

22/1 TABLING OF ANNUAL REPORT FOR THE 2010/2011 FINANCIAL YEAR

DATE : 17/01/2012

AGENDA : COUNCIL MEETING: 25/01/2012

REPORT : MAYOR

OBJECTIVE

The objective of this item is to table the annual report as required in terms of Section 127 (2) of the Municipal Finance Management Act (MFMA) which reads as follows:

“The Mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council, the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control”

BACKGROUND

In terms of MFMA Section 121, the Council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality in accordance with Section 129 of the MFMA.

Section 129 of the MFMA states that the Council of a municipality must consider the annual report of the municipality by no later than two months from the date on which the annual report was tabled in the Council and adopt an oversight report containing the councils comments on the annual report.

Thus the Annual Report must be tabled by 25 January 2012 and then dealt with by Council together with the Oversight Report on the Annual Report by no later than 31 March 2012.

It should also be noted that in terms of Section 127 (5) that immediately after the annual report is tabled in council, the municipality must

- Make public the annual report;
- Invite the local community to submit representations in connection with the annual report.
- Submit the annual report to the Auditor General, Provincial Treasury and COGTA.

After tabling of the Annual Report the Council, through its Oversight Committee must engage the Annual Report and may request advice from the Audit Committee and finally prepare an Oversight Report which should express the comments as contained in terms of Section 129 of the MFMA.

It should be noted that some of the councillors who served in the previous committee are no longer Councillors, and the chairperson is currently the Speaker of Council. It is therefore advisable to delegate the Speaker to fill the vacancies.

However it should be noted that no Executive Councillor or any official may serve on the Oversight Committee. This is per MFMA Circular 32 which outlines that members of the community should also form part of the Oversight Committee.

***** Attached hereto as a separate annexure is the Annual Report for 2010/2011 as well as letter from Auditor General regarding Special Report on delay on submission of audit report.**

FINANCIAL IMPLICATIONS

Financial Implication would be the payment made to the Audit Committee and members of the community serving on the Oversight Committee.

STAFF IMPLICATIONS

Secretariat support must be provided by the Administration.

CURRENT POLICY

Council has thus far not complied with compilation of an oversight report and previously only adopted the annual report without the relevant process.

It must also be noted that the meeting of Council where the annual report and oversight report will be discussed must be advertised and open to the public.

RECOMMENDATIONS:

1. That the annual report is hereby tabled to Council with the following incomplete components :
 - I. Appendix A-P
 - II. Volume II: Annual Financial Statements.
2. Management ensure that all information regarding (1) above be submitted to Oversight Committee for inclusion in the final report.
3. That 2 community members be appointed to serve on the Oversight Committee.
4. That an allowance calculated based on Treasury Guidelines as well as travelling in line with Department of Transport tariffs, be paid to the community members serving on the Oversight Committee.
5. That the oversight committee deal with the Annual Report and prepare the Oversight Report to Council in terms of Section 129 to be tabled to Council no later than 31 March 2012.
6. That the Speaker be delegated to fill the vacancies in the oversight committee.
7. That the names of the members in the oversight committee appointed be submitted to Council by the 31 March 2012.

(FOR RESOLUTION)

Minutes Council Meeting: 25/01/2012

After some amendments made, Cllr Lithebe proposed that the tabling of the annual report and recommendation made be noted and further proposed that the matter be resolved as follows and was seconded by Cllr du Toit:

RESOLVED:

1. That the Speaker be delegated to fill the vacancies in the oversight committee.
 2. That the names of the members in the oversight committee appointed be submitted to Council by the 31 March 2012.
-
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2010/2011



ANNUAL REPORT

Volume 1

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CHAPTER 1 - MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

The new municipal council, which I am privileged to lead as Mayor, was elected by the residents of the municipal area in terms of the provisions of the Local Government Municipal Structures Act, and the council was officially inaugurated on the 31st May 2011. The council which took office on the 31st May 2011 consists of highly qualified individuals with whom I am proud to serve.

They bring to the council a diversity of experience and expertise that will serve as a valuable resource as well as provide nurturing leadership for the municipality. The new council replaced the previous council and Executive Committee chaired by Cllr Maduna M-of which I was privileged to be a part-which exercised supervision over the functioning of the council for the larger part of the period covered in this annual report.

It is therefore appropriate that I begin by paying tribute to Cllr Maduna and his colleagues on the Executive Committee for their exemplary stewardship, enabling us to inherit a sound and vibrant organisation. The council is also heartened by warm welcome, the comprehensive briefing and the unstinting support it has received from Mr. Mthembu B J, municipal manager, and his directors as well as from the rest of the municipal staff.

We are encouraged by the collegiality, dedication and good governance that typify the municipality's institutional culture, and look forward with confidence to continued good relations and co-operative interaction within the administration during the rest of the council's term. In terms of the law and generally acceptance practice, the council is charged with fiduciary responsibility which has been defined as the duty of care. The duty of care encompasses inter alia:

- The council's obligation to be familiar with the vision, mission and statutory mandate of the organisation;
- Approving and monitoring the organisation's programmes and services, and ensuring that they remain true to the vision, mission and mandate;
- Ensuring that the organisation has adequate resources, and that these are managed effectively and in accordance with MFMA requirements;
- Ensuring that the organisation is in compliance with statutory requirements and reporting obligations;
- Helping to enhance the organisation's public image; and
- Ensuring that there are proper processes in place for assessing the performance of the management, including the municipality's own performance.

It is now my pleasure to review the state of the municipality during 2010/11 in the context of the municipality's duty of care.

The municipality's vision and mandate

The council is cognizant of the municipality's vision to "develop Setsoto into unified, viable and progressive municipality that serves its people in a responsible, economic and sustainable manner." and its statutory mandate to provide basic services in order to improve the quality of living standards of our communities.

A well-managed organisation

The council exercises oversight in the management of the financial resources and other assets of the municipality through its audit and risk; finance; and human resources. It interrogates and approves budget submitted by the executive committee, and reviews external audits by the Auditor General of South Africa. The council is pleased with the competent and transparent manner in which the

CHAPTER 1 - MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

municipality has managed its resources, with effective and efficient internal controls, and with the attention it has given to addressing those issues raised by the Auditor-General of South Africa.

The executive committee has exercised its delegated authority and function in terms of system of delegation and powers and functions with fitting responsibility and accountability. Much as the application of MFMA requirements may sometimes seem like an unwelcome intrusion into the business of providing services, the MFMA remains the law of the land and is intended to protect both the institution and its staff.

We are pleased that the Auditor-General of South Africa has once again given qualified audit opinion to the municipality, confirming our view that the municipality is almost as well managed organisation. Generating sufficient revenue to cover current operations as well as enable the initiation of the new project, is a constant challenge for the organisations all around the globe. The municipality has continued to receive increasing support from national government, thanks to the indispensable support of the treasury, corporate governance and traditional affairs water affairs.

During the year under review, the municipality was managed in accordance with good corporate practice and compliance with statutory and other agreed reporting obligations. In its operations, it adhered to the strategic and business plans approved by the council. The municipality concluded performance agreements with the municipal manager and managers directly accountable to the municipal manager with the mayor as the executive authority, representing a compact between the management and the council regarding the mutual undertakings and expectations by the respective parties. The management fulfilled undertakings, outputs and outcomes pledged to the mayor with regard to its programmes and activities and submitted the required periodic reports, and full compliance was maintained throughout under review.

Institutional performance

The municipality monitors its institution and service provision programme performance according to a set of indicators approved by the council and agreed with the management in terms of the performance agreements. The municipality has reporting obligations on performance to the Council; the Provincial Department; and the National Treasury and the Department of Corporate Governance and Traditional Affairs as well as Parliament on service provision.

The municipality has reviewed the performance outcomes for the year 2010/11, and is pleased to note that the municipality either achieve or exceeded the majority of the targets agreed in the service and budget implementation plan. The details of the achievements are reflected elsewhere in this annual report, but the municipality is pleased to note that attrition, a worrying indicator in the preceding years, is showing signs of slowing down. The council congratulates the municipality on its overall performance over the years.

I would like to conclude by expressing my appreciation to the residents of the Setsoto Local Municipality for deeming us fit to be elected to serve on the council of this important institution. I would also like to express my gratitude to Mr. Mthembu B J, Municipal Manger, for facilitating a smooth transition from the old to the new council; and to the municipal staff and all those who have contributed to a successful year for the council.

Cllr. Jakobo T B
Mayor

CHAPTER 1 - MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Municipal Manager's overview

The municipality is submitting its annual report for the fiscal year 2010/2011, from July 2010 to June 2011. The report includes the performance of the municipal departments as contained in the organisational structure of the municipality.

The municipal wide report has been compiled from data and reports provided by the municipal departments as per their service delivery and budget implementation plan, in some cases department provided data and calculation that are in addition to previously published reports.

The annual report has been developed within the context of the revised template, which makes its contribution by forging linkages with the Integrated Development Plan, Services Delivery and Budget Implementation Plan, Budget Reforms, mid-year Reports, Annual Financial Statements and Performance Management information in the municipality. This coverage and coherence is achieved by the use of interlocking processes and formats.

The report comes amid the uprising of the community against the municipality in terms of the challenges regarding service provision. The past financial year has been the most difficult in providing services to our communities. There has been an outrage by community members for the resignation of the senior municipal officials as well as the junior officials through the alleged misappropriation of funds.

The situation was saved by the intervention of CoGta by evoking section 106 of the Municipal Systems Act and the establishment of the Taka Commission to investigate those allegations raised by the communities. The Commission was given thirty days to complete its investigation and come up with recommendations. Towards the end of the financial year some of those recommendations are being affected, but these will be reported at length in the next financial year reporting cycle. The current report uses the key performance as contained in the IDP and adopted by council. These are:

(i) Alignment of services to IDP indicators and Council priorities

The following are the performance areas as aligned to the national key performance areas adopted by council:

- Infrastructure and Service Delivery
- Local Economic Development
- Social Development
- Institutional Development

(ii) Services delivery performance and financial sustainability

The Municipal Finance Management Act (MFMA) of 2003 requires that municipalities prepare a Service Delivery and Budget Implementation Plan (SDBIP) as an implementation and management tool to ensure that budget decisions that are adopted by municipalities for the year are aligned with their Integrated Development Plan (IDP).

Section 1 of the Municipal finance Management Act defines the "service delivery and budget implementation plan" as the detailed plan approved by the mayor of the municipality in terms of section 53 (1) (c) (ii) for implementing the municipality's delivery of municipal services and its budget and which must include the following:

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- a) Projections of each month of-
 - i. revenue to be collected by source; and
 - ii. operational and capital expenditure, by vote
- b) service delivery targets and performance indicators for each quarter; and
- c) any other matters that may be prescribe, and includes any revisions of such plan by the Mayor in terms of section 54 (1)(c)

In terms of section 53 (1)(c)(ii) of MFMA, the SDBIP must be approved by the Mayor of the Municipality within 28 days of the approval of the budget and be made public within 14 days after the approval of the SDBIP (section 53 (3) (a))

The Setsoto Local Municipality's 2010/11 SDBIP was submitted to the Mayor and tabled before Council on the 27 May 2010 as per item 25/05. The SDBIP made public in the local press and on the Municipality's website. The Setsoto Local Municipality therefore complied in terms of Section 53 (1) (c) (ii) as well as section 53 (3) (a)

According to MFMA Circular 13 it is the outputs made public in the "top layer" SDBI that needs to be used to measure performance on a quarterly basis during the financial year, in-year monitoring (1st and 2nd quarters) is meant to be in a "light" form of monitoring.

Section 72 of the MFMA compels the Accounting Officer of a municipality to submit a Mid-year budget and performance assessment report by 25 January of each year to the Mayor, National Treasury and Provincial Treasury.

The council should reserve its oversight role over performance at the end of the financial year when the Annual Report of the Municipality is tabled. It is, however, important that the in-year reporting both the council and Administration the opportunity to take corrective action in those areas where under performance is reported.

This report indicates the performance of the Setsoto Local Municipality at annual (1 July 2010 to 30 June 2011) against the set targets in the 2010/11 SDBIP.

Future steps

The Audit and Performance committee, the Auditor General and the municipal Council will continue to review the issue of developing measures and improved data reporting by all on systems and methods to facilitate such measures.

MTHEMBU B J
MUNICIPAL MANAGER

CHAPTER 1 - MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.2 Municipal Functions, Population and Environmental Overview

Introduction to the Background Data

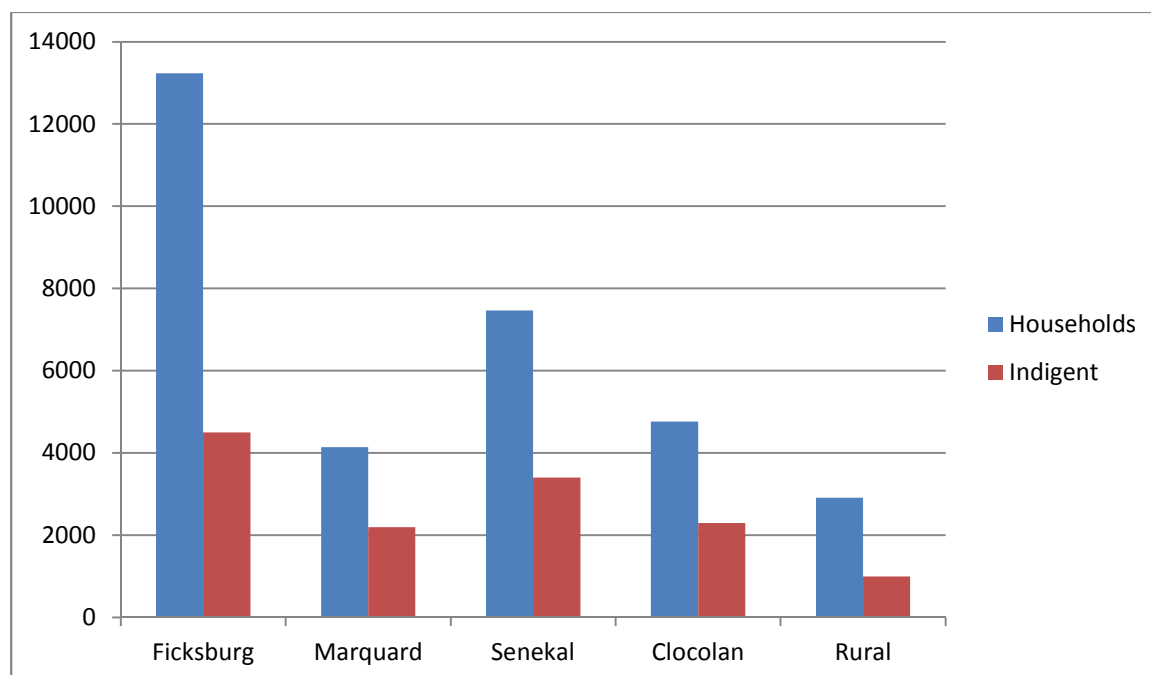
Population Demographics

Age Group	2007	2010/2011		Total M+F
		Male	Female	
0-4	10 000	3 600	8 400	12 000
5 - 14	26 000	8 250	19 250	27 500
15 - 34	40 000	13 500	31 500	45 000
34 -64	25 000	9 658	22 536	32 194
Over 65	6 000	1 950	4 550	6 500
Total Population	107 000	36 958	86 236	123 194

Socio Economic Status

Year	Housing Backlog	Unemployment	Proportion of Household with no Income	Proportion of Population in low skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2008/09	8.760	50%	10%	70%	30%	20%
2009/10	7.960	51%	10%	69%	30%	19%
2010/11	6.000	53%	12%	65%	30%	18%

Number of Households v/s Number of Indigent Households



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Overview of the number of erven/farms and population within the municipality

Area	Households	Population
Ficksburg	1 438	4 314
Senekal	1 090	3 270
Clocolan	763	2 218
Marquard	584	1 694
Sub-Total	3 875	11 496
Megheleng	11 578	45 155
Caledon Park	214	814
Matwabeng	6 377	24 872
Hlohlolwane	3 999	15 599
Moemaneng	3 557	13 875
Sub-Total	25 725	100 315
Farms and other	2 913	11 383
Sub-Total	2 913	11 383
Total	32 513	123 194

Natural Resources

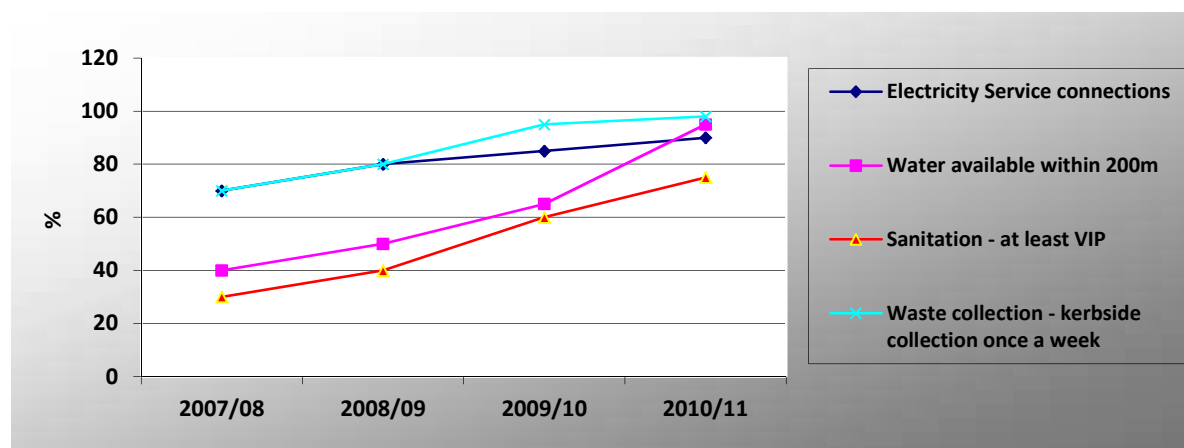
Major Natural resources	Relevance to Community
Mountains	Beautiful scenery
Caledon River and Meulspruit Dam	Water catchment areas
Laaispruit and Willem Pretorius Dams	Water catchment areas
Fertile Agricultural Land	Grass can be used for thatching, natural herbs and good climate
Diamond Mining	Small all scale mining
Fossils	Can be used for the escalation of solid waste

1.3 Introduction to Service Delivery Overview

In terms of the constitution of the Republic of South Africa, the municipality is responsible for providing basic service to communities, these are:

1. water
2. sanitation
3. refuse removal
4. electricity

During the past year all communities received 6kl of water free, 50kwh of electricity for free and those registered indigents a subsidiary towards the provision of sanitation and refuse removal.



CHAPTER 1 - MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.4. Financial Health Overview

The approval budget of the municipality is an amount of R 379 million which is funded out of own income (e.g. service charges) and grants and subsidies. Own income contributed an average of 40% towards the total approved budget whilst grants and subsidies contributed an average of 60% towards the total approved budget.

Operating expenditure budget is an amount of R 286 million and the capital is an amount of R 95 218 925.00. Operating expenditure budget accounts a total of 75% towards total expenditure budget and capital expenditure accounts 25% towards total expenditure budget.

For the period under review the municipality has received a total amount of R 348 000 811.00 which represented 96% against the approved adjustment budget. The 96% is chiefly attributed to grants and subsidies received in terms of DORA which accounts an average of 57% towards the total amount received.

The municipality has spent a total of R 277 717 862 which represent an average expenditure rate of 103% against the total approved adjustment budget. The capital expenditure that has been overspend for the period under review is an amount of R 8 975 091.

The municipality has disclosed an amount of R 36 665 384 which represent unspent conditional grants for the current year. The operating overdraft is an amount of R 31 241 798.00 which is partially cash backed funded with an amount of R 4 300 413.00 and the municipality therefore has a shortfall (deficit) of R 26 941 392.00.

Due to the previous year audit query, the municipality disclosed capital assets from the district municipality that was implemented in the prior years but not disclosed as a grant, (instead of disclosing it as a donation) to the value of R18 602 805.00. This figure however does not impact on the current financial position of the municipality as it was the capitalization of those assets.

Financial Overview

Income	Budget	Adjusted	Actual
Grants	227,497,925.00	227,497,925.00	198,301,938.00
Tariffs	110,572,654.00	110,700,000.00	131,676,505.00
Other	38,485,198.00	25,331,000.00	18,022,368.00
Sub Total	376,555,777.00	363,528,925.00	348,000,811.00
Expenditure			
Salaries	88,969,973.00	87,649,696.00	89,885,406.00
Repairs and Maintenance	15,000,982.00	8,780,282.00	11,955,766.00
Other	169,578,839.00	171,877,880.00	175,441,777.00
Sub Total	273,549,794.00	268,307,858.00	277,282,949.00

Operating Ratio

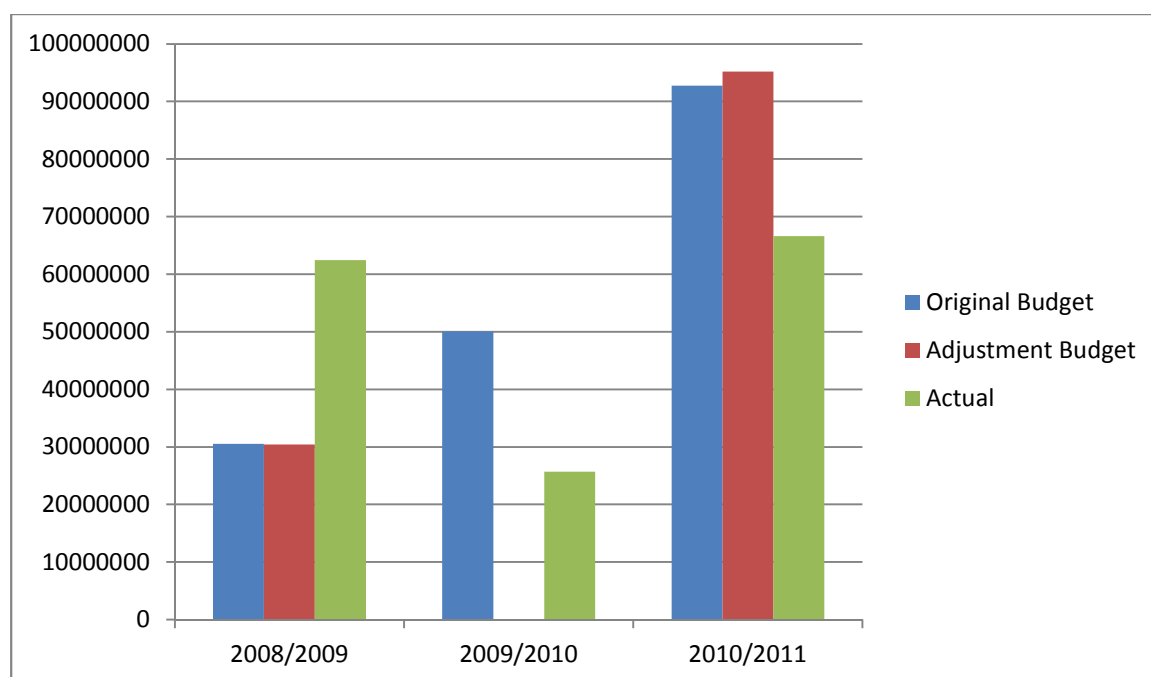
Budget	2009/2010	2010/2011
Percentage	%	%
Employee Costs	29.24	32.42
Repairs and Maintenance	3.15	4.31
Finance Charges and depreciation	11.59	6.71

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The salary expenditure is slightly above the norm by 2.42% of the total operational expenditure and the repairs and maintenance expenditure is lower with spending of 4.31% compared to the norm of 20%. Finance charges and depreciation was less 3.29% to the expected norm of 10%. This deficiency is brought about by the municipality's inability to collect revenue due to it and the matter needs to be address in the new financial year.

Capital Expenditure 2008/2009-2010/2011

Budget	2008/2009	2009/2010	2010/2011
Original Budget	30,547,000.00	50,041,000.00	92,718,925.00
Adjusted Budget	30,427,000.00	-	95,218,925.00
Actual Spent	62,030,010.52	25,670,838.00	66,610,886.00



The increase in the capital expenditure during the adjustment budget is brought about by the additional budget R 2 500 000.00 for the installation of financial management system. The municipality could not spend as per budget due to funds available within own income due to under collection or revenue.

1.5. Organisational Development Overview

The municipality has the following four key developmental areas upon which the municipality's performance is measured. The key developmental areas to the national key performance areas as follows:

Alignment of Municipal Priorities with the Government Developmental Priorities	
Municipality's Key Priority Areas	Five Year Local Government Strategic Agenda
Infrastructure and Services	Infrastructure and Service Delivery
Local Economic Development	Local Economic Development
Social Development	Organisational Development and Transformation Good Governance and Public Participation
Institutional Development	Organisational Development and Transformation Financial Viability and Management Good Governance and Public Participation

CHAPTER 1 - MAYOR'S FOREWORD AND EXECUTIVE

1.6 Auditor General Report

The municipality received the following audit reports for the past two financial years:

Year	Opinion
2008/2009	Qualification
2009/2010	Qualification
2010/2011	Pending

1.7 Statutory Annual Report Process

No	Activity	Timeframe
		July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 th quarter Report for previous financial year	
4	Submit draft 10/11 Annual Report to Internal Audit and Auditor-General	
5	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
6	Mayor tables the unaudited Annual Report	
7	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
8	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	Sept-Oct
9	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	
10	Municipalities receive and start to address the Auditor General's comments	November
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
12	Audited Annual Report is made public and representation is invited	
13	Oversight Committee assesses Annual Report	
14	Council adopts Oversight report	December
15	Oversight report is made public	
16	Oversight report is submitted to relevant provincial councils	
17	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.	January

CHAPTER 2 – INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Introduction to Governance

Governance is the act of governing. It relates to decisions that define expectations, grant power, or verify performance. It consists of either a separate process or part of management or leadership processes. These processes and systems are typically administered by a government. In the case of a business or of a non-profit organisation, governance relates to consistent management, cohesive policies, guidance, processes and decision-rights for a given area of responsibility. For example, managing at a corporate level might involve evolving policies on privacy, on internal investment, and on the use of data.

To distinguish the term governance from government; "governance" is what a "government" does. It might be a geo-political government (nation-state), a corporate government (business entity), a socio-political government (tribe, family etc.), or any number of different kinds of government, but governance is the physical exercise of management power and policy, while government is the instrument (usually collective) that does it.

As a process, governance may operate in an organization of any size: from a single human being to all of humanity; and it may function for any purpose, good or evil, for profit or not. A reasonable or rational purpose of governance might aim to assure, (sometimes on behalf of others) that an organization produces a worthwhile pattern of good results while avoiding an undesirable pattern of bad circumstances.

Perhaps the moral and natural purpose of governance consists of assuring, on behalf of those governed, a worthy pattern of good while avoiding an undesirable pattern of bad. The ideal purpose, obviously, would assure a perfect pattern of good with no bad. A government comprises a set of inter-related positions that govern and that use or exercise power, particularly coercive power.

A good government, following this line of thought, could consist of a set of inter-related positions exercising coercive power that assures, on behalf of those governed, a worthwhile pattern of good results while avoiding an undesirable pattern of bad circumstances, by making decisions that define expectations, grant power, and verify performance.

Politics provides a means by which the governance process operates. For example, people may choose expectations by way of political activity; they may grant power through political action, and they may judge performance through political behavior. Conceiving of governance in this way, one can apply the concept to states, to corporations, to non-profits, to NGOs, to partnerships and other associations, to project-teams, and to any number of humans engaged in some purposeful activity.

2.1 Level of Government

The Setsoto Local Municipality was established in terms of Section 14 of the Local Government: Municipal Structures Act, Act No 117 of 1998) and was published in Provincial Gazette No 184 dated 28 September 2000. The new Local Municipality is a category B Municipality with a collective executive system combined with a ward participatory system as contemplated in Section 3(b) of the Determination of Types of Municipality Act, 2000 (Act No 1 of 2000).

2.2 Powers and Function

The powers and functions assigned to the new Municipality are stipulated in sections 156 and 229 of the Constitution and Sections 83 and 84 of the Local Government: Municipal Structures Act, 1998, as amended. More specifically, the powers and functions of the Municipality

CHAPTER 2 – INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

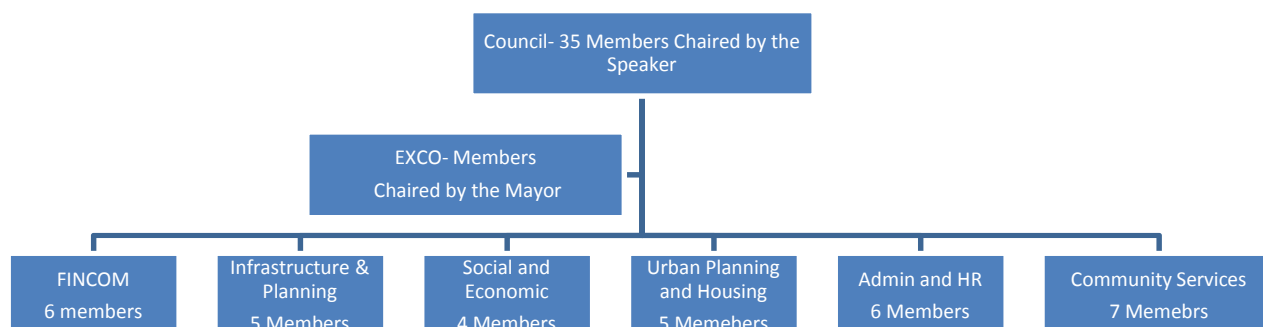
relating to Section 84 of the said Act were promulgated in Provincial Notice No 126 dated 30 June 2005 and are as follows:

- Section 84 (1) (e) Solid waste
- Section 84 (1) (f) Roads
- Section 84 (1) (j) Firefighting services
- Section 84 (1) (l) Cemeteries
- Section 84 (1) (n) relating to any of the above functions

2.3 Levels of Administration and existing Human Resources

The administrative structure comprises of 4 administrative units with a Municipal Manager as head of the administration situated in the head centre in Ficksburg. The organizational structure and levels of administration and existing human resources are indicated in Appendix D of the IDP document. Below is the top structure of both the political and administrative part of the organisational structure.

2.4 Introduction to Political Governance



Council Members

1	Cllr M Mohlomi	Speaker
2	Cllr T Jakobo	Mayor
3	Cllr M Lithebe	Executive Committee Member
4	Cllr E Strydom	
5	Cllr T Makae	
6	Cllr M Mahlangu	
7	Cllr K Koalane	
8	Cllr M Mthimkhulu	ANC
9	Cllr M Nakase	
10	Cllr L Kere	
11	Cllr S Fosu	
12	Cllr M Thamae	
13	Cllr T Muso	
14	Cllr M Maduna	

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15	Cllr T Makhalanyane	ANC
16	Cllr V Mohala	
17	Cllr M Semahla	
18	Cllr T Tsolo	
19	Cllr M Maphisa	
20	Cllr M Motsei	
21	Cllr L Mohapi	
22	Cllr L Modiri	
23	Cllr M Selasi	
24	Cllr Mothibedi	
25	Cllr K Mokhuoane	
26	Cllr M Malebo	
27	Cllr P Mavaleliso	
28	Cllr C Marwick	
29	Cllr C Lubbe	
30	Cllr L Setai	
31	Cllr R Bath	
32	Cllr B Du Toit	
33	Cllr Bester	FF+
34	Cllr T Mohase	COPE
35	Cllr M Raboroko	

Political Decision-Taking

Management submits items to standing committees for discussions and recommendations to the Executive Committee.

The Executive Committee discusses the items and takes resolutions as per the delegated powers and make recommendation on those whose delegation is with council. On those items the Executive Committee has delegated powers to resolve they only send to council for notification.

Council notes all items that the Executive Committee has resolved upon and discusses and resolves on those items that it has delegated authority to resolve. These resolutions are given to management to execute.

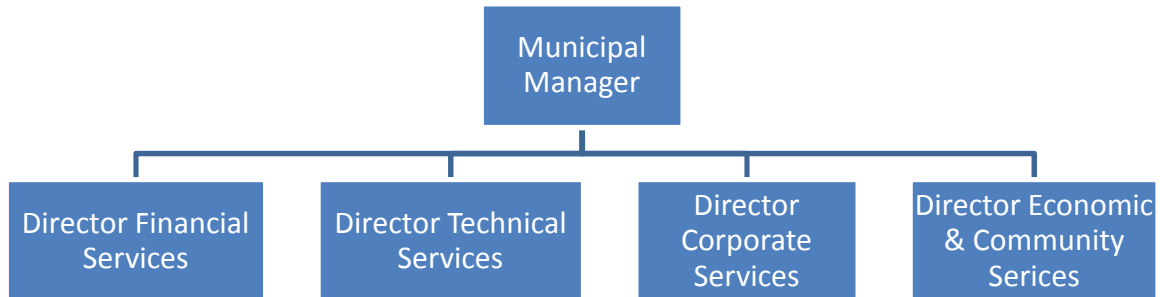
2.5 Introduction to Administrative Governance

The administrative arm of the municipality is made up of the Municipal Manager, who is the accounting officer of the municipality and made up of the following departments:

1. Department of Financial Services-headed by Director of Financial Services
2. Department of Corporate Services-headed by the Director of Corporate Services
3. Department of Economic and Community Services-headed by Director of Economic and Community Services
4. Department of Technical Services-headed by the Director Technical Services

CHAPTER 2 – INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Administrative Structure



Management Structure

Official	Position
Mr. B J Mthembu	Municipal Manager
Mr. M C Mabuya	Director Financial Services
Me. M M Molete	Director of Economic and Community Services
Mr. T B Khoase	Director of Corporate Services

Component B: Intergovernmental Relations

Introduction to Corporative Governance and Intergovernmental Relations

2.6 The Structure of Government

The Constitution states that "government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated" (s 40(1)) 1. The "distinctive" element reflects that each sphere exists in its own right; it is the final decision-maker on a defined range of functions and is accountable to its constituency for its decisions.

The Constitution allocates government functions on either an exclusive or shared (concurrent) basis. The national government is exclusively responsible for national defence, foreign affairs, the criminal justice system (safety and security, courts), higher education, water and energy resources and administrative functions such as home affairs and tax collection.

The bulk of social services are shared competencies between the national and provincial governments. They include school education, health services, social security and welfare services, housing and agriculture. In these areas the national government is responsible for policy formulation, determining regulatory frameworks including setting norms and standards, and overseeing the implementation of these functions.

CHAPTER 2 – INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The provinces' function is largely that of implementation within the national framework. There are a limited number of exclusive provincial functions including the granting of liquor licenses, provincial roads, ambulance services and provincial planning. Municipalities are responsible for the provision of basic services, such as water, electricity, refuse-removal, and municipal infrastructure.

These functions are performed within nationally and provincially set regulatory frameworks. Although provinces are "distinctive", they exercise their powers and perform their functions within the regulatory framework set by the national government which is also responsible for monitoring compliance with that framework and, if need be, intervening when constitutional or statutory obligations are not fulfilled.

Municipalities are likewise subject to both the national and provincial regulatory and supervisory powers. It is this relationship of regulation and supervision that defines how the three spheres are "interrelated"; provinces and municipalities exercise their distinctive powers within imposed frameworks and under supervision. Within the regulatory frameworks and subject to supervision, provinces and municipalities enjoy relative autonomy, remaining accountable to their constituencies to reflect their policy preferences.

However, they must still exercise their powers to the common good of the country as a whole by cooperating with the other spheres. In this sense the spheres are "interdependent"; only collectively and in cooperation with one another can they provide government that meets the needs of the country as whole.

2.7 Principles of Co-Operative Government and Intergovernmental Relation

In spelling out the principles of co-operative government and intergovernmental relations, the Constitution binds all spheres of government and organs of state in each sphere of government to three basic principles:

- First, there is a common loyalty to the Republic as a whole. This means that all spheres are committed to securing the wellbeing of all the people in the country and, to that end, must provide effective, transparent, accountable and coherent government for the Republic as a whole. This is the object of cooperative government.
- Second, the distinctiveness of each sphere must be safeguarded. This entails the following: the constitutional status, institutions, powers and functions of each sphere must be respected; a sphere must remain within its constitutional powers; and when exercising those powers, a sphere must not do so in a manner that encroaches on the geographical, functional or institutional integrity of another sphere.
- Third, spheres of government must take concrete steps to realize cooperative government by –
 - fostering friendly relations;
 - assisting and supporting one another;
 - informing one another of, and consulting one another on, matters of common interest;
 - co-ordinating their actions and legislation with one another;
 - adhering to agreed procedures; and
 - avoiding legal proceedings against one another.

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2.8 Managing Intergovernmental Relations

The Constitution builds in a tension between national direction (national government defining how to secure the well-being of all the people) and locally defined preferences (provincial and local governments determining their preferred choices within their areas of jurisdiction). The object of intergovernmental relations is to manage this tension - to get coherent government that delivers services to the nation through the three spheres of government.

In other words, intergovernmental relations are not an end in themselves, but a means for marshalling the distinctive effort, capacity, leadership and resources of each sphere and directing these as effectively as possible towards the developmental and service delivery objectives of government as a whole. Intergovernmental relations in our country have this developmental character. In delivering government to the nation through co-operative government, the Constitution sets four requirements in section 41(1)(c):

Effective government

Co-operative government must entail the effective and efficient use of resources, not wastage and duplication, but the unlocking of synergy of collective effort.

Transparent government

Co-operative government should not be an entangled web of committee and consultations, making it difficult to determine who is responsible for what task.

Accountable government

The system and processes of cooperative government should not impede holding executives accountable for their decisions and actions.

Coherent government

Government should be rational, informed by best information with due regard to consultation between spheres of government. Contradictory or overlapping policies should not arise by oversight, the absence of consultation or poorly informed decisions.

Component C: Public Accountability and Participation

Overview of Public Accountability and Participation

2.4 Public Meeting

Communication, Participation and Fora

The community is invited to the IDP consultations, Budget and Council meetings by means of newspaper adverts, notices at strategic places and announcements. Municipal website is used to obtain surveys.

CHAPTER 2 – INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Public Meetings					
Nature and purpose of meeting	Date of events	Number of participating Municipal Councillors	Number of participating Municipal Administrators	Number of community members attending	Dates and manner of feedback given to community
Council Meeting: Senekal	19 Aug 2010				
Special Council Meeting: Ficksburg	15 Sept 2010				
Council Meeting: Ficksburg	21 Oct 2010				
Special Council Meeting: Ficksburg	20 Dec 2010				
Special Council Meeting: Ficksburg	31 Jan 2011				
Council Meeting: Ficksburg	24 Feb 2011				
Annual Report 2009/10	5 May 2011				
Council Meeting: Ficksburg	12 May 2011				
Special Council Meeting: Ficksburg	17 May 2011				
Council Meeting: Ficksburg	31 May 2011				
IDP/Budget Meetings: Ficksburg/Meqheleng	11 April 2011			53	Feedback is given in meetings and the notification of outcome in newspapers and public places of the budget.
Clocolan/Hlohlwane	12 April 2011			32	
Marquard/Moemaneng	13 April 2011			137	
Senekal Matwabeng	14 April 2011			128	

2.5 IDP Participation and Alignment

Does the municipality have impact, outcome, input, output indicators	Yes
Does the IDP have priorities, objectives, KPIs, development strategy	Yes
Are the above aligned directly to the KPIs in the strategic plan?	Yes
Does the budget aligned directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 of Managers?	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Where the indicators communicated to the public?	No
Where the four quarter aligned reports submitted within stipulated time frames?	No

CHAPTER 2 – INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Component D: Corporate Governance

Overview of Corporate Governance

- 2.6 Risk Management
- 2.7 Ant-Corruption and Fraud
- 2.8 Supply Chain Management

2.9 By-Laws

Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws Yes/No)	Dates of Public Participation	By-Laws Gazette (Yes/No)	Date of Publication
Ficksburg : Water Supply, Sanitation, Electricity, Waste Management and Cemetery By-Laws		Yes	18/11/2010	No	-
Clocolan: Water Supply, Sanitation, Electricity and Cemetery By-Laws		Yes	-	No	-
Marquard: Waste Management, Water Supply, Electricity Supply, Sanitation, Cemetery and Crematoria By-Law		Yes	-	No	-
Senekal: Waste and Cemetery		Yes	13/01/2011	No	-

2.10 Websites

Content and Material		
Current annual and adjustment budgets and all budget-related documents	Yes	04/13/2011
All current related policies	Yes	05/16/2011
The previous annual report (2008/9)	Yes	02/15/2011
The annual report (2009/10) published/ to be published		
All current performance agreements required in terms of section 57(1)(b) of the Municipal System Act (2008/09)	No	
All services delivery agreements (2009/10)	No	
All long term borrowing contracts (2009/10)	No	
All Supply chain management contracts above a prescribed value (give value) for 2009/10	No	
An information system containing a list of assets over a prescribed value that have been disposed of in terms	No	

CHAPTER 2 – INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

of section 14(2) or (4) during 2009/10		
Contracts agreed in 2009/2010 to which subsection (1) of the section 33 apply, subject to subsection (3) of that section	No	
Public Private partnership agreements referred to in section 120 made in 2009/10	No	
All quarterly reports tabled in the council in terms of section 52 (d) during 2009/10	No	

2.11 Public Satisfaction on Municipal Services

No survey was conducted in the year under review. The situation will be address in the new financial year.

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

Service Delivery and Performance (Performance Report Part I)

Component A: Basic Services

Introduction to Basic Services

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

It is important for the municipality to ensure that good quality and affordable infrastructure and services are available and accessible to all inhabitants and the continuous maintenance thereof.

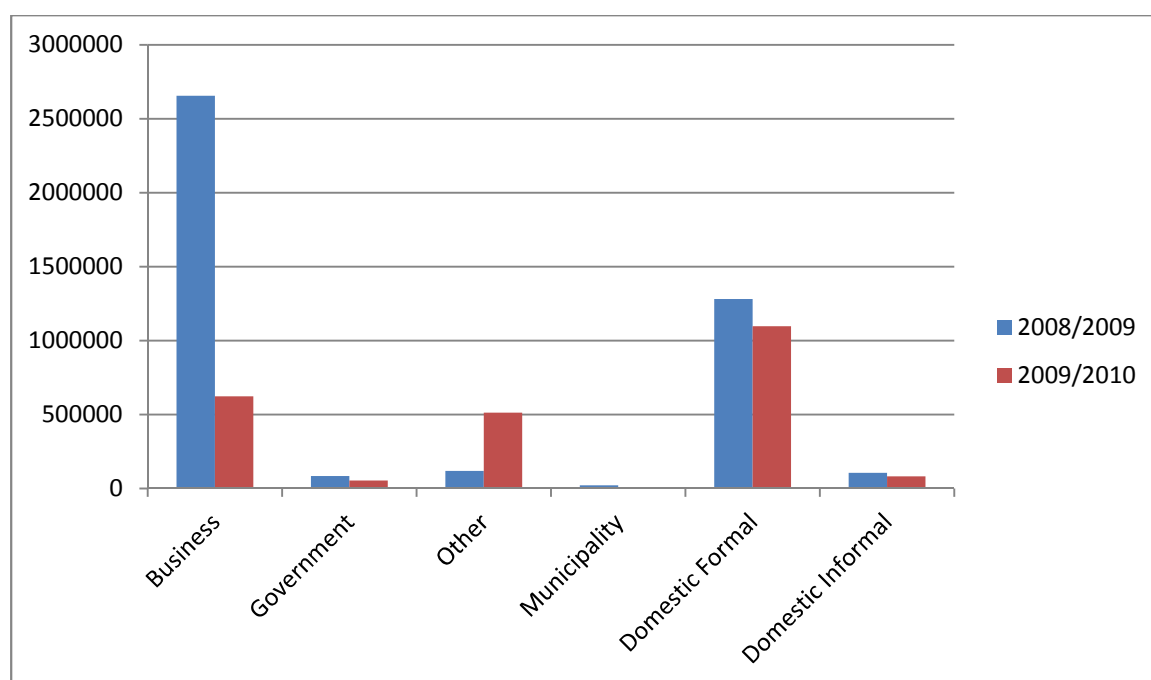
3.1 Water Provision

The municipality wants to achieve the highest of standards for water provision in the area of supply and therefore achieved a Blue Drop Status Award during the 2010/2011 financial year.

The achievement will be excelled on by ensuring the adequate bulk supply of water is available and of sufficient capacity to meet the needs of the residents in the urban areas and also to ensure 80% of all farm workers are provided with water. The goal will be to ensure that all urban areas be provided with metered water to ensure sustainable water resources.

Total Use of Water by Sector (cubic metre)

Year	Business	Government	Other	Municipality	Domestic		Unaccountable
					Formal	Informal	
2009/10	2,655,788	83,241	117,834	21,449	1,281,186	104,395	N/A
2010/11	623,157	52,956	512,878	8,598	1,096,168	81,484	N/A



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

The two years water usage does not indicate a constant usage by any of the sectors indicated, but it is clear that the water consumption by business is much higher than that of other sectors. Although the number of informal housing is 25% of the formal housing, the water usage of informal housing is less than 10% of the consumption of the formal sector. The municipality does not measure the water on the supply side therefore cannot calculate and indicate the unaccounted portion of water.

Water Service Delivery Levels

Households				
	%	2008/2009	2009/2010	2010/2011
Water: (above min level)				
Piped water inside dwelling	13			
Piped water inside yard (but not in dwelling)	34,9			
Using public tap (within 200m from dwelling)	47,2			
Other water supply (within 200m)				
Minimum Service Level and Above sub-total			25,259	
Minimum Service Level and Above percentage				
Water: (below min level)				
Using public tap (200m plus from dwelling)	5			
Other water supply (within 200m)				
No water supply:				
Below Minimum Service Level and Above sub-total				
Below Minimum Service Level and Above percentage				
Total number of households			29,590	29,590

Household with Water Service Delivery below Minimum

Households						
	2008/2009	2009/2010	2010/2011	Original Budget	Adjusted Budget	Actual Budget
	Actual	Actual	Actual			
Formal Settlements						
Total Households						
Households below minimum service level						
Proportion of households below minimum service level						
Informal Settlements						
Total Households						
Households below minimum service level						
Proportion of households below minimum service level						

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

Water Service Policy Objectives taken from the IDP

Objective	Service Target	2008/2009		2009/2010		2010/2011		Following Year (x)
		Target	Actual	Target	Actual	Target	Actual	
Improve reliability of water supply	Sparta Regional water Project							
Improve water conservation	Metered water connections							

Employees-Water Services

Details	2009/2010	Budget 2010/2011			Variance
	Actual	Original	Adjustment	Actual	
Total Operational Revenue	50,022,479	48,511,664	128,666,351	131,391,928	2%
Expenditure:					
Employees	5,428,682	5,321,469	5,297,363	5,832,287	9%
Repairs and Maintenance	1,348,849	3,620,062	1,427,443	1,683,515	15%
Other	36,905,557	15,382,259	25,435,641	26,506,867	0,3%
Total Operational Expenditure	43,683,088	24,323,790	32,160,447	34,022,669	5,47%
Net Operational (service) income	25,051,103	24,187,874	96,505,904	97,369,259	0,9%

Capital Expenditure 2010/2011: Water Services

Capital projects	2010/2011				Total Project Value
	Budget	Adjustments budget	Actual Expenditure	Variance from original budget	
Sparta: Raising of wall	15,000,000	15,000,000			17,256,739
Upgrading Bulk Water Supply	26,315,789	26,315,789	3,531,994		24,472,152
Upgrading Bulk Water Supply			10,530,159		40,000,000
Upgrading Raw water supply - Marquard			3,531,994		24,472,152
Installation water meters-4,815			3,376,209		5,049,972
Installation water meters-5684			4,466,038		5,961,379
Installation water meters – 11,521			8,759,952		11,962,392
Installation water meters 7,576			3,761,937		6,944,449
Upgrading Water Plant	1,786,211	1,786,211	2,815,176		7,763,400
DWA Boreholes	21,561,925	21,561,925	6,462,428		24,580,594
Upgrading Water Treatment Plant	1,500,000	1,500,00			
Total Costs	66,163,925	66,163,925	36,489,062	44,85%	

The largest projects that took place for the year have been the installation of water meters as per IDP Objective and the upgrading of Bulk Water Supply on order to provide in the demand for more water.

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

The municipality had also provided in boreholes in areas where no other source of water is available. The provisioning of boreholes in Senekal was also part of the Bulk Water Supply that had to be increased.

3.2 Waste Water Provision

Introduction to Sanitation Provision

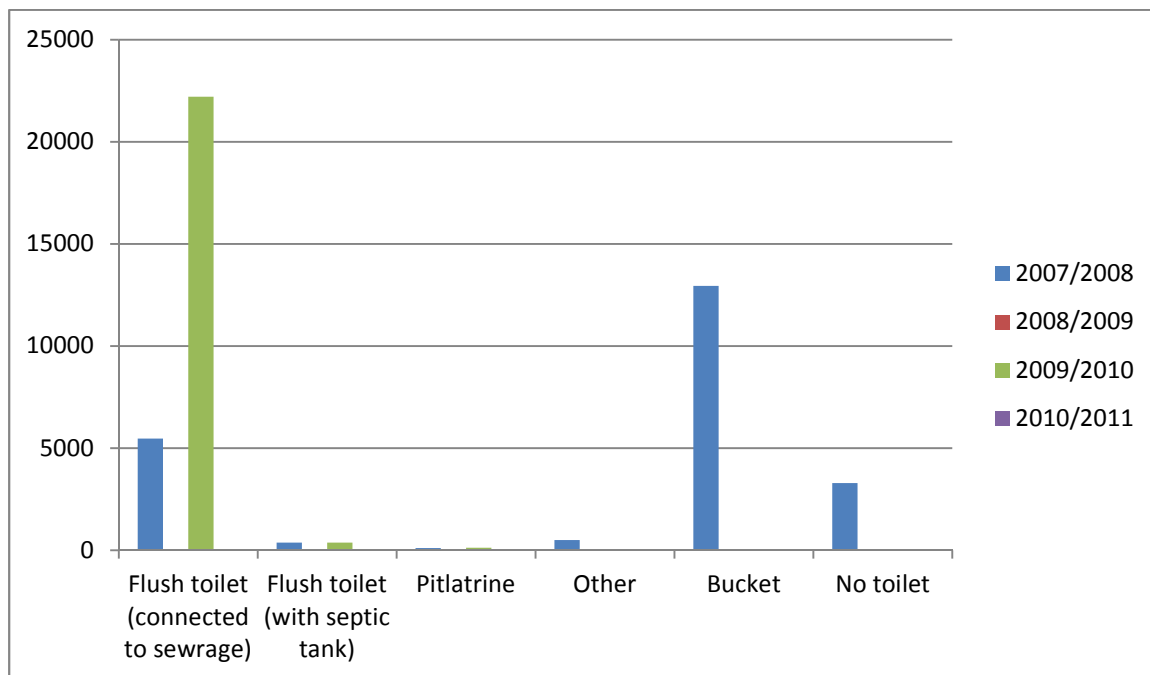
Full water borne sanitation is a major objective in sanitation provisioning and with it goes the maintenance of the now rapid growing sewer network in the municipal area. It is important for the municipality to upgrade to full water borne sewer systems according to the needs of the community.

Not only does it comply with the minimum standards, but even stretched it further in the progress made to improve the living conditions and standard of the community. The municipality will not only continue to provide and maintain sewer networks but also ensure to reduce bucket sanitation.

Sanitation Service Delivery Levels

Description	2007/2008	2008/2009	2009/2010	2010/2011
	Outcome No	Outcome No	Outcome No	Outcome No
Flush toilet (connected to sewerage)	5474		22,196	
Flush toilet (with specific tank)	373		373	
Chemical toilet	0		0	
Pit toilet (ventilated)	100		130	
Other toilet provisions (above min service level)	498			
Minimum Service Level and Above - sub-total				
Minimum Service Level and Above percentage				
Bucket toilet	12,939			
Other toilet provisions (below min service level)				
No toilet provision	3,285			
Below Minimum service level and above - sub-total				
Below Minimum Service Level and Above percentage				
Total households	24,000		24,883	29,590

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



Waste Water Service Policy Objectives taken from the IDP

Objective	Service Target	2008/2009		2009/2010		2010/2011		Following Year (x)
		Target	Actual	Target	Actual	Target	Actual	
Households without minimum water supply	Upgrading of Bulk water supply							
Improve reliability of water supply	Sparta Regional water Project							
Improve water conservation	Metered water connections							

Employees: Sanitation Services

Job Level	2009/10	2010/11		Vacancies (as a % of total posts)
	Employees No.	Post No.	Employee No.	
	102	123	95	28
Total	102	123	95	28
Position and numbers at different levels not yet filled				

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

Financial Performance 2010/2011: Sanitation Services

Details	2009/10	2010/11			Variance to Budget
	Actual	Original budget	Adjustments budget	Actual	
Expenditure:					
Employees	8,841,116	8,201,570	8,912,312	8,511,483	(4,7%)
Repairs and Maintenance	902,283	1,855,211	1,564,712	2,961,064	47,2%
Other	36,419,618	11,100,825	17,485,105	20,487,179	14,7%
Total Operational Expenditure	46,163,017	21,157,606	27,962,129	31,647,936	11,7%
Net Operational (service) expenditure	(540,322)	51,059,480	4,388,684	2,728,082	(60,9%)
Total Operational Revenue	45,622,695	72,217,086	32,350,813	34,376,018	5,9%

Capital Expenditure 2010/2011: Sanitation Services

Capital Projects	2010/2011				
	Budget	Adjustment	Actual	Variance	Project Value
Sanitation Treatment Works	7,749,000	7,749,000	7,300,374		23,540,096
Upgrading Oxidation Ponds			1,497,675		17,100,000
Bucket Eradication 3,452 buckets			53,939		31,068,000
Bucket Eradication 3,755 buckets			233,071		49,507,350
Total Costs	7,749,000	7,749,000	9,085,059		

The municipality has achieved to eradicate a considerable number of buckets in the area of its jurisdiction and continuing will even improve on the bucket eradication project of improving the living standards of the people in the municipal area.

The upgrading of the Sewer Treatment Plant and Oxidation Dams that have been invested in forms a very important part of the bucket eradication process and major achievement can be seen in the process that will continue into the new financial year.

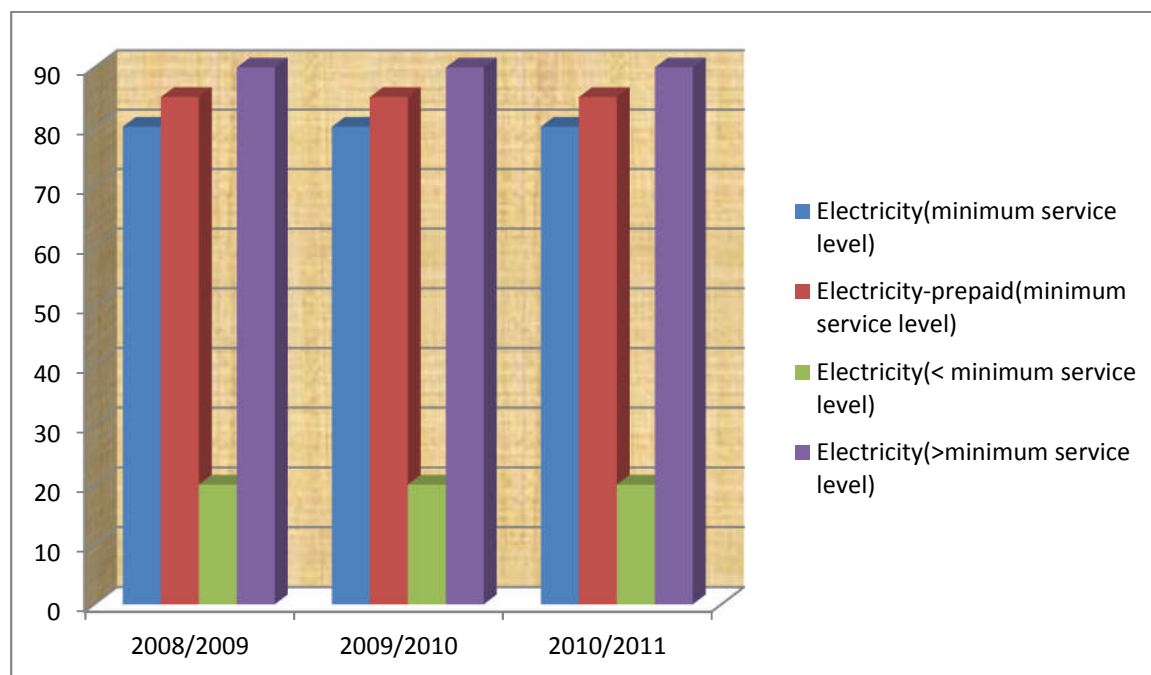
3.3 Electricity

Introduction to Electricity

The electricity service in the municipality is of a high standard and low turnover rate on personnel in the division makes it difficult to keep the services levels high and reliable. Electricity networks are maintained and the metering of electricity through the installation of pre-paid meters over time will improve the service.

The service is performed in the townships mainly by ESKOM, while streetlights are maintained by the municipality. Good relationships with the service provider in those areas are important in the drive to improve living conditions. Public lighting is funded by the municipality and or MIG and continuous process of installing streetlights or other forms of public lighting will continue. The electricity division is also responsible for electricity maintenance in the buildings and stores of the municipality.

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



Electricity Service Delivery Levels

Description	Households			
	2007/08 Actual No.	2008/09 Actual No.	2009/10 Actual No.	2010/11 Actual No.
Energy: (above min level)				
Electricity (at least min service level)			24,590	24,590
Electricity - prepaid (min service level)				
Minimum Service Level and Above sub-total				
Minimum Service Level and Above percentage				
Other energy sources				
Electricity (< min service level)			5,000	5,000
Electricity - prepaid (< min service level)				
Total number of households			29,590	29,590

Household-Electricity Service Delivery Levels below the minimum

Households						
Total Households						29,950
Formal Settlement						
Description	2007/2008	2008/2009	2009/2010	Budget 2010/2011		
				Budget	Adjusted	Actual
Households below minimum service level						
Proportion of households below minimum service level						
Informal Settlements						
Total Households						29,950
Households below minimum service level						5,000
Proportion of households below minimum service level						

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

Electricity Service Delivery Objectives taken from IDP

Objective	Service Target	2008/2009		2009/2010		2010/2011		Following Year (x)
		Target	Actual	Target	Actual	Target	Actual	
To ensure that electricity is made available to improve the lives of the residents	Ensure free basic electricity to all							
	Public Lightning: All areas to be properly lightened							
	Households without minimum standard							

Employees: Electricity Services

Job Level	2009/10	2010/11			Vacancies (as a % of total posts)
	Employees No.	Post No.	Employee No.	Vacancies (fulltime equivalents)	
	19	28	19	9	32,14
Total	19	28	19	9	32,14

Financial Performance 2010/2011: Electricity Services

Details	2009/10	2010/11			Variance to Budget
	Actual	Original budget	Adjustments budget	Actual	
Total Operational Revenue	68,734,191	76,163,335	73,569,326	76,825,082	4,2%
Expenditure:					
Employees	2,793,905	2,609,919	2,702,564	2,850,883	5,2%
Repairs and Maintenance	1,336,711	2,392,751	1,471,479	1,567,621	6,1%
Other	36,298,611	33,475,915	50,057,988	51,708,521	3,2%
Total Operational Expenditure	40,429,527	38,478,585	54,232,031	56,127,025	3,4\$
Net Operational expenditure	28,304,664	37,684,750	19,337,295	20,698,057	6,6%

Capital Expenditure 2010/2011: Electricity Services

Capital Projects	2010/2011				
	Budget	Adjustment	Actual	Variance	Project Value
Total All	No Capital projects				

The electricity division has performed well. The revenue of the service has increased, but also the expenditure portion of the overall finances of the division. Even though the infrastructure is old, the time of outages were kept to a minimum and outages duration was never more than two hours.

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

3.4 Waste Management (This section includes: Refuse collection, Waste Disposal, Street Cleaning and Recycling)

Introduction to Waste Management

The municipality envisaged improved waste management in order to ensure no negative impact on the environment or residential areas. It also continues to investigate and introduce effective waste recycling methods. The municipality endeavours to remove refuse at least once a week from all households, except where status of the equipment does not allow the municipality to achieve it. Some businesses refuse or waste needs to be removed at least three times a week.

Solid Waste Service Delivery Levels

Description	Households			
	2007/2008	2008/2009	2009/2010	2010/2011
	Actual No.	Actual No.	Actual No.	Actual No.
Solid waste removal: (above min level)				
Removed at least once a week			18,000	18,000
Minimum Service Level and Above sub-total				11,590
Minimum Service Level and Above percentage				
Solid waste removal: (below min level)				
Removed less frequently than at least once a week				
Using communal refuse dump				
Other rubbish disposal				
No rubbish disposal				
Below Minimum Service Level and Above sub-total				
Below Minimum Service Level and Above percentage				
Total number of households			29,590	29,590

Households- Solid Waste Service Delivery below minimum

Description	Households			
	2007/2008	2008/2009	2009/2010	2010/2011
	Actual No.	Actual No.	Actual No.	Actual No.
Solid waste removal: (above min level)				
Removed at least once a week			18,000	18,000
Minimum Service Level and Above sub-total				11,590
Minimum Service Level and Above percentage				
Solid waste removal: (below min level)				
Removed less frequently than at least once a week				
Using communal refuse dump				
Other rubbish disposal				
No rubbish disposal				
Below Minimum Service Level and Above sub-total				
Below Minimum Service Level and Above percentage				
Total number of households			29,590	29,590

Waste Services Policy Objectives taken from IDP

Objective	Service Target	2008/2009		2009/2010		2010/2011		Following Year (x)
		Target	Actual	Target	Actual	Target	Actual	

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

Employees: Waste Disposal and other Services

Job Level	2009/10	2010/11			Vacancies (as a % of total posts)
	Employees No.	Post No.	Employee No.	Vacancies (fulltime equivalents)	
	107	107	99	8	7,48
Total	107	107	99	8	7,48

Financial Performance 2010/11: Waste Disposal and other Services

	2009/2010	2010/2011			
		Actual	Original budget	Adjustments budget	Variance to Budget
Total Operational Revenue	36,636,618	33,224,365	34,828,382	36,478,594	4,5%
Expenditure:					
Employees	9,879,852	8,317,391	9,132,446	10,245,821	10,9%
Repairs and Maintenance	801,464	906,414	937,974	1,451,669	35,4%
Other	30,469,844	6,531,325	14,132,977	18,980,936	25,5%
Total Operational Expenditure	41,151,160	15,755,130	24,203,397	30,678,426	21,11%
Net Operational (service) expenditure	(4,514,542)	17,469,235	10,624,985	5,800,168	(83,2%)

Capital Expenditure 2010/11: Waste Management Services

Capital Projects	2010/2011				
	Budget	Adjustment	Actual	Variance	Project Value
Mobile Compactor x1	1,180,000		0		
Total	1,180,000		0		

Although the municipality has budget for a refuse Compactor Truck, the municipality could not achieve the purchase of the truck. The CBD is kept clean on daily basis by performing sweeping actions and removing litter.

The service is challenged with vacancies that are not filled and or people that are not filled and or people that are not physical capable of performing the tasks. Equipment and vehicles are old and unreliable that makes it difficult to maintain a quality service.

3.5 Housing

Introduction to Housing

Housing is the competency of the Provincial Government. The municipality only assists in:

- Identifying potential beneficiaries and the development and allocation of stands.
- Filling the application forms and submitting them to provincial government for approval. Management of all processes until the finalisation of housing projects.
- Attend to general complaints on housing. Rental housing is also managed by the housing division.

Percentage of households with access to basic housing

Year end	Total HHs (including formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2008/09	20,045	19,443	97%
2009/10	26,077	25,467	98%
2010/11	30,200	29,590	98%

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

Housing Service Policy Objectives taken from IDP

Objective	Service Target	2008/2009		2009/2010		2010/2011		Following Year (x)
		Target	Actual	Target	Actual	Target	Actual	
To have adequate serviced land available through which people can develop quality formal housing	To continuously make land available for formal housing development projects and to ensure that such land is properly services							
	To facilitate a process to obtain sufficient subsidies and funding for housing construction					1 600		
	To implement an effective land use control system							
	To continuously make land available for formal housing development projects and to ensure that such land is properly services							
	To facilitate a process to obtain sufficient subsidies and funding for housing construction							

Employees: Housing Services

Job Level	2009/10	2010/11		Vacancies (as a % of total posts)
	Employees No.	Post No.	Employee No.	
	18	21	17	19,05
Total	18	21	17	19,05

Financial Performance 2010/11: Housing Services

	2009/2010	2010/2011			
		Actual	Original budget	Adjustments budget	Variance to Budget
Total Operational Revenue	55,642	2,077,673	2,176,306	1,184,254	(83,8%)
Expenditure:					
Employees	2,252,115	2,390,356	1,895,414	2,403,236	21,1%
Repairs and Maintenance	99,425	120,000	75,189	137,344	45,3%
Other	734,359	957,113	1,381,082	663,682	(108%)
Total Operational Expenditure	3,085,899	3,467,469	3,351,685	3,204,262	4,6%
Net Operational (service) expenditure	(3,030,257)	(1,389,796)	(1,175,379)	(2,020,008)	41,8%

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

Capital Expenditure 2010/11: Housing Services

Capital Projects	2010/2011				
	Budget	Adjustment	Actual	Variance	Project Value
No capital projects by the municipality					

Performance of the Housing Service Overall

Due to housing been budgeted and provided by Provincial Government, no capital expenditure can be provided by Setsoto Municipality. The municipality only provides the manpower to collect data and manage the allocation of sites and houses.

The housing backlog currently is, 5 400. The mentioned stands are available, but occupied with shacks. In general the Housing Department has done their part, but people has been in uproar due to the fact that sites are available for the people, but without proper infrastructure.

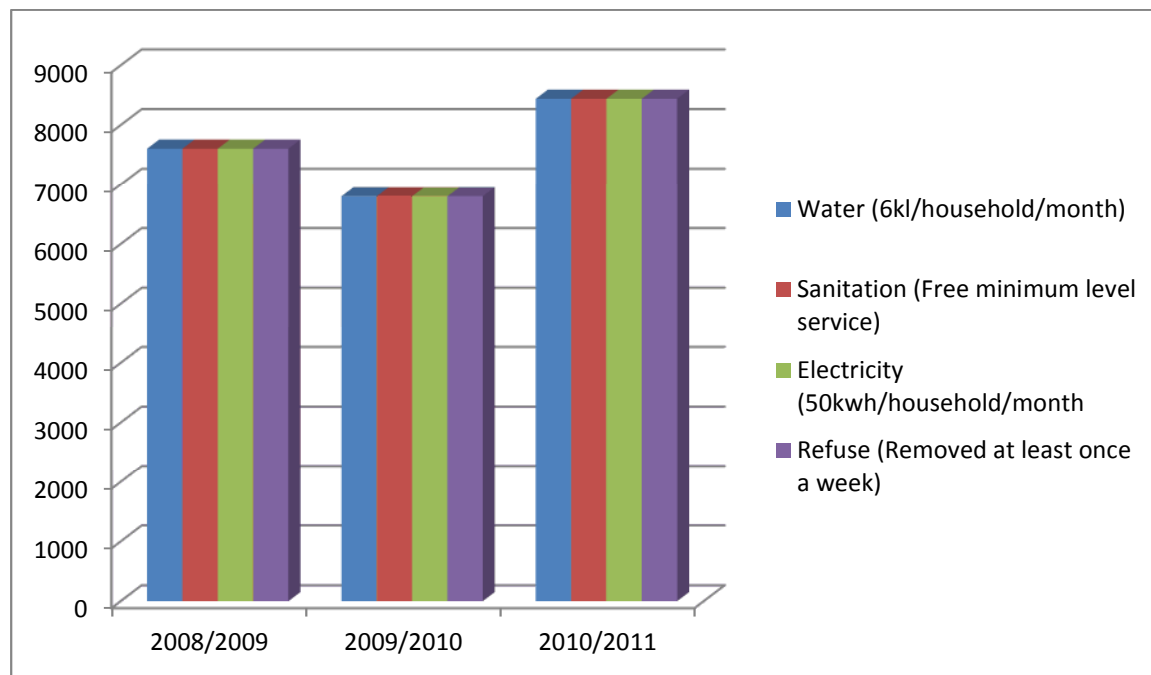
3.6 Free Basic Services and Indigent Support

The indigent Policy makes provision for the following services to be received for free by the registered indigent households of the municipality. Six kiloliter of water, fifty units of electricity, free refuse removal once a week and the free removal of sanitation (sewerage). Households must register every year to receive the benefit and must also inform the municipality once the status of being indigent has improved in so much to be deregistered.

Due to the level of unemployment and subsequent poverty in the municipality area there are households which are unable to pay their normal municipal services. The municipality has therefore adopted indigent management policy to ensure that the households have access to at least basic municipal services and as required by the constitution of the Republic of South Africa. The purpose of the indigent policy is to ensure:

- The provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the municipality,
- To provide procedure and guidelines for subsidization of basic service charges to its indigent households, using municipality's budgetary provision received from National government according to prescribed policy guidelines.

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



Free Basic Services to Low Income Households

	Number of Households										
	Total	Households earning less than R 1 100 per month									
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Access	%	Access	%	Access	%	Access	%		
2008/09	20,045	7,606	7,606	100	7,606	100	7,606	100	7,606	100	
2009/10	26,077	6,800	6,800	100	6,800	100	6,800	100	6,800	100	
2010/2011	30,200	8,441	8,441	100	8,441	100	8,441	100	8,441	100	

Free Basic Services Policy Objectives taken from IDP

Objective	Service Target	2008/2009		2009/2010		2010/2011		Following Year
		Target	Actual	Target	Actual	Target	Actual	
Free Basic Services to all Indigent Households	6kl of water for free to all						29,950	
	50Kwh electricity to households						29,950	
	Free Basic Refuse service once a week to all indigents							
	Free Basic Sewer service to all indigents							

Employees: Free Basic Services

Job Level	2009/10	2010/11		Vacancies (as a % of total posts)
	Employees No.	Post No.	Employee No.	
	18	21	17	4
Total	18	21	17	4

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

Financial Performance 2010/11: Cost to Municipality of Free Basic Services Delivery

Service Delivered	2009/10	2010/11			
	Actual	Original budget	Adjustments budget	Actual	Variance to budget %
Water					
Waste water (Sanitation)					
Electricity	5,905,278	3,167,533	7,608,899	4,769,744	(37,31)
Waste Management (Solid waste)					
Total	5,905,278	3,167,533	7,608,899	4,769,744	(37,31)

Capital Expenditure 2010/11: Free Basic Services

Capital Projects	2010/2011				
	Budget	Adjustment	Actual	Variance	Project Value
No capital projects by the municipality					

Components B: Road Transport

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

3.7 Roads

Introduction to Roads

Roads Division in the municipality is responsible to maintain roads and storm water drainage. The building of new roads or the upgrading of roads also forms part of the competency of the division.

A proper street network through the entire municipal area is important to attract new business investments in towns and also to keep current business opportunities. Infrastructure forms the heart of any economy of which the road infrastructure is the visible portion of it.

Tarred Road Infrastructure Kilometer

Tarred Road Infrastructure Kilometer

	Total tarred roads	New Tar roads	Existing Tar roads re-tarred	Existing Tar roads re-sheeted	Tar roads maintained
2008/2009					
2009/2010					
2010/2011					

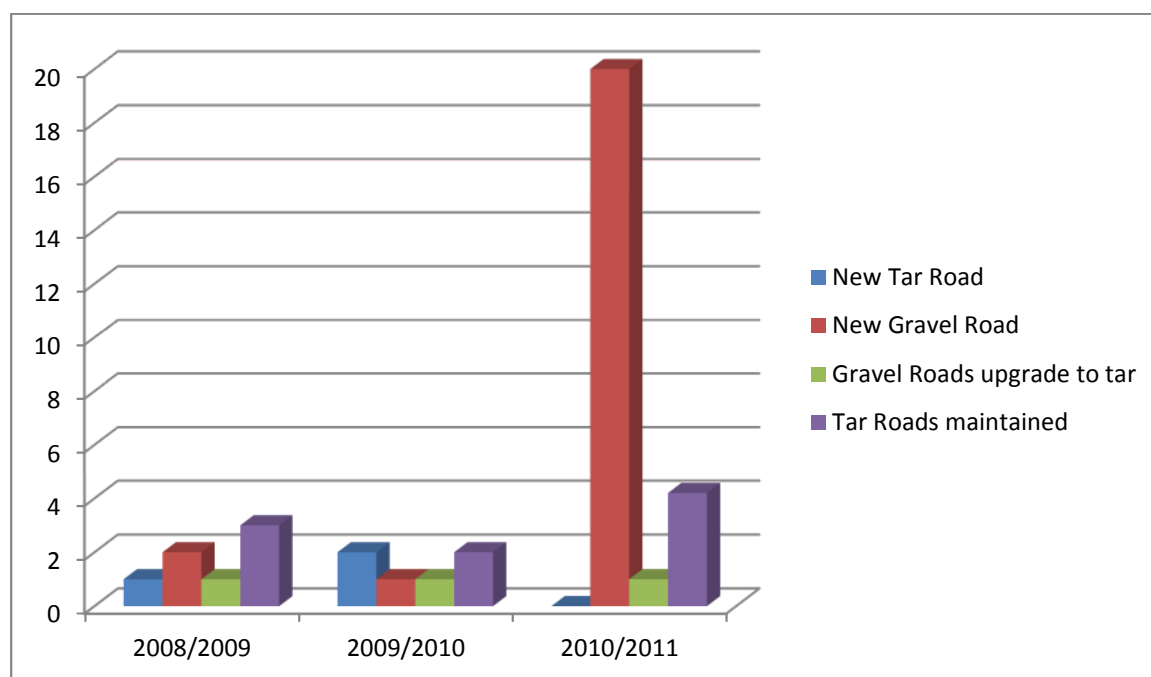
Cost of Construction/Maintenance R'000

	Gravel			Tar		
	New	Gravel-Tar	Maintained	New	Re-worked	Maintained
2008/2009						
2009/2010						
2010/2011						931,281

Gravel Road Kilometer

	Total gravel roads	New Gravel Roads	Gravel roads upgraded to tar	Gravel Roads graded
2008/2009				
2009/2010				
2010/2011	298,97	20		298,97

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



Road Service Policy Objectives taken from IDP

Objective	Service Target	2008/2009		2009/2010		2010/2011		Following Year
		Target	Actual	Target	Actual	Target	Actual	
						As for service targets	29,950	
						As for service targets	29,950	
						As for service targets		
						As for service targets		

Employees: Roads and Storm Water Services

Job Level	2009/10	2010/11			Vacancies (as a % of total posts)
	Employees No.	Post No.	Employee No.	Vacancies (fulltime equivalents)	
Roads and Storm water	65	87	77	10	11,49
Tech Admin	7	14	6	8	57,14
Total	72	101	83	18	17,82

Financial Performance 2010/2011: Roads and Stormwater Services

Details	2009/10	2010/11		Actual
	Actual	Original budget	Adjustments budget	
Total Operational Revenue	10,354,738	0	21,756,583	20,083,011
Expenditure:				
Employees	8,347,511	8,698,747	8,694,796	8,281,093
Repairs and Maintenance	2,785,471	10,014,190	1,514,929	1,753,095
Other	7,489,475	7,489,475	6,798,984	4,293,771
Total Operational Expenditure	18,051,683	26,202,412	17,008,709	14,327,959
Net Operational (service) expenditure	(7,696,945)	(26,202,412)	4,747,874	5,755,052

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

Capital Expenditure 2010/2011: Roads and Stormwater Services

Capital Projects	2010/2011				
	Budget	Adjustment	Actual	Variance	Project Value

Roads in the municipal area are, as all over the country, due to excessive rains and lack of sufficient funding towards maintenance, in very bad state. Even though excessive rains have been experienced, maintenance of gravel was done in all areas and most areas were accessible.

Sewer and water spillages in townships had major effect on the accessibility of some of the streets as the spillages created swamps and prevented heavy duty equipment to enter those areas. Although insufficient funds, continuous maintenance is done where possible. Lapidated vehicles and equipment need to be replaced and all vacant posts be filled in order to improve performance.

Component C: Planning and Development

3.9 Planning

Introduction to Planning

Planning is done annually by senior management the municipality of which the IDP form and integral part thereof as the services Delivery and Implementation plan that are drawn for proper planning and performance measurement

Application for Land Use Development

Detail	Formalisation of Township		Rezoning		Built Environment	
	2009/201	2010/2011	2009/201	2010/2011	2009/201	2010/2011
Planning applications received						
Determination made in year of receipt						
Determination made in following year						
Applications withdrawn						
Applications outstanding at year end						

Planning session has been performed and public has been invited to Integrated Development Planning session held in the different areas of the municipality.

3.10 Local Economic Development (Including Tourism)

Economic Activity per Sector

Sector	2008/09	2009/10	2010/11
Agriculture			
Mining and quarrying			
Manufacturing			
Wholesale and Retail			
Finance, Property, etc			
Government, community and social services			
Infrastructure services			

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

Jobs created through EPWP Projects

Details	EPWP Projects No.	Jobs created through EPWP projects No.
2008/09		
2009/10		
2010/11		
Total		

Employees: Local Economic Development Services

Job Level	2009/10	2010/11			Vacancies (as a % of total posts)
	Employees No.	Post No.	Employee No.	Vacancies (fulltime equivalents)	
Total					

Financial Performance 2010/2011: Local Economic Development Services

Details	2009/10	2010/11		Actual
	Actual	Original budget	Adjustments budget	

Capital Projects: Local Economic Development Services

Capital Projects	2010/2011				
	Budget	Adjustment	Actual	Variance	Project Value

Component D: Community and Social Services

This component includes; libraries and archives, community halls, cemeteries, child care aged care, disaster management and social programmes.

Introduction to Community and Social Services

Libraries and Archives

Community Facilities

Cemeteries

Child Care

Aged Care

Disaster Management

Social programmes

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

Community and Social Services Policy Objectives taken from the IDP

Objective	Service Target	2008/2009		2009/2010		2010/2011		Following Year
		Target	Actual	Target	Actual	Target	Actual	

Employees: Community and Social Services

Job Level	2009/10	2010/11			Vacancies (as a % of total posts)
	Employees No.	Post No.	Employee No.	Vacancies (fulltime equivalents)	
	39	40	34	6	15
Total	39	40	34	6	15

Financial performance 2010/2011: Community and Social Services

Details	2009/10	2010/11		Actual
	Actual	Original budget	Adjustments budget	
Total Operational Revenue	404,161	418,041	338,482	306,152
Expenditure:				
Employees	3,850,346	3,822,985	3,315,300	3,957,775
Repairs and Maintenance	298,142	623,798	71,406	92,501
Other	1,210,813	3,583,229	2,931,850	567,481
Total Operational Expenditure	5,359,301	8,030,012	6,318,556	4,617,757
Net Operational (service) expenditure	4,955,140	7,611,971	5,980,074	4,311,605

Capital Expenditure 2010/2011: Community and Social Services

Capital Projects	2010/2011				
	Budget	Adjustment	Actual	Variance	Project Value
	No Capital projects				

Component E: Environmental Protection

Parks, Sport and Recreation

There are five main areas of sport in the municipal areas. The sport grounds need to be maintained by the municipality. Some of the schools in the former towns do have their own sport facilities, but these very much needed facilities are non-existent in the township schools

Parks, Sport and Recreation Services Policy Objectives taken from the IDP

Objective	Service Target	2008/2009		2009/2010		2010/2011		Following Year
		Target	Actual	Target	Actual	Target	Actual	

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

Employees: Parks, Sport and Recreation Services

Job Level	2009/10	2010/11			Vacancies (as a % of total posts)
	Employees No.	Post No.	Employee No.	Vacancies (fulltime equivalents)	
	90	76	79	(3)	(3,95)
Total	90	76	79	(3)	(3,95)

Financial performance 2010/2011: Parks, Sport and Recreation Services

Details	2009/10	2010/11		
	Actual	Original budget	Adjustments budget	Actual
Total Operational Revenue	51,867	45,778	47,762	50,999
Expenditure:				
Employees	8,665,963	6,700,886	7,706,984	7,265,945
Repairs and Maintenance	473,787	591,790	321,261	385,305
Other	943,703	1,349,601	1,496,136	694,484
Total Operational Expenditure	10,083,453	8,642,277	9,524,381	8,345,734
Net Operational (service) expenditure	10,031,586	8,596,499	9,476,619	8,294,735

Capital Expenditure 2010/2011: Parks, Sport and Recreation Services

Capital Projects	2010/2011				
	Budget	Adjustment	Actual	Variance	Project Value
	No Capital projects				

Component G: Disaster Management, Fire, Security and Safety and Traffic Services

Introduction to Disaster Management, Fire, Security and Safety and Traffic Services

Incident	2008/2009		2009/2010		2010/2011	
	Target	Actual	Target	Actual	Target	Actual
Total fires attended						
Total other incidents attended						
Average turn-out time-urban area						
Average turn-out time-rural areas						
Fire fighters in post at year end						
Total fire appliance at year end						
Average number of appliance off the road during the year						

Disaster Management, Fire, Security and Safety and Traffic Services Policy Objectives taken from the IDP

Objective	Service Target	2008/2009		2009/2010		2010/2011		Following Year
		Target	Actual	Target	Actual	Target	Actual	

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

Employees: Disaster Management, Fire, Security and Safety and Traffic Services

Job Level	2009/10	2010/11			Vacancies (as a % of total posts)
	Employees No.	Post No.	Employee No.	Vacancies (fulltime equivalents)	
	39	40	34	6	15
Total	39	40	34	6	15

Financial Performance 2010/2011: Disaster Management, Fire, Security and Safety and Traffic Services

Details	2009/10	2010/11		Actual
	Actual	Original budget	Adjustments budget	
Total Operational Revenue	288,820	205,323	350,000	291,765
Expenditure:				
Employees	4,160,186	2,385,661	3,719,492	4,805,488
Repairs and Maintenance	396,655	446,250	172,407	258,089
Other	337,272	344,990	345,224	227,154
Total Operational Expenditure	4,894,113	3,176,901	4,237,123	5,290,731
Net Operational (service) expenditure	4,605,293	2,971,578	3,887,123	4,998,966

Capital Expenditure 2010/2011: Disaster Management, Fire, Security and Safety and Traffic Services

Capital Projects	2010/2011				
	Budget	Adjustment	Actual	Variance	Project Value
	No Capital projects				

Component H: Corporate Policy Offices and Other Services

Introduction to Corporate Policy Offices

3.11 Executive and Council

Introduction to Executive and Council

Service Statistic for the Executive and Council

Executive and Council Services Policy Objectives taken from the IDP

Objective	Service Target	2008/2009		2009/2010		2010/2011		Following Year
		Target	Actual	Target	Actual	Target	Actual	

Employees: Executive and Council

Job Level	2009/10	2010/11			Vacancies (as a % of total posts)
	Employees No.	Post No.	Employee No.	Vacancies (fulltime equivalents)	
	136	84	77	7	8,33
Total	136	84	77	7	8,33

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

Financial Performance 2010/2011: Executive and Council

Details	2009/10	2010/11		Actual
	Actual	Original budget	Adjustments budget	
Total Operational Revenue	9,481,011	7,163,550	7,601,225	7,983,849
Expenditure:				
Employees	15,166,905	12,904,125	18,295,984	22,419,922
Repairs and Maintenance	122,303	138,149	0	401,390
Other	26,454,887	31,220,562	35,050,050	28,703,643
Total Operational Expenditure	41,744,095	44,262,836	53,346,034	51,524,955
Net Operational expenditure	32,263,084	37,098,534	45,744,809	43,541,106

Capital Expenditure 2010/2011: Executive and Council

Capital Projects	2010/2011				
	Budget	Adjustment	Actual	Variance	Project Value
Financial Management System	2 5000.00				

Introduction to Financial Services

Debt Recovery

Details of the types of account raised and recovered	2008/2009		2009/2010			2010/2011		
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Billed in year	Estimated for accounts billed in year	Estimated proportion of accounts billed that were collected %
Property Rates								
Electricity-B								
Electricity-C								
Water-B								
Water-C								
Sanitation								
Refuse								
Other								

Financial Services Policy Objectives taken from IDP

Objective	Service Target	2008/2009		2009/2010		2010/2011		Following Year
		Target	Actual	Target	Actual	Target	Actual	

Employees: Financial Services

Job Level	2009/10	2010/11			Vacancies (as a % of total posts)
	Employees No.	Post No.	Employee No.	Vacancies (fulltime equivalents)	
	57	76	59	23	30,26
Total	57	76	59	23	30,26

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

Financial Performance 2010/2011: Financial Services

Details	2009/10	2010/11		Actual
	Actual	Original budget	Adjustments budget	
Total Operational Revenue	25,782,137	25,669,036	28,333,728	22,261,625
Expenditure:				
Employees	9,456,731	11,435,697	9,261,028	10,110,738
Repairs and Maintenance	35,606	63,334	38,884	39,651
Other	5,140,137	6,824,944	5,992,566	4,367,384
Total Operational Expenditure	14,632,474	18,323,975	15,292,478	14,517,773
Net Operational Surplus	11,149,663	7,345,061	13,041,250	7,743,852

Capital Expenditure 2010/2011: Financial Services

Capital Projects	2010/2011				
	Budget	Adjustment	Actual	Variance	Project Value
	No Capital projects				

The municipality's financial department is functioning well. The financial management is running well and tasks are performed by a dedicated staff.

Financial Statements are done internally as well as budgeting and other financial procedures. The municipality has switched to a new system during the financial year that caused some challenges, but promises to assist the municipality to conform easier to financial guidelines.

3.13 Human Resources Services

Introduction to Human Resources Services

The human Resource Division is well equipped with the necessary skilled staff

Human Resource Services Policy Objectives from IDP

Objective	Service Target	2008/2009		2009/2010		2010/2011		Following Year
		Target	Actual	Target	Actual	Target	Actual	
Effective Personnel Management	Personnel Turnover							
	Employees absent from work without reason							
	Employees on sick leave							
	Man days lost due to sick leave							
	Man days lost due to the absence without a reason							
Skills development	Conduct workplace skills audits. – employee's skills will be assessed against their job profile. Consolidation of the audit finding	4	4		4	1	1	1

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

Skills development	Training committee- Meet every month to discuss skill matters Submit monthly training reports and recommendations to the Management and LLF.	12	12			12			12
	Workplace skills plan - Consolidation of the departmental skills plan Compilation of the institution's skill's plan. Submission of the WSP to LGSETA for approval	1	1			1			1
	Training interventions attended by councillors		5						5
	Training Interventions attended by employees		50						45

Employees: Human Resource Services

Job Level	2009/10	2010/11			Vacancies (as a % of total posts)
	Employees No.	Post No.	Employee No.	Vacancies (fulltime equivalents)	
	8	10	10	0	0
Total	8	10	10	0	0

Financial Performance 2010/2011: Human Resource Services

Details	2009/10	2010/11		Actual
	Actual	Original budget	Adjustments budget	
Total Operational Revenue	293,638	481,285	500,000	488,657
Expenditure:				
Employees	1,729,618	1,876,696	1,409,185	1,881,850
Repairs and Maintenance	0	0	0	0
Other	533,171	895,275	1,149,458	1,167,234
Total Operational Expenditure	2,262,789	2,771,971	2,558,643	3,049,084
Net Operational (service) expenditure	(1,969,151)	(2,290,686)	(2,058,643)	(2,560,427)

Capital Expenditure 2010/2011: Human Resource Services

Capital Projects	2010/2011				
	Budget	Adjustment	Actual	Variance	Project Value
	No Capital projects				

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

3.14 Information and Communication Technology Services Overall

ICT Policy Objectives taken from IDP

ICT Services Policy Objectives taken from IDP

Objective	Service Target	2008/2009		2009/2010		2010/2011		Following Year
		Target	Actual	Target	Actual	Target	Actual	

Employees: ICT Services

Job Level	2009/10	2010/11			Vacancies (as a % of total posts)
	Employees No.	Post No.	Employee No.	Vacancies (fulltime equivalents)	

Financial Performance 2010/2011: ICT Services

Details	2009/10	2010/11		Actual
	Actual	Original budget	Adjustments budget	
Total Operational Revenue				
Expenditure:				
Employees				
Repairs and Maintenance				
Other				
Total Operational Expenditure				
Net Operational Surplus				

Capital Expenditure 2010/2011: ICT Services

Capital Projects	2010/2011				
	Budget	Adjustment	Actual	Variance	Project Value

3.15 Property; Legal; Risk Management and Procurement Services

Introduction to property; Legal; Risk Management and Procurement

Property Services are performed in Department of Economic and Community Services

Legal is performed in the Department of Corporate Services

Risk Management is performed in the Department of the Office of the Municipal Manager

Procurement Services is performed in the Department of Financial Services

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

ORGANISATIONAL DEVELOPMENT PERFORMANCE-(PERFORMANCE REPORT PART II)

Introduction

The municipality encountered certain challenges like employees that occupying position that they do not fit. The municipality does not bring in new staff and put them on a proper induction and once they are not performing, it becomes a problem due to non-proper induction that took place and taking action will have negative results for the municipality.

The municipality however try to afford all personnel the opportunity to develop themselves in the form of training courses that can be attended and promote further studies.

Component A: Introduction to the Municipal Personnel

4.1 Employees Totals, turnover and Vacancies

Description	2009/10	2010/11			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Technical Admin(60)	7	14	6	8	57,14
Water(265)	43	49	58	(9)	120,83
Sewer(210)	102	123	95	28	22,76
Electricity(255)	19	28	19	9	32,14
Waste Management(200)	107	107	99	8	7,48
Housing(30)	18	21	17	4	19,05
Roads and Storm water(55)	65	87	77	10	11,49
Security, Disaster Management and Traffic(65)	25	37	35	2	5,41
Parks and Recreation(45)	90	76	79	(3)	103,95
Community, Social services, Libraries, Community Halls and Cemeteries (35,120,125)	39	40	34	6	15
Human Resources(32)	8	10	10	0	0
MM and Council General(15,40)	88	26	26	0	0
Corporate Services(10)	48	58	51	7	12,07
Financial Services(20)	57	76	59	23	30,26
Total	656	752	665	93	12,37

Vacancy rate 2010/11

Designations	Total Approved posts No.	Vacancies (Total time that vacancies exist using fulltime equivalents) No.	Vacancies (As a proportion of total posts in each category) %
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S57 Managers (excluding Finance Posts)	3	1	25%
Senior Management (excluding Finance Posts)	1	1	100%
Senior Management (Finance Posts)	6	1	18%
Highly Skilled supervision: (excluding Finance Posts)	1	2	200%
Highly Skilled supervision: (Finance Posts)	1	3	300%

Total	14	8	100%
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CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

Turn-over rate

Details	Total Appointments as of the beginning of the year	Terminations during the Financial Year	Turn-over Rate
2008/2009	10	29	4,58
2009/2010	7	28	4,13
2010/2011	4	44	6,71

Component B: Managing the municipal workforce

Introduction to the municipal workforce management

The municipality has appointed more employees permanently and using less temporary workers to perform full-time jobs. A Human resource Policy is in place that covers a broad spectrum of human relations and personnel issues. The policies in place address affirmative employment on various aspects.

The municipality still have to address challenges on proper induction orientation and courses that ensure new comers to the jobs obtain the necessary skill after finishing the applicable qualifications.

4.2 Policies

Name of Policy	Completed	Reviewed	Date adopted by Council or comment on failure to adopt
Affirmative Action	Yes	No	
Attraction and Retention	No	No	
Code of conduct for employees	Yes	No	
Delegations, Authorizations and Responsibility	Yes	No	
Disciplinary Code and Procedures	Yes	No	
Employee assistance/Wellness	Yes	No	
Employment Equity	Yes	No	
Exit Management	Yes	No	
Grievance Procedures	Yes	No	
HIV/Aids	Yes	No	
Human Resource and Development	Yes	No	
Information Technology	Yes	No	
Job Evaluation	No	No	
Leave	Yes	No	
Occupational Health and Safety	Yes	No	
Official Housing	Yes	No	
Official Journeys	No	No	
Official Transport to attend funerals	No	No	
Official Working hours and Overtime	Yes	No	
Organizational Rights	No	No	
Payroll Deductions	No	No	
Performance Management and Development	Yes	No	
Recruitment, Selection and Appointments	Yes	No	

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

Remuneration Scales and Allowances			SALGA
Resettlement	No	No	
Sexual Harassment	No	No	
Skills Development		No	
Smoking	Yes	No	
Special Skills	No	No	
Work Organization	No	No	
Uniforms and Protective Clothing	No	No	
Other: Bereavement and Dress Code	Yes	No	

There are currently no plans on workforce policy development.

4.3 Injuries, sickness and suspensions

Number and Cost of Injuries on Duty					
Type of Injury	Injury leave taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	20	10	1,8	2	6
Temporary total disablement	63	1		63	18
Permanent disablement		0			
Fatal					
Total	83	11		65	24

Number of days and Cost of Sick Leave (excluding injury on duty)					
Designations	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post No.	Average sick leave per Employees Days
Lower skilled					
Skilled					
Highly Skilled Production					
Number of employees in posts at the beginning of the year average calculated by taking sick leave in column 2 divided by total employees in column 5					

Number and period of suspension				
Position	Nature of Suspension	Date of suspension	Details of disciplinary action taken or status of case and reasons why not finalized	Date finalized
Housing Clerk	Procedural	03/06/2011	Suspension	Pending
Housing Clerk	Procedural	03/06/2011	Final written warning	12/8/2011
General Worker	Theft	8/10/2010	Final written warning	17/1/2011
Street Painter	Theft	20/12/2010		Pending
Housing Clerk	Insubordination	16/11/2010	Withdrawn – Insufficient evidence	16/3/2011
Pa to Mayor	Insubordination	11/10/2011	Final written warning	23/3/2011

Disciplinary actions taken in cases of financial misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date finalized

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

4.4 Performance Rewards

Designation	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2010/11 R'000	Proportion of beneficiaries within group
Lower skilled	Female				
	Male				
Skilled	Female				
	Male				
highly skilled production	Female				
	Male				
highly skilled supervision	Female				
	Male				
Senior management	Female				
	Male				
MM and S57	Female				
	Male				
Total					
Has the statutory municipal calculator been used as part of the evaluation					Yes/No

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

Component C: Capacitating the Municipal Workforce

Introduction to the Workforce Capacity Development

4.5 Skills Development and Training

Skills Development Expenditure

Management level	Gender	as at the beginning of financial year	Original Budget and Actual Expenditure on skills development 2010/11											
			Learner ship		Skills programmes & other short courses			Other forms of training			Total			
		No.	Actual 30 June 2010	Actual 30 June 2011	Target	Actual 30 June 2010	Actual 30 June 2011	Target	Actual 30 June 2010	Actual 30 June 2011	Target	Actual 30 June 2010	Actual 30 June 2011	Target
MM & S57	Female	1												
	Male	3												
Councillors, Senior Officials and Managers	Female	17												
	Male	29												
Technicians and associate Professionals	Female	20												
	Male	39												
Professionals	Female													
	Male													
Others	Female	144												
	Male	412												
Total		665												1,828,944

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

Skills Matrix

Management level	Gender	as at the beginning of financial year	Original Budget and Actual Expenditure on skills development 2010/11											
			Learner ship		Skills programmes & other short courses			Other forms of training			Total			
		No.	Actual 30 June 2010	Actual 30 June 2011	Target	Actual 30 June 2010	Actual 30 June 2011	Target	Actual 30 June 2010	Actual 30 June 2011	Target	Actual 30 June 2010	Actual 30 June 2011	Target
	Female	1								1			1	
MM & S57	Male	3				1				1			2	
Councillors, Senior Officials and Managers	Female	17				2				10			12	
	Male	29				1				4			5	
Technicians and associate Professionals	Female	20				1				1			2	
	Male	39				2				4			6	
Professionals	Female													
	Male													
Others	Female	144		17		27				54			98	
	Male	412		17		47				39			103	
Total		665		34		81				114			229	

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

Financial Competency Development Progress Report

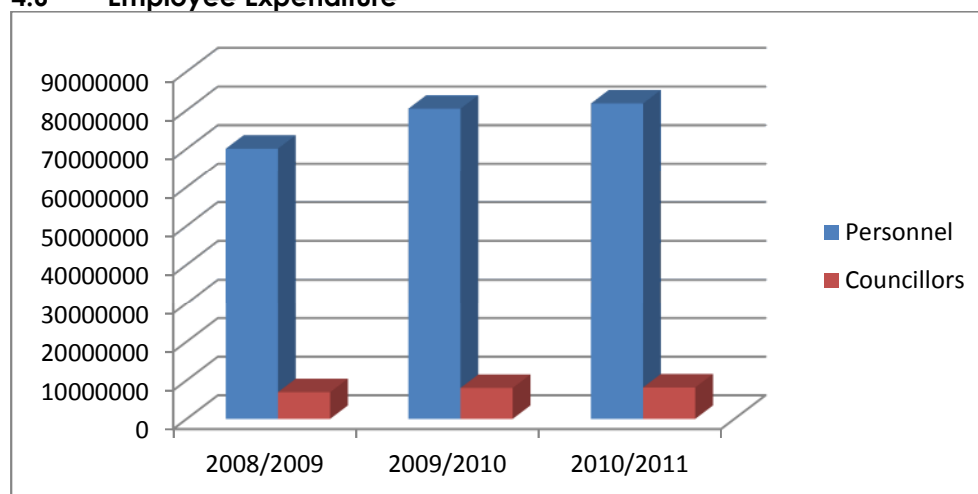
Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14 (4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14 (4)(f))	Consolidated: Total number of officials that meet prescribed competency levels on (Regulation 14 (4)(e))
Financial Officials						
Accounting Officer	1		1			
Chief Financial Officer	1		1			
Senior Managers	1		1			
Any other financial Officials						
Supply Chain Management Officials						
Heads of Supply Chain Management units	0		0			
Supply Chain Management senior managers	1		1			
Total		0				

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

Component D: Managing the Workforce Expenditure

Introduction to Workforce Expenditure

4.6 Employee Expenditure



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

Number of employees whose salaries were increased due to their positions being upgraded

Beneficiaries	Gender	Total
Lower skilled	Female	
	Male	
Skilled	Female	
	Male	
highly skilled production	Female	
	Male	
highly skilled supervision	Female	
	Male	
Senior management	Female	
	Male	
MM and S57	Female	
	Male	
Total		

Employees whose salary level exceeds the grade determined by the Job Evaluation

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation

Employee not appointed to established posts

Department	Level	Date of appointment	No of appointed	Reason for appointment when no established post exist

Disclosure of Financial Interest

Introduction to Financial Performance

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

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

CHAPTER 5 – FINANCIAL PERFORMANCE

Component A: Statement of Financial Performance

Introduction to Financial Performance

5.1 Statements of Financial Performance

FINANCIAL SUMMARY						
Description	2009/10	Current year 2010/11	2010/11 Variance		Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	A	B	C	D	D-B	D-C
Property rates	22,508,087	20,142,278	22,845,685	23,679,681		
Service charges	86,101,616	83,239,094	87,726,969	95,427,270		
Investment revenue	600,665	2,932,298	2,040,030	2,344,364		
Transfers recognised – operational	109,050,127	153,538,299	144,512,000	135,823,936		
Other own revenue	33,912,667	33,359,960	36,080,168	28,247,555		
Total Revenue (excluding capital transfers and contributions)	274,106,974	293,211,929	293,204,852	285,522,806		
Employee costs	80,380,864	76,923,476	79,332,678	81,741,725		
Remuneration of councillors	8,013,149	7,365,557	8,317,018	8,143,684		
Depreciation and asset impairment	110,847,386	16,728,493	64,500,557	75,271,108		
Finance charges	4,059,819	12,220,736	9,759,697	2,850,120		
Materials and Bulk Purchases	26,119,580	24,186,094	32,070,798	30,341,173		
Transfers and grants	14,861,718	12,000,000	24,943,633	13,384,929		
Other expenditure	58,011,473	93,740,923	157,629,298	133,294,209		
Total Expenditure	302,293,989	243,165,279	376,553,679	277,282,948		
Surplus/(Deficit) before capital transfers and contributions	(26,765,660)	50,046,650	(83,348,827)	8,239,858		
Transfers recognised - capital				62,478,002		
Contributions recognised - capital and contributed assets		50,041,000	95,218,925			
Surplus/(Deficit) after capital transfers and contributions	(26,765,660)	5,650	2,100	70,717,862		
Share of surplus/(deficit) of associates	0	0	0	0		
Surplus/(Deficit) for the year	(26,765,660)			70,717,862		
Capital expenditure & funds resources						
Capital expenditure						
Transfers recognised - capital						
Public contributions and donations						
Borrowing						
Internally generated funds						
Total sources of capital funds						
Financial position						

CHAPTER 5 – FINANCIAL PERFORMANCE

Total current assets	77,434,962			88,075,457		
Total non-current assets	324,272,798			211,653,707		
Total current liabilities	92,278,296			86,796,171		
Total non-current liabilities	21,736,678			15,366,418		
Community wealth or equity	287,692,786			197,566,575		
Cash flows						
Net cash from (used) operating	41,376,684			59,248,012		
Net cash from (used) investing	(39,230,163)			(62,754,291)		
Net cash from (used) financing	(4,088,026)			(6,901,717)		
Cash/cash equivalent at year end	(16,533,400)			(26,941,396)		
Cash backing/surplus reconciliations						
Cash and investment available	15,474,627			11,138,595		
Application of cash and investment						
Balance - surplus/(shortfall)	(1,058,773)			(15,802,801)		
Assets management						
Assets register summary (WDV)						
Depreciation and asset impairment						
Renewal of existing assets						
Repairs and maintenance						
Free services						
Cost of free basic services provided						
Revenue cost of free services provided						
Households below minimum service level						
Water						
Sanitation/sewerage						
Energy						
Refuse						

Financial Performance of Operational Services

Description	2009/10		2010/11		
	Actual		Original budget	Adjustment budget	Actual
Water	50,117,132				48,269,878
Waste water (Sanitation)	90,925,031				62,326,361
Electricity	43,683,088				56,127,025
Waste management	19,202,956				20,432,605
Housing	3,085,879				3,204,262
Component A: sub-total	207,014,086				190,360,131

CHAPTER 5 – FINANCIAL PERFORMANCE

Waste water (storm water drainage)	0			0
Roads	18,051,683			14,327,959
Transport	11,059			800
Component B: sub-total	18,062,742			14,328,759
Planning	0			0
Local Economic Development	0			0
Component C: sub-total	0			0
Planning (strategic & regulatory)	0			0
Local Economic Development	0			0
Component D: sub-total	0			0
Community and Social services	5,359,301			4,635,710
Environmental protection	37,440			0
Health	86,487			19,582
Security and Safety	5,548,347			5,856,629
Sport and Recreation	10,252,438			8,467,388
Corporate, Policy and Other	75,136,088			74,039,144
Component E: sub-total	96,420,101			93,018,453
Total Expenditure	321,496,929			297,707,343

The Financial Performance is not good. The municipality has an overdraft of approximately R3 million that increases from the previous year. The collection rate of less than 80% could not be countered by providing sufficiently for bad debts for the specific financial year. The Department of Financial Services as a whole performs well, although more emphases will have to be put on asset management and debt collection.

5.2 Grants

Grant Performance						
Description	Actual	Budget	Adjustment Budget	Actual	Original Budget	Adjustment Budget
Operating Transfers and Grant						
National Government	130,983,394	229,250,543	200,740,595	198,301,938	(13%)	(15%)
Equitable share	107,565,127	133,873,936	143,579,826	133,873,936	100%	(6, 76%)
Municipal Infrastructure Grant	21,933,813	93,426,607	62,478,002	62,478,002	(33,13%)	0%
Municipal Systems Improvement Grant	750,000	750,000	750,000	750,000	0%	0%
Financial Management Grant	735,000	1,200,000	1,200,000	1,200,000	0%	0%
Provincial Government:						
Housing						
Sport and Recreation						
Other transfers/grants						
District Municipality:						
Other Grant providers:						

The municipality has the capacity to perform well on the spending of grants. The financial performance and cash flow difficulties of the municipality make it difficult to perform better on grant spending.

CHAPTER 5 – FINANCIAL PERFORMANCE

5.3 Asset Management

Introduction to Asset Management

Treatment of Three Largest Assets Acquired

Asset 1			
Name			
Description			
Asset Type			
Key Staff Involved			
Staff Responsibilities			
Asset value	2008/2009	2009/2010	2010/2011
Capital Implications			
Future purpose of asset			
Describe key issues			
Policies in place to manage assets			
Asset 3			
Capital Implications			
Future purpose of asset			
Describe key issues			
Policies in place to manage assets			
Asset value	2008/2009	2009/2010	2010/2011
Capital Implications			
Future purpose of asset			
Describe key issues			
Policies in place to manage assets			

Repairs and Maintenance Expenditure 2010/2011

	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	8,774,478	8,774,478	11,955,767	36,26%

The budget for Repairs and Maintenance has been sufficient according to the guidelines provided by National Treasury, but due to budget constraints at the time, no increase could be budgeted for. The budgeted amount for Repairs and Maintenance has been exceeded due to unforeseen repairs that had to be made.

5.4 Financial Ratios on Key Performance Indicators

Liquidity Ratio, Cost Coverage, Outstanding services debtors to revenue, Debt Coverage, Creditors Systems Efficiency, Capital Charges as a % of Operating Expenditure, % Personnel Cost to total Operating Expenditure, Repairs and Maintenance

Information not submitted

The financial health of the municipality needs to be properly assessed and managed in order to improve

CHAPTER 5 – FINANCIAL PERFORMANCE

Component B: Spending Against Capital Budget

Introduction to Spending against Capital budget

Spending took place at a very slow pace due to financial constraints in the municipality.

5.5 Capital Expenditure

Explained in details in Chapters Two and Three

Capital Expenditure- Funding Source 2009/2010-201/2011

Details	2009/10	2010/11		
	Actual	Original Budget	Adjustment Budget	Actual
Source of finance				
External loans				
Public contributions and donation				
Grants and subsidies				
Other				
Total				
Percentage of finance				
External loans				
Public contributions and donation				
Grants and subsidies				
Other				
Capital Expenditure				
Water and sanitation				
Electricity				
Housing				
Roads and storm water				
Other				
Total				
Percentage of expenditure				
Water and sanitation				
Electricity				
Housing				
Roads and storm water				
Other				

5.6 Sources of Finance

Capital Expenditure: Funding Source 2009/201 -2010/2011

Details	2009/10	2010/11	Adjustment Budget	Actual
	Actual	Original Budget		
Source of finance				
External loans				
Public contributions and donation				

CHAPTER 5 – FINANCIAL PERFORMANCE

Grants and subsidies				
Other				
Total				
Percentage of finance				
External loans				
Public contributions and donation				
Grants and subsidies				
Other				
Capital Expenditure				
Water and sanitation				
Electricity				
Housing				
Roads and storm water				
Other				
Total				
Percentage of expenditure				
Water and sanitation				
Electricity				
Housing				
Roads and storm water				
Other				

5.7 Capital Spending on 5 Largest Projects

Name of Project	Current year	Variance current year		
	Original Budget	Original Budget	Adjustments Budget	Actual Expenditure
Project with the highest capital expenditure in 2010/11				
Name of Project - A				
Objective of project				
Delays				
Future challenges				
Anticipated citizen benefits				
Name of Project - B				
Objective of project				
Delays				
Future challenges				
Anticipated citizen benefits				
Name of Project - C				
Objective of project				
Delays				
Future challenges				
Anticipated citizen benefits				

CHAPTER 5 – FINANCIAL PERFORMANCE

Component C: Cash Flow Management and Investment

5.9 Cash Flow

5.10 Borrowing and Investments

Introduction to Borrowing and Investments

Actual Borrowings 2009/10 - 2010/11

Instrument	2008/09	2009/10	2010/11
Long Term Loans (annuity/reducing balance)			
Long Term Loans (non-annuity)			
Local registered stock			
Installment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Total			

Municipal Investments

Investment Type	2008/09	2009/10	2010/11
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit – Banks			
Guaranteed Endowment Policies (sinking)			
Non-Marketable Bonds			
Bankers Acceptances			
Repurchase Agreements – Banks			
Municipal Bonds			
Total			

5.11 Public Partnership

No Public Private Partnership exist

Component D: Other Financial Matters

CHAPTER 5 – FINANCIAL PERFORMANCE

5.12 Supply Chain Management

Supply Chain Management is currently functioning but short staffed.

5.13 GRAP Compliance

The municipality is fully GRAP Compliant

CHAPTER 6 – AUDITOR GRENERAL AUDIT FINDING

Auditor General Audit Findings

Introduction to the Auditor General Audit Findings

Component A: Auditor-General Opinion of Financial Statement 2010/2011

6.1 Auditor General Report 2010/2011

Auditor-General Report on Financial Performance 2010/2011	
Non-Compliance Issues	Remedial Action Taken

Auditor-General Report on Service Delivery Performance 2010/2011	
Non-Compliance Issues	Remedial Action Taken

Component B: Auditor-General Opinion 2010/2011

6.2 Auditor General Report 2010/2011

Auditor-General Report on Financial Performance 2010/2011	
Non-Compliance Issues	Remedial Action Taken

Auditor-General Report on Service Delivery Performance 2010/2011	
Non-Compliance Issues	Remedial Action Taken