommodate homeless young boys and empower them with technical and life skills

During the last financial year forty five (45) houses have been completed in Hanover and seventy (70) in De Aar and all have been handed over to the beneficiaries.

Four hundred and seventy (470) sites were serviced in Hanover and there are five hundred and ninety one (591) planned sites in the town. Britstown has eight hundred and thirty eight (838) planned sites and De Aar has two thousand and twenty eight (2028) planned sites.

Seven streets in De Aar are in the process of being tarred and in Britstown Buitekant, Biko, Riet and Aster Streets have been fully tarred. The paving of Street Four, Five and Six in Nonzwakazi Township in De Aar has been completed.

Emthanjeni Local Municipality, working together with national and provincial government, parastatals, business people and all other stakeholders is committed to improving the quality of life of our local residents in the area. As an ANC led Municipality, we want to ensure that we create quality job opportunities for our people, especially the young and women residents. We are indeed a caring and committed local government.

ST STHONGA

EXECUTIVE MAYOR

Chapter 1: Executive Summary

COMPONENT B: EXECUTIVE SUMMARY

1.1 Municipal Manager's Overview

The 2013/2014 financial year has brought with it many challenges and has seen the Municipality, in general, moving forward in a very positive and successful manner. Notwithstanding, challenges have been plentiful and our Municipality has had to adapt in order to be able to meet them and to ensure that action taken to minimize or resolve these issues, will prove to be beneficial for future efforts. The manner in which this has been successfully achieved will be highlighted within the following areas:

Alignment of Service Delivery Priorities

The IDP was developed for the period 2011-2016 and approved in 2011 by the newly elected Council. Consequently, it should be noted that the IDP is reviewed on an annual basis and aligned in order that the strategic objectives highlighted for a particular year are used to inform the strategic direction and focus of the organisation for that particular year. In this regard, meetings were scheduled and held with the community, where possible, in the course of the implementation of the IDP Process Plan.

All input, where appropriate, was used and incorporated into the IDP review. The IDP objectives for the year in question became the Strategic Objectives for the organization overall. These objectives in turn informed the Service Delivery and Budget Implementation Plans, which duly informed the directorate scorecards and the level of focus for the current year. These objectives dictated the organizational priorities for the year and specific targets were curtailed only by budget constraints. Alignment between all these areas was recognized and the IDP was acknowledged for its content.

As far as governance and public participation generally are concerned, the following should be noted:

- By-laws/Policies that were identified were reviewed (as per budget constraints)
- Council and Standing Committees functioned effectively;
- Council resolutions and implementation were monitored and reported on, and
- Public participation was undertaken, although continuous efforts were made to improve performance in this area.

Service Delivery Performance

Great strides have been made in respect of service delivery. Service delivery has long been challenged by ageing infrastructure, lack of capacity and the limited availability of resources. Ongoing efforts are in place in an attempt to address the backlogs still present in respect of essential services. (Especially bucket eradication in Britstown and Hanover).

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Infrastructure development continues to be supported by grant funding (such as MIG) which is utilized effectively and contributes extensively to the upgrading of infrastructure. On a smaller scale, the annual ward project funding also assisted in the improvement of smaller infrastructure assets. For the 2013/2014 financial year almost R20 million was spent on the tarring of roads in De Aar and Britstown. This will continue in the 2014/2015 financial year. Continuous efforts to control and decrease electricity losses are underway. On a positive note, we have noticed the contribution of the solar projects in our area in improving the lives of our people. Transnet has also started to plough back into the Emthanjeni community and we are very grateful for this positive development.

Financial Health

The Municipality continued to show a strong measure of financial viability and strength. For the current financial year Emthanjeni Municipality has, unfortunately, received a qualified audit opinion. As always the emphasis is placed on facilitating continuous improvement and it must be noted that all issues raised in the Audit Reports are managed and addressed as required. Payment for services and the subsequent increase in bad debts remain the single biggest threat for Emthanjeni Municipality. If this trend continues, the Municipality will struggle to meet its financial obligations e.g. payment of creditors, personnel and other statutory commitments. To this end, we did appoint a debt collecting firm to assist with debt collections, but in the 2014/2015 financial year we are planning to appoint a new service provider as the current service provider did not make the expected positive impact.

Administrative Policies

Administrative policies have been reviewed and updated as identified and budget constraints permitting. On a governance and administrative level, it should be noted that great strides have been made to ensure that the organisation is staffed optimally. The organogram has been updated, all posts have Job Descriptions, which have been bench marked and evaluated according to the TASK System. Efforts have been made to place staff and most critical posts have now been filled. Through performance management, audit oversight and updated systems and controls, efforts are being made to ensure that staff function as efficiently as possible and strictly within the parameters of the Supply Chain Management policies – thereby ensuring efficiency of operation. We have also seen a few of our stalwarts leaving the organisation during the past few financial years. We salute them for the significant contribution they have made to this organisation.

Through various IGR interactions, efforts are made to interact with and learn from other municipalities and organisations. This was clearly evident in the attendance of IGR meetings (arranged by the District), Political IGR, Technical IGR, meetings with Municipal Managers and Chief Financial Officers, the District Mayor's engagements with local Mayors, District Cluster meetings, and the like. As has been illustrated, the 2013/2014 period has been produced many positive outcomes and growth within all the Key Performance Areas. While there is always room for improvement, we are encouraged by the fulfilling

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achievements of the year and hope that 2014/2015 will provide us with many more opportunities to develop and grow.

Conclusion

Appended below is a full account of the services rendered by the respective Directors. I take this opportunity to express my deepest gratitude to the support received from the Mayor and his Council, to my s56 managers and to my staff – without their support and hard work the achievements of this year would not have been possible. I look forward to our new challenges and even greater opportunities to satisfy the needs of our community.

I VISSER

MUNICIPAL MANAGER

Chapter 1: Executive Summary

1.2 Municipal Overview

This report addresses the performance of the Emthanjeni Municipality in the Northern Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.



The 2013/14 Annual Report reflects on the performance of the Emthanjeni Municipality for the period 1 July 2013 to 30 June 2014. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

1.2.1 Vision and Mission

The Emthanjeni Municipality committed itself to the following vision and mission:

Vision:

"A centre for development and service excellence focused on economic development in pursuit of a better life"

Mission:

*"To provide a quality service at all times and;
Value our resources both human and financial;
development an active citizenry;
create a conducive environment for economic growth"*

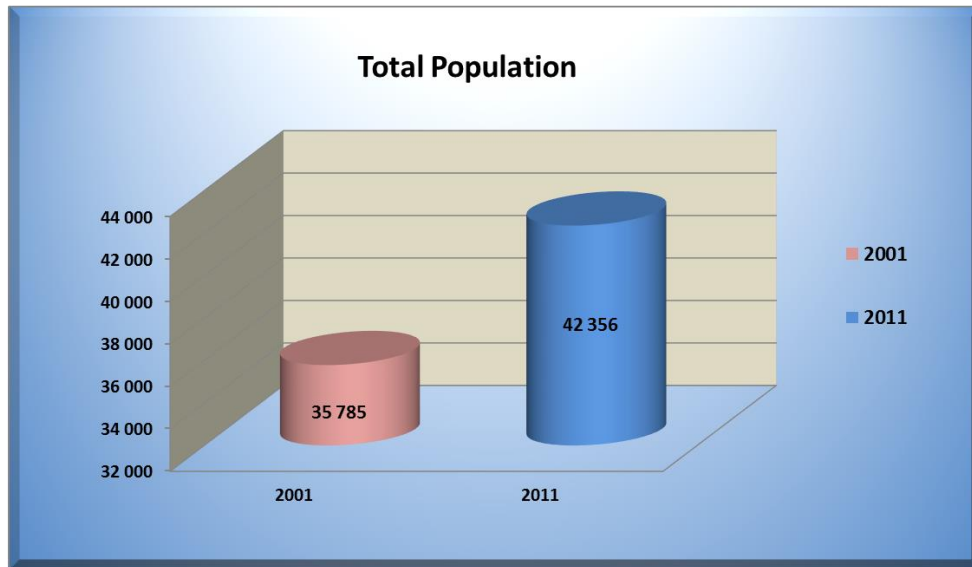
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1.3 Municipal Functions, Population and Environmental Overview

1.3.1 Population

a) Total Population

The table below indicates the total population within the municipal area: The table below indicates the total population within the municipal area:



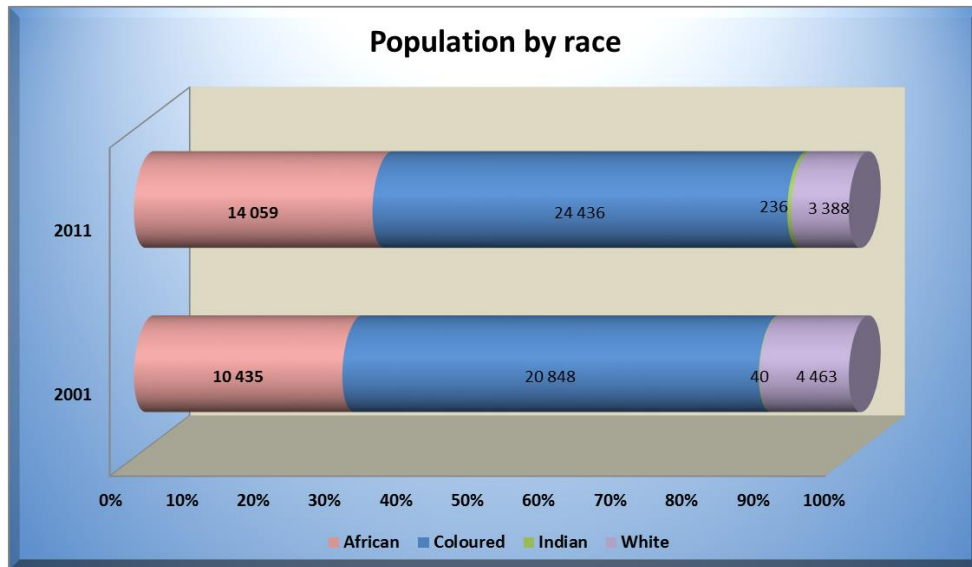
Graph 1.: **Total Population**

Year	African	Coloured	Indian	White
2001	10 435	20 848	40	4 463
2011	14 059	24 436	236	3 388

Source: Census 2001 & 2011

Table 1.: **Population**

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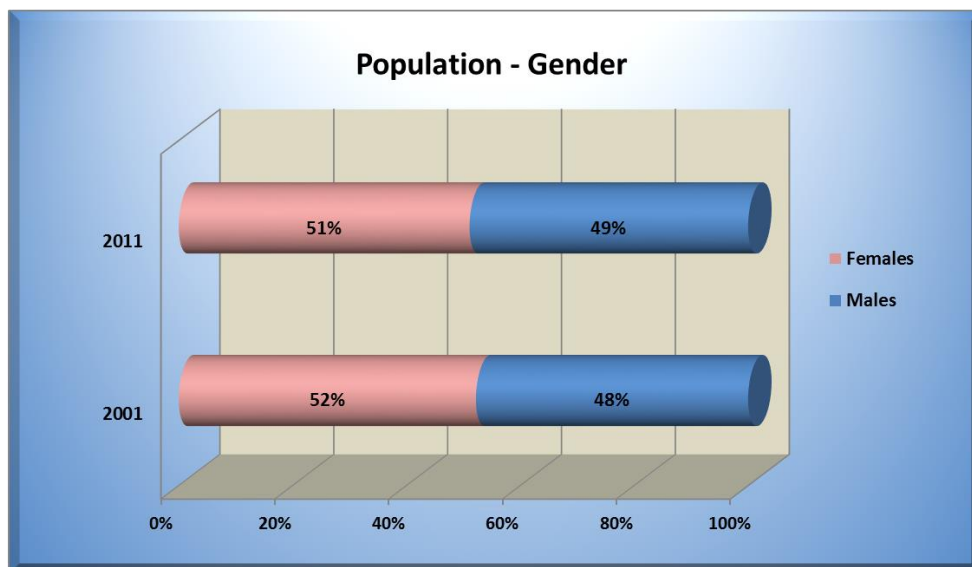
Graph 2.: **Population by race**

In 2011 the Emthanjeni population showed that females represent 21 634 (51%) and males 42 356 (49%).

Population - Gender	2001	2011
Females	18 679	21 634
Males	17 107	20 722
Total	35 785	42 356

Source: Census 2001 & 2011

Table 2.: **Gender Statistics**



Graph 3.: **Population - Gender**

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b) Population profile

Age	2001			2011		
	Male	Female	Total	Male	Female	Total
Age: 0-9	3 597	3 580	7 177	4 654	4 522	9 176
Age: 10-14	1 975	2 265	4 240	2 144	2 103	4 248
Age: 15-19	1 741	2 173	3 914	2 046	2 103	4 248
Age: 20-24	1 346	2 003	3 349	1 763	1 760	3 523
Age: 25-39	4 393	3 857	8 250	4 504	4 342	8 846
Age: 40- 54	3 275	3 332	6 607	3 223	3 660	6 883
Age: 55-69	1 383	2 185	3 568	1 846	2 343	4 189
Age: 70-84	286	843	1 129	339	254	593
Age: 85+	103	45	148	51	122	174

Census 2001 & 2011

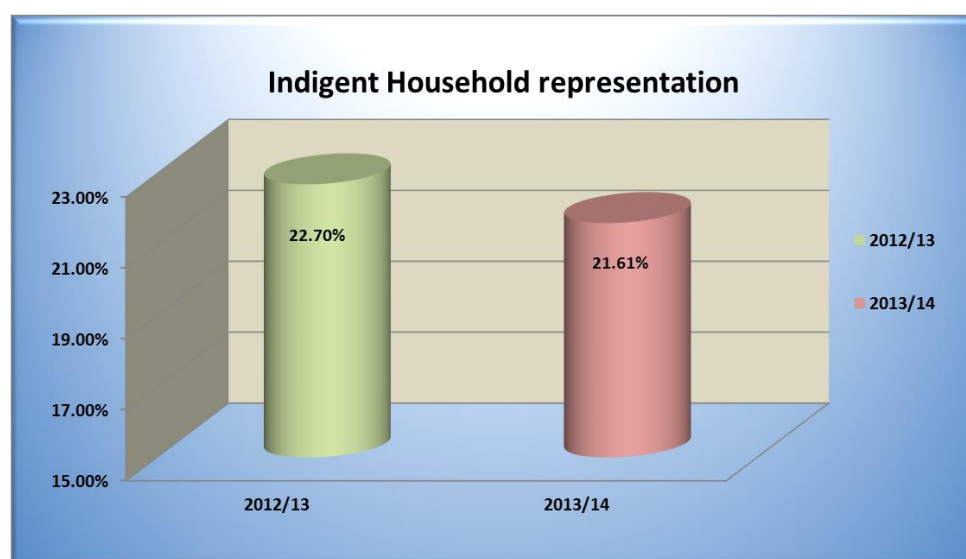
Table 3.: **Population profile**

1.3.2 Households

The total number of indigent households within the municipal area decreased from 2 864 households in the 2012/13 financial year to a total of 2 726 households in the 2013/14 financial year. This indicates a decrease of 138 in the total number of households within the municipal area over the two years.

Households	2012/13	2013/14
Number of households in municipal area	12 615	12 615
Number of indigent households in municipal area	2 864	2 726

Table 4.: **Total number of households**



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Table 5.: *Indigent households*

1.3.3 Demographic Information

Municipal Geographical Information

Emthanjeni Local Municipality is a category B municipality consisting of three towns: De Aar, Britstown and Hanover. Emthanjeni, and especially De Aar, is renowned for its central location on the main railway line between Johannesburg, Cape Town, Port Elizabeth and Namibia. It is situated in the Pixley ka Seme District Municipality and is the seat of this district.

Its location is approximately 300 km south-west of Kimberley, 440 km south-east of Upington, 300 km north-east of Beaufort-West and 300 km south-west of Bloemfontein. The land area comprises 11% of the district land area and 3% of the province. It represents approximately 23% of the district population.

Of the main towns that fall within the municipal area, Hanover lies approximately 65 km east of De Aar on N1 main north to south route and Britstown is situated about 55 km west of De Aar on the N12 route. Both these main routes link Johannesburg and Cape Town. These areas are extensive stock farming areas with the emphasis on sheep, mutton and wool farming, especially Merino's.

Emthanjeni Municipality, specifically De Aar, is the seat of Pixley ka Seme District Municipality and hosts all government departments. The Municipality covers an area of approximately 11 390km².

Below is a map of the Northern Cape that indicates the location of the Emthanjeni Municipality in the Pixley Ka Seme District area



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Figure 1: Northern Cape Area map

Wards

The Municipality was structured into the following 7 Wards:

Ward	Areas
1	Louisville, Montana, Kareeville, Sunrise (Portion)
2	Leeuwenshof, Residensia, New bright, Happy Valley, Extension 20, Klein Kareeville , Extension 7,
3	Nonzwakazi, Portion of Waterdal
4	Barcelona, Malay camp, Portion of Nonzwakazi and Macarena
5	Town Area
6	Kwezi, Nompumelelo, Joe Slovo Park, Tornadoville, Hanover(town)
7	Jansenville, Mziwabantu, Britstown(town), Proteaville

Table 6.: **Municipal Wards**

Towns

De Aar

De Aar means “the artery”, and in many senses this town is the lifeblood of the Karoo. It’s the head office of the Emthanjeni Municipality and Pixley Ka Seme District Municipality; home to many artists; there’s an important weather station that can be toured by visitors, and it’s the second most important railway junction in the country. The significance of its situation on the railway line is because it’s central to Gauteng, Cape Town, Port Elizabeth and Namibia.

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There are about 110km of railway lines, including 29 rail-tracks in De Aar's precincts. However, "De Aar" founded in 1904, was so named because of the many water-bearing arteries that occur underground. Unlike many other Karoo towns, it did not start around the Dutch Reformed Church, but in fact started around the railway line. De Aar has the largest abattoir in the Southern Hemisphere and supplies all the major centres throughout the entire country with the famous "Karoo" lamb and mutton. Apart from meat production, the sheep farms around De Aar are also major suppliers of wool. All the water used in the town comes from boreholes – which is why the town is known for its large number of wind pumps. The town is easily accessible by tarred road, two airfields serve it – one is an all-weather runway that can accommodate any type of aircraft and it's only 52km away from the national bus route.

Hanover

This attractive and historic little town on the N1 lies more or less halfway between Cape Town, Gauteng and Kwazulu-Natal. It was established in 1854 at the base of some rocky hills on the farm Petrusvallei, which was bought from Gert Gous. Here requested that the town be called Hanover, after his great grandfather's town in Germany.

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When declared a magisterial district in 1876, the town was very fortunate to be appointed with a far-seeing magistrate, Richard Beere. He insisted that trees be planted so that resident's descendants would have shade. Due to the increase in water consumption caused by an increase in residents, the spring that Hanover was built around dried up, and the number of trees seen in the town today is far less than 100 years ago. Beere loved the Karoo and spent a lot of time on the summit of Trappieskop, where a stone pyramid honouring his contribution to the town was erected when he died.

The older houses were all built right on the road edge – as per authority's instructions at the time – and when, in later years, home owners built on verandas, they had to pay a one shilling tax for this privilege. Today, they are still paying this tax, which is now R17, 00. Hanover was home to Olive Schreiner – well known South African author – who lived here from 1900 to 1907, and referred to it as "the prettiest little village I have ever seen". Her husband, Cron, was an agent in town and today his offices are used as a small guest house. Like many small Karoo towns, most of the streets are not tarred and the residential areas are very quiet. However, behind garden walls and front doors there's plenty of activity going on as the industrious residents carry out their daily business.

The town is home to a variety of artists and crafts people, as well as having several restaurants, a delightful bookshop, coffee shop and a museum. Interesting Karoo architecture is to be seen and many gardens have a wind pump standing sentinel in one corner. Surrounding farms are principally Merino sheep farms, with many of the country's best breeders farming in the Hanover district. Lesser Kestrels, from Europe and Central Asia, come to nest in trees around town, and can be seen gliding in the dawn and dusk sky from late October to the end of summer.

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Britstown

It was in the heady days of The Great Diamond Rush in the year of 1877 that Britstown came into being. Fortune hunters paused here in their frenzied dash to the fabulous diamond field, and a settlement mushroomed to provide fresh horses, fodder, refreshment and accommodation. Soon even a concertina virtuoso made music for happy dancers lubricated by the local brew. First the Fuller and Gibson



coaches and then others stopped here. But by the time Britstown gained municipal status in January, 1889, a railway line already snaked across the Karoo plains to carry would-be diamond diggers through to Kimberley.

Livingstone's friend

The small haven of Britstown, along the diamond route across the plains, was named after a man who loved the Karoo, Hans Brits. He once accompanied Dr David Livingstone, famous son-in-law of the great missionary Robert Moffat, on a journey to the north. Livingstone originally came to South Africa to help the Moffat`s at their mission in Kuruman, and it was on a journey to the north that he met Brits. They took a liking to each other, and Brits decided to travel with him. But, Livingstone did not get on with the Moffat`s, so he soon announced his intentions of travelling deeper into Africa, a decision that led to him becoming probably the continent`s most famous explorer. Brits decided against a life of exploration and returned to the Karoo.

Diamonds provide the spark

Hans Brits then settled on a farm he named Gemsbokfontein, which is where Britstown now stands. Soon after the discovery of diamonds at Hopetown and Kimberley, Brits realised that he and his neighbours could earn good money serving the growing traffic along the Diamond Route. So Brits arranged for a town to be laid out on a portion of his farm. As a tribute to him it was named Britstown. The thinking was to establish a point between Victoria West and Kimberley that could provide travellers on the Diamond Route with accommodation and refreshment as well as fresh horses and fodder.

A link with the gold mines

Then, in 1877, a group of men, headed by TP Theron, purchased a section of Hans Brits`s farm to establish a community centre with a church. This accomplished, they handed over the management

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of the fledgling settlement to church wardens. Traffic through the town increased when gold was discovered in “The Ridge of White Waters” in the old Transvaal Republic. Many of the fabled mining magnates, such as Cecil John Rhodes, passed through Britstown. In time, the town became a major junction on the route to the then South West Africa (Namibia).

d) Key Economic Activities

Agriculture forms the backbone of Emthanjeni economy and accounts for the largest labour to date. Despite the harsh climate and poor carrying capacity of the veldt, it still offers opportunities for growth and employment creation. The Municipality is dependent upon the following economic activities:

Key Economic Activities	Description
Services Sector (Community)	The services sector consist of the various government institutions, NGO’s, CBO’s and NPO’s that resides within our area of jurisdiction. ABSA, FNB, Standard Bank and CAPITEC
Manufacturing	Stone crushers who specialize in the manufacturing of sand, bricks, cements and rocks
	Rocla, Green Akker, VleisSentraal for meat processing
	Solar Energy
Retail	Purchasing of goods and services
	Checkers, Shoprite, Mr Price, Ackermans, Sheet Street, Fashion Express etc.
Agriculture	Game Farming
	Sheep, goat, pig and cattle farming
Transport	Rail Infrastructure
	Road Infrastructure
	Rail Revitalisation
Tourism	To market Emthanjeni as a tourism destination

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Key Economic Activities	Description
	To speed up the restoration of existing attractions and the development of new attractions

Table 7.: *Key Economic activities*

1.4 Service Delivery Overview

1.4.1 Basic services delivery highlights

Highlights	Description
Improving water quality	Disinfect system installed in all 3 towns
Upgrading De Aar Waste Water Treatment Works (WWTW)	Appointment of Consulting Engineers. Project started during 2013/14 financial year.
De Aar 70 Project Ext.7	Completed successfully January 2014
New Hospital 22kv Feeder and Eskom Notified Maximum Demand (NMD) application	Project completed 100% and Notified Maximum Demand (NMD) process started.
Commenced with permitting Hanover and Britstown land fill sites	Department of Environmental and Nature Conservation assisting with permitting process
Building and completion of 115 Housing Units	Completion of 115 units -9 in De Aar-West, 45 in Hanover and 61 in De Aar-East
Servicing of 470 Sites	In Hanover 470 sites were serviced

Table 8.: *Basic services delivery highlights*

1.4.2 Basic services delivery challenges

Challenge	Actions to address
Finding extra water sources for De Aar	Development of additional boreholes with approved funding.
Water losses	More regular monitoring of water losses should be done.
The municipality has in the past installed dry sanitation toilets (UDS) in Britstown and Hanover but these have been the source of much dissatisfaction among the residents. Britstown has by far the largest problem where the dry sanitation has been installed but rejected by the community who has reverted to the use of buckets.	Application for additional funding from other spheres of government
Equipment to unblock blockages	Provision should be made to purchase new equipment
Meter tampering and bypass	Stricter control measures to be implemented to manage tampering with meters and bypasses. Meter controller to do thorough inspections, bypasses to be attended to within 24 hours of notification and finance monitor customer account status monthly.
Managing land fill sites	Improve management system at land fill sites and incorporate the youth in waste programme.
Vandalism of Houses	Conduct more and regular Housing Consumer Education Programmes

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Challenge	Actions to address
Unskilled Emerging Contractors	Arrange for training of emerging contractors by NHBRC and COGHSTA

Table 9.: **Basic Services Delivery Challenges**

1.4.3 Proportion of Households with access to Basic Services

KPA & Indicator	Municipal Achievement
	2013/14
Electricity service connections	8 156
Water - available within 200 m from dwelling	8 156
Sanitation - Households with at least VIP service	8 156
Waste collection - kerbside collection once a week	8 094

Table 10.: **Households with minimum level of Basic Services**

1.5 Financial Health Overview

1.5.1 Financial Viability Highlights

Highlight	Description
The municipality's ability to render services without any delays and also to honour its financial commitments timeously	The continued support from all stakeholders within the Emthanjeni community that ensure that the municipality is able to render continued services cannot be under estimated.
The total spending of Capital Conditional Grants during the financial year under review	Due to proper planning of projects and the awarding of tenders for Service Providers timeously
The continuous striving of an financial unqualified audit opinion by the municipality	The dedication and exceptional hard work of Finance staff in ensuring that the municipality achieve an financially unqualified audit opinion. This will lead to an Clean Audit report for the municipality

Table 11.: **Financial Viability Highlights**

1.5.2 Financial Viability Challenges

Challenge	Action to address
Increase of Outstanding debtors remains the biggest challenge faced by the municipality	The municipality will intensify the debt collection and disconnection of municipal services
The compliance of the Supply Chain Management's Regulations as a whole due to the our geographical area	The municipality will engage Provincial Treasury on mechanisms in ensuring full compliance of the SCM Regulations
Capacity challenges facing the Finance Directorate in the Budgetary Reforms, GRAP Standards and SCOA	Training programme will be develop to ensure that Finance Staff becomes capacitated in all areas

Table 12.: **Financial Viability Challenges**

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1.5.3 National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

KPA & Indicator	2012/13	2013/14
Debt coverage ((Total operating revenue-operating grants received):debt service payments due within the year)	11.68	9.81
Service debtors to revenue – (Total outstanding service debtors: revenue received for services)	0.70	2.00
Cost coverage ((Available cash+ investments): Monthly fixed operating expenditure	1.41	0.59

Table 13.: *National KPI's for financial viability and management*

1.5.4 Financial Overview

Details	Original budget	Adjustment Budget	Actual
	R'000		
Income			
Grants	76 877	53 377	58 557
Taxes, Levies and tariffs	118 247	113 106	112 573
Other	27 628	27 687	31 400
Sub Total	222 752	194 170	202 530
Less Expenditure	186 009	183 695	268 923
Net surplus/(deficit)	36 743	10 475	(66 393)

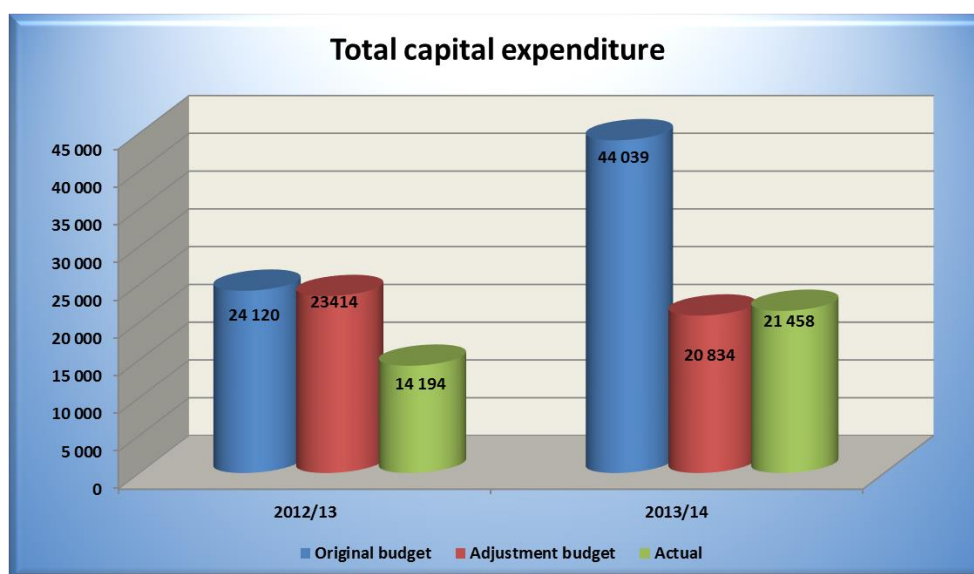
Table 14.: *Financial Overview*

1.5.5 Total Capital Expenditure

Detail	2012/13	2013/14
	R'000	
Original Budget	24 120	44 039
Adjustment Budget	23 414	20 834
Actual	14 194	21 458
% Spent	60.62%	103.00%

Table 15.: *Total Capital Expenditure*

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Graph 4.: *Total Capital Expenditure*

1.6 Auditor General Report

1.6.1 Audited Outcomes

Year	2011/12	2012/13	2013/14
Opinion received	Qualified	Unqualified	Qualified

1.7 2013/14 IDP/Budget Process

The table below provides details of the 2013/14 IDP/Budget process:

No	Activity	Responsible person	Date
PRE-BUDGETTING PROCESSES/TASKS			
1.1	Submission of Budget Schedule & IDP Review Process to the Mayor	MM & CFO	15/08/2012
1.2	Appoint Budget Task Team for compilation of 2013/2014 Capital & Operating Budget.	MM	31/08/2012
1.3	Verifying Income and Expenditure sources	CFO	09/11/2012
1.4	Investigate DORA for allocations	CFO	12/10/2012
1.5	Evaluate possible roll over Capital projects	MM	15/12/2012
1.6	Issuing of Budget guidelines and other departmental budget submission guidelines	CFO	21/09/2012
1.7	Preparing of programme for IDP steering committee & community involvement meetings	Mayor & MM	12/10/2012
1.8	Negotiation of new contracts and renegotiation of expired contracts or contracts that will expire during the period to 30 June 2012 with supplies and other service providers	MM, CFO, HOD's	28/09/2012

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No	Activity	Responsible person	Date
1.9	Requesting Budgetary inputs, suggestions, recommendations, possible sources of revenue from HOD's for respective departments.	MM & HOD's	28/09/2012
1.10	Calculate, investigate & identify over- and under spending on votes, departments such (i) Once-off events (ii) Recurrent events (iii) Future tendencies of accounts	CFO & HOD's	15/12/2012
1.11	Finalisation of IDP preliminary budget format	MM & HOD's	Continuous
1.12	Finalise outlay of budget on spreadsheets as prescribe according National Treasury & MFMA	MM & HOD's	Continuous
1.13	Proper record keeping of all activities within the pre-budgeting processes	MM & HOD's	Continuous
COMMUNITY PARTICIPATION PROCESS			
2.1	IDP Steering committee meeting (i) First IDP input Meeting (ii) Sector Departments Alignment meeting (iii) Review IDP Meeting (iv) Final IDP Prioritising and Sector departments meeting	Mayor, MM	01/10/2012 15/10/2012 23/11/2012 05/02/2013
2.2	Community IDP and Budget Input meetings (i) Combined Ward Committee Meetings: All 7 wards	Mayor, WC, MM & CFO	08/10/2012
2.2	Community IDP and Budget Input meetings (i) Combined Ward Committee Meetings: All 7 wards	Mayor, WC, Clrs, MM & CFO	08/10/2012
2.3	Community IDP Budget Input meetings (i) Input Meeting: Ward 1 (ii) Input Meeting: Ward 2 (iii) Input Meeting: Ward 3 (iv) Input Meeting: Ward 4 (v) Input Meeting: Ward 5 (vi) Input Meeting: Ward 6 (vii) Input Meeting: Ward 7 (viii) Input Meeting: Business Community, Agricultural Community, NGO's	Mayor, WC, MM & CFO	Between 12/10/2012 - 19/10/2012
2.4	Performance Management Input meetings	Mayor, MM	19/10/2012
2.5	IDP Sectoral Meeting with Pixley Ka Seme District Municipality, Regional Governments departments	Mayor, WC, Exco, Clrs, MM & HOD,s	08/02/2013
2.6	Community IDP & Budget Report Back meetings (i) Report Back Meeting: Ward 1 (ii) Report Back Meeting: Ward 2 (iii) Report Back Meeting: Ward 3 (iv) Report Back Meeting: Ward 4 (v) Report Back Meeting: Ward 5	Mayor, WC, Exco, Clrs, MM & HOD's	Between 05/04/2013 to 24/05/2013

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No	Activity	Responsible person	Date
	(vi) Report Back Meeting: Ward 6 (vii) Report Back Meeting: Ward 7 (viii) Report Back Meeting: Business Community, Agricultural Community, NGO's Report Back Meetings (ix) Review Meetings (x) Final Prioritising Meetings		
2.7	Performance Audit Committee Meetings (i) Report Back Meetings (ii) Review Meetings (iii) Final Prioritising Meetings	Mayor, MM and PMS Steering Committee	01/10/2012
BUDGET PREPARATORY PROCESS			
3.1	Draw up current staff budget according N.T	MM & HOD's	28/09/2012
3.2	Evaluate and record proposals and Report Back from HOD's (income & expenditure sources)	MM, CFO & HOD's	26/10/2012
3.3	Determine and calculate redemption and finance costs for 2012/13 budget fin year	CFO	28/09/2012
3.4	Preparations of Budgeted Yearly Income and Expenditure levels, and Proposed Draft tariffs	CFO	31/10/2012
3.5	Record all inputs received from IDP forums, Communities, Ward Committees and other stakeholders.	Mayor, Cllrs, MM, CFO, & HOD's	19/10/2012
3.6	Compile first draft with budgeted Inc & Exp	Mayor, MM & CFO	03/12/2012
3.7	Compile first draft with budgeted capital projects and financing source of project that links with IDP projects, including Draft SDBIP	Mayor, MM, HOD's	07/11/2012
3.8	Distribute First draft of budget to Mayor, Exco Members, Cllrs, MM, HOD,s	May, Council & MM	09/11/2012
3.9	Budget Monitoring Meeting with Technical Steering Committee	May, Council & MM	16/11/2012
3.10	Setting of Strategic Objectives for the next MTEF period	May, Council & MM	19/10/2012
BUDGETARY POLICIES			
4.1	Finalisation of Tariff policies (i) Personnel related Policies (ii) Rates policy (iii) Electricity policy (iv) Water & Sanitation policy (v) Credit Control Policy (vi) Indigent Policy (vii) Other Services policies	May, Exco, MM, CFO & HOD's	15/03/2013
4.2	Finalisation IDP Review document	Mayor, MM	08/03/2013

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No	Activity	Responsible person	Date
4.3	Finalisation of Strategic Policies documents such as (i) LED policy (ii) Special Development policy (unlikely) (iii) Tourism policy (iv) Transport policy (do we need one?) (v) Other Strategic Policies	MM	08/03/2013
4.4	Finalisation of Compilation of Business Plan for submission to Government dept and Private Institutions	MM	08/03/2012
4.5	Application of Electricity Tariff Increment with NERSA	DIHS & CFO	30/11/2013
4.6	Budget Approval Process	Mayor, MM	31/05/2013
TABLING OF BUDGETS			
5.1	Submission of Revised Integrated Development Planning to Mayor	MM	15/03/2013
5.2	Submit first draft of 2012/2013 Capital and Operating Budget to Mayor	MM, CFO	22/03/2013
5.3	Tabling of Draft 2012/2013 Capital and Operating Budget to Council	Mayor	29/03/2013
5.4	Tabling of Budgetary Policies to Council	Mayor	29/03/2013
5.5	Tabling of Final 2012/2013 Capital and Operating Budget	Mayor	24/05/2013
5.6	Submission of SDBIP to Mayor	MM	31/05/2013
APPROVAL OF BUDGET AND POLICIES			
6.1	Approval of Revised Integrated Development Planning	Council	31/05/2013
6.2	Approval of Budgetary Policies (i) Budget Policy (ii) Personnel related Policies (iii) Rates policy (iv) Electricity policy (v) Water & Sanitation policy (vi) Credit Control Policy (vii) Indigent Policy (viii) Other Services policies	Council	31/05/2013
6.3	Approval of Tariffs (i) Rates tariffs (ii) Water tariffs (iii) Electricity tariffs (iv) Sewerage tariffs (v) Refuse tariffs (vi) Secondary tariffs as indicated in the list of tariffs	Council	31/05/2013
6.4	Approval of Budgets (i) Capital Budget for 2012/2013 (ii) Operating Budget for 2012/2013	Council	31/05/2013
6.5	Approving of SDBIP	Council	28/06/2013

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No	Activity	Responsible person	Date
FINALISING			
7.1	Approval of SDBIP	Mayor	28/06/2013
7.2	Submission of Approved Budget and SDBIP to (i) National Treasury, PT & RT (ii) SALGA (iii) COGHSTA (iv) PIXLEY KA SEME	MM	05/07/2013
7.3	PUBLICATION OF HIGH LEVEL SUMMARY BUDGET & SDBIP (i) Website (ii) Local Newspaper (iii) Hard Copies	MM	05/07/2013

Table 16.: **2013/14 IDP/Budget Process**

Chapter 2: Good Governance

CHAPTER 2

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

2.1 National Key Performance Indicators - Good Governance and Public Participation

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2012/2013	2013/14
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan (After roll over projects)	61%	103%

Table 17.: *National KPIs - Good Governance and Public Participation Performance*

2.2 Performance Highlights - Good Governance and Public Participation

Highlight	Description
Implementation of Council Resolutions	Council resolution were implemented within required timeframe
Ward Committee Meetings	Ward Committee Meetings were facilitated regularly
Appointment of a Senior Human Resource Clerk	The workload is now divided between HR Officials and more manageable.
Filling in of funded vacant positions	The filling of vacant positions will contribute to better service delivery within the Municipality

Table 18.: *Good Governance and Public Participation Performance Highlights*

2.3 Challenges - Good Governance and Public Participation

Description	Actions to address
Cleaning of municipal offices	More regular inspection should be conducted

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Description	Actions to address
LLF does not meeting regularly as is required and causes a delay in the adoption of HR Policies	Meetings should take place as scheduled per annual planner
Placement of workers in the various departments by the supervisors which is not according to the organogram	Work with the various departments to ensure that workers are placed according to the organogram

Table 19.: **Good Governance and Public Participation Challenges**

2.4 Governance Structure

2.4.1 Political Governance Structure

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, Councillors are also actively involved in community work and the various social programmes in the municipal area.

a) Council

The Emthanjeni Local Municipal Council comprises of 14 elected Councillors, made up from 7 Ward Councillors and 7 Proportional Representation Councillors. The portfolio committees are made up of councillors drawn from all political parties. Below is a table that categorised the councillors within their specific political parties and wards for the 2013/14 financial year:

Name of councillor	Capacity	Political Party	Ward representing or proportional
ST Sthonga	Mayor	ANC	Ward Councillor
MM Freddie	Speaker	ANC	Proportional
NS Thomas	Councillor	ANC	Ward Councillor
GL Nyl	Councillor	ANC	Ward Councillor
GL Nkumbi	Councillor	ANC	Proportional
J Jood	Councillor	ANC	Ward Councillor
M Kivedo	Councillor	ANC	Ward Councillor
V Jonas	Councillor	Independent	Ward Councillor
M Malherbe	Councillor	DA	Proportional
W Du Plessis	Councillor	DA	Ward Councillor
J Rust	Councillor	DA	Proportional
B Swanepoel	Councillor	DA	Proportional
A Jaftha	Councillor	DA	Proportional
W Witbooi	Councillor	Cope	Proportional

Table 20.: **Council 2013/14**

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b) Executive Mayoral Committee

The Mayor of the Municipality, Councillor ST Sthonga assisted by the Executive Committee, heads the executive arm of the Municipality. The Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Mayor, delegated by the Council, and as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Mayor operates in concert with the Executive Committee.

The name and portfolio of each Member of the Executive Committee is listed in the table below for the period 1 July 2013 to 30 June 2014:

Name of member	Capacity
ST Sthonga	Exco & Technical & Finance
J Rust	Exco & Finance
GL Nyl	Exco & HR and Service Committee & Finance

Table 21.: **Executive Committee 2013/14**

c) Portfolio Committees

Section 80 committees are permanent committees that specialise in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise the executive committee on policy matters and make recommendations to Council. Section 79 committees are temporary and appointed by the executive committee as needed. They are usually set up to investigate a particular issue and do not have any decision making powers. Just like Section 80 committees they can also make recommendations to Council. Once their *ad hoc* task had been completed, Section 79 committees are usually disbanded. External experts, as well as Councillors can be included on Section 79 committees.

The portfolio committees for the 2011/16 Mayoral term and their Chairpersons are as follow:

Corporate Services & Social Development Committee	
Chairperson	Other members
GL Nyl	J Jood
	W du Plessis

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Municipal Infrastructure Committee and Development Services Committee	
Chairperson	Other members
ST Sthonga	GL Nkumbi
	W Witbooi

Municipal Public Accounts Committee	
Chairperson	Other members
M Malherbe	GL Nkumbi
	M Kivedo

Rules Committee	
Chairperson	Other members
MM Freddie	N Thomas
	A Jaftha

Financial Committee	
Chairperson	Other members
ST Sthonga	GL Nyl
	J Rust

Table 22.: *Portfolio Committees*

2.4.2 Administrative Governance Structure

The Municipal Manager is the Chief Accounting Officer of the Municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the Management Team, whose structure is outlined in the table below:

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Name of Official	Department
I Visser	Municipal Manager
MF Manuel	Finance
EM Diamane	Corporate, Community, Development
FD Taljaard	Infrastructure And Housing

Table 23.: **Administrative Governance Structure**

COMPONENT B: INTERGOVERNMENTAL RELATIONS

Explain the various contributions to service delivery offered by those involved.

2.5 Intergovernmental Relations

2.5.1 Provincial Intergovernmental Structures

We participate at the following forums:

- The Municipality is the Member of SALGA with two of our councilors serving as PEC members
- Provincial Speakers forum
- Provincial Intergovernmental Relations

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the Municipal Systems Act (MSA) refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the performance management system;
- monitoring and review of the performance, including the outcomes and impact of such performance; and
- preparation of the municipal budget.

2.6.1 Ward Committees

The ward committees support the Ward Councilor who receives reports on development, participate in development planning processes, and facilitate wider community participation. To this end, the municipality constantly strives to ensure that all ward committees function optimally with community

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information provision; convening of meetings; ward planning; service delivery; IDP formulation and performance feedback to communities.

a) *Ward 1: Louisville, Montana, Kareeville, Sunrise (Portion)*

Name of representative	Capacity representing
Paulina Vywers	Ordinary Member
Benita Louw	youth
Wendy Baardman	Disabled
Maria Le Grange	Education
Flip Goodman	Church
Arnolds Mackay	Safety
Hendrick Phillips	Government department
Renata Smeer	Women
Gerald Middleton	Youth
Gregory Afrika	Sport

Table 24.: **Ward 1 Committee Meetings**

b) *Ward 2: Leeuwenshof, Residensia, New bright, Happy Valley, Extension 20, Klein Kareeville, Extension 7*

Name of representative	Capacity representing
Micheal Pienaar	Church
Ettienne Lawak	Sport
Irene Absolom	SMME
Tershia Meyers	Youth
Richard Mfuku	Youth
Sharon Wangra	SMME
M Tybos	Women
Patricia Olifant	NGO
Elsie Bosman	Women
Joline Hoffman	Church

Table 25.: **Ward 2 Committee Meetings**

c) *Ward 3: Nonzwakazi, Portion of Waterdal*

Name of representative	Capacity representing
Nontobeko Nkontwana	Government Department
Khunjulwa Ninzi	NGO
Ntombowko George	Women
Trevon Tokwana	Sport

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Name of representative	Capacity representing
T.P Mphephetho	Unemployed
E.N Ralawe	Women
Mncedisi Davana	Cultural group
Mbulelo Mokwena	Youth
Babalwa Madyo	Youth
Buyani Maliti	Youth

Table 26.: **Ward 3 Committee Meetings**

d) **Ward 4: Barcelona, Malay camp, Portion of Nonzwakazi and Macarena**

Name of representative	Capacity representing
Thembekile Grawula	NGO
Vuyo Monna	Youth
Thenjiwe Simanga	Youth
Sharon Booysen	Education
Lucinda Brandt	Health/Business
Mandisa Mfenana	Women
Nomonde Ngokweni	Church
Nimrode Godlo	Crime Prevention
BP Mayekiso	Sport
Jan Scheffers	Local government

Table 27.: **Ward 4 Committee Meetings**

e) **Ward 5: Town Area**

Name of representative	Capacity representing
IJ van Zyl	Ordinary Member
CJ Duncan	Business Sector
GK Engelbrecht	Rotary Club
CJ Issel	Ordinary Member
HLE Appolis	Government Department
H Waters	Youth
M Morkel	Government Department
N Silo	Women
Z Mtwana	Youth
G Cona	Government Department

Table 28.: **Ward 5 Committee Meetings**

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f) *Ward 6: Kwezi, Nompumelelo, Joe Slovo Park, Tornadoville, Hanover(town)*

Name of representative	Capacity representing
Julius Bramley	Ordinary Member
Khwetshube Nompumelelo	Women
Eddie Larkman	Business Sector
Nyenjiwe Ncapayi	Women
Thenjiwe Pienaar	Adult Education
Isaac Andrews	SMME
Zamile Mhalaba	Government Department
Linda Joka	Education
Mlungisi Sestile	Church
Zamathemba Yawa	Church

Table 29.: **Ward 6 Committee Meetings**

g) *Ward 7: Jansenville, Mziwabantu, Britstown(town), Proteaville*

Name of representative	Capacity representing
Rachel Arnolds	Women
Wensiwe Fennie	Youth
Ester Fennie	Government Department
Daniel Matsio	Old age
Alime Fililani	Ordinary Member
Martienes Du Preer	Sport
Sera Mathews	Church
Marjou Bezuidenhout	Sport
Joseph Fortuin	SMME
Mike Solomon	Ordinary Member

Table 30.: **Ward 7 Committee Meetings**

2.6.2 Functionality of Ward Committee

The purpose of a ward committee is:

- to get better participation from the community to inform council decisions;
- to make sure that there is more effective communication between the Council and the community;
and
- to assist the ward councilor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward councilor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise

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the ward councilor who makes specific submissions directly to the administration. These committees play a very important role in the development and annual revision of the integrated development plan of the area.

The table below provides information on the establishment of Ward Committees and their functionality:

Ward Number	Committee established (Yes / No)
1	Yes
2	Yes
3	Yes
4	Yes
5	Yes
6	Yes
7	Yes

Table 31.: *Functioning of Ward Committees*

2.6.3 Representative Forums

a) *Labour Forum*

The table below specifies the members of the Labour Forum for the 2013/14 financial year:

Name of representative	Capacity
Sthonga ST	Councillor
Nyl GL	Councillor
Du Plessis W	Councillor
Malherbe M	Councillor
Visser I	Official
Manuel MF	Official
Diamane EV	Official
Alexander JRM	Official
Cawood A	Imatu
Boucher A	Imatu
Jack M	Samwu
Jacobs NE	Samwu
Oliphant XL	Samwu
Kondile L	Samwu
Van Staden J	Samwu
Mantyi S	Samwu

Table 32.: *Labour Forum*

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COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

2.7 Risk Management

In terms of section 62 (1)(c)(i) *"the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure- that the municipality has and maintains effective, efficient and transparent systems – of financial and risk management and internal control;"...*

The management of risk is the process by which the Accounting Officer, Chief Financial Officer and the other senior management of a Municipality will pro-actively, purposefully and regularly, but at least annually, identify and define current as well as emerging business, financial and operational risks and identify appropriate, business and cost effective methods of managing these risks within the Municipality, as well as the risk to the stakeholders.

Purpose and Scope

This Policy addresses key elements of the risk management framework to be implemented and maintained by the Municipality, which will allow for the management of risks within defined risk/return parameters, risk appetite and tolerances as well as risk management standards. As such, it provides a framework for the effective identification, evaluation, management measurement and reporting of the Municipality's risks.

Objectives

The objective of the risk policy is to ensure that a strategic plan is developed that should address the following:

- An effective risk management architecture;
- A reporting system to facilitate risk reporting; and
- An effective culture of risk assessment

The role of the service departments is to identify, review and manage their risks on an ongoing basis, making risk management an integral or natural part of the organisational processes and procedures. Risk management should be embedded in the organisation, it becomes an intrinsic part of business planning and decision making - there is no direction taken without looking at potential risks.

The table below include the top five risks of the municipality:

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Risk	Department	Division
1. Underspending of conditional grants	Infrastructure	Technical service
2. Underspending of capital budget	Finance	Budget and Treasury
3. Lack of reporting for repairs	Infrastructure	Technical Services
4. Daily banking of funds is not done due to lack of supervision.	Community Services	Traffic
5. Failure to render a sufficient support for SMME's and emerging farmers.	Corporate Services	Development

Table 33.: **Top five risks**

2.8 Anti-Corruption and Anti-Fraud

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favoritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

a) Developed Strategies

Name of strategy	Developed (Yes/No)
Anti-corruption and Fraud Prevention strategy and Implementation plan	Yes

Table 34.: **Strategies**

b) Implementation of Strategies

Key Risk Areas	Key measures to curb corruption and fraud
All Directorates	Corruption, Fraud, theft, maladministration and any form of dishonesty will be investigated and pursued by applying all available remedies within the full extent of the Law. All officials are responsible for reporting incidents of Corruption and Fraud to the Heads of Departments and the Municipal Manager.
	Key Strategic Plan reflects a Zero Tolerance approach to Fraud and Corruption.

Table 35.: **Implementation of the Strategies**

2.9 Audit Committee

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must –

- (a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –
 - internal financial control;

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- risk management;
- performance Management; and
- effective Governance.

The Audit Committee have the following main functions as prescribed in section 166 (2) (a-e) of the Municipal Finance Management Act, 2003 and the Local Government Municipal and Performance Management Regulation:

a) *Functions of the Audit Committee*

- To advise the Council on all matters related to compliance and effective governance.
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation.
- Respond to the council on any issues raised by the Auditor-General in the audit report.
- To review the quarterly reports submitted to it by the internal audit.
- To evaluate audit reports pertaining to financial, administrative and technical systems.
- The compilation of reports to Council, at least twice during a financial year.
- To review the performance management system and make recommendations in this regard to Council.
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
- To review the annual report of the municipality.
- Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- Provide support to the Internal Audit function.
- Ensure that no restrictions or limitations are placed on the Internal Audit section.
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.

b) *Members of the Audit Committee*

Name of representative	Capacity	Meeting dates
D Olifant	Chairperson	4 April 2014
D Fourie	Member	30 May 2014
C Penderis	Member	20 June 2014

Table 36.: *Members of the Audit Committee*

2.10 Performance audit committee

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The Regulations require that the performance audit committee is comprised of a minimum of three members, the majority of whom are external (neither a councillor nor an employee) of the municipality. Section 14(2) (b) of the Regulations further stipulates that the performance audit committee must include at least one person who has expertise in performance management. It is also a requirement of the Regulations in Section 14(2)(d) that the Council of a municipality designate neither a member of the performance audit committee who is neither a councillor nor an employee of the municipality as the chairperson of the committee.

In terms of Section 166(4) (a) of the MFMA, an audit committee must consist of at least three persons with appropriate experience, of who the majority may not be in the employ of the municipality.

Section 166(5) of the MFMA, requires that the members of an audit committee must be appointed by the council of the municipality. One of the members, not in the employ of the municipality, must be appointed as the chairperson of the committee. No councillor may be a member of an audit committee.

Both the Regulations and the MFMA, indicate that three is the minimum number of members needed to comprise a performance audit committee. While the regulations preclude the appointment of a councillor as chairperson of the performance audit committee, the MFMA excludes the involvement of a councillor in the composition of a performance audit committee entirely.

Section 14(3) (a) of the Regulations requires that the performance audit committee of a municipality must meet at least twice during each financial year. However, additional special meetings of the performance audit committee may be called for by any member of the committee, where sufficient justification exists in terms of Section 14(3) (b) of the Regulations.

a) Functions of the Performance Audit Committee

In terms of Section 14(4) (a) of the Regulations the performance audit committee has amongst others the responsibility to -

- i) review the quarterly reports produced and submitted by the internal audit process;
- ii) review the municipality's performance management system and make recommendations in this regard to the council of the municipality; and
- iii) at least twice during each financial year submit a performance audit report to the council of the municipality.

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b) Members of the Performance Audit Committee

Name of representative	Capacity	Meeting dates
W. De Bruyn/ D Olifant	Chairperson	26 February 2014
G Nyl	Member	
A Jaftha	Member	

Table 37.: **Members of the Performance Audit Committee**

2.11 Communication

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa Act 1996 and other statutory enactments all impose an obligation on local government communicators and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

The communities, on the other hand, have a right and a responsibility to participate in local government affairs and decision-making and ample provision is made in the abovementioned legislation for them to exercise their right in this respect. Our democratic government is committed to the principle of **Batho Pele** and this, in simple terms, means that those we elect to represent us (councillors at the municipal level) and those who are employed to serve us (the municipal officials at municipal level) must always put people first in what they do.

South Africa has adopted a system of developmental local government, which addresses the inequalities, and backlogs of the past while ensuring that everyone has access to basic services, to opportunities and an improved quality of life.

To be successful, communications must focus on the issues that are shown to impact on the residents' perceptions, quality of service, value for money and efficiencies. They should ideally look to close the communication-consultation loop, i.e. tell people how they can have a say and demonstrate how those who have given their views have had a real impact.

Below is a communication checklist of the compliance to the communication requirements:

Communication activities	Yes/No
Communication unit	No
Communication strategy	No
Communication Policy	Yes
Customer satisfaction surveys	No
Functional complaint management systems	Yes

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Communication activities	Yes/No
Newsletters distributed at least quarterly	Yes

Table 38.: **Communication Activities**

2.12 Website

A municipal website should be an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that the municipalities place key documents and information on their website, including the IDP, the annual budget, adjustments budgets and budget related documents and policies.

Below is a website checklist to indicate the compliance to Section 75 of the MFMA:

Documents published on the Municipal website	Published (Yes/ No)
Current annual and adjustments budgets and all budget-related documents	Yes
Budget implementation policy: Tariff policy	Yes
Budget implementation policy: Credit control policy	Yes
Budget implementation policy: Rates policy	Yes
Budget implementation policy: SCM policy	Yes
Annual report 2012/13	Yes
Performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act for 2013/14	Yes
All service delivery agreements for 2013/14	Yes
All long-term borrowing contracts for 2013/14	Yes
All supply chain management contracts above the prescribed value for 2013/14	Yes
Information statement containing a list of assets over a prescribed that have been disposed of in terms of section 14 (2) or (4) of the MFMA during 2013/14	Yes
Contracts agreed in 2013/14 to which subsection (1) of section 33 of the MFMA apply, subject to subsection (3) of that section	Yes
Public-private partnership agreements referred to in section 120 of the MFMA made in 2013/14	n/a
All quarterly reports tabled in the council in terms of section 52 (d) of the MFMA during 2013/14	Yes

Table 39.: **Website Checklist**

Chapter 3: Service Delivery Performance

CHAPTER 3

This chapter provides an overview of the key service achievements of the municipality that came to fruition during 2013/14 in terms of the deliverables achieved compared to the key performance objectives and indicators in the IDP.

3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

The constitution of S.A (1996), section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of inter alia:

- the promotion of efficient, economic and effective use of resources,
- accountable public administration
- to be transparent by providing information,
- to be responsive to the needs of the community,
- and to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, *inter*

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alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

3.1.1 Legislative requirements

In terms of section 46(1)(a) a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

3.1.2 Organisation performance

Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlight the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the National Key Performance Areas, performance on the National Key Performance Indicators prescribed in terms of section 43 of the Municipal Systems Act, 2000 and an overall summary of performance on municipal services.

3.1.3 The performance system followed for 2013/14

a) Adoption of a Performance Management Framework

The municipality adopted a performance management framework that was approved by Council during January 2011.

b) The IDP and the budget

The IDP was reviewed for 2013/14 and approved by Council 30 May 2013. The IDP process and the performance management process are integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

c) The Service Delivery Budget Implementation Plan

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The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and at directorate levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget.

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned
- The budget must address the strategic priorities
- The SDBIP should indicate what the municipality is going to do during next 12 months
- The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

The SDBIP were prepared as described in the paragraphs below and the Top Layer SDBIP approved by the Executive Mayor on 2 April 2013.

The Top Layer SDBIP was revised with the Adjustments Budget in terms of section 26 (2)(c) of the Municipal Budget and Reporting Regulations and an amended Top Layer SDBIP was approved by the Council on the 24 April 2014. The following were considered in the development of the amended Top Layer SDBIP:

- Areas to be addressed and root causes of the Auditor-General management letter, as well as the risks identified during the 2012/13 audit
- Alignment with the IDP, National KPA's, Municipal KPA's and IDP objectives
- Alignment with the Adjustments Budget
- Oversight Committee Report on the Annual Report of 2012/13
- The risks identified by the Internal Auditor during the municipal risk analysis

i) The municipal scorecard (Top Layer SDBIP)

The municipal scorecard (Top Layer SDBIP) consolidate service delivery targets set by Council / senior management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. Components of the Top Layer SDBIP include:

One-year detailed plan, but should include a **three-year capital plan**

The 5 necessary components includes:

- Monthly projections of revenue to be collected for each source
 - Expected revenue to be collected NOT billed
- Monthly projections of expenditure (operating and capital) and revenue for each vote

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- Section 71 format (Monthly budget statements)
- Quarterly projections of service delivery targets and performance indicators for each vote
 - Non-financial measurable performance objectives in the form of targets and indicators
 - Output NOT input / internal management objectives
 - Level and standard of service being provided to the community
- Ward information for expenditure and service delivery
- Detailed capital project plan broken down by ward over three years

Top Layer KPI's were prepared based on the following:

- Key performance indicators (KPI's) for the programmes / activities identified to address the strategic objectives as documented in the IDP.
- KPI's that need to be reported to key municipal stakeholders.
- KPI's to address the required National reporting requirements.

It is important to note that the municipal manager needs to implement the necessary systems and processes to provide the POE's for reporting and auditing purposes.

d) Actual performance

The municipality utilizes an electronic web based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the target set.
- A performance comment.
- Actions to improve the performance against the target set, if the target was not achieved.

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

3.1.4 Individual Performance Management

Performance management is prescribed by chapter of the Municipal Systems Act, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7 (1) of the aforementioned regulation states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players." This framework,

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inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

Mid-year assessment and submission of the mid-year report to the Mayor in terms of section of Section 72(1)(a) and 52(d) of the Local Government Municipal Finance Management Act to assess the performance of the municipality during the first half of the financial year.

a) *Municipal Manager and Managers directly accountable to the Municipal Manager*

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance based agreements with the all s57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). The performance agreements for the Municipal Manager and applicable directors for the 2012/13 financial year was signed during July 2012 as prescribed.

The appraisal of the actual performance in terms of the signed agreement takes place twice per annum as regulated. The final evaluation of the 2012/13 financial year (1 January 2013 to 30 June 2013) took place on 4 September 2013 and the mid-year performance of 2013/14 (1 July 2013 to 31 December 2013) took place on 26 February 2014.

The appraisals was done by an evaluation panel as indicated in the signed performance agreements and in terms of Regulation 805 and consisted of the following people:

- Mayor
- Portfolio councillor
- Municipal Manager
- Chairperson of the Audit Committee

b) *Other municipal personnel*

The municipality will in future financial years implement individual performance management to lower level staff in annual phases.

Chapter 3: Service Delivery Performance

3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2013/14

3.2.1 Strategic Service Delivery Budget Implementation Plan (Top Layer)

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section should provide an overview on the strategic achievement of a municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer (strategic) SDBIP is the municipality's strategic plan and shows the strategic alignment between the different documents. (IDP, Budget and Performance Agreements)

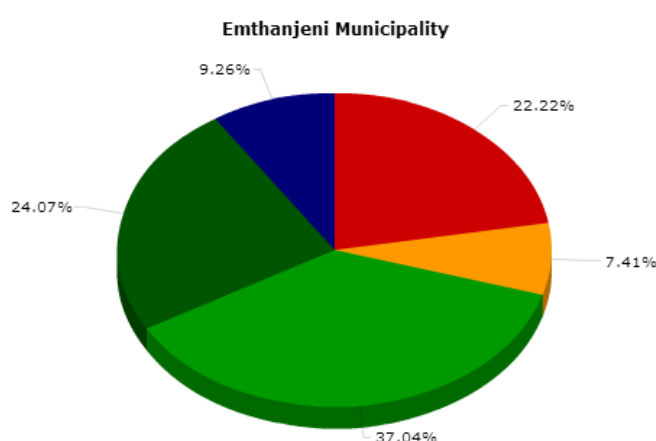
In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

The following table explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (kpi's) of the SDBIP is measured:

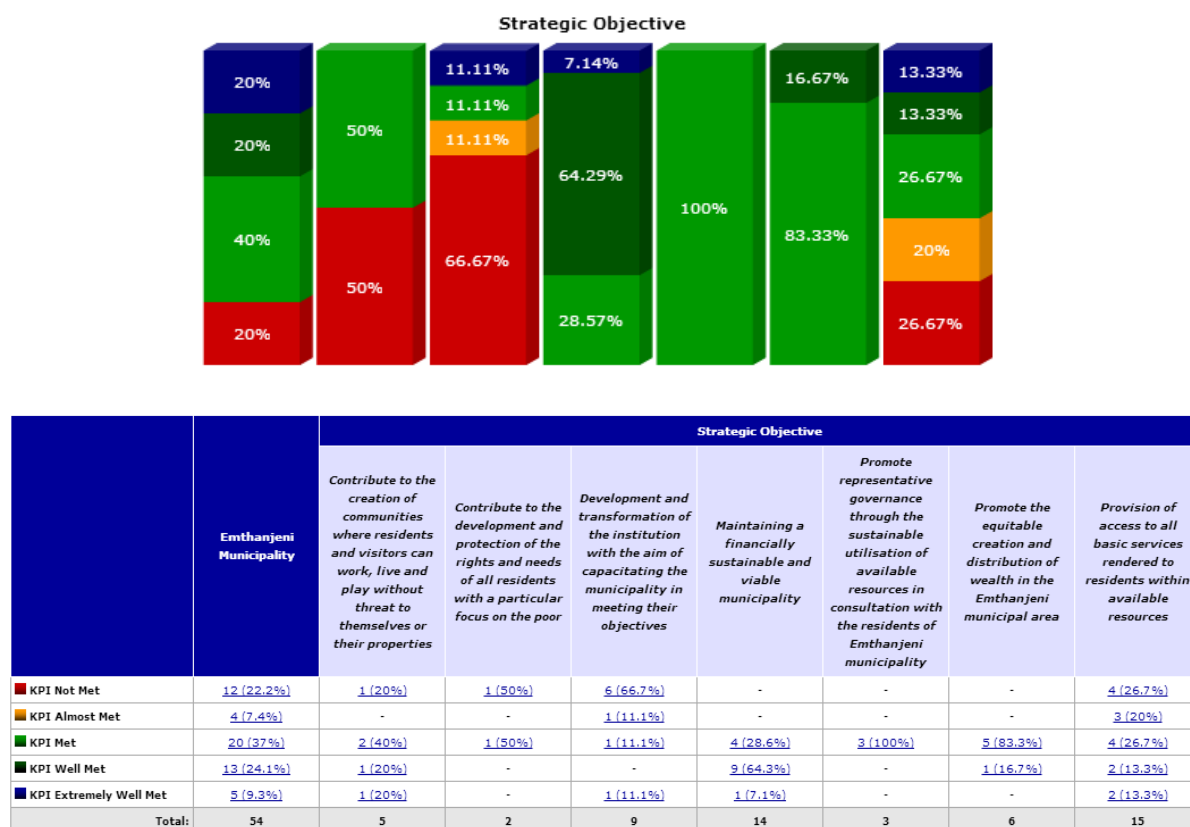
Category	Colour	Explanation
KPI Not Yet Measured	Grey	KPI's with no targets or actuals in the selected period
KPI Not Met	Red	0% > = Actual/Target < 75%
KPI Almost Met	Orange	75% > = Actual/Target < 100%
KPI Met	Green	Actual/Target = 100%
KPI Well Met	Dark Green	100% > Actual/Target < 150%
KPI Extremely Well Met	Blue	Actual/Target > = 150%

Figure 2: SDBIP Measurement Categories

The graph below displays the overall performance per Strategic objectives for 2013/14:



Chapter 3: Service Delivery Performance



Graph 5.: *Top Layer SDBIP per Strategic objectives*

a) Actual strategic performance and corrective measures that will be implemented

Top Layer SDBIP - Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance 2013/2014						Corrective measures for targets not achieved	
					Target					Actual		R
					Q1	Q2	Q3	Q4	Annual			
TL56	Optimal collection of fines issued for the financial year	% of fines collected	All	60%	0%	0%	0%	30%	30%	18%	R	Fines that were issued in 2014 is still outstanding due to summonses that must be served on offenders. This process should be monitored more closely
TL57	Law Enforcement initiative to decrease incidents affecting traffic safety	# of road blocks	All	18	3	3	3	3	12	28	B	N/A

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance 2013/2014							Corrective measures for targets not achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL58	Speed law enforcement (direct prosecution)	# of enforcement sessions	All	60	4	4	4	4	16	18	G 2	N/A
TL61	Establish community safety plans in conjunction with the Department of Community Safety and the District to address safety challenges within the communities	Number of plans	All	New performance indicator for 2013/14. No audited comparatives available	0	0	0	1	1	1	G	N/A
TL62	Annually review and submission of the Disaster Management Plan for assessment by the District	Plan reviewed and submitted	All	100%	0	0	1	0	1	1	G	N/A

Table 40.: **Top Layer SDBIP – Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties**

Top Layer SDBIP - Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance 2013/2014							Corrective measures for targets not achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL53	Establish commonage committee	Committee established	All	100%	0	0	0	1	1	1	G	N/A
TL54	Compile a rural development strategy	Strategy approved	All	0	0	0	0	1	1	0	R	The Department for Rural Development was requested to assist with the strategy

Table 41.: **Top Layer SDBIP – Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor**

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Top Layer SDBIP - Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance 2013/2014						Corrective measures for targets not achieved	
					Target					Actual		R
					Q1	Q2	Q3	Q4	Annual			
TL34	Spent 0.7% of the operational budget on training (Actual total training expenditure divided by total operational budget)	% of the total budget spent	All	0.9%	0%	0%	0%	0.7%	0.7%	0.7%	G	N/A
TL35	% Vacancy level as % of approved organogram (National norm between 10-15%) (Actual funded posts vacant divided by the Total funded posts)	% vacancy	All	13.5%	0%	0%	0%	14%	14%	10%	B	N/A
TL36	Compilation of a comprehensive Human Resource Plan	Plan approved	All	50%	0	0	0	1	1	0	R	A Draft plan is in place and will be tabled to the LLF in 2014/15
TL37	Completion of the abscondment and absenteeism policies	Number of policies	All	1	0	0	0	1	1	0	R	Policies were drafted and will be submitted to the HR Committee in 2014/15
TL38	Establish a client service desk	Service desk established	All	50%	0	0	0	1	1	0	R	The client service desk could not be implemented due to a lack of proper planning regarding the space and the personnel. Thorough research will have to be done regarding the client services desk.
TL39	Review existing adopted by-laws	Number of by-laws	All	0	0	0	0	1	1	0	R	Communication will be improved with various departments in order to timeously formulate new bylaws
TL40	Implement a system to monitor Council resolutions	System implemented	All	5%	0	0	0	1	1	0	R	The system could not be implemented due to budget constraints. An affordable system will be investigated and properly budgeted
TL42	Compile a maintenance needs analysis for all municipal buildings and offices (libraries, halls,	Number of analysis completed	All	0	0	0	0	2	2	1	R	More regular reports will be requested and monitored more closely

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance 2013/2014							Corrective measures for targets not achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
	youth advisory centres offices, traffic department)											
TL43	100% of the maintenance budget spent to implement prioritised maintenance for municipal buildings and offices as identified in the maintenance needs analysis	% of budget spend	All	New performance indicator for 2013/14. No audited comparatives available	25%	50%	75%	100%	100%	75%	O	Needs analysis of the building maintenance was not done frequently. More regular reports will be requested and monitored more closely

Table 42.: **Top Layer SDBIP – Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives**

Top Layer SDBIP - Maintaining a financially sustainable and viable municipality

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance 2013/2014							Corrective measures for targets not achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL23	Achieve an unqualified audit opinion	Audit opinion received	All	100%	0	0	1	0	1	1	G	N/A
TL24	Submit the annual financial statements by the end of August to the Auditor-General	Statements submitted	All	100%	1	0	0	0	1	1	G	N/A
TL26	Financial viability measured in terms of the available cash to cover fixed operating expenditure (Available cash+ investments)/ Monthly fixed operating expenditure)	Ratio achieved	All	1.09	0	0	0	0.5	0.5	0.59	G ₂	N/A
TL27	Financial viability measured in terms of the municipality's ability to meet its service debt obligations (Debt coverage (Total operating revenue-operating grants received)/debt service payments due within the year))	Target achieved	All	4.15	0	0	0	30	30	35	G ₂	N/A

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance 2013/2014						Corrective measures for targets not achieved	
					Target					Actual		R
					Q1	Q2	Q3	Q4	Annual			
TL28	Financial viability measured in terms of the outstanding service debtors (Service debtors to revenue – (Total outstanding service debtors/ revenue received for services))	% achieved	All	57%	0%	0%	0%	20.5%	20.5%	64.5%	B	N/A
TL29	Appoint a service provider by the end of May to assist with the implementation initiatives of the revenue enhancement strategy	Service provider appointed	All	0.5	0	0	0	1	1	1	G	N/A
TL30	Achievement of a payment percentage of above 80% (Actual payments received from debtors divided by actual levies)	Payment %	All	106.22%	0%	0%	0%	80%	80%	85%	G 2	N/A
TL33	Prepare and submit to Council the adjustments budget by the end of February, the draft budget by the end of March and the final budget by the end of May	Approved draft, final and adjustments budgets	All	100%	0	0	2	1	3	3	G	N/A
TL66	The percentage of the municipal capital budget actually spent on capital projects identified in terms of the IDP (Actual amount spent on projects as identified for the year in the IDP/Total amount spent on capital projects)X100	% of the municipal budget spent (Actual amount spent on projects as identified for the year in the IDP/Total amount spent on capital projects)X100	All	New performance indicator for 2013/14. No audited comparatives available	0%	0%	0%	50%	50%	60%	G 2	N/A
TL67	Provide free basic electricity, water, sanitation and refuse removal to successful indigent households earning less than R3200	Number of households receiving free basic services	All	New performance indicator for 2013/14. No audited comparatives available	0	0	0	2,400	2,400	2,726	G 2	N/A

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance 2013/2014							Corrective measures for targets not achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL68	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and billed	Number of residential properties which are billed for water or have pre-paid meters	All	New performance indicator for 2013/14. No audited comparatives available	0	0	0	8,000	8,000	8,156	G 2	N/A
TL69	Number of formal residential properties connected to the municipal waste water sanitation/ sewerage network for sewerage service, irrespective of the number of water closets (toilets)	Number of residential properties which are billed for sewerage	All	New performance indicator for 2013/14. No audited comparatives available	0	0	0	8,000	8,000	8,156	G 2	N/A
TL70	Number of formal residential properties for which refuse is removed once per week	Number of residential properties which are billed for refuse removal	All	New performance indicator for 2013/14. No audited comparatives available	0	0	0	8,000	8,000	8,094	G 2	N/A
TL71	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering) (Excluding Eskom areas)	Number of residential properties which are billed for electricity or have pre-paid meters (Excluding Eskom areas)	All	New performance indicator for 2013/14. No audited comparatives available	0	0	0	8,000	8,000	8,156	G 2	N/A

Table 43.: **Top Layer SDBIP – Maintaining a financially sustainable and viable municipality**

Top Layer SDBIP - Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance 2013/2014							Corrective measures for targets not achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL1	Develop Risk based audit plan and submit to the audit committee for	RBAP submitted to the audit committee	All	100%	0	0	0	1	1	1	G	N/A

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance 2013/2014							Corrective measures for targets not achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
	approval by end June											
TL2	Implement the RBAP (Audits completed for the period / planned audits for the period)	% completed	All	70%	0%	0%	0%	70%	70%	70%	G	N/A
TL5	Implement public education campaigns on municipal services and natural resources	No of education campaigns implemented	All	1	0	0	0	1	1	1	G	N/A

Table 44.: **Top Layer SDBIP – Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality**

Top Layer SDBIP - Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance 2013/2014							Corrective measures for targets not achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL6	Arrange meetings with possible investors for the municipal area	No meetings	All	1	0	0	0	1	1	1	G	N/A
TL44	Jobs created through municipality's local economic development initiatives including capital projects	Number of jobs created of contracts assigned to SMME's (temporary)	All	191	0	0	0	550	550	638	G 2	N/A
TL45	Implement initiatives within the LED strategy	Number of initiatives implemented	All	2	0	0	0	2	2	2	G	N/A
TL50	Implement gender development programmes	Number of programs	All	1	0	0	0	1	1	1	G	N/A
TL51	Commemoration of Youth Day	Youth day	All	1	0	0	0	1	1	1	G	N/A
TL52	Implement youth development programs	Number of programs	All	3	0	0	0	3	3	3	G	N/A

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Table 45.: **Top Layer SDBIP – Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area**

Top Layer SDBIP - Provision of access to all basic services rendered to residents within available resources

Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance 2013/2014							Corrective measures for targets not achieved
					Target					Actual	R	
					Q1	Q2	Q3	Q4	Annual			
TL8	Implement the De Aar and Hanover housing project	Number of sites serviced	All	New performance indicator for 2013/14. No audited comparatives available	0	0	0	470	470	470	G	N/A
TL9	Implementation of the WCWDM project funded by DWA	% of approved project budget spent	All	100%	0%	0%	0%	100%	100%	100%	G	N/A
TL10	90% of the water maintenance budget spent (Actual expenditure divided by the approved budget)	% of approved water maintenance budget spent	All	98.50%	0%	0%	0%	90%	90%	88%	O	Incorrect capturing and posting of expenditure onto the ledger. The process will be monitored more closely in 2014/2015
TL11	Complete phase 1 of the Bulk Water Supply Project for De Aar (disinfection)	Project completed	1; 2; 3; 4; 5	New performance indicator for 2013/14. No audited comparatives available	0	0	0	1	1	1	G	N/A
TL12	Limit % water unaccounted for to 19.5%	% unaccounted for	All	19.50%	0%	0%	0%	19.5%	19.5%	21.5%	R	Water losses will be monitored more closely and responds to water losses should be more effective
TL13	95% water quality as per SANS 241 requirements	% water quality level	All	99%	95%	95%	95%	95%	95%	95.42%	G 2	N/A
TL14	Complete the design for the refurbishment of the De Aar WWTW by the end of March	Design completed	1; 2; 3; 4; 5	New performance indicator for 2013/14. No audited comparatives available	0	0	1	0	1	2	B	N/A
TL15	Submit business plan to Council by end June for bulk sewerage infrastructure to upgrade UDS	Business plan submitted to Council by end June	7	New performance indicator for 2013/14. No audited	0	0	0	1	1	1	G	N/A

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Ref	KPI	Unit of Measurement	Ward	Previous Year Performance	Overall Performance 2013/2014						Corrective measures for targets not achieved	
					Target					Actual		R
					Q1	Q2	Q3	Q4	Annual			
	sanitation system to full waterborne in Britstown			comparatives available								
TL16	90% of the waste water maintenance budget spent (Actual expenditure divided by the approved budget)	% of approved waste water maintenance budget spent	All	86.20%	0%	0%	0%	90%	90%	61%	R	Spending of budget will be closely monitored to increase percentage of spending
TL17	Construct new surfaced roads	No of kilometers constructed	All	0	0	0	0	2.5	2.5	1.18	R	This project started very late and in future projects should start earlier with better planning
TL18	90% of the roads and stormwater maintenance budget spent (Actual expenditure divided by the approved budget)	% of approved roads and stormwater maintenance budget spent	All	94.60%	0%	0%	0%	90%	90%	78%	O	Spending of budget will be closely monitored to increase percentage of spending
TL19	Reseal existing tar roads	No of kilometers resealed	All	1.09	0	0	0	1	1	1.45	G 2	N/A
TL21	Limit % electricity unaccounted for to 22%	% unaccounted for	All	16%	0%	0%	0%	22%	22%	13%	B	N/A
TL22	90% of the recreational and swimming pool maintenance budget spent (Actual expenditure divided by the approved budget)	% of approved recreational areas and swimming pool maintenance budget spent	All	81.40%	0%	0%	0%	90%	90%	38%	R	Spending of budget will be closely monitored to increase percentage of spending
TL72	90% of the electricity maintenance budget spent (Actual expenditure divided by the approved budget)	% of approved electricity maintenance budget spent	All	New performance indicator for 2013/14. No audited comparatives available	0%	0%	0%	90%	90%	75%	O	Spending of budget will be closely monitored to increase percentage of spending

Table 46.: **Top Layer SDBIP - Provision of access to all basic services rendered to residents within available resources**

b) Service Providers Strategic Performance

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Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. A service provider:

- means a person or institution or any combination of persons and institutions which provide to or for the benefit of the local community
- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the municipality did not appoint any service providers who provided municipal services to or for the benefit of the local community on behalf of the municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured, that the requirements of the contract is complied with.

3.2.2 Municipal Functions

a) *Analysis of Functions*

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function (Yes/ No)
Constitution Schedule 4, Part B functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Fire fighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No

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Municipal Function	Municipal Function (Yes/ No)
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Table 47.: **Functional Areas**

3.3 COMPONENT A: BASIC SERVICES

This component includes basic service delivery highlights and challenges, includes details of services provided for water, waste water (sanitation), electricity, waste management, housing services and a summary of free basic services.

Chapter 3: Service Delivery Performance

3.3.1 Water Provision

a) Introduction to Water and Sanitation Provision

Emthanjeni is totally dependent on ground water (boreholes) and the effective and sustainable management thereof in order to provide a cost effective water supply is of the greatest importance to the Municipality.

The supply of water from the Orange River (100 km from De Aar) is a high priority for the council and further studies have been undertaken during the past year. As a result of the high cost of the implementation the development of further boreholes is envisaged.

The Water Conservation and Water Demand Management (WCWDM) strategies are aimed at limiting water losses in order to keep the cost of water at affordable levels. On-site water losses over which the Municipality has no control, poses a major challenge and will receive attention in future. The water losses in the 2013/14 financial year were 21.5% compared to 19.26% in 2012/13.

All residents have access to basic water services and the first 6kl of water is supplied free of charge to all households.

b) Highlights: Water Services

Description	Actions to address
Improving water quality	Disinfect system installed in all 3 towns

Table 48.: *Water Services Highlights*

c) Challenges: Water Services

Description	Actions to address
Finding extra water sources for De Aar	Development of additional boreholes with approved funding.
Water losses	More regular monitoring of water losses should be done.

Table 49.: *Water Services Challenges*

d) Service Delivery Levels: Water Services

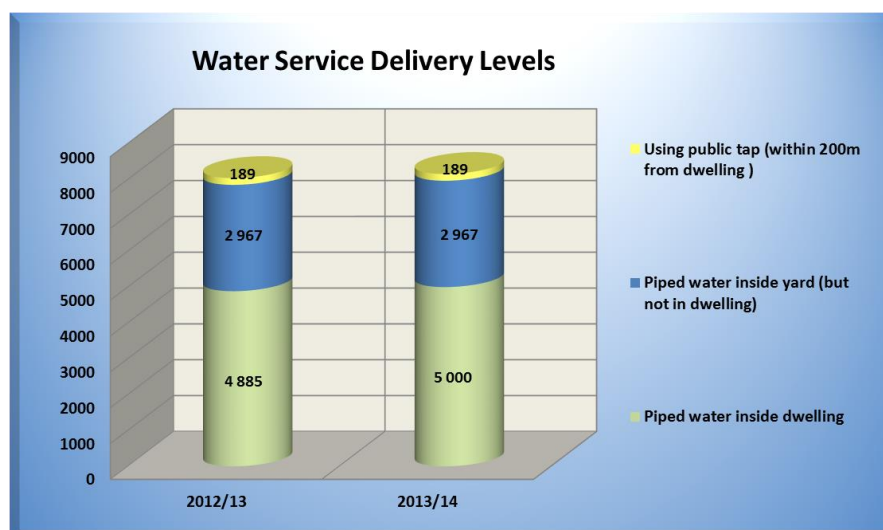
Total Use of Water by Sector (cubic meters)					
Year	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2012/13	0	0	22 167	2 396 310	565 117
2013/14	0	0	17 606	2 321 131	748 213

Table 50.: *Total use of water by sector (cubic meters)*

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Households		
Description	2012/13	2013/14
	Actual	Actual
	No.	No.
<i>Water: (above min level)</i>		
Piped water inside dwelling	4 885	5 000
Piped water inside yard (but not in dwelling)	2 967	2 967
Using public tap (within 200m from dwelling)	189	189
Other water supply (within 200m)	0	0
<i>Minimum Service Level and Above sub-total</i>	8 041	8 156
<i>Minimum Service Level and Above Percentage</i>	100	100
<i>Water: (below min level)</i>		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
<i>Below Minimum Service Level sub-total</i>	0	0
<i>Below Minimum Service Level Percentage</i>	0	0
Total number of households	8 041	8 156
<i>Include informal settlements</i>		

Table 51.: **Water service delivery levels: Households**



Graph 6.: **Water Service Delivery levels**

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Access to Water			
Financial year	Number/Proportion of households with access to water points*	Proportion of households with access to piped water	Number /Proportion of households receiving 6 kl free#
2012/13	189	7 852	8 041
2013/14	189	7 967	8 156

* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute
6,000 litres of potable water supplied per formal connection per month

Table 52.: *Access to water*

e) *Employees: Water Services*

Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	7	16	16	0	0
4 - 6	14	17	7	10	59
7 - 9	1	3	1	2	67
10 - 12	1	1	1	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	23	37	25	12	32

Table 53.: *Employees: Water Services*

f) *Capital: Water Services*

R'000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Water Conservation and Demand Management Disinfection of Water	1 058	1 058	721	(337)	721
Regional Bulk Water Supply	20 000	0	960	(19 040)	20 000
Total	21 058	1 058	1 681	(19 377)	20 721

Table 54.: *Capital Expenditure 2013/14: Water Services*

3.3.2 Waste water (sanitation) provision

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a) Introduction to Sanitation Provision

Various types of sanitation are currently provided: full waterborne sewerage, flushing toilets with vacuum tanks, dry sanitation (UDS toilets) and buckets in cases where residents have rejected the dry sanitation.

The biggest challenge currently is the upgrading of the dry sanitation (buckets) to full waterborne sewerage. Business plans for funding have already been submitted but approval is still awaited.

The De Aar purification works have to be upgraded urgently and project approval has been obtained from MIG during the past year. The upgrading started during 2013/2014 and completion during 2014/15.

The Municipality has a team for cleaning drains and block drains in the network are attended to, quickly. On-site drain blockages which constitute health risks are cleared free of charge for indigent households.

b) Highlights: Waste Water (Sanitation) Provision

Description	Actions to address
Upgrading De Aar Waste Water Treatment Works (WWTW)	Appointment of Consulting Engineers. Project started during 2013/14 financial year.

Table 55.: **Waste Water (Sanitation) Provision Highlights**

c) Challenges: Waste Water (Sanitation) Provision

Description	Actions to address
The municipality has in the past installed dry sanitation toilets (UDS) in Britstown and Hanover but these have been the source of much dissatisfaction among the residents. Britstown has by far the largest problem where the dry sanitation has been installed but rejected by the community who has reverted to the use of buckets.	Application for additional funding from other spheres of government
Equipment to unblock blockages	Provision should be made to purchase new equipment

Table 56.: **Waste Water (Sanitation) Provision Challenges**

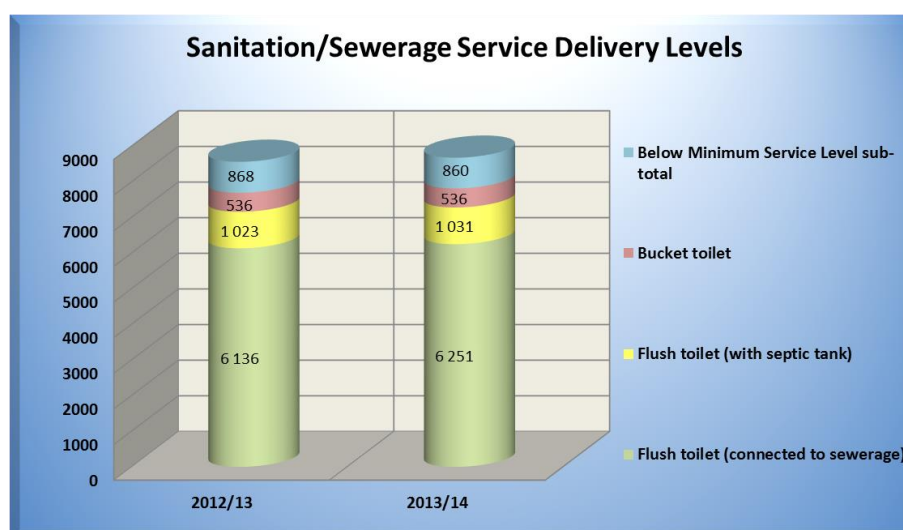
The table below specifies the different sanitation service delivery levels per households for the financial years 2012/13 and 2013/14 in the areas in which the municipality is responsible for the delivery of the service:

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d) Services Delivery levels: Sanitation

Households		
Description	2012/13	2013/14
	Outcome	Actual
	No.	No.
<i>Sanitation/sewerage: (above minimum level)</i>		
Flush toilet (connected to sewerage)	6 136	6 251
Flush toilet (with septic tank)	1 023	1 031
Chemical toilet	0	0
Pit toilet (ventilated)	14	14
Other toilet provisions (above min.service level)	0	0
<i>Minimum Service Level and Above sub-total</i>	7 173	7 296
<i>Minimum Service Level and Above Percentage</i>	89.2	89.46
<i>Sanitation/sewerage: (below minimum level)</i>		
Bucket toilet	536	536
Other toilet provisions (below min.service level)	332	324
No toilet provisions	0	0
<i>Below Minimum Service Level sub-total</i>	868	860
<i>Below Minimum Service Level Percentage</i>	10.8	10.54
Total households	8 041	8 156
<i>Including informal settlements</i>		

Table 57.: **Sanitation service delivery levels**



Graph 7.: **Sanitation/Sewerage Service Delivery Levels**

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e) Employees: Sanitation Services

Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	17	18	17	1	6
4 - 6	3	3	3	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	20	21	20	1	5

Table 58.: **Employees Waste Water (Sanitation) Provision**

f) Capital: Sanitation Services

R'000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Upgrading of De Aar Waste Water Treatment Works	6 000	6 000	1 601	(4 399)	6 000

Table 59.: **Capital Expenditure 2013/14: Waste Water (Sanitation) Provision**

3.3.3 Electricity

a) Introduction to Electricity

Local Government plays a very important role in the provision of electricity. Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social support.

The Energy Losses for the 2012/13 financial year was 15% whilst the losses in the 2013/2014 financial year were 13%. This outcome gives an end result of 2% reduction in energy losses that is a huge achievement for the Municipality.

At present there is no backlog in the provision of electricity to households. The biggest challenge currently is the portion of Hanover where Eskom is the supplier. Council has initiated a process to

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ascertain whether it would be possible to take over this area from Eskom in order to have a uniform system in place.

b) Highlights: Electricity

Highlights	Description
De Aar 70 Project Ext.7	Completed successfully January 2014
New Hospital 22kv Feeder and Eskom Notified Maximum Demand (NMD) application	Project completed 100% and Notified Maximum Demand (NMD) process started.
Response to faults	Responded to faults within the NERSA requirements
Streetlights	Streetlights attended within 10 working days after notifications/complaints received

Table 60.: **Electricity Highlights**

c) Challenges: Electricity

Description	Actions to address
Meter tampering and bypass	Stricter control measures to be implemented to manage tampering with meters and bypasses. Meter controller to do thorough inspections, bypasses to be attended to within 24 hours of notification and finance monitor customer account status monthly.
Conductor theft in Waterdal	Report incidents to SAPD and Copper conductor to be replaced with Aluminium.

Table 61.: **Electricity Challenges**

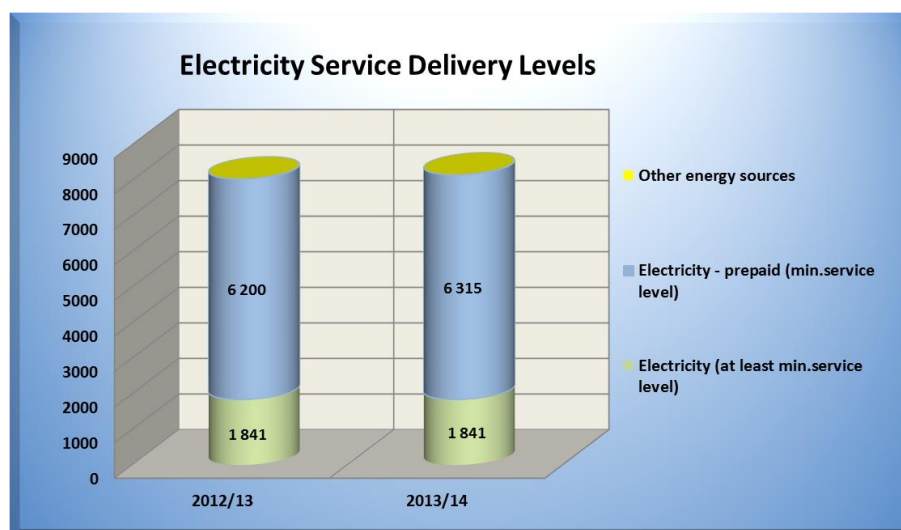
d) Service Delivery Levels: Electricity

Households		
Description	2012/13	2013/14
	Actual	Actual
	No.	No.
Energy: (above minimum level)		
Electricity (at least min.service level)	1 841	1 841
Electricity - prepaid (min.service level)	6 200	6 315
Minimum Service Level and Above sub-total	8 041	8 156
Minimum Service Level and Above Percentage	100	100
Energy: (below minimum level)		
Electricity (< min.service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level Percentage	0	0

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Households		
Description	2012/13	2013/14
	Actual	Actual
	No.	No.
Total number of households	8 041	8 156

Table 62.: *Electricity service delivery levels*



Graph 8.: *Electricity Service Delivery Levels*

e) *Employees: Electricity*

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	7	9	7	2	22
4 - 6	8	11	8	3	27
7 - 9	4	4	3	1	25
10 - 12	6	8	6	2	25
13 - 15	0	0	0	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	26	33	25	8	24

Table 63.: *Employees: Electricity Services*

f) *Capital: Electricity*

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R'000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Electrification of New RDP Houses	800	800	800	0	800
Replacement of Prepaid Electricity Meters	505	505	182	(323)	505
Total	1 305	1 305	982	(323)	1 305

Table 64.: *Capital Expenditure 2013/14: Electricity Services*

3.3.4 Waste management (Refuse collections, waste disposal, street cleaning and recycling)

a) *Introduction to Waste Management*

Domestic refuse is currently removed on a weekly basis in all residential areas of Emthanjeni. Informal dumping (littering) remains a major challenge but all areas are regularly cleaned up. Various areas have street cleaners who clear the littering on a daily basis.

b) *Highlights: Waste Management*

Description	Actions to address
Commenced with permitting Hanover and Britstown land fill sites	Department of Environmental and Nature Conservation assisting with permitting process
Youth in waste programme of National Government	Programme introduced and 14 young people recruited to do advocacy work in communities relating to waste management disciplines.
Directorate Community Services established	The directorate separated from infrastructure department to ensure more dedicated basic service delivery focused on community services.

Table 65.: *Waste Management Highlights*

c) *Challenges: Waste Management*

Description	Actions to address
Managing land fill sites	Improve management system at land fill sites and incorporate the youth in waste programme.
Illegal dumping on the increase	Awareness programmes to educate the communities on keeping the environment clean
Lack of machinery to perform waste management and minimisation efforts	Acquire additional machinery in 2014/2015 financial year.

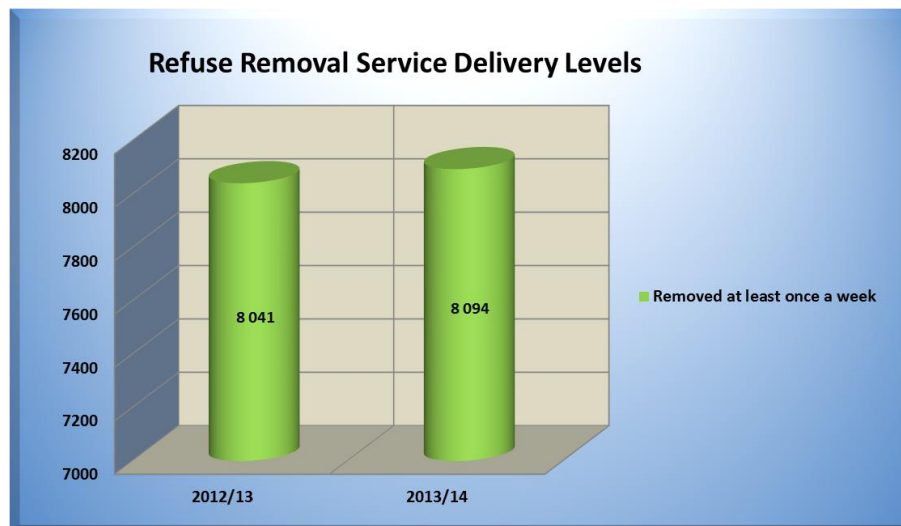
Table 66.: *Waste Management Challenges*

d) *Service Delivery Levels: Waste Management*

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Description	Households	
	2012/13	2013/14
	Actual	Actual
	No.	No.
<i>Solid Waste Removal: (Minimum level)</i>		
Removed at least once a week	8 041	8 094
<i>Minimum Service Level and Above sub-total</i>	8 041	8 094
<i>Minimum Service Level and Above percentage</i>	100	100
<i>Solid Waste Removal: (Below minimum level)</i>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
<i>Below Minimum Service Level sub-total</i>	0	0
<i>Below Minimum Service Level percentage</i>	0	0
Total number of households	8 041	8 094

Table 67.: **Waste Management Service Delivery Levels**



Graph 9.: **Waste Management Service Delivery Levels**

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e) Employees: Solid Waste Services

Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	49	64	64	0	0
4 - 6	8	9	9	0	0
7 - 9	2	5	5	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	59	78	78	0	0

Table 68.: *Employees: Solid Waste Services*

f) Capital: Solid Waste Services

There were no capital projects for the 2013/14 financial year.

3.3.5 Housing

a) Introduction to Housing

Emthanjeni Local Municipality has a fully functional Housing Division that takes care of the day-to-day running of the housing function within the Municipality and is also ready to discharge additional functions as required for level two accreditation. This Housing Division resorts under the Community Services Directorate of the Emthanjeni Municipality. Emthanjeni Municipality, in 2006, took a decision to alter its organogram in terms of the Housing Office. There is therefore no urgent need to embark on a process of transformation or altering the current organizational structure because the current staff will be able to perform Level 1 and 2 functions in the Housing Division.

Amongst others, the housing unit of Emthanjeni is tasked to:

- Ensure that sustainable housing development takes place.
- Integrate housing with other municipal services and sectors in order to establish sustainable human settlements.
- Coordinate municipal departments to work together in planning and implementing housing projects.
- Promote middle and high-income housing which will in turn generate resources to improve low-income areas.

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- Promote environmental sensitive and energy efficient housing and invest more in the green economy, by means of solar geysers and alternate building material that has a better heat discharge.

As a municipality we seek to address our housing responsibilities in record time, hence we deem it necessary to apply for accreditation, simply because we believe that bringing delivery closer to the people ensure a more effective delivery of housing stock.

Emthanjeni' housing unit is fully equipped and functional to perform the functions as required for level one and two accreditation.

Housing need:

The need for an integrated residential development approach that addresses the whole spectrum of residential needs has been identified and the following main income categories have been considered:

- Subsidy housing >R3 500 per
- Gap housing-R3 500-R15 000 per month

Given the strategic decision to focus in the first instance on subsidy and Gap housing, the needs can be summarized as follows:

Subsidy	3 749
Gap	250

b) Highlights: Housing

Highlights	Description
Building and completion of 115 Housing Units Servicing of 470 Sites	Completion of 115 units -9 in De Aar-West, 45 in Hanover and 61 in De Aar-East
	In Hanover 470 sites were serviced
Consumer Education Programs	Consumer Education Programmes were conducted to the beneficiaries (115) of houses

Table 69.: **Housing Highlights**

c) Challenges: Housing

Description	Actions to address
Vandalism of Houses	Conduct more and regular Housing Consumer Education Programmes
Unskilled Emerging Contractors	Arrange for training of emerging contractors by NHBRC and COGHSTA
Funding for Housing	Compilation of Business Plan to apply for funding

Table 70.: **Housing Challenges**

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d) Housing Statistics

Number of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2012/13	8 094	7 905	97.7
2013/14	8 209	7 905	96.3

Table 71.: *Households with access to basic housing*

The following table shows the increase in the number of people on the housing waiting list. There are currently approximately 4 114 housing units on the waiting list.

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2012/13	3 999	14
2013/14	4 114	2.8

Table 72.: *Housing waiting list*

A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2012/13	7 741	7 491	95	115	0
2013/14	6 543	6 543	100%	115	470

Table 73.: *Houses built in 2013/14*

e) Employees: Housing

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	4	9	7	2	22
7 - 9	1	1	0	1	100
10 - 12	1	1	1	0	0
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	7	12	9	3	25

Table 74.: *Employees: Housing*

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f) Capital: Housing

There were no capital projects for the 2013/14 financial year.

3.3.6 Free Basic Services and Indigent Support

a) Introduction

Indigent applications are processed annually but new applications are assessed and updated monthly. The indigent register was reconciled with the Financial System (Abakus) and the Pre-paid Electricity System. Credit Control officials are continuously updating Indigent Households (IHH) on the Pre-paid Electricity System.

New indigent household applications were processed and approved, so that these households received their levied Free Basic Services (FBS) during the month. Indigent households will receive their FBS in the first of the month following the approval of their applications.

The table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved indigent policy of the municipality, all households earning less than R3 200 per month will receive the free basic services as prescribed by national policy. The table, furthermore, indicates the total number of indigent households and other households that received free basic services in the past two financial years:

The table below indicates that 22.70% of the total number of households received free basic services in 2012/13 financial year whilst it decreased to 22.61% in the 2013/14 financial year:

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2012/13	12 615	2 864	22.70	2 864	22.70	2 864	22.70	2 864	22.70
2013/14	12 615	2 726	22.61	2 726	22.61	2 726	22.61	2 726	22.61

Table 75.: *Free basic services to indigent households*

Financial year	Electricity								
	Indigent Households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value R'000	No. of HH	Unit per HH (kwh)	Value R'000	No. of HH	Unit per HH (kwh)	Value R'000
2012/13	2 496	34.77	1 041	9 751	34.77	0	368	34.77	154
2013/14	2 333	38.76	1 085	9 889	38.76	0	393	38.76	183

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Table 76.: *Free basic Water services to indigent households*

Water						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	R value per HH	Value
			R'000			R'000
2012/13	2 864	55.87	1 920	9 751	55.87	6 538
2013/14	2 726	59.23	1 938	9 889	59.23	7 029

Table 77.: *Free basic Water services to indigent households*

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	R value per HH	Value
			R'000			R'000
2012/13	2 864	135.58	4 660	9 751	135.58	0
2013/14	2 726	143.50	4 694	9 889	143.50	0

Table 78.: *Free basic Water services to indigent households*

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value	No. of HH	R value per HH	Value
			R'000			R'000
2012/13	2 864	(1) once	2 901	9 751	84.42	0
2013/14	2 726	(1) once	2 927	9 889	89.48	0

Table 79.: *Free basic Refuse Removal services to indigent households per type of service*

Financial Performance 2013/14: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2012/13	2013/14			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Water	1 393	5 469	5 469	8 967	3 498
Waste Water (Sanitation)	1 978	4 985	4 985	4 694	(291)
Electricity	367	1 344	1 344	1 449	105
Waste Management (Solid Waste)	2 579	3 108	3 108	2 927	(181)
Total	6 316	14 906	14 906	18 037	3 131

Table 80.: *Financial Performance 2013/14: Cost to Municipality of Free Basic Services Delivered*

3.4 COMPONENT B: ROAD TRANSPORT

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

3.4.1 Roads

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a) Introduction to Roads

A total of 1,45 km (11 620m²) road was resealing with a total of 1 200 man days (jobs) created. At present 65% of all municipal streets are still gravel roads which cause a great deal of inconvenience following rain and during strong wind. During the past year the municipality tarred 1.18 km and Paved 822m of new streets from EPWP funds. The construction for the tarring of 8 km main roads started in the 2013/2014 financial year.

b) Highlights: Roads

Highlights	Description
Road maintenance	Resealing of 1.45km of road
Tarring of Roads	Project started in February 2014

Table 81.: **Roads Highlights**

c) Challenges: Roads

Description	Actions to address
At present 65% of all roads are still gravel roads and major problems are experienced with dust and storm water problems.	Application for additional funding from other spheres of government.
The tarred roads are in urgent need of resealing and problems are experienced with potholes especially after rain. During the past year potholes were repair on a regular basis.	Application for additional funding from other spheres of government.

Table 82.: **Roads Challenges**

d) Statistics: Roads

Gravel Road Infrastructure: Kilometres				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2012/13	130	0	0.12	128.88
2013/14	128.82	0	1.18	127.65

Table 83.: **Gravel road infrastructure**

Tarred Road Infrastructure: Kilometres					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2012/13	74.54	0.12	0	1.1	73.54
2013/14	75.72	1.18	0	1.45	73.09

Table 84.: **Tarred road infrastructure**

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The table below shows the costs involved for the maintenance and construction of roads within the municipal area:

Financial year	New & Replacements	Resealed	Maintained
	R'000		
2012/13	2 944	293	1 025
2013/14	3 817	843	299

** The cost for maintenance include stormwater*

Table 85.: **Cost of construction/maintenance of roads**

e) Employees: Roads

Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	12	20	20	0	0
4 - 6	14	21	17	4	19
7 - 9	1	3	3	0	0
10 - 12	1	1	1	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	28	45	41	4	9

Table 86.: **Employees: Roads**

f) Capital: Roads

R'000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Construction of New Streets	2 670	2 370	1 713	(957)	1 713
Resealing of Streets	820	820	855	35	855
Construction of Access Roads	7 524	10 024	8 745	1 221	8 745
Total	11 014	13 214	11 313	299	11 313

Table 87.: **Capital Expenditure 2013/14: Roads**

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3.4.2 Waste water (Stormwater drainage)

a) Highlights: Waste Water (Stormwater Drainage)

Highlights	Description
New main storm water infrastructure	Adequate storm water infrastructure: Open lined channels, box culverts, pipe culverts and unlined channels.

Table 88.: **Waste Water (Stormwater drainage) Highlights**

b) Challenges: Waste Water (Stormwater Drainage)

Description	Actions to address
Funding to address the flooding of De Aar central town	Investigate possible solution to improve stormwater and make budgetary provision
Funding for the installation of Storm water drainage in all extensions	Applied for funding form alternative sources

Table 89.: **Waste Water (Stormwater drainage) Challenges**

c) Services Delivery Statistics

The table below shows the total kilometers of stormwater maintained and upgraded as well as the kilometers of new stormwater pipes installed:

Stormwater Infrastructure: Kilometres			
Year	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2012/13	0.24	3.1	3.0
2013/14	0	0.5	2.5

Table 90.: **Stormwater infrastructure**

The table below indicates the amount of money spend on stormwater projects:

Financial year	Stormwater Measures		
	New R'000	Upgraded R'000	Maintained R'000
2012/13	0	7 755	29
2013/14	0	2 017	150

Table 91.: **Cost of construction/maintenance of stormwater systems**

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d) Employees: Waste Water (Stormwater)

Job Level	2013/14			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	3	3	0	0
7 - 9	0	0	0	0
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	3	3	0	0

Table 92.: **Employees: Stormwater**

e) Capital: Waste Water (Stormwater Drainage)

Capital Projects	R'000				
	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Upgrade of stormwater drainage	1 500	1 500	3 539	2 039	3 539

Table 93.: **Capital Expenditure 2013/14: Waste water (Stormwater drainage)**

3.5 COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT

3.5.1 Planning

a) Highlights: Planning

Highlights	Description
Approval of building plans	All building plans received were approved within 30 days
Increase in development	34% more building plans received and approved and the value of building plans received doubled

Table 94.: **Planning Highlights**

b) Challenges: Planning

Description	Actions to address
Staff shortages: Vacant posts	Vacant post must be advertised and filled

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Description	Actions to address
Shortages of office space	New offices must be constructed

Table 95.: *Planning Challenges*

c) *Statistics: Planning*

Applications for Land Use Development				
Detail	Formalisation of Townships		Rezoning	
	2012/13	2013/14	2012/13	2013/14
Planning application received	0	4 114	9	9
Determination made in year of receipt	0	0	7	9
Determination made in following year	0	4 114	2	2
Applications withdrawn	0	0	0	0
Applications closed	0	0	0	11
Applications outstanding at year end	0	4 114	2	0
Awaiting DEA&DP decision	0	0	0	0

Table 96.: *Applications for Land Use Development*

Type of service	2012/13	2013/14
Building plans application processed	76	102
Total surface (m ²)	6 733	9 444
Approximate value	R15 008 752	R29 705 154
New residential dwellings	6	12
Residential extensions	63	78
New Business buildings	4	5
Business extensions	3	1
Land use applications processed	15	9

Table 97.: *Additional Performance Town Planning and Building Control*

d) *Employees: Planning*

Job Level	2013/14			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	1	1	0	0
7 - 9	1	1	0	0
10 - 12	0	0	0	0
13 - 15	1	1	0	0

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Job Level	2013/14			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	3	3	0	0

Table 98.: **Employees: Planning**

e) **Capital: Planning**

There were no capital projects for the 2013/14 financial year.

3.5.2 Local Economic Development (Including Tourism and Market places)

a) **Highlights: LED**

The following performance highlights with regard to the implementation of the LED strategy are:

Highlights	Description
Establishment of LED Forum	A LED Forum has been established consisting of all SMME's in Emthanjeni zone.
Mentorship Programme	Mentor appointed for a period of 12 months to implement the mentorship programme.
Initiatives to attract investors/developers	Special packages has been designed with acceptable rebates to attract investors/developers.

Table 99.: **LED Highlights**

b) **Challenges: LED**

The following challenges with regard to the implementation of the LED strategy are:

Description	Actions to address challenges
Increasing unemployment rate	Implementation of ward base infrastructure projects and other job creation initiatives
Housing need	Implementation of Turn key projects
Limited municipal resources	Effective budgeting and financial planning
Replacing of ageing infrastructure	Submit funding applications to potential funders

Table 100.: **Challenges LED**

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c) LED Strategy

The LED strategy identifies various issues and strategic areas for intervention such as:

Strategic areas	Description
Internalise the economy of Emthanjeni	Increasing the trading density of Emthanjeni and make the economy of Emthanjeni accessible
Implementation of the job creation and job preservation desk	Preservation of all jobs in Emthanjeni. Keeping record of employment / retrenchment information (Data) on all employers and potential employers
Creating a suitable environment to stimulate economic growth and social well-being	The implementation and facilitation of an integrated LED & Marketing Strategy
The unlocking of the potential of Emthanjeni to achieve growth and development	Utilization of local expertise e.g business people and technocrats to assist in broadening the economic base

Table 101.: LED Strategic areas

KPA & Indicator	Municipal Achievement	Municipal Achievement
	2012/13	2013/14
The number of jobs created through municipality's local economic development initiatives including capital projects	191	530

d) Job Creation: EPWP

Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2012/13	10	191
2013/14	11	530

Table 102.: Job creation through EPWP* projects

e) Tourism

From the assessment undertaken of the tourism environment, it is evident that Emthanjeni has immense untapped tourism potential. However, there needs to be significant effort put in developing Emthanjeni into a thriving tourist destination including:

- Focused tourism development
- Restoration and listing of Heritage sites for tourism development purposes
- Active promotion of the municipality as a prime tourist destination
- Acquisition of adequate and competent human resource to champion tourism development in the municipality
- Tourism infrastructure development

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i) *Marketing Plan for Emthanjeni Tourism and Events*

The municipality has designed a well-researched marketing and promoting strategy that will intensify the role of marketing Emthanjeni Municipality in all levels of development such as to:

- Market and promote the municipality through exhibitions and trade shows
- Having a detailed promotional brochure
- Events and programs
- Through conferencing
- Assist with council meets the people programs as a mobilising tool

ii) *Highlights: Tourism*

The following challenges with regard to the implementation of the Tourism Strategy are:

Description	Actions to address challenges
Marketing and promotion strategy	The municipality has designed a well-researched marketing and promoting strategy

Table 103.: *Highlights: Tourism*

iii) *Challenges: Tourism*

The following challenges with regard to the implementation of the Tourism Strategy are:

Description	Actions to address challenges
Value Chain Coordination	To establish Tourism Development Committee that will be championed by the Municipality
Development of new attractions	To have an adequate budget that will cater for attraction development
Lack of tourism data	To develop a visitor book that will be user friendly to collect tourism statistics within Emthanjeni Municipality
Heritage Reconstruction	To liaise with the Department of Arts and Culture to restore all buildings that have tourism value
Inadequate tourism infrastructure	Restore all buildings that have tourism value
Increased competition from more developed towns	Develop new and upgrade existing attractions to increase tourism demand of the municipality.
Absence of active marketing of Emthanjeni as a tourist destination	Attend trades shows such as Tourism Indaba and other shows like Beeld and Getaway
Human Resource capacity to drive tourism development	Employ support staff within the unit
Limited Budget for Tourism Strategy Implementation	Effective budgeting and financial planning process to be followed

Table 104.: *Challenges: Tourism*

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iv) Tourism Strategy

This strategy is developed under the auspices of key policy documents including: Emthanjeni Tourism Policy, Pixley ka Seme District Municipality and the Northern Cape Growth and Development Strategy. This is in recognition of the immense contribution of tourism to the growth of the Province in general and in particular to local economy.

The development of this Tourism Strategy was further informed by stakeholders' inputs through various mechanisms including workshops that were held in all three constituent towns namely: De Aar, Hanover and Britstown.

Further we have emerged with key prioritized tourism sub-sectors as pointed out in tourism literature that has guided the development of this tourism strategy.

The key sub-sectors can be categorized as follows:

- **Leisure** – Holiday making and site seeing
- **MICE** – Meetings, Incentives, Conferencing and Events
- **General Business** – Sales, Meetings and Trainings
- **Retail** - Purchasing of goods and services for taking back home

To achieve the preceding, a ten year horizon tourism strategy is proposed for implementation in three phases.

- Phase 1 will look into addressing the weakness mentioned thus transform the Municipality into a leisure tourism destination.
- Phase 2 will gravitate into MICE tourism
- Phase 3 will concentrate on developing Emthanjeni into general business tourist destination.

Emthanjeni Municipality is urged to consider paying specific attention to the critical success factors fundamental to the success of this strategy including:

- The unequivocal support of Counsel
- Improved planning and budgeting for tourism development
- Stakeholder involvement
- Acquisition of adequate and competent human resources to drive tourism development

Objective

The objective of the Emthanjeni Tourism Strategy is to transform the Emthanjeni Municipal area into a prime tourist destination for local economic advantage.

To achieve the stated objective the following deliverables should be prioritized:

- To market Emthanjeni as a tourism destination.

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- To speed up the restoration of existing attractions and the development of new attractions
- Determine key tourism projects
- Create opportunities for SMME development and employment through tourism development
- To promote pride in the cultural heritage of the communities in the Municipality
- To encourage community participation in tourism planning and development
- To prioritize the development of tourism infrastructure in the constituent towns

v) *Accommodation Established*

The hospitality sector is growing massively within the Municipality, the following reasons make it more easily to establish and Accommodation Association that will be managed and operated by stakeholders, the Municipality officials will be part of the association to advice and coordinate.

- To communicate with government and the tourism industry at large
- To actively get involved in matters that affect the smaller accommodation industry and communicate on such matters with the members
- To ensure a sustained increase in membership
- To have a strong presence in all 9 provinces
- To develop strategies for Social Responsibility, Service Excellence, "Greening", SMME Development (skills development, entrepreneurship creation and employment opportunities)

An assessment has been conducted of 21 guest houses and approval has been granted to operate as a guest house.

The grading has increased the requirements of accommodation establishments when assessed. The old system had 43 focus areas with a total score of 460 and the new system has 63 focus areas with a total score of 1000 points. As part of the new system establishments must have one room that is accessible to people with disabilities that is a UA grading system.

f) *LED Initiatives*

The table below identifies the detail of the various LED initiatives in the municipal area:

Description of project	No of man-days created	Total Investment (R)	Amount spent (R)	Amount spent per day (R)
Building of beehives	60	150 000	150 000	2 500
Street vendors e.g. Braai, stalls etc	7	0	0	0
Car Washes	5	40 000	40 000	40 000
Total	72	190 000	190 000	42 000

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Table 105.: *Jobs Created during 2013/14 by LED Initiatives (Excluding EPWP projects)*

g) Employees: LED

Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	1	0	0
4 - 6	0	0	0	0	0
7 - 9	1	3	3	0	0
10 - 12	6	7	4	3	43
13 - 15	0	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	7	12	9	3	25

Table 106.: *Employees: Local Economic Development*

3.6 COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.6.1 Libraries

a) Introduction to Libraries

The Municipality has 5 libraries operational in the area. Library service is and Provincial Government function and is delivered as agency service on behalf of government. The communities welcome the service rendered by library staff in all three towns. New books are introduced on regular basis. The libraries are now also offering free internet service to communities. Library membership is increasing steadily.

b) Highlights: Libraries

Description	Actions to address
Internet for public users	Public have access to internet at all service points.
Toy libraries	Pre-school children have the privilege to play with free toys at libraries
Reading competitions	Encourage the children to read more

Table 107.: *Libraries Highlights*

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c) Challenges: Libraries

Description	Actions to address
Damaged and stolen books	Require security service and book security system. Damage book recovery system
Users requiring transportation to library projects	Providing possible transport for older users
Improve security of libraries	Not only providing alarm system but consider manned security

Table 108.: **Libraries Challenges**

d) Service statistics for Libraries

Type of service	2012/13	2013/14
Number of Libraries	5	5
Library members	15 865	30 705
Books circulated	29 896	47 777
Exhibitions held	214	200
Internet users	576	610
New library service points or Wheelie Wagons	0	0
Children programmes	52	45
Visits by school groups	192	215
Book group meetings for adults	42	30

Table 109.: **Service statistics for Libraries**

e) Employees: Library Services

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	6	6	6	0	0
4 - 6	5	5	5	0	0
7 - 9	4	4	4	0	0
10 - 12	1	1	0	1	100
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	16	16	15	1	6

Table 110.: **Employees: Libraries**

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f) *Capital: Libraries*

There were no capital projects for the 2013/14 financial year.

3.6.2 Cemeteries

a) *Highlights: Cemeteries*

Highlights	Description
Consistent use of municipal cemeteries	Municipal cemeteries still being used by communities on regular basis
Completion of new cemetery - Britstown	Processes reach completion and the cemetery is ready for use.

Table 111.: *Cemeteries Highlights*

b) *Challenges: Cemeteries*

Description	Actions to address
Conditions of cemeteries	Providing fencing at cemeteries and also apply for funding to beautify and clean cemeteries
Management System of cemeteries require improvement	Need to improve the administrative processes through introducing additional forms and to have regular meetings with affected parties

Table 112.: *Cemeteries Challenges*

3.7 COMPONENT E: SECURITY AND SAFETY

This component includes: traffic; law enforcement; fire and disaster management

Introduction to Security & Safety

The aim of council is to ensure the safety of all residents and visitors in this municipal area through law enforcement. Currently municipal law enforcement officers work closely with SAPS to combat crime while the traffic law enforcement officers are assisting those agencies. Integrated operations are held to prevent crime increase in this municipal area through proper planning. The willingness of the community to report crime assists the different law enforcement agencies tremendously in the fight against crime.

3.7.1 Traffic Services

a) *Introduction to Traffic Services*

Traffic law enforcement is to reduce the number of road accidents annually by 5% and furthermore to ensure a safe traffic flow. The aim is to bring all offenders of traffic violations to book to ensure safe roads. Speed measurements are important due to the fact that 90% of all accidents are caused by speeding. Second serious offence is driving under the influence of liquor and estimated that 60% of all

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serious accidents can be contributed to drunk driving. The fact that the dragger breath alcohol testing is not accepted evidence in South African courts makes it more difficult to prosecute offenders. Scholar patrols is established to assist learners to cross roads to schools safely, while regular traffic patrols and vehicle check points in residential areas reduce the risk of traffic accidents and traffic violations. Regular foot patrols in the CBD of De Aar is there to make sure that motorist do not park their vehicles illegally and also help with the fight against crime in this area.

b) Highlights: Traffic Services

Highlights	Description
Road Safety Campaigns	Started to do campaigns with targets audience of grade 11 and 12 learners
Driver License Testing Centre (DLTC) in Hanover	A DLTC was opened in Hanover where public can be tested for learner licenses and renewal of drivers licenses.

Table 113.: *Traffic Services Highlights*

c) Challenges: Traffic Services

Challenges	Actions to overcome
Lack of examiners for drivers and learners licenses	Officers needs to receive the necessary training at traffic training college to facilitate drivers and learners licenses.
Vandalism of road signs	Awareness program and monitoring
By laws nor to adhered to by members of public	Enforcement of by laws by law enforcement officers, appointment of more officers
No animal pound	Consider construction of animal pound

Table 114.: *Traffic Services Challenges*

d) Additional Performance Service statistics for Traffic Services

Details	2012/13	2013/14
Number of road traffic accidents during the year	322	395
Number of by-law infringements attended	221	413
Number of Traffic officers in the field on an average day	6	6
Number of Traffic officers on duty on an average day	10	10
Animals impounded	0	0
Motor vehicle licenses processed	17 315	18 084
Learner driver licenses processed	6 502	5 356
R-value of fines collected	4 273 300	3 508 590
Roadblocks held	49	28
Complaints attended to by Traffic Officers	260	120

Table 115.: *Additional performance Service Statistics for Traffic Services*

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e) *Employees: Traffic Services*

Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	4	3	1	25
4 - 6	3	3	3	0	0
7 - 9	10	10	10	0	0
10 - 12	2	3	2	1	33
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	20	21	19	2	10

Table 116.: *Employees: Traffic Services*

f) *Capital: Traffic*

R'000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Augmentation of Fleet	360	360	302	(58)	302

Table 117.: *Capital Expenditure 2013/14: Traffic Services*

3.7.2 Fire Services and Disaster Management

a) *Introduction to Fire Services and Disaster Management*

The fire service is a voluntary service of the municipality with only one firefighting apparatus to its disposal for the whole of the municipality. The volunteers are dedicated persons and are always willing to go where they are needed. The service is available 24 hours of the day 7 days a week and operates on a standby schedule and call outs to fire scenes are coordinated from the district municipality's emergency call Centre on the 10177 phone number. The service is primary responsible for extinguishing of house, veld and other fires but also gives support if needed by other emergency services if needed. The service will also assist other local authorities if needed and in the past helped fight fires in these authorities.

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b) Highlights: Fire Services and Disaster Management

Highlights	Description
Attended to fires	Manage to address all callouts for fires within required timeframes

Table 118.: *Fire Services and Disaster Management Services Highlights*

c) Challenges: Fire Services and Disaster Management Services

Challenges	Actions to overcome
Fire fighting equipment	New fire apparatus and equipment needs to be procured for all towns in the area
Community negativity towards fire services	Improve the community's views of fire services by delivering better services. Purchase additional equipment and vehicles. Conduct campaigns to address fire safety in homes

Table 119.: *Traffic Services Challenges*

d) Service statistics for Fire Services

Details	2012/13	2013/14
Total fires attended in the year	19	22
Total of other incidents attended in the year	1	1
Average turnout time - urban areas	15 min	15 min
Average turnout time - rural areas	±30 min	±30 min
Total Operational call-outs	1	0
Reservists and volunteers trained	20	20
Awareness Initiatives on Fire Safety	0	0

Table 120.: *Fire Service Data*

e) Capital: Fire Services

There were no capital projects for the 2013/14 financial year.

3.8 COMPONENT F: SPORT AND RECREATION

3.8.1 Sport and Recreation

a) Highlights: Sport and Recreation

Highlights	Description
Synthetic Athletics Track build at De Aar West Sport Ground	Funding received for the building of a Synthetic Athletics Track at De Aar West Sport Ground

Table 121.: *Sport and Recreation Highlights*

b) Challenges: Sport and Recreation

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Description	Actions to address
Poor conditions of sport facilities	Knowledgeable people should be appointed at all sports facilities

Table 122.: *Sport and Recreation Challenges*

c) *Service statistics for Sport and Recreation*

Type of service	2012/13	2013/2014
Community parks		
Number of parks with play park equipment	4	4
Number of wards with community parks	6	6
Swimming pools		
R-value collected from entrance fees	11 759	26 099
Camp sites/Resorts		
R-value collected from visitation and/or accommodation fees	5 264	2 098
Sport fields		
Number of wards with sport fields	6	6
R-value collected from utilization of sport fields	17 849	25 435
Sport halls		
Number of wards with sport halls	1	1
Number of sport associations utilizing sport halls	1	1
R-value collected from rental of sport halls	2 437	6 671

Table 123.: *Additional performance information for Sport and Recreation*

d) *Employees: Parks and Cemeteries*

Job Level	2013/14			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	26	12	14	54
4 - 6	5	5	0	0
7 - 9	1	0	1	100
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	32	17	15	47

Table 124.: *Employees: Parks and Cemeteries*

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e) Employees: Sport and Recreation

Job Level	2013/14			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 – 3	13	9	4	31
4 – 6	0	0	0	0
7 – 9	1	1	0	0
10 – 12	0	0	0	0
13 – 15	0	0	0	0
16 – 18	0	0	0	0
19 – 20	0	0	0	0
Total	14	10	4	29

Table 125.: *Sport and Recreation*

3.9 COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: executive and council; financial services; human resource services; ICT services; legal services; and procurement services.

3.9.1 Executive and Council

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

a) Highlights: Executive and Council

Highlights	Description
Infrastructure development	Sewerage and water system connection in ward 6 and launch of tarring of streets in ward 1,2,4 and 7
Housing project	The completion of the housing project
Pula Nala project	Paving of three streets in ward 3
National and Provincial elections	Peaceful and successful election on the 7 May 2014
Solar energy project (Siemens and mainstream)	Connection to the main grid

Table 126.: *Executive and Council Highlights*

b) Challenges: Executive and Council

Description	Actions to address
Services sites	Business plan to be submitted for development of service sites for ward 3

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Description	Actions to address
Toilet bucket system and dry sanitation	Meeting to be held with Provincial and National Government regarding eradication of bucket system in ward 7 and dry sanitation in ward 6.
Electricity network	Installation of new electric transformer for ward 3, 4 and De Aar East.

Table 127.: *Executive and Council Challenges*

c) *Employees Corporate Services*

Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	12	13	13	0	0
4 - 6	8	11	10	1	9
7 - 9	0	2	2	0	0
10 - 12	4	5	2	3	60
13 - 15	2	2	2	0	0
16 - 18	0	0	0	0	0
19 - 20	1	2	2	2	0
Total	27	33	31	6	18

Table 128.: *Employees: Corporate Services*

3.9.2 Financial Services

a) *Introduction: Financial Services*

The Finance Directorate provide or renders a various number of services to the Communities of Emthanjeni Municipality, Council and the staff. These services are revenue collection, expenditure management, Budget and treasury reporting, supply chain management, amongst others.

Financial Viability and financial discipline are the pillars under which these services are rendered. The payment of services by consumers are the backbone of any municipality which underpins the financial ability of a municipality to honour her commitments. The mission is to ensure that the payment percentage and culture of the municipality rises above the 95 % for all the main services throughout the financial year.

It is customary to pay all Creditors well within 30 days after receipt of valid tax invoices, and we will continue with this practice in the future.

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b) Highlights: Financial Services

Highlights	Description
The municipality's ability to render services without any delays and also to honour its financial commitments timeously	The continued support from all stakeholders within the Emthanjeni community that ensure that the municipality is able to render continued services cannot be under estimated.
The total spending of Capital Conditional Grants during the financial year under review	Due to proper planning of projects and the awarding of tenders for Service Providers timeously
The continuous striving of a financial unqualified audit opinion by the municipality	The dedication and exceptional hard work of Finance staff in ensuring that the municipality achieve a financially unqualified audit opinion. This will lead to an Clean Audit report for the municipality

Table 129.: *Financial Services Highlights*

c) Challenges: Financial Services

Description	Actions to address
Increase of outstanding debtors remains the biggest challenge faced by the municipality	The municipality will intensify the debt collection and disconnection of municipal services
The compliance of the Supply Chain Management's Regulations as a whole due to the our geographical area	The municipality will engage Provincial Treasury on mechanisms in ensuring full compliance of the SCM Regulations
Capacity challenges facing the Finance Directorate in the Budgetary Reforms, GRAP Standards and SCOA	Training programme will be develop to ensure that Finance Staff becomes capacitated in all areas

Table 130.: *Financial Services Challenges*

c) Employees: Financial Services

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	4	4	0	0
4 - 6	21	23	23	0	0
7 - 9	4	6	6	0	0
10 - 12	2	5	5	0	0
13 - 15	0	0	2	0	0
16 - 18	1	1	1	0	0
19 - 20	1	1	1	0	0
Total	33	40	41	0	0

Table 131.: *Employees: Financial services*

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3.9.3 Human Resource Services

a) Introduction to Human Resource Services

The Emthanjeni Municipality currently employs 351 (including non-permanent positions) officials, who individually and collectively contribute to the achievement of the Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and administrative functions.

b) Highlights: Human Resources

Highlights	Description
Appointment of a Senior Human Resource Clerk	The workload is now divided between HR Officials and more manageable.
Filling in of funded vacant positions	The filling of vacant positions will contribute to better service delivery within the Municipality

Table 132.: **Human Resources Highlights**

c) Challenges: Human Resources

Description	Actions to address
LLF does not meeting regularly as is required and causes a delay in the adoption of HR Policies	Meetings should take place as scheduled per annual planner
Placement of workers in the various departments by the supervisors which is not according to the organogram	Work with the various departments to ensure that workers are placed according to the organogram
Leave management	Induction of newly appointed staff on leaves and weekly control of leaves on the system.

Table 133.: **Human Resources Challenges**

d) Employees: Human Resource Services

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	1	0	1	0
7 - 9	0	1	1	0	0
10 - 12	1	1	1	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0

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Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	1	3	2	1	33

Table 134.: *Employees: Human Resource services*

3.9.4 Information and Communication Technology (ICT) Services

a) *Introduction to Information and Communication Technology (ICT) Services*

The service has been outsourced. The outsourced company are attending to all ICT service matters.

b) *Highlights: ICT Services*

Highlights	Description
The municipality is continuing striving to keep in touch with the latest developments in the Network upgrades and ICT Environment	The municipality upgrades its ICT Hardware on a regular basis
ICT complains are being recorded electronically and it is being address timeously	ICT complains and queries are resolved swiftly
The down time of Financial Systems are almost non-existence due to the continuous support from the service provider	The FMS system is being in operation throughout the financial year and down time is being managed effectively

Table 135.: *ICT Service Highlights*

c) *Challenges: ICT Services*

Description	Actions to address
The municipality experience staff capacity challenges with the ICT environment due to limited ICT skills	The ICT service must be rendered by the municipality itself to address ICT complaints and queries internally and also address the shortage that exist in the ICT Environment in the municipality
The municipality did not as yet accept an ICT Governance Model	With the acceptance the municipality need to appoint capable staff to monitor and implement this ICT Governance Model so that the service can be executed internally
The Audit ICT Exceptions are not fully address by the Service Provider due to the limited hours available within the Service Contract	Clear programme of action will be develop between all stakeholders to ensure that audit exceptions are addressed satisfactory

Table 136.: *ICT Service Challenges*

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3.9.5 Procurement Services

a) *Highlights: Procurement Services*

Highlights	Description
The municipality's determination to minimize Irregular Expenditure by trying to comply with SCM regulations as far as possible	Deviations are recorded timeously in a deviations register
The disclosure of Irregular Expenditure and SCM Deviations in the Annual Financial Statements contributing the improved audit opinion	The municipality is committed to comply with the SCM regulations in full, as it is evident in our audit action plan
Although the municipality experiences capacitation issues, the commitment, dedication and hard work from all staff members to fully comply with the SCM regulations, need to be emphasized	The positive attitude and approach of all staff members are commendable.

Table 137.: **Procurement Services Highlights**

b) *Challenges: Procurement Services*

Description	Actions to address
The full compliance and the adherence to the Supply Chain Management regulations in regards to the implementation of Local Content remains an enormous hurdle for the municipality to overcome as a result of the current economic conditions that exists within the municipality	Provincial Treasury will continuously be engaged to understand the current realities and the difficulties in complying with all the SCM regulations relating to the SCM Local Content
Continuous challenges are being experienced to obtained three quotations from Service Providers on the normal procurement of goods and services due to the limited number of Service Providers located in our municipal area	The municipality is continuously recording and reporting any SCM procurement deviations and obtaining Council resolutions for it
Recruitment of adequate qualified staff and also the current capacity of SCM staff remains a challenge that is being faced by Emthanjeni Municipality	The municipality will engage Provincial Treasury for further assistance, guidance and training to capacitate the SCM staff

Table 138.: **Procurement Services Challenges**

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c) Service Statistics for Procurement Services

Description	Total No	Monthly Average	Daily Average
Requests processed	0	0	0
Orders processed	1 056	88	8
Requests cancelled or referred back	0	0	0
Extensions	0	0	0
Bids received (number of documents)	90	14	0
Bids awarded	13	2	0
Bids awarded ≤ R200 000	38	4	1
Appeals registered	0	0	0
Successful Appeals	0	0	0

Table 139.: **Service Statistics for Procurement Division**

d) Details of Deviations for Procurement Services

Type of deviation	Number of deviations	%	Value of deviations	Percentage of total deviations value
Clause 36(1)(a)(i)-Emergency	0	0	0	0
Clause 36(1)(a)(ii)-Sole Supplier	207	19.60	1 469 978	19.60
Clause 36(1)(a)(iii)-Unique arts	0	0	0	0
Clause 36(1)(a)(v)-Impractical / impossible	0	0	0	0
Total	207	19.60	1 469 978	19.60

Table 140.: **Statistics of deviations from the SCM Policy**

3.10 COMPONENT G: SERVICE DELIVERY PRIORITIES FOR 2014/15

The main development and service delivery priorities for 2014/15 forms part of the Municipality's top layer SDBIP for 2014/15 and are indicated in the table below:

3.10.1 Development and Service Delivery Priorities for 2014/15

a) Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL7	Review the Community Safety Plan and submit to Council by end June	Community Safety Plan submitted to Council by end June	All	1

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Ref	KPI	Unit of Measurement	Ward	Annual Target
TL8	Review the Disaster Management Plan and submit to the District Municipality by end March	Disaster Management Plan submitted to the District Municipality by end March	All	1
TL10	Develop a Fire-arm Management policy and submit to Council by end June	Fire-arm Management policy submitted to Council by end June	All	1

Table 141.: **Service Delivery Priorities for 2014/15 – Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties**

b) Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL5	Review the Rural Development Strategy and submit to Council by end June	Rural Development Strategy submitted to Council by end June	All	1

Table 142.: **Services Delivery Priorities for 2014/15 - Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor**

c) Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL1	0.7% of the operating budget spent on training as per the approved skills development plan[(Actual total training expenditure/total operational budget)x100]	(Actual total training expenditure/total operational budget)x100	All	0.70%
TL2	Review the Human Resource Plan and submit to Council by end June	Human Resource Plan submitted to Council by end June	All	1
TL3	Establish a client service desk by end June	Service desk established by end June	All	1
TL6	The number of people from employment equity target groups employed (appointed) in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people employed (appointed)	All	1

Table 143.: **Services Delivery Priorities for 2014/15 - Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives**

d) Maintaining a financially sustainable and viable municipality

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL23	Achieve an unqualified audit opinion	Audit opinion received	All	1

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Ref	KPI	Unit of Measurement	Ward	Annual Target
TL24	Submit the annual financial statements by the end of August to the Auditor-General	Statements submitted to the AG by end August	All	1
TL25	Financial viability measured in terms of the available cash to cover fixed operating expenditure (Available cash+ investments)/ Monthly fixed operating expenditure)	((Available cash+ investments)/ Monthly fixed operating expenditure)	All	0.5
TL26	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations ((Total operating revenue-operating grants received)/debt service payments due within the year))	(Debt coverage ((Total operating revenue-operating grants received)/debt service payments due within the year))	All	30
TL27	Financial viability measured in terms of the outstanding service debtors ((Total outstanding service debtors/ revenue received for services)X100)	(Total outstanding service debtors/ revenue received for services)X100	All	20.5%
TL28	Achievement of a payment percentage of above 80% ((Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue) x 100	((Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue) x 100	All	80%
TL29	Prepare and submit to Council the adjustments budget by the end of February, the draft budget by the end of March and the final budget by the end of May	Adjustments budget submitted by end February, Draft budget by end March and Final Budget by end May	All	3

Table 144.: *Services Delivery Priorities for 2014/15 - Maintaining a financially sustainable and viable municipality*

e) *Promote a healthy environment for all residents of Emthanjeni*

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL9	Review the Integrated Waste Management Plan and submit to Council by end June	Integrated Waste Management Plan submitted to Council by end June	All	1

Table 145.: *Services Delivery Priorities for 2014/15 -Promote a healthy environment for all residents of Emthanjeni*

f) *Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni Municipality*

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL11	Develop Risk based audit plan and submit to the audit committee for approval by end June	RBAP submitted to the audit committee by end June	All	1
TL12	Implement the RBAP for the 2014/15 year ((Audits completed for the period / planed audits for the period)x100)	(Audits completed for the period / planed audits for the period)x100	All	70%

Table 146.: *Services Delivery Priorities for 2014/15 - Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni Municipality*

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g) *Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area*

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL4	Create jobs opportunities through the municipality's LED initiatives including capital projects.	Number of jobs opportunities created	All	550

Table 147.: **Service Delivery Priorities for 2014/15 - Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area**

h) *Provision of access to all basic services rendered to residents within available resources*

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL13	90% of the water maintenance budget spent (Actual expenditure divided by the approved budget)x100)	% of approved water maintenance budget spent	All	90%
TL14	Limit % water unaccounted for to 19.5% [(Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold) / (Number of Kiloliters Water Purchased or Purified) × 100]	(Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold) / (Number of Kiloliters Water Purchased or Purified) × 100	All	19.5%
TL15	95% water quality as per SANS 241 requirements	% water quality level	All	95%
TL16	Complete the refurbishment of the De Aar WWTW by the end of June	Project completed	All	1
TL17	90% of the waste water maintenance budget spent ((Actual expenditure divided by the approved budget)x100)	% of approved waste water maintenance budget spent	All	90%
TL18	Construct new surfaced roads	Number of kilometers constructed	All	2
TL19	90% of the roads and stormwater maintenance budget spent (Actual expenditure divided by the approved budget)X100)	% of approved roads and stormwater maintenance budget spent	All	90%
TL20	Reseal existing tar roads	Number of kilometers resealed	All	1
TL21	Limit % electricity unaccounted for to 22% [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased) × 100]	(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased) × 100	All	22%
TL22	90% of the recreational and swimming pool maintenance budget spent ((Actual expenditure divided by the approved budget)X100)	% of approved recreational areas and swimming pool maintenance budget spent	All	90%

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Ref	KPI	Unit of Measurement	Ward	Annual Target
TL30	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network	Number of residential properties which are billed for water or have pre-paid meters	All	8,000
TL31	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas)	Number of residential properties which are billed for electricity or have pre-paid meters (Excluding Eskom areas)	All	8,000
TL32	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets)	Number of residential properties which are billed for sewerage	All	8,000
TL33	Number of formal residential properties for which refuse is removed once per week	Number of residential properties which are billed for refuse removal	All	8,000
TL34	Provide free basic electricity, water, sanitation and refuse removal to qualifying indigent households earning less than R3350	Number of households receiving free basic services	All	2,400
TL35	90% of the electricity maintenance budget spent ((Actual expenditure divided by the approved budget)x100)	% of approved electricity maintenance budget spent	All	90%

Table 148.: **Service Delivery Priorities for 2014/15 - Provision of access to all basic services rendered to residents within available resources**

Chapter 4: Organisational Development Performance

CHAPTER 4

4.1 National Key Performance Indicators – Municipal Transformation And Organisational Development

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organizational Development.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2012/13	2013/14
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	0.80	0.94

Table 149.: *National KPIs– Municipal Transformation and Organisational Development*

4.2 Introduction To The Municipal Workforce

The Municipality currently employs 336 (excluding non-permanent positions) and 351 (including non-permanent positions) officials, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

4.2.1 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"

a) *Employment Equity targets/actual*

African		Coloured		Indian		White	
Target June	Actual June	Target June	Actual June	Target June	Actual June	Target June	Actual June
50%	43%	40%	53%	0%	0%	10%	4%

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Table 150.: *2013/14 EE targets/Actual by racial classification*

Male			Female			Disability		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach

Table 151.: *2013/14 EE targets/actual by gender classification*

b) *Employment Equity vs. Population*

Description	African	Coloured	Indian	White	Total
Population numbers	9 949	24 135	25	4 122	38 230
% Population	26	63	0.06	10	99.06
Number for positions filled	152	187	0	12	351
% for Positions filled	43.3	53.3	0	3.4	100

Table 152.: *EE population 2013/14 (including non-permanent officials)*

c) *Specific Occupational Categories - Race*

The table below indicates the number of employees by race within the specific occupational categories:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	0	4	0		1	0	0	0	5
Senior management	5	1	0	2	0	0	0	0	8
Professionally qualified and experienced specialists and mid-management	8	2	0	1	6	5	0	3	25
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	18	50	0	6	4	20	0	0	98
Semi-skilled and discretionary decision making	89	81	0	0	14	16	0	0	200
Total permanent	120	138	0	9	25	41	0	3	336
Non- permanent employees	5	6	0	0	2	2	0	0	15
Grand total	125	144	0	9	27	43	0	3	351

Table 153.: *Occupational Categories*

4.2.2 Vacancy Rate

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The approved organogram for the municipality had 392 posts for the 2013/14 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. 41 Posts were vacant at the end of 2013/14, resulting in a vacancy rate of 10.5%.

Below is a table that indicates the vacancies within the municipality:

Per Post Level		
Post level	Filled	Vacant
MM & MSA section 57 & 56	5	0
Middle management (T14-T19)	11	0
Officers (T4-T13)	181	41
General Workers (T3)	154	0
Total	351	41
Per Functional Level		
Functional area	Filled	Vacant
Municipal Manager	2	1
Corporate Services	41	4
Financial Services	41	6
Infrastructure Services	95	17
Community Services	172	14
Total	351	41

Table 154.: *Vacancy rate per post and functional level*

The table below indicates the number of staff per level expressed as total positions and current vacancies express as full time staff equivalents:

Salary Level	Number of current critical vacancies	Total posts as per organogram
Municipal Manager	0	1
Chief Financial Officer	0	1
Other Section 57 Managers	0	3
Senior management (T14-T19)	0	11
Highly skilled supervision (T4-T13)	41	222
General Workers (T3)	0	154
Total	41	392

Table 155.: *Vacancy rate per salary level*

4.2.3 Turnover rate

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A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality. The turnover rate shows a decrease from 8.4% in 2012/13 to 4% in 2013/14.

The table below indicates the turn-over rate over the last two years:

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2013/14	351	43	14	4%

Table 156.: *Turnover Rate*

4.3 Managing The Municipal Workforce

Managing the municipal workforce refers to analyzing and coordinating employee behavior.

4.3.1 Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The injury rate remains unchanged with 3 employees injured in the 2012/13 financial year as well as 3 employees injured in the 2013/14 financial year.

The table below indicates the total number of injuries within the different directorates:

Directorates	2012/13	2013/14
Municipal Manager	0	0
Corporate Services	0	0
Financial Services	0	0
Infrastructure Services	3	2
Community Services	-	1
Total	3	3

Table 157.: *Injuries*

4.3.2 Sick Leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

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The total number of employees that have taken sick leave during the 2013/14 financial year shows an increase when comparing it with the 2012/13 financial year.

The table below indicates the total number sick leave days taken within the different directorates:

Department	2012/13	2013/14
Municipal Manager	9	3
Corporate Services	2 176	588
Financial Services	226	594
Infrastructure Services	623	1 419
Community Services	-	2 248
Total	3 034	4 852

Table 158.: *Sick Leave*

4.3.3 HR Policies and Plans

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved and that still needs to be developed:

Approved policies	
Name of policy	Date approved/ revised
Employment Policy	31 August 2007
Sexual harassment	31 August 2007
Subsistence and Travelling	26 February 2010
Language	9 August 2008
Cell Phone	21 January 2012
Induction Training and Staff Orientation	14 March 2011
Internal control: Salaries and grants	6 January 2006
Study	25 September 2012
HIV/AIDS	31 November 2012
Recruitment and Selection	31 August 2007
Incapacity / Ill-Health	24 May 2004
Substance Abuse	15 December 2010
Smoking Policy	31 December 2012
Overtime	5 June 2005
Uniform Protective Clothing	27 September 2007

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Approved policies	
Smoking policy	31 November 2012
Bursary policy (Study Aid Policy)	31 November 2012
Essential users scheme policy	31 November 2012
Scarce Skills	31 November 2012
Skill Retention Policy	31 November 2012

Table 159.: *HR policies and plans*

4.4 Capacitating the Municipal Workforce

Section 68(1) of the MSA states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

4.4.1 Skills Matrix

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training (2013/14)
MM and S57	Female	1	1
	Male	4	4
Legislators, senior officials and managers	Female	4	4
	Male	10	10
Associate professionals and Technicians	Female	1	1
	Male	14	8
Professionals	Female	1	1
	Male	4	4
Clerks	Female	18	10
	Male	2	1
Service and sales workers	Female	2	1
	Male	0	0
Craft and related trade workers	Female	0	0
	Male	0	0
	Female	0	0

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Management level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training (2013/14)
Plant and machine operators and assemblers	Male	9	9
Elementary occupations	Female	0	0
	Male	6	6
Sub total	Female	27	18
	Male	49	42
Total		76	60

Table 160.: *Skills Matrix*

4.4.2 Skills Development – Training provided

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Occupational categories	Gender	Training provided within the reporting period (2013/14)		
		Learnerships	Skills programmes & other short courses	Total
		Actual	Actual	Actual
MM and S57	Female	0	0	0
	Male	0	0	0
Legislators, senior officials and managers	Female	0	0	0
	Male	0	3	3
Professionals	Female	1	0	1
	Male	0	0	0
Technicians and associate professionals	Female	0	0	0
	Male	8	0	8
Clerks	Female	10	0	10
	Male	1	0	1
Service and sales workers	Female	0	0	0
	Male	0	0	0
Craft and related trade workers	Female	0	0	0
	Male	0	0	0

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Occupational categories	Gender	Training provided within the reporting period (2013/14)		
		Learnerships	Skills programmes & other short courses	Total
		Actual	Actual	Actual
Plant and machine operators and assemblers	Female	0	0	0
	Male	0	0	0
Elementary occupations	Female	0	0	0
	Male	0	0	0
Sub total	Female	11	0	11
	Male	9	3	12
Total		20	3	23

Table 161.: *Skills Development*

4.4.3 Skills Development - Budget allocation

The table below indicates that a total amount of R69 311 were allocated to the workplace skills plan and of that 208% of the total amount was spent in the 2013/14 financial year:

Total Allocated (R)	Total Spend (R)	% Spent
69 311	144 248	208%

Table 162.: *Budget allocated and spent for skills development*

4.4.4 MFMA Competencies

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013, employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

6 Employees were identified to obtain the abovementioned qualification and prescribed competencies.

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From the above mentioned it is clear that most of our staff will comply with the requirements of the Government Notice 493 of June 2007.

The table below provides details of the financial competency development progress as required by the regulation:

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials				
Accounting officer	1	1	1	1
Chief financial officer	1	1	1	1
Senior managers	1	1	0	1
Any other financial officials	0	0	0	0
Supply Chain Management Officials				
Heads of supply chain management units	0	0	0	0
Supply chain management senior managers	0	0	0	0
TOTAL	3	3	2	3

Table 163.: *Budget allocated and spent for skills development*

4.5 Managing The Municipal Workforce Expenditure

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

4.5.1 Personnel Expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years and that the municipality is well within the national norm of between 35 to 40%:

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Financial year	Total Expenditure salary and allowances	Total Operating Expenditure	Percentage
	R'000	R'000	
2012/13	60 133	218 201	27.4%
2013/14	65 193	183 695	35%

Table 164.: *Personnel Expenditure*

Below is a summary of Councilor and staff benefits for the year under review:

Financial year	2012/13		2013/14	
	Actual	Original Budget	Adjusted Budget	Actual
	R	R	R	R
<u>Councillors (Political Office Bearers plus Other)</u>				
Salary	2 357	2 783	2 832	2 721
Pension Contributions	298	0	54	63
Medical Aid Contributions	7	0	17	29
Motor vehicle allowance	818	932	994	883
Cell phone allowance	214	203	257	257
Housing allowance	0	0	0	0
Other benefits or allowances	0	0	23	0
In-kind benefits	0	0	0	0
Sub Total	3 694	3 918	4 178	3 953
% increase/ decrease	-	6.06	6.64	-5.39
<u>Senior Managers of the Municipality</u>				
Salary	3 453	3 041	3 199	3 012
Pension Contributions	397	504	654	492
Medical Aid Contributions	41	66	82	47
Motor vehicle allowance	435	703	785	752
Cell phone allowance	41	115	115	161
Housing allowance	435	0	0	0
Performance Bonus	77	229	229	201
Other benefits or allowances	0	422	422	225
In-kind benefits	0	0	0	0
Sub Total	4 402	4 766	5 257	4 890
% increase/ decrease	-	8.27	10.30	-6.98
<u>Other Municipal Staff</u>				

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Financial year	2012/13	2013/14		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R	R	R	R
Basic Salaries and Wages	38 407	40 143	40 450	43 108
Pension Contributions	5 697	7 329	7 389	5 966
Medical Aid Contributions	1 850	2 622	2 672	2 243
Motor vehicle allowance	854	891	891	798
Cell phone allowance	229	145	145	346
Housing allowance	131	862	415	109
Overtime	0	1 403	775	1 594
Other benefits or allowances	4 870	1 100	1 100	1 545
Sub Total	52 038	54 852	53 837	52 619
% increase/ decrease	-	5.41	-1.85	-2.26
Total Municipality	60 133	63 535	63 272	61 462
% increase/ decrease	-	5.66	-0.41	-2.86

Table 165.: *Personnel Expenditure*

Chapter 5: Financial Performance

CHAPTER 5

This chapter provides details regarding the financial performance of the municipality for the 2013/14 financial year.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1 Financial Summary

The table below indicates the summary of the financial performance for the 2013/14 financial year:

Financial Summary						
R'000						
Description	2012/13	2013/14			2013/14 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	17 220	21 373	21 373	20 918	-2.18	-2.18
Service charges	79 889	96 874	91 733	91 655	-5.69	-0.09
Investment revenue	1 595	792	793	1 030	23.14	23.05
Transfers recognised - operational	43 510	40 495	40 495	45 455	10.91	10.91
Other own revenue	14 199	26 837	26 895	30 369	11.63	11.44
Total Revenue (excluding capital transfers and contributions)	156 414	186 371	181 289	189 427	1.61	4.30
Employee costs	56 449	59 618	61 039	59 894	0.46	-1.91
Remuneration of councilors	3 694	3 918	4 154	4 157	5.76	0.07
Depreciation & asset impairment	68 782	8 479	8 469	67 644	87.47	87.48
Finance charges	1 041	933	1 030	855	-9.08	-20.41
Materials and bulk purchases	38 781	52 337	50 214	43 536	-20.22	-15.34
Transfers and grants	305	12 422	14 930	208	-5877.91	-7084.84
Other expenditure	46 255	48 303	43 858	92 629	47.85	52.65
Total Expenditure	215 307	186 009	183 695	268 923	30.83	31.69
Surplus/(Deficit)	(58 893)	362	(2 405)	(79 495)	100.46	96.97

Chapter 5: Financial Performance

Financial Summary						
R'000						
Description	2012/13	2013/14			2013/14 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust ments Budget
Transfers recognised - capital	11 451	36 382	12 882	13 102	-177.69	1.68
Contributions recognised - capital & contributed assets	0	0	0	0	0	0
Surplus/(Deficit) after capital transfers & contributions	(47 442)	36 744	10 477	(66 393)	155.34	115.78
<u>Capital expenditure & funds sources</u>						
Capital expenditure						
Transfers recognised - capital	12 072	36 382	12 882	19 396	-87.57	33.58
Public contributions & donations	0	0	0	0	0	0
Borrowing	0	0	0	0	0	0
Internally generated funds	1 482	7 657	7 951	2 061	-271.46	-285.75
Total sources of capital funds	13 554	44 039	20 833	21 457	-105.24	2.91
<u>Financial position</u>						
Total current assets	139 254	77 197	74 135	117 736	34.43	37.03
Total non current assets	965 798	894 608	871 402	919 397	2.70	5.22
Total current liabilities	40 848	17 032	17 032	38 765	56.06	56.06
Total non current liabilities	43 331	42 802	42 802	43 888	2.47	2.47
Community wealth/Equity	1 020 874	911 971	885 703	954 480	4.45	7.21
<u>Cash flows</u>						
Net cash from (used) operating	18 468	59 957	29 232	13 042	-359.71	-124.13
Net cash from (used) investing	(14 778)	(20 806)	(20 738)	(20 893)	0.42	0.74
Net cash from (used) financing	(2 275)	(2 427)	(2 427)	(2 504)	3.06	3.06
Cash/cash equivalents at the year end	1 415	36 724	6 067	(10 354)	454.67	158.59
<u>Cash backing/surplus reconciliation</u>						
Cash and investments available	17 196	12 050	8 988	12 210	1.31	26.39
Application of cash and investments	0	5 284	(12 586)	0	0	0
Balance - surplus (shortfall)	17 196	17 334	(3 598)	12 210	-41.96	129.47
<u>Asset management</u>						

Chapter 5: Financial Performance

Financial Summary						
R'000						
Description	2012/13	2013/14			2013/14 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust ments Budget
Asset register summary (WDV)	913 923	890 159	890 159	960 146	7.29	7.29
Depreciation & asset impairment	68 194	8 479	8 469	67 397	87.42	87.43
Renewal of Existing Assets	0	4 987	5 566	0	0	0
Repairs and Maintenance	11 974	12 040	12 040	12 198	1.30	1.30
Free services						
Cost of Free Basic Services provided	0	14 906	14 906	0	0	0
Revenue cost of free services provided	0	14 906	14 906	0	0	0
Households below minimum service level						
Water:	0	0	0	0	0	0
Sanitation/sewerage:	0	1	1	0	0	0
Energy:	0	1	1	0	0	0
Refuse:	0	0	0	0	0	0
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

Table 166.: **Financial Performance 2013/14**

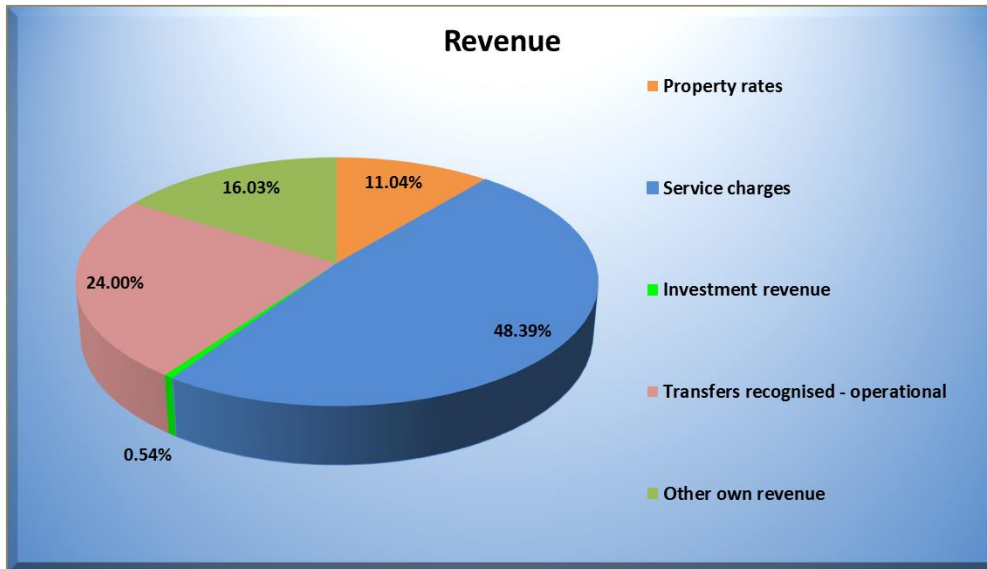
The table below shows a summary of performance against budgets:

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2012/13	174 622	167 865	(6 757)	-4	164 640	201 604	(36 965)	-22
2013/14	194 172	202 529	8 358	4	183 695	247 465	(63 771)	-35

Table 167.: **Performance against budgets**

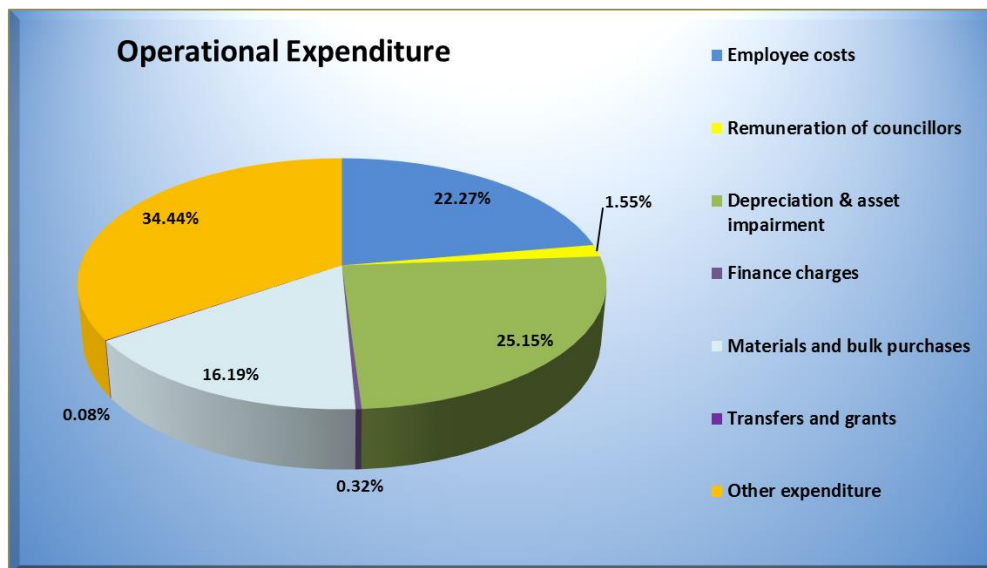
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The following graph indicates the various types of revenue items in the municipal budget for 2013/14



Graph 10.: *Revenue*

The following graph indicates the various types of expenditure items in the municipal budget for 2013/14



Graph 11.: *Operating expenditure*

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5.1.1 Revenue collection by Vote

The table below indicates the Revenue collection performance by Vote:

Vote Description	2012/13	2013/14			2013/14 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Vote 1 - Executive And Council	5 410	3 305	3 305	5 436	39.21	39.21
Vote 2 - Finance And Administration	36 637	39 196	39 196	38 013	-3.11	-3.11
Vote 3 - Planning And Development	746	18 250	14 734	1 235	-1378.20	-1093.40
Vote 4 - Health	0	1 056	1 056	0	0	0
Vote 5 - Community And Social Services	1 394	1 137	1 137	1 435	20.75	20.75
Vote 6 - Public Safety	8 490	7 892	5 127	25 941	69.58	80.24
Vote 7 - Sport And Recreation	355	91	91	145	37.48	37.48
Vote 8 - Road Transport	3 628	698	698	13 584	94.86	94.86
Vote 9 - Other	0	0	0	0	0	0
Vote 10 - Housing Services	1 220	520	520	489	-6.43	-6.43
Vote 11 - Waste Management	10 589	12 289	12 289	11 219	-9.54	-9.54
Vote 12 - Waste Water Management	17 619	20 447	20 447	18 635	-9.72	-9.72
Vote 13 - Electricity	52 352	70 289	68 924	60 590	-16.01	-13.76
Vote 14 - Water	29 105	47 583	26 647	25 603	-85.85	-4.08
Total Revenue by Vote	167 546	222 753	194 172	202 326	-10.10	4.03

Table 168.: *Revenue by Vote*

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5.1.2 Revenue collection by Source

The table below indicates the revenue collection performance by source for the 2013/14 financial year:

Description	2012/13	2013/14			2013/14 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Property rates	17 220	21 373	21 373	20 918	-2.18	-2.18
Property rates - penalties & collection charges	103	0	0	150	100.00	100.00
Service Charges - electricity revenue	48 284	52 567	48 362	56 488	6.94	14.38
Service Charges - water revenue	16 434	23 401	22 465	18 746	-24.84	-19.84
Service Charges - sanitation revenue	9 421	13 047	13 047	10 302	-26.65	-26.65
Service Charges - refuse revenue	5 323	7 712	7 712	5 705	-35.16	-35.16
Service Charges - other	428	147	147	415	64.46	64.46
Rentals of facilities and equipment	947	529	529	722	26.65	26.65
Interest earned - external investments	1 595	792	793	1 030	23.13	23.05
Interest earned - outstanding debtors	494	741	740	625	-18.51	-18.35
Dividends received	0	0	0	0	0	0
Fines	4 987	7 543	4 779	24 425	69.12	80.44
Licences and permits	1 201	1 230	1 230	1 305	5.74	5.72
Agency services	0	0	0	0	0	0
Transfers recognised - operational	43 510	40 495	40 495	45 455	10.91	10.91
Other revenue	6 148	16 713	19 537	2 979	-461.08	-555.90
Gains on disposal of PPE	319	80	80	164	51.25	51.25
Total Revenue (excluding capital transfers and contributions)	156 414	186 371	181 290	189 427	1.61	4.30

Table 169.: *Revenue by Source*

Chapter 5: Financial Performance

5.1.3 Operational Services Performance

The table below indicates the Operational services performance for the 2013/14 financial year:

Financial Performance of Operational Services						
R'000						
Description	2012/13	2013/14			2013/14 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
<u>Operating Cost</u>						
Water	23 356	10 801	11 162	34 257	68.47	67.42
Waste Water (Sanitation)	11 743	11 519	12 024	18 701	38.40	35.70
Electricity	75 028	58 448	57 215	82 948	29.54	31.02
Waste Management	11 461	13 415	13 727	14 901	9.97	7.88
Housing	4 843	2 441	2 096	4 167	41.42	49.71
Component A: sub-total	126 431	96 625	96 224	154 976	37.65	37.91
Roads, Vehicle Testing & Registration and Workshop	9 274	13 483	13 990	12 466	-8.16	-12.22
Transport	0	0	0	0	0	0
Component B: sub-total	9 274	13 483	13 990	12 466	-8.16	-12.22
Planning	14 921	6 971	6 162	15 660	55.49	60.65
Local Economic Development	2 250	3 540	3 662	2 780	-27.34	-31.72
Component C: sub-total	17 172	10 511	9 824	18 440	43.00	46.73
Libraries	2 369	3 823	3 807	2 673	-43.01	-42.40
Cemeteries	1 828	980	1 169	1 141	14.13	-2.43
Component D: sub-total	4 197	4 803	4 976	3 815	-25.92	-30.44
Traffic & licensing	6 760	8 583	7 107	6 234	-37.68	-14.00
Fire Services and Disaster Management	281	776	776	338	-129.96	-129.96
Component E: sub-total	7 041	9 359	7 883	6 572	-42.42	-19.96
Caravan park	48	71	71	50	-42.20	-42.20
Swimming Pools, Stadiums and Sport Ground	3 036	3 492	3 483	3 291	-6.11	-5.84
Community halls, Town Commonage, Community Services	1 596	2 952	5 253	22 169	86.68	76.30
Component F: sub-total	4 680	6 514	8 807	25 509	74.46	65.48
Financial Services	13 186	16 693	17 629	17 946	6.99	1.77
Office of the MM	2 468	3 485	2 833	2 863	-21.72	1.04

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Financial Performance of Operational Services						
R'000						
Description	2012/13	2013/14			2013/14 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Operating Cost						
Office of the Mayor	2 516	3 073	3 314	2 961	-3.78	-11.91
Council Expenses	9 279	6 400	6 117	7 370	13.16	17.00
Administration	6 032	8 474	6 095	6 607	-28.26	7.75
HR	919	914	942	936	2.30	-0.66
Property Rates	2 841	3 292	3 296	3 527	6.65	6.54
Health, Tourism & Continued Members	1 369	2 407	2 407	1 618	-48.75	-48.71
Component G: sub-total	38 611	44 739	42 633	43 829	-2.08	2.73
Total Expenditure	207 405	186 034	184 336	265 606	29.96	30.60
<i>In this table operational income (but not levies or tariffs) is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

Table 170.: **Operational Services Performance**

5.2 Financial Performance per Municipal Function

5.2.1 Water Services

Description	2012/13	2013/14			Variance to Budget
	Actual	Original Budget	Adjusted Budget	Actual	
R'000					
Total Operational Revenue	21 024	26 507	25 571	23 359	-13.48
Expenditure:					
Employees	1 380	1 564	1 924	1 502	-4.13
Repairs and Maintenance	586	1 181	1 181	918	-28.67
Other	21 390	8 057	8 057	31 838	74.69
Total Operational Expenditure	23 356	10 801	11 162	34 257	68.47
Net Operational (Service) Expenditure	(2 332)	15 706	14 409	(10 899)	244.10
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 171.: **Financial Performance: Water services**

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5.2.2 Waste Water (Sanitation)

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	19 349	20 447	20 447	20 497	0.24
Expenditure:					
Employees	2 368	2 709	3 721	2 820	3.91
Repairs and Maintenance	614	758	758	448	-69.05
Other	8 762	8 052	7 545	15 433	47.83
Total Operational Expenditure	11 743	11 519	12 024	18 701	38.40
Net Operational (Service) Expenditure	7 606	8 928	8 423	1 796	-397.22
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 172.: **Financial Performance: Waste Water (Sanitation) services**

5.2.3 Electricity

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	52 669	70 289	68 924	60 933	-15.35
Expenditure:					
Employees	3 968	4 644	5 059	4 858	4.42
Repairs and Maintenance	1 387	1 717	1 717	1 293	-32.74
Other	69 672	52 088	50 440	76 797	32.17
Total Operational Expenditure	75 028	58 448	57 215	82 948	29.54
Net Operational (Service) Expenditure	(22 359)	11 841	11 709	(22 015)	153.79
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 173.: **Financial Performance: Electricity**

Chapter 5: Financial Performance

5.2.4 Waste Management

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	11 839	12 289	12 289	12 183	-0.87
Expenditure:					
Employees	6 562	6 662	6 974	7 351	9.37
Repairs and Maintenance	638	755	755	571	-32.19
Other	4 261	5 997	5 997	6 979	14.07
Total Operational Expenditure	11 461	13 415	13 727	14 901	9.97
Net Operational (Service) Expenditure	379	(1 126)	(1 438)	(2 718)	58.59
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 174.: **Financial Performance: Waste Management**

5.2.5 Housing

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	1 219	520	520	489	-6.43
Expenditure:					
Employees	1 979	2 130	1 847	1 685	-26.42
Repairs and Maintenance	20	32	32	23	-37.91
Other	2 844	279	217	2 459	88.66
Total Operational Expenditure	4 843	2 441	2 096	4 167	41.42
Net Operational (Service) Expenditure	(3 624)	(1 921)	(1 575)	(3 678)	47.78
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 175.: **Financial Performance: Housing**

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5.2.6 Roads

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	288	15	15	2 423	99.39
Expenditure:					
Employees	3 883	4 127	4 753	4 345	5.02
Repairs and Maintenance	1 025	1 451	1 451	1 037	-39.87
Other	2 622	5 916	5 916	5 508	-7.42
Total Operational Expenditure	7 531	11 494	12 120	10 890	-5.55
Net Operational (Service) Expenditure	(7 243)	(11 479)	(12 105)	(8 468)	-35.57
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 176.: **Financial Performance: Roads**

5.2.7 Vehicle Testing & Registration

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	701	683	683	840	18.62
Expenditure:					
Employees	726	713	720	725	1.64
Repairs and Maintenance	21	148	88	0	0
Other	27	61	73	44	-39.20
Total Operational Expenditure	773	923	881	769	-19.96
Net Operational (Service) Expenditure	(72)	(239)	(197)	71	438.87
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 177.: **Financial Performance: Vehicle Testing & Registration**

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5.2.8 Workshop

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees	927	995	918	784	-26.93
Repairs and Maintenance	15	32	32	11	-188.16
Other	28	39	39	11	-238.83
Total Operational Expenditure	969	1 066	989	807	-32.16
Net Operational (Service) Expenditure	(969)	(1 066)	(989)	(807)	-32.16
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 178.: **Financial Performance: Workshop**

5.2.9 Tourism & Continued Members

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees	1 130	1 539	1 538	1 224	-25.67
Repairs and Maintenance	0	85	85	0	0
Other	160	575	575	319	-80.08
Total Operational Expenditure	1 290	2 198	2 198	1 544	-42.43
Net Operational (Service) Expenditure	(1 290)	(2 198)	(2 198)	(1 544)	-42.43
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 179.: **Financial Performance: Tourism & Continued Members**

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5.2.10 LED

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	785	1 045	1 045	1 222	14.55
Expenditure:					
Employees	1 591	1 622	1 923	2 341	30.69
Repairs and Maintenance	52	123	123	31	-296.64
Other	608	1 795	1 616	408	-339.58
Total Operational Expenditure	2 250	3 540	3 662	2 780	-27.34
Net Operational (Service) Expenditure	(1 465)	(2 496)	(2 617)	(1 558)	-60.20
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 180.: **Financial Performance: LED**

5.2.11 Planning (Development Management, Spatial Planning And Environmental Management, Building Control, And Property Management)

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	4	1 882	1 882	4	-50083.73
Expenditure:					
Employees	2 442	3 676	2 847	2 683	-37.00
Repairs and Maintenance	1 140	2 423	2 423	1 243	-94.83
Other	11 338	872	892	11 734	92.57
Total Operational Expenditure	14 921	6 971	6 162	15 660	55.49
Net Operational (Service) Expenditure	(14 917)	(5 089)	(4 280)	(15 656)	67.50
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 181.: **Financial Performance: Planning**

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5.2.12 Libraries

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	724	710	710	727	2.32
Expenditure:					
Employees	1 919	2 197	2 242	2 186	-0.48
Repairs and Maintenance	9	40	40	16	-154.64
Other	441	1 586	1 525	471	-236.70
Total Operational Expenditure	2 369	3 823	3 807	2 673	-43.01
Net Operational (Service) Expenditure	(1 645)	(3 113)	(3 097)	(1 946)	-59.96
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 182.: **Financial Performance: Libraries**

5.2.13 Health

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	0	1 056	1 056	0	0
Expenditure:					
Employees	(4)	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	83	209	209	75	-179.31
Total Operational Expenditure	79	209	209	75	-179.31
Net Operational (Service) Expenditure	(79)	847	847	(75)	1233.81
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 183.: **Financial Performance: Health**

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5.2.14 Cemeteries

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	217	212	212	257	17.44
Expenditure:					
Employees	656	708	906	650	-8.95
Repairs and Maintenance	12	36	27	4	-906.43
Other	1 160	236	236	488	51.62
Total Operational Expenditure	1 828	980	1 169	1 141	14.13
Net Operational (Service) Expenditure	(1 611)	(768)	(957)	(885)	13.17
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 184.: **Financial Performance: Cemeteries**

5.2.15 Community Services

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees	0	0	1 911	586	100.00
Repairs and Maintenance	0	0	66	0	0
Other	0	0	375	31	100.00
Total Operational Expenditure	0	0	2 352	617	100.00
Net Operational (Service) Expenditure	0	0	(2 352)	(617)	100.00
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 185.: **Financial Performance: Community Services**

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5.2.16 Traffic Services and Law Enforcement

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	5 344	7 892	5 127	24 791	68.17
Expenditure:					
Employees	3 263	3 325	3 508	3 882	14.35
Repairs and Maintenance	195	545	545	233	-134.02
Other	3 303	4 712	3 054	2 119	-122.40
Total Operational Expenditure	6 760	8 583	7 107	6 234	-37.68
Net Operational (Service) Expenditure	(1 416)	(691)	(1 980)	18 557	103.73
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 186.: **Financial Performance: Traffic Services and Law Enforcement**

5.2.17 Fire Services and Disaster management

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	3 145	0	0	1 150	100.00
Expenditure:					
Employees	223	286	286	300	4.69
Repairs and Maintenance	39	267	267	12	-2044.58
Other	19	223	223	25	-791.74
Total Operational Expenditure	281	776	776	338	-129.96
Net Operational (Service) Expenditure	2 864	(776)	(776)	813	195.50
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 187.: **Financial Performance: Fire Services and Disaster management**

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5.2.18 Caravan Park

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	5	1	1	2	43.19
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	19	19	0	-11625.56
Other	48	51	51	50	-3.59
Total Operational Expenditure	48	71	71	50	-42.20
Net Operational (Service) Expenditure	(43)	(70)	(70)	(48)	-45.97
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 188.: **Financial Performance: Caravan Park**

5.2.19 Swimming pools and sport grounds

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	109	90	90	143	37.39
Expenditure:					
Employees	2 325	2 500	2 492	2 546	1.80
Repairs and Maintenance	321	394	394	195	-102.12
Other	390	597	597	549	-8.71
Total Operational Expenditure	3 036	3 492	3 483	3 291	-6.11
Net Operational (Service) Expenditure	(2 927)	(3 402)	(3 393)	(3 147)	-8.09
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 189.: **Financial Performance: Swimming pools and sport grounds**

Chapter 5: Financial Performance

5.2.20 Community Halls & Town Commonage

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	453	215	215	451	52.38
Expenditure:					
Employees	957	1 201	1 133	1 120	-7.17
Repairs and Maintenance	456	555	573	361	-53.72
Other	184	1 197	1 197	20 070	94.04
Total Operational Expenditure	1 597	2 952	2 902	21 552	86.30
Net Operational (Service) Expenditure	(1 143)	(2 737)	(2 687)	(21 101)	87.03
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 190.: **Financial Performance: Community Halls & Town Commonage**

5.2.21 Office of the MM

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	350	389	389	765	49.15
Expenditure:					
Employees	1 583	1 900	1 497	1 711	-11.05
Repairs and Maintenance	4	41	41	1	-3474.79
Other	880	1 544	1 295	1 150	-34.18
Total Operational Expenditure	2 468	3 485	2 833	2 863	-21.72
Net Operational (Service) Expenditure	(2 118)	(3 095)	(2 444)	(2 097)	-47.58
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 191.: **Financial Performance: Office of the MM**

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5.2.22 Office of the Mayor

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	698	879	879	841	-4.50
Expenditure:					
Employees	1 700	1 599	2 219	1 604	0.31
Repairs and Maintenance	41	83	83	43	-92.03
Other	776	1 392	1 012	1 315	-5.87
Total Operational Expenditure	2 516	3 073	3 314	2 961	-3.78
Net Operational (Service) Expenditure	(1 818)	(2 194)	(2 435)	(2 121)	-3.49
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 192.: **Financial Performance: Office of the Mayor**

5.2.23 Council Expenses

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	1 046	2 037	2 037	2 761	26.24
Expenditure:					
Employees	5 282	3 515	3 258	6 085	42.22
Repairs and Maintenance	3 504	109	109	666	83.69
Other	493	2 776	2 750	620	-348.01
Total Operational Expenditure	9 279	6 400	6 117	7 370	13.16
Net Operational (Service) Expenditure	(8 233)	(4 364)	(4 081)	(4 609)	5.32
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 193.: **Financial Performance: Council Expenses**

Chapter 5: Financial Performance

5.2.24 Administration

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees	3 236	5 125	3 380	3 462	-48.04
Repairs and Maintenance	113	259	252	198	-30.82
Other	2 682	3 091	2 463	2 947	-4.85
Total Operational Expenditure	6 032	8 474	6 095	6 607	-28.26
Net Operational (Service) Expenditure	(6 032)	(8 474)	(6 095)	(6 607)	-28.26

Variances are calculated by dividing the difference between the actual and original budget by the actual.

Table 194.: **Financial Performance: Administration**

5.2.25 HR

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees	803	728	756	822	11.38
Repairs and Maintenance	0	10	10	0	0
Other	116	176	176	114	-54.17
Total Operational Expenditure	919	914	942	936	2.30
Net Operational (Service) Expenditure	(919)	(914)	(942)	(936)	2.30

Variances are calculated by dividing the difference between the actual and original budget by the actual.

Table 195.: **Financial Performance: HR**

Chapter 5: Financial Performance

5.2.26 Property Rates

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	45	43	43	48	11.57
Expenditure:					
Employees	842	919	922	806	-14.00
Repairs and Maintenance	155	535	535	281	-90.46
Other	1 844	1 839	1 839	2 440	24.63
Total Operational Expenditure	2 841	3 292	3 296	3 527	6.65
Net Operational (Service) Expenditure	(2 796)	(3 250)	(3 253)	(3 478)	6.58
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 196.: **Financial Performance: Property Rates**

5.2.27 Financial Services

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	35 685	39 154	39 154	37 965	-3.13
Expenditure:					
Employees	8 498	8 787	8 580	7 876	-11.56
Repairs and Maintenance	153	443	443	223	-98.88
Other	4 536	7 463	8 606	9 847	24.22
Total Operational Expenditure	13 186	16 693	17 629	17 946	6.99
Net Operational (Service) Expenditure	22 499	22 461	21 524	20 019	-12.20
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 197.: **Financial Performance: Financial Services**

Chapter 5: Financial Performance

5.3 Grants

5.3.1 Grant Performance

Grant Performance						
R'000						
Description	2012/13	2013/14			2013/14 % Variance	
	Actual	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Capital Transfers and Grants						
National Government:	50 415	53 584	49 508	52 621	-1.83	5.92
Equitable share	34 322	34 820	34 820	34 819	0.00	0.00
Municipal Systems Improvement	800	890	890	890	0.00	0.00
Infrastructure Skills Development	0	0	0	0	0	0
Expanded Public Works Programme	766	1 000	1 000	1 000	0.00	0.00
EPWP: Pointduty	0	0	0	0	0	0
MIG - Project Management Unit	13 027	15 324	11 248	14 362	-6.70	21.68
Electricity Demand Side Grant	0	0	0	0	0	0
Finance Management Grant	1 500	1 550	1 550	1 550	0.00	0.00
Provincial Government:	1 870	1 179	1 179	1 137	-3.66	-3.66
Housing	1 190	500	500	458	-9.09	-9.09
Proclaimed roads	0	0	0	0	0	0
Local Government Master planning Grant	0	0	0	0	0	0
Community Development Workers Operating Grant	0	0	0	0	0	0
Library Grant	680	679	679	679	0.00	0.00
Other grant providers:	951	21 058	1 058	2 050	-927.13	48.39
Seta	0	0	0	0	0	0
Storm Water Master Planning (DBSA)	0	0	0	0	0	0
Working for Water - DWAF	951	21 058	1 058	2 050	-927.13	48.39
Total Capital Transfers and Grants	53 236	75 821	51 745	55 809	-35.86	7.28

Table 198.: *Grant Performance for 2013/14*

Chapter 5: Financial Performance

5.3.2 Conditional Grants (Excluding MIG)

R'000						
Details	Budget	Adjusted Budget	Actual	% Variance		Conditions complied with
				Budget	Adjusted Budget	
Financial Management Grant (FMG)	1 500	1 550	1 550	1 550	0.00	0.00
Municipal Systems Improvement Grant	800	890	890	890	0.00	0.00
Municipal Infrastructure Grant (MIG)	11 451	15 324	11 248	13 102	-16.96	14.15
Expanded Public Works Program (EPWP)	766	1 000	1 000	1 234	18.95	18.95
Library Grant	682	679	679	679	0.00	0.00
Working for Water - DWAF	843	21 058	1 058	2 050	-927.13	48.39
Equitable share	34 322	34 820	34 820	34 819	0.00	0.00
Total	50 364	75 321	51 245	54 324	-38.65	5.67

Table 199.: *Conditional Grant*

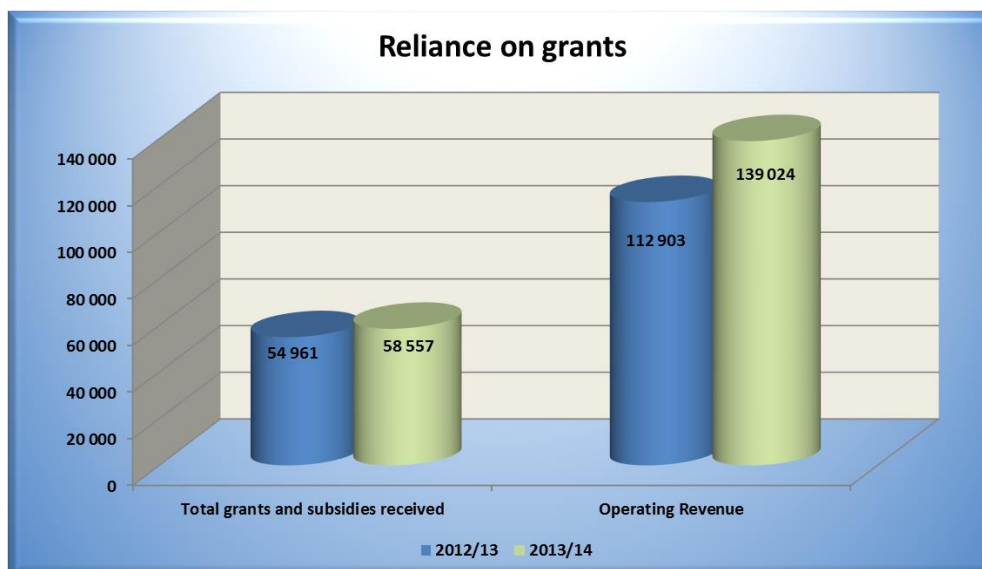
5.3.3 Level of Reliance on Grants & Subsidies

Financial year	Total grants	Total	Percentage
	and subsidies received	Operating Revenue	
	R'000	R'000	
2012/13	54 961	112 903	48.68
2013/14	58 557	139 024	42.12

Table 200.: *Reliance on grants*

Chapter 5: Financial Performance

The following graph indicates the municipality's reliance on grants as percentage for the last two financial years



Graph 12.: *Reliance on grants*

5.4 Asset Management

5.4.1 Treatment of the Three Largest Assets

Asset 1		
Name	De Aar East Reservoir	
Description	Storage	
Asset Type	Infrastructure assets	
Key Staff Involved	Chris Hendricks	
Asset Value as at 30 June 2013	2012/13 R million	2013/14 R million
	14 378	13 836
Capital Implications	N/A	
Future Purpose of Asset	Storage of water	
Describe Key Issues	N/A	
Policies in Place to Manage Asset	Asset Management Policy	

Asset 2	
Name	De Aar West Reservoir
Description	Water Storage Reservoir
Asset Type	Infrastructure Assets
Key Staff Involved	Chris Hendricks

Chapter 5: Financial Performance

Asset 2		
Asset Value as at 30 June 2013	2012/13 R million	2013/14 R million
	11 684	11 069
Capital Implications	N/A	
Future Purpose of Asset	Storage of Water	
Describe Key Issues	N/A	
Policies in Place to Manage Asset	Asset Management Policy	

Asset 3		
Name	Wentworth Street from R48	
Description	Streets	
Asset Type	Infrastructure Assets	
Key Staff Involved	Peter Jacobs	
Staff Responsibilities	N/A	
Asset Value as at 30 June 2013	2012/13 R million	2013/14 R million
	10 513	10 000
Capital Implications	N/A	
Future Purpose of Asset	Use of tarred streets for driving	
Describe Key Issues	N/A	
Policies in Place to Manage Asset	Asset Management Policy	

Table 201.: *Treatment of the Three Largest Assets*

5.4.2 Repairs and Maintenance

Description	2012/13	2013/14			
	Actual (Audited Outcome)	Original Budget	Adjustment Budget	Actual	Budget variance
		R' 000			
Repairs and Maintenance Expenditure	11 974	12 040	12 040	12 198	1.31

Table 202.: *Repairs & maintenance*

5.5 Financial Ratios Based on Key Performance Indicators

5.5.1 Liquidity Ratio

Description	Basis of calculation	2012/13	2013/14
		Audited outcome	Audited outcome
Current Ratio	Current assets/current liabilities	3.41	3.04
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.42	2.44

Chapter 5: Financial Performance

Description	Basis of calculation	2012/13	2013/14
		Audited outcome	Audited outcome
Liquidity Ratio	Cash and equivalents/Trade creditors and short term borrowings	0.42	0.31

Table 203.: *Liquidity Financial Ratio*

5.5.2 IDP Regulation Financial Viability Indicators

Description	Basis of calculation	2012/13	2013/14
		Audited outcome	Audited outcome
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.41	0.59
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.70	2.00
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	11.68	9.81

Table 204.: *Financial Viability National KPAs*

5.5.3 Borrowing Management

Description	Basis of calculation	2012/13	2013/14
		Audited outcome	Audited outcome
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.01	0.01

Table 205.: *Borrowing Management*

5.5.4 Employee costs

Description	Basis of calculation	2012/13	2013/14
		Audited outcome	Audited outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	36.09%	32%

Table 206.: *Employee Costs*

Chapter 5: Financial Performance

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6 Sources of Finance

The table below indicates the capital expenditure by funding source for the 2013/14 financial year:

Capital Expenditure: Funding Sources						
R'000						
Details	2012/13	2013/14				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
External loans	0	0	0	0	0	0
Public contributions and donations	0	0	0	0	0	0
Grants and subsidies	12 072	36 382	12 882	19 396	-64.59	17.90
Own funding	1 482	7 657	7 951	2 061	3.85	-76.93
Total	13 554	44 039	20 833	21 457	-52.69	1.42
<i>Percentage of finance</i>						
External loans	0	0	0	0	0	0
Public contributions and donations	0	0	0	0	0	0
Grants and subsidies	89	83	62	90	-25.15	34.57
Own funding	11	17	38	10	119.52	-164.27
Capital expenditure						
Water and sanitation	650	21 076	1 076	1 681	-94.90	2.87
Electricity	4 285	505	505	2 314	0.00	358.14
Housing	0	0	0	0	0	0
Roads and stormwater	6 823	3 519	3 219	15 401	-8.53	346.18
Other	1 796	18 939	16 033	2 061	-15.34	-73.78
Total	13 554	44 039	20 833	21 457	-52.69	1.42
<i>Percentage of expenditure</i>						
Water and sanitation	5	48	5	8	-89.21	5.58
Electricity	32	1	2	11	111.39	728.89
Housing	0	0	0	0	0	0
Roads and stormwater	50	8	15	72	93.37	704.87
Other	13	43	77	10	78.96	-156.62

Table 207.: **Capital Expenditure by funding source**

Chapter 5: Financial Performance

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

5.7 Cash Flow

Cash Flow Outcomes				
R'000				
Description	2012/13	2013/14		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flow from operating activities				
Receipts				
Ratepayers and other	91 866	125 172	139 107	101 218
Government - operating	43 254	40 556	40 495	38 122
Government - capital	12 294	36 382	12 882	15 152
Interest	1 595	793	869	1 030
Dividends	0	0	0	0
Payments				
Suppliers and employees	(129 195)	(128 441)	(148 401)	(141 418)
Finance charges	(1 041)	(933)	(1 030)	(855)
Transfers and Grants	(305)	(13 573)	(14 930)	(208)
Net cash from/(used) operating activities	18 468	59 956	28 991	13 042
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	79	12	80	657
Decrease (Increase) in non-current debtors	0	0	0	0
Decrease (increase) other non-current receivables	0	0	0	0
Decrease (increase) in non-current investments	0	0	0	0
Payments				
Capital assets	(14 857)	(39 634)	(20 818)	(21 550)
Net cash from/(used) investing activities	(14 778)	(39 622)	(20 738)	(20 893)
Cash flows from financing activities				

Chapter 5: Financial Performance

Cash Flow Outcomes				
R'000				
Description	2012/13	2013/14		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Receipts				
Short term loans	0	0	0	0
Borrowing long term/refinancing	0	0	0	0
Payments				
Repayment of borrowing	(2 275)	(2 538)	(2 538)	(2 504)
Net cash from/(used) financing activities	(2 275)	(2 538)	(2 538)	(2 504)
Net increase/ (decrease) in cash held	1 415	17 796	5 716	(10 354)
Cash/cash equivalents at the year begin:	9 225	(8 456)	(8 456)	10 640
Cash/cash equivalents at the yearend:	10 640	9 340	(2 741)	285

Table 208.: *Cashflow*

5.8 Gross Outstanding Debtors per Service

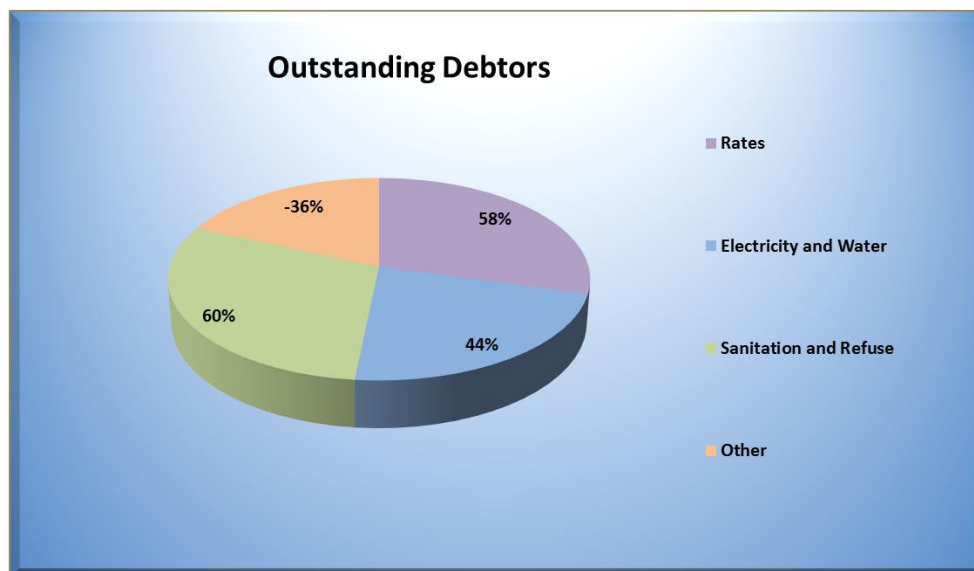
Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R'000	R'000	R'000	R'000	R'000	R'000
2012/13	9 190	29 403	15 883	0	1 318	55 794
2013/14	6 334	20 472	9 122	0	894	36 822
Difference	(2 856)	(8 931)	(6 761)	0	(423)	(18 971)
% growth year on year	-31	-30	-43	0	-32	-34

Note: Figures exclude provision for bad debt

Table 209.: *Gross outstanding debtors per service*

Chapter 5: Financial Performance

The following graph indicates the total outstanding debt per type of service for 2013/14



Graph 13.: *Debt per type of service*

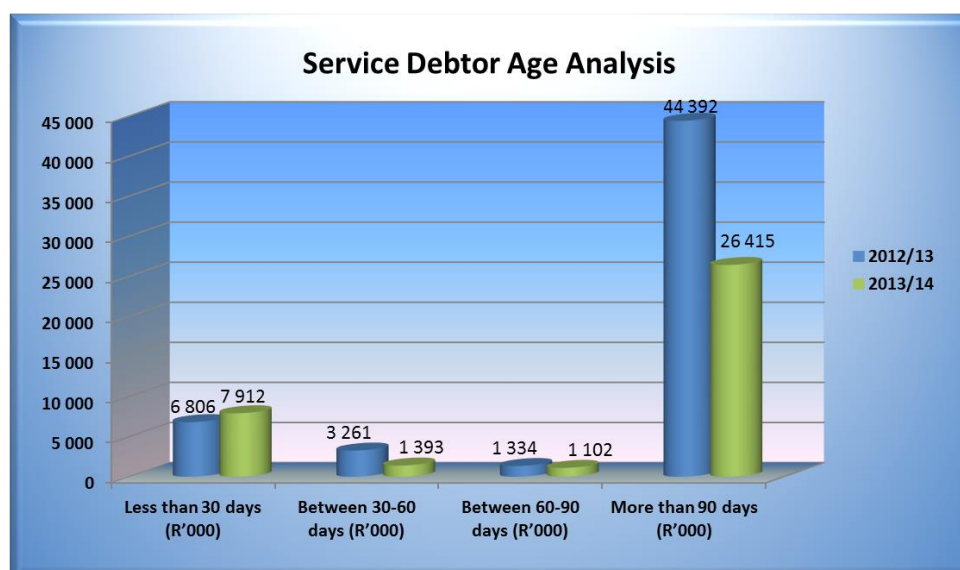
5.9 Total Debtors Age Analysis

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2012/13	6 806	3 261	1 334	44 392	55 794
2013/14	7 912	1 393	1 102	26 415	36 822
Difference	1 105	(1 868)	(232)	(17 977)	(18 971)
% growth year on year	16	-57	-17	-40	-34

Note: Figures exclude provision for bad debt.

Table 210.: *Service debtor age analysis*

Chapter 5: Financial Performance



Graph 14.: *Service debtor age analysis*

5.10 Borrowing and Investments

Infrastructure needs to be replaced and therefore borrowings for periods of 15 years are taken up to lessen the impact on consumers.

5.10.1 Actual Borrowings

Actual Borrowings		
R' 000		
Instrument	2012/13	2013/14
Long-Term Loans (annuity/reducing balance)	8 493	5 989
Total	8 493	5 989

Table 211.: *Actual Borrowings*

5.10.2 Municipal Investments

Actual Investments		
R'000		
Investment type	2012/13	2013/14
	Actual	Actual
Deposits - Bank	17 026	11 295
Other	14	21
Total	17 040	11 316

Table 212.: *Municipal Investments*

Chapter 6: Auditor-General Findings

CHAPTER 6

COMPONENT A: AUDITOR-GENERAL OPINION 2012/13

6.1 Auditor General Report 2012/13

2012/13	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
Financial statements	
The municipality under spent on the various grants to the amount of R12 307 652.	Proper planning of the Capital Programme and the awarding of tenders will be done in advance in the future.
Material losses to the amount of R10 369 635 were incurred as a result of bulk electricity and water purchases.	A programme will be developed to address the line losses of water and electricity.
The material impairments to the amount of R6 872 760 were incurred as a result of recoverability of trade debtors.	More aggressive collection efforts will be employed.
Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget.	The depreciation as per Grap 17 will be further discussed with Provincial and National Treasury.
The financial statements submitted for auditing were not prepared in all material respects.	We will try to adhere to these in the 2013/14 financial year.
Predetermined Objectives	
Adequate and reliable corroborating evidence could not be provided for 47% of major variances.	Proper planning and keeping of PDO's will be done in future to ensure that all targets are met within the set time frame and can be proofed.
The required performance could not be measured for a total of 34% of the targets.	
The reported performance information as a whole of basic services are materially misstated.	
Lack of standard operating procedures for the accurate recording of actual achievements and monitoring of the completeness of source documentation in support of actual achievements.	
40% of planned targets were not achieved during the year under review. Mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.	We will do a proper review of the KPI's and their targets on our SDBIP after the adjustment's estimate to cater for our changing environment.
Strategic planning and performance management	

Chapter 6: Auditor-General Findings

2012/13	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
The municipal council did not consult with the local community in the drafting and implementation of the IDP, by means of a municipal wide structure for community participation.	Proper consultation in terms of Section 21 of the Municipal Systems Act will be instituted as a matter of urgency.
The performance management system of the municipality did not provide for taking steps to improve performance with regards to those development priorities and objectives where performance targets are not met.	Management will monitor the actual performance in terms of the SDBIP on a regular basis to address early warning indications in order to ensure that targets are met.
The municipality did not establish mechanisms to monitor and review its performance management system.	
The municipality did not set measurable performance targets for the financial year with regards to each of the development priorities and objectives and key performance indicators set out in the IDP.	We will review our IDP with the view to more simplify our development priorities in line with our limited capacity and budget.
The municipality did not have and maintain effective, efficient and transparent systems of financial and risk management and internal controls.	A plan of action will be developed and implemented.
The internal audit did not audit the results of performance measurements.	The internal audit will develop a clear programme of action to address the issue.
The internal audit did not assess the functionality of the performance management system.	
The internal audit did not assess the extent to which the performance measurements were reliable in measuring the performance of the municipality on key and general performance indicators.	
The internal audit unit did not audit the performance measurements on a continuous basis and submitted quarterly reports on their audit.	
The performance audit committee was not in place and the audit committee established as required	
Annual Report	
Oversight report, containing comments on the annual report, was not adopted by council within two months form the date in which the 2012 annual report was tabled.	The Oversight report will be tabled and published within the required time frames.
Internal Audit & Audit Committees	
An audit committee was not in place, this resulted in all functions that are performed by the audit committee not being fulfilled.	An Audit Committee will be established by the end of December.
Internal audit did not report to the audit committee on the implementation of the internal audit plan	Weaknesses within Internal Audit will be addressed by developing a clear and proper plan of action.

Chapter 6: Auditor-General Findings

2012/13	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
Internal audit did not report to the audit committee on matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management and loss control.	This will be monitored by the Municipal Manager and Directors.
The internal audit unit did not advise the accounting officer and report to the audit committee on matters relating to compliance.	This will be monitored by the Municipal Manager and Directors.
Procurement and contract management	
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.	MBD documentation will be completed with all procurement.
Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations.	
The preference point system was not applied in all procurement of goods and services above R30 000.	
Contracts were awarded to bidders based on preference points that were not allocated in accordance with requirements	
Quotations were awarded to bidders that did not score the highest points in the evaluation process.	Proper reasons will be provided when deviations occur.
Expenditure Management	
Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement.	Payments will be made within 30 days after receipt of valid invoices.
Reasonable steps were not taken to prevent unauthorized expenditure, irregular expenditure and fruitless and wasteful expenditure.	Proper expenditure management will be developed and enforced immediately.
Consequences Management	
Unauthorized expenditure, irregular, fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for expenditure.	Proper investigation will be done and the matter will be reported to the Mayor and Council.
Internal Control	
The accounting officer did not ensure that proper policy and procedures and internal control procedures are developed, implemented and monitored to report on the property plant and equipment of the municipality.	Internal control will be sharpened and improved to ensure that all weaknesses, inadequate controls and other short comings are addressed immediately.
The accounting officer does not evaluate whether management has implemented effective internal controls by gaining an understanding of how senior managements has met its responsibilities in terms of maintaining the preparing the annual financial	Internal control will be sharpened and improved to ensure that all weaknesses, inadequate controls and other short comings are addressed immediately

Chapter 6: Auditor-General Findings

2012/13	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
statements and compliance with the supply chain management regulations.	
The accounting officer did not ensure that effective and adequate internal controls and systems are in place to ensure compliance with laws and regulations and pre-determined objectives. This is evidenced by significant finding as reported in this audit report	Internal control will be sharpened and improved to ensure that all weaknesses, inadequate controls and other short comings are addressed immediately
The financial statements were not sufficiently reviewed for completeness and accuracy prior to submission for auditing	Internal control will be sharpened and improved to ensure that all weaknesses, inadequate controls and other short comings are addressed immediately
The municipality lacks skills regarding certain aspects of financial reporting framework and performance management requirements. The underlying accounting records of the municipality did not always facilitate the preparation of the financial statements to comply with the accounting framework.	The IT Policy has been approved by the Rules Committee and the IT implementation plan of the strategy will be developed and enforced immediately.
Management does not design and implement formal controls over IT systems and availability, accuracy and protection of information.	The IT Policy has been approved by the Rules Committee and the IT implementation plan of the strategy will be developed and enforced immediately.
There is no sufficient controls around daily processing between cash received and cash banked.	Proper control will be developed with clear segregation of duties that will be assigned to the various officials in the Revenue Division.

Table 213.: **AG Report on Financial Performance 2012/13**

Chapter 6: Auditor-General Findings

COMPONENT B: AUDITOR-GENERAL OPINION 2013/14

6.2 Auditor General Report 2013/14

2013/14	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
Financial Statements	
<p>Unable to obtain sufficient appropriate audit evidence for revenue from fines for current and prior year as the municipality did not have adequate systems to maintain records of fines. I could not confirm the revenue from fines by alternative means. Unable to determine whether any adjustment to the revenue from fines stated at R19 521 175 (2013: 12 611 461) in the financial statements was necessary</p>	<p>The municipality will embark on a process to review all traffic fines issued from the 1 July 2012. All traffic fines issued as per the fine books will be reconciled to the system to ensure that all fines are accurately and completely accounted for. All traffic fines paid, during the 2012/2013 and 2013/2014 financial year will be reviewed to ensure that the outstanding receivable is correctly accounted for.</p> <p>Technical guidance will be requested from the provincial treasury, on the accounting for fines which have not been issued within the required timeframe, cancelled and withdrawn fines.</p> <p>Monthly reconciliations will be performed for all fines issued, reduced and paid within the 2014/2015 financial year.</p> <p>The methodology on the calculation of impairment of the fines will be developed and supported by verifiable assumptions.</p>
<p>Unable to obtain sufficient appropriate audit evidence regarding sundry debtors for current and prior year as the municipality did not have adequate systems to maintain records of fines charged but not yet paid. I was unable to confirm the sundry debtors. Consequently, I was unable to determine whether any adjustment relating to sundry debtors stated at R5 742 521 (2013: R3 139 040) in the financial statements was necessary</p>	<p>The municipality will embark on a process to review all traffic fines issued from the 01 July 2012. All traffic fines issued as per the fine books will be reconciled to the system to ensure that all fines are accurately and completely accounted for. All traffic fines paid, during the 2012/2013 and 2013/2014 financial year will be reviewed to ensure that the outstanding receivable is correctly accounted for.</p> <p>Technical guidance will be requested from the provincial treasury, on the accounting for fines which have not been issued within the required timeframe, cancelled and withdrawn fines.</p> <p>Monthly reconciliations will be performed for all fines issued, reduced and paid within the 2014/2015 financial year.</p> <p>The methodology on the calculation of impairment of the fines will be developed and supported by verifiable assumptions.</p>
<p>Unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for receivable from non-exchange transactions. As described in note 41 to the financial statements, the restatement was made to rectify a prior year misstatement. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment to</p>	<p>The municipality will embark on a process to review all traffic fines issued from the 1 July 2012. All traffic fines issued as per the fine books will be reconciled to the system to ensure that all fines are accurately and completely accounted for. All traffic fines paid, during the 2012/2013 and 2013/2014 financial year will be reviewed to ensure that the outstanding receivable is correctly accounted for.</p>

Chapter 6: Auditor-General Findings

2013/14	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
<p>the receivable from non-exchange transactions corresponding figure stated at R12 513 913 in the financial statements was necessary.</p>	<p>Technical guidance will be requested from the provincial treasury, on the accounting for fines which have not been issued within the required timeframe, cancelled and withdrawn fines.</p> <p>Monthly reconciliations will be performed for all fines issued, reduced and paid within the 2014/2015 financial year.</p> <p>The methodology on the calculation of impairment of the fines will be developed and supported by verifiable assumptions.</p>
<p>The municipality made a provision of R11 886 601 (2013: R5 162 287) for the impairment of sundry debtors as disclosed in notes 5.3 to the financial statements. However this impairment was not assessed at year-end, for the current and prior year, in accordance with the GRAP 104 <i>Financial Instruments</i>. As the relevant information was not available, I was not able to calculate what the impairment charge against sundry debtors and impairment losses expense should have been if GRAP 104 had been applied correctly and as a result I was unable to confirm the amount disclosed as R5 742 521 (2013: R3 139 040) in the financial statements</p>	<p>The municipality will embark on a process to review all traffic fines issued from the 1 July 2012. All traffic fines issued as per the fine books will be reconciled to the system to ensure that all fines are accurately and completely accounted for. All traffic fines paid, during the 2012/2013 and 2013/2014 financial year will be reviewed to ensure that the outstanding receivable is correctly accounted for.</p> <p>Technical guidance will be requested from the provincial treasury, on the accounting for fines which have not been issued within the required timeframe, cancelled and withdrawn fines.</p> <p>Monthly reconciliations will be performed for all fines issued, reduced and paid within the 2014/2015 financial year.</p> <p>The methodology on the calculation of impairment of the fines will be developed and supported by verifiable assumptions.</p>
Predetermined objectives	
<p>The annual performance report submitted for audit purposes did not include the actual performance of 100% of all planned objectives, indicators or targets specified in the integrated development plan for the year under review. This was due to limited, information systems recording and documenting actual achievements against targets and a lack of, or limited, review of the completeness of reporting documents by management.</p>	<p>A review of the IDP and SDBIP will be performed to ensure the alignment thereof and any discrepancies will be corrected during the adjustment budget process. These documents will be used as the basis to prepare the annual performance report. A further review will be performed to ensure that the objectives, indicators and targets are consistently reported within the three documents.</p>
<p>The measurability of planned targets and indicators could not be assessed due to a lack of formal standard operating procedures</p>	<p>Standard operating procedures will be developed for the reporting on performance information.</p>
<p>A total of 50% of the indicators did not relate logically and directly to an aspect of the auditee's mandate and the realisation of strategic goals and objectives as per the integrated development, service delivery and budget implementation plan. This was because proper performance planning and management practices had not been developed and implemented to provide for the development of performance</p>	<p>After ensuring alignment of the IDP, SDBIP and Annual Performance Report, monthly reviews of targets achieved will be performed by the relevant directorates to ensure that the performance is accurately and completely supported by valid documentation.</p>

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2013/14	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
indicators and targets included in the annual performance, integrated development, service delivery and budget implementation plan	
50% of the targets or significantly important targets were not reliable because we were unable to obtain sufficient appropriate audit evidence for 50% of the targets or significantly important targets. In addition, 33.3% of the targets or significantly important targets were not valid, accurate and complete when compared to the source information or evidence provided. This was due to information found relating to performance information that was not included in the annual performance report.	After ensuring alignment of the IDP, SDBIP and Annual Performance Report, monthly reviews of targets achieved will be performed by the relevant directorates to ensure that the performance is accurately and completely supported by valid documentation.
A total of 47% of the reported objectives, indicators and targets were not consistent with those in the approved integrated development plan. This was due to the lack of understanding of the Municipal Systems Act reporting requirements.	After ensuring alignment of the IDP, SDBIP and Annual Performance Report, monthly reviews of targets achieved will be performed by the relevant directorates to ensure that the performance is accurately and completely supported by valid documentation.
We identified material misstatements in the annual performance report submitted for auditing on the reported performance information for Basic Services and Local Economic Development. As management did not subsequently correct the misstatements, we raise material findings on the usefulness and reliability of the reported performance information	After ensuring alignment of the IDP, SDBIP and Annual Performance Report, monthly reviews of targets achieved will be performed by the relevant directorates to ensure that the performance is accurately and completely supported by valid documentation.
Compliance with legislation	
The municipality did not establish mechanisms to monitor and review its performance management system, as required by section 40 of the MSA.	The performance management system has been reviewed for the 2014/2015 financial year during the budget process which has been finalized on the 30 May 2014.
Strategic and performance management	
Measurable performance targets for the financial year with regard to each of the development priorities or objectives and key performance indicators were not set in the IDP, as required by section 41(1)(b) of the MSA and the Municipal planning and performance management regulations 12(1) and 12(2)(e).	A review of the IDP and SDBIP will be performed to ensure the alignment thereof and any discrepancies will be corrected during the adjustment budget process. These documents will be used as the basis to prepare the annual performance report. A further review will be performed to ensure that the objectives, indicators and targets are consistently reported within the three documents.
Budgets	
Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.	Overspending on votes relates to non-cash flow items such as depreciation and impairment losses. These will continue to be incurred due to backlog depreciation.
Annual report and annual financial statements	
The financial statements submitted for auditing were not prepared in all material respects in accordance	A review of the financial statements will be performed to ensure that transactions are completely accounted.

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2013/14	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, on-current liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.	
Oversight report, containing comments on the annual report, was not adopted by council within two months from the date on which the 2013/14 annual report was tabled, as required by section 129(1) of the MFMA.	The oversight report was approved by MPAC, two months from the date on which the annual report was tabled, however the AGSA has not considered this. Technical guidance will be requested from the Provincial Treasury on this matter.
Audit committee	
The audit committee did not review all the quarterly internal audit reports on performance measurement, as required by Municipal planning and performance management regulation 14(4)(a)(i).	The audit committee will ensure that 4 meetings are held for the 2014/2015 financial year.
The audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal planning and performance management regulation 14(4)(a)(iii).	The audit committee will ensure that 4 meetings are held for the 2014/2015 financial year and that performance information is reviewed at least twice during the financial year.
The audit committee did not meet at least four times a year, as required by section 166(4) (b) of the MFMA.	The audit committee will ensure that 4 meetings are held for the 2014/2015 financial year.
Internal audit	
The internal audit unit did not function as required by section 165(2) of the MFMA, in that: <ul style="list-style-type: none"> • it did not report to the audit committee on the implementation of the internal audit plan. • it did not advise the accounting officer and report to the audit committee on matters relating to internal controls. 	The audit committee will ensure that 4 meetings are held for the 2014/2015 financial year, thereby ensuring that the necessary matters are timeously reported.
The internal audit unit did not advise the accounting officer and/or 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.	Internal audit reports will be presented as required.
Procurement and contract management	
Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by SCM regulation 17(a) & (c).	A SCM compliance checklist has been developed which needs to be completed for each request before processing thereof. The checklist will be reviewed to ensure compliance before order is issued.

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2013/14	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
Quotations were accepted from prospective providers who are not registered on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy in contravention of SCM regulation 16(b) and 17(b).	A SCM compliance checklist has been developed which needs to be completed for each request before processing thereof. The checklist will be reviewed to ensure compliance before order is issued.
Expenditure management	
Money owing by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.	Controls have been implemented to ensure the payment of creditors within 30 days, however, in certain instances, our cash flow is may be affected due to non-payment of accounts by our debtors, which may then hamper the timeframe within which we pay.
Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.	A SCM compliance checklist has been developed which needs to be completed for each request before processing thereof. The checklist will be reviewed to ensure compliance before order is issued.
Conditional grants and transfers	
The municipality did not evaluate its performance in respect of programmes or functions funded by the Local Government Financial Management Grant allocation, as required by section 12(5) of the DoRA.	Technical guidance will be requested from the Provincial Treasury on this matter.
Asset management	
An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.	Monthly reconciliations will be performed between the asset register and general ledger.
Consequence management	
Unauthorised, Irregular, Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.	The report on unauthorised, irregular, fruitless and wasteful expenditure was considered by MPAC during the financial year, however the AGSA has not considered this. Technical guidance will be requested from the Provincial Treasury on this matter.
Internal control	
Leadership	
The leadership did not take appropriate action with regard to a lack of controls in the finance and supply chain management directorates, resulting in non-compliance with applicable legislation and inadequate budget control measures. This, in turn, resulted in irregular, fruitless and wasteful as well as unauthorised expenditure.	A SCM compliance checklist has been developed which needs to be completed for each request before processing thereof. The checklist will be reviewed to ensure compliance before order is issued.
Personnel had not been allocated specific duties and responsibilities to facilitate the continuous monitoring of internal controls	A review of business processes will be undertaken to streamline controls and ensure proper monitoring of controls.
Leadership did not understand the importance of having some of the policies documented and	Policies will be reviewed to consider whether they are still appropriate within the current environment and any adjustments will tabled to council for approval.

Chapter 6: Auditor-General Findings

2013/14	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
approved for the progressive performance of the municipality.	Policies indicated by the AGSA as lacking within the municipality will be developed and tabled for approval.
Leadership did not continuously monitor the plan, and individuals responsible for particular sections of the plan were not held accountable.	Policies will be reviewed to consider whether they are still appropriate within the current environment and any adjustments will tabled to council for approval. Policies indicated by the AGSA as lacking within the municipality will be developed and tabled for approval.
Management has not made any significant strides in dealing with issues of IT governance. This is evidenced by slow progress in this area and fundamental concerns as reported by the ISA unit.	The municipality is currently engaging in discussions with the IT department at the Provincial Treasury in order to develop a plan to address the shortcomings within the IT environment. The plan involves costs which need to be appropriately budgeted for and will be phased in over time.
Financial and performance management	
The municipality did not have individuals who sufficiently understand the financial reporting framework and performance and financial management requirements. This resulted in the municipality engaging a consultant to prepare the financial statements.	Consultants were appointed to assist in the preparation of the financial statements. A plan has been implemented over the last two years to ensure that skills transfer takes place. Currently the staff are involved in the compilation of the AFS, in that the relevant information is prepared by the staff and the consultant provides guidance on technical aspects relating to the GRAP standards. The consultant populates the AFS template and trains staff on the final disclosure of the information provided by them.
Controls were not designed to ensure that the transactions had occurred, were authorised, and were completely and accurately processed.	A review of business processes will be undertaken to streamline controls and ensure proper monitoring of controls.
The underlying accounting records of the municipality did not facilitate the preparation of the financial statements to comply with the accounting framework.	With the exception of the records maintained for traffic fines, all other records does facilitate the preparation of the financial statements to comply with the accounting framework. The controls mentioned above will thus be enforced to ensure that proper record keeping is maintained for traffic fines.
Management did not task specific individuals who will drive the matters of compliance, and this process was not continuously monitored.	A review of business processes will be undertaken to streamline controls and ensure proper monitoring of controls.
Management has not made any significant strides in dealing with issues of IT governance. This is evidenced by slow progress in this area and fundamental concerns as reported by the ISA unit.	The municipality is currently engaging in discussions with the IT department at the Provincial Treasury in order to develop a plan to address the shortcomings within the IT environment. The plan involves costs which need to be appropriately budgeted for and will be phased in over time
Governance	
The financial statements were subject to material corrections resulting from the audit, which are attributable to the lack of risk assessment performed, weaknesses in the design and implementation of internal control in respect of financial management,	This stems from certain control weaknesses, which will be addressed through the review of our business processes which have been discussed above.

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2013/14	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
and financial reporting and weaknesses in the information systems.	
As the internal audit services are a shared service, it would appear that financial constraint, coupled with enough resources is a driver of the lack of discharge of some of the duties.	The weaknesses referred to is as a result of the audit committee being newly appointed and having met as required. This will be addressed during the 2014/2015 financial year through meeting at least four times and therefore being better positioned to exercise oversight over the function.
The accounting officer did not prioritise the establishment of a fully functioning performance audit committee and therefore the functions were established, however it was not fully functional during the financial year. This also resulted in the committee not being able to fulfil all their responsibilities	As agreed with the AGSA, the establishment of a performance audit committee within our institution is not justified, due to the size of the organization. The audit committee currently appointed can perform this function. However, the committee should consider at least two report on performance information in order for the functioning to be considered appropriate.

Table 214.: **AG Report on Financial Performance 2013/14**

Abbreviations

LIST OF ABBREVIATIONS

AG	Auditor-General
AFS	Annual Financial Statements
CAPEX	Capital Expenditure
CBP	Community Based Planning
CFO	Chief Financial Officer
CMTF	Council Meets The People
COGHSTA	Department of Cooperative Governance, Human settlements and Traditional Affairs
DPLG	Department of Provincial and Local Government
DWA	Department of Water Affairs
EE	Employment Equity
EPWP	Extended Public Works Programme
EXCO	Executive Committee
FBS	Free Basic Services
GAMAP	Generally Accepted Municipal Accounting Practice
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IMFO	Institute for Municipal Finance Officers
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MAYCOM	Executive Mayoral Committee
MFMA	Municipal Finance Management Act (Act No. 56 of 2003)

Abbreviations

MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee
MSA	Municipal Systems Act No. 32 of 2000
MTECH	Medium Term Expenditure Committee
NCOP	National Council of Provinces
NERSA	National Energy Regulator South Africa
NGO	Non-governmental organisation
NT	National Treasury
OPEX	Operating expenditure
PMS	Performance Management System
PT	Provincial Treasury
SALGA	South African Local Government Organisation
SAMDI	South African Management Development Institute
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework