

MNQUMA LOCAL MUNICIPALITY



**DRAFT ANNUAL REPORT FOR THE PERIOD ENDING 30
JUNE 2012**

MNQUMA VISION

A developmental Municipality that is self-sustainable to empower its citizens socially, economically and legislatively to ensure sustainable livelihood.

MISSION

In pursuit of the vision, we will:

- Create a democratic, responsive, effective and efficient municipality that will be able to deliver affordable quality services.
- Invest in infrastructural development
- Create a financially viable institution by investing in local economic development.
- Promote good governance principles and community participation
- Create a safe and a healthy environment

GLOSSARY OF WORDS

ADM	-	Amathole District Municipality
TRC	-	Transkei Regional Councils
MEC	-	Member of Executive Committee
IDP	-	Integrated Development Plan
DBSA	-	Development Bank of South Africa
DWAF	-	Department of Water Affairs and Forestry
IDF	-	Inter Governmental Forum
MSIG	-	Municipal System Improvement Grant
BOTT	-	Build Operate Train and Transfer
ISD	-	Institutional Social Development
Cllr	-	Councillor
AG	-	Auditor General
SPU	-	Special Programs Unit
BTO	-	Budget and Treasury
GL	-	General Ledger
BILL R	-	Billing Report
IAS	-	International Accounting Standards
SARS	-	South African Revenue Service
LED	-	Local Economic Development
PMS	-	Performance Management System
SEA	-	Strategic Environmental Assessment
SDF	-	Spatial Development Framework
SMME	-	Small Medium Micro Enterprise
LTO	-	Local Tourism Organisation
ICT	-	Information Communication Technology
ASGISA-EC	-	Accelerated Shared Growth Initiative of South Africa-Eastern Cape
HIPPS	-	High Impact Priority Programmes
NSDP	-	National Spatial Development Perspective
IWMP	-	Integrated Waste Management Plan

TABLE OF CONTENTS

PART 1 - INTRODUCTION AND OVERVIEW	5
FOREWORD BY THE EXECUTIVE MAYOR.....	5
THE YEARLY PROGRAMME PRIORITIES	7
OVERVIEW OF THE MUNICIPALITY	9
EXECUTIVE SUMMARY.....	10
PART 2 – KPA ACHIEVEMENT REPORT.....	11
CHAPTER - 1 HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT KPA 1	11
<i>Presentation of the Organisational Structure (Approved Organogram)</i>	<i>11</i>
THE POLITICAL ARM	11
THE MUNICIPALITY’S ADMINISTRATION	12
THE ORGANISATIONAL STRUCTURE – ADMINISTRATION.....	13
<i>1.2 Staff Development Initiatives During The Financial Year.....</i>	<i>14</i>
<i>1.3 Key Human Resource Statistics per Functional Area</i>	<i>17</i>
<i>1.4 Senior Officials Wages and Benefits.....</i>	<i>27</i>
<i>1.5 Senior Officials Wages and Benefits.....</i>	<i>28</i>
<i>1.6 Implementation of the Performance Management System(PMS).....</i>	<i>28</i>
CHAPTER – 2 BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS KPA 2	33
CHAPTER – 3 MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK KPA 3.....	45
CHAPTER 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)	53
CHAPTER 5: GOOD GORVENANCE AND PUBLIC PARTICIPATION- KPA 5	106
OVERVIEW OF THE EXECUTIVE AND COUNCIL FUNCTIONS AND ACHIEVEMENTS	106
PUBLIC PARTICIPATION AND CONSULTATION.....	109
<i>Communication Strategy.....</i>	<i>116</i>
<i>Intergovernmental Relations.....</i>	<i>116</i>
<i>Legal Services</i>	<i>117</i>
PART 3 – FUNCTIONAL AREA REPORTING	123
1. GENERAL INFORMATION	123
2. FINANCE AND ADMINISTRATION PERFORMANCE.....	131
3 PLANNING AND DEVELOPMENT PERFORMANCE	138
4. COMMUNITY AND SOCIAL SERVICE	139
5. HOUSING FUNCTION’S PERFORMANCE.....	141
6. WASTE MANAGEMENT	146
7. ROADS MAINTENANCE PERFORMANCE	148
8. ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012	152
8.1 INFRASTRUCTURAL PLANNING AND DEVELOPMENT DIRECTORATE	152
8.2 COMMUNITY SERVICES DIRECTORATE	160
8.4 BUDGET AND TREASURY OFFICE.....	174
8.5 CORPORATE SERVICES DIRECTORATE	180
8.6 OFFICE OF THE MUNICIPAL MANAGER	189

DRAFT

PART 1 - INTRODUCTION AND OVERVIEW

A. Foreword By The Executive Mayor

I am proud to present to you the annual report of Mngquma Local Municipality 2011/2012. As the official resource on the work of the municipality, this document provides a comprehensive account of the programmes and policies of our municipality and highlights the areas of progress we have made in the 2011/2012 financial year.



The annual report plays an important role in capturing the evolution of our municipality and our country. It is updated every year to record as accurately as possible the countless efforts of the municipality and government departments that give life to our IDP, shaping the lives of our people.

The municipality operates on performance based operations & monitoring. The municipality has been, together with its service delivery partners, able to deliver on the following projects, amongst others:

- The rehabilitation of the township roads – this has been done in phases, and is still being implemented. Job creation has been realised through the implementation of this project
- Fingoland Mall – the availing of the land for the construction of a mall, which is now operational
- Regional waste site located in Ibika – the availing of the land for the regional waste site, which is now operational
- Upgrade CBD hawkers market – the facelift of the central business district and construction of hawkers market to decongest the main road
- Vulli Valley Lappa Park – the development of the park in Vulli Valley for social development purposes
- The Gcuwa Dam Development – the development of the Gcuwa Dam to have a place where communities could enjoy themselves

The Municipality has responded positively to the national key performance areas as contained in the Local Government Strategic Agenda, namely:

- Municipal transformation and Institutional development
- Basic Services Delivery & infrastructure development
- Local Economic development
- Financial viability and Management
- Good governance and Public Participation.

The municipality had successfully utilized the Municipal Infrastructure Grant (MIG) fund allocated to it for the year 2011/2012.

The Auditor General has issued out its opinion on the audit done for the financial year under review confirming the improvement we see in our municipality in terms of service delivery. For a second year in succession the municipality has been able to get an unqualified audit opinion, paving a way towards the clean audit target for 2014, which is the government-set target for all municipalities.

We are mindful of the challenges of political instability that still persist in our municipality, which threatens service delivery and the clean audit and we are working tirelessly to overcome these challenges.

Our actions as the municipality must inspire trust from our people and be responding to their needs as the country approaches the twenty year mark of freedom. Our actions seek to bring the dream of Freedom a living reality to the community of Mngquma.

This report is an account of the journey we have walked over the past year. In this sense, it is both beacon of hope, testimony of the change we have created together, as much as it is a barometer that reminds us that much more remains to be done

I thank you

Baba Ganjana
Executive Mayor

B. The Yearly Programme Priorities

It is again my pleasure to reflect once again on the achievements and challenges the municipality had to face during the year under review (2011/2012). My experience over the years has shown that whenever there are local government elections approaching in the horizon as on the 18 May 2012 were such elections, it becomes increasingly difficult to collect revenue. This is partly caused by the reality that the effective and efficient implementation of the credit control policy, by laws and procedures is largely dependent on the councillors especially the Ward Councillors and the Mayoral Committee. It is an open secret that politicians are reluctant to act or to be seen acting harshly against members of the electorate when there are elections on the horizon. This severely compromises and undermines the very budget the council has adopted. This is an issue the political leadership needs to look at going forward with circumspection. The total percentage collected during the year under review against the budgeted for the year was 53%.

The municipality's performance on rates collection has dropped while collection on taxes, traffic fines and licencing fees has been moderately rising.

COMPARISON BETWEEN 2011 AND 2012 COLLECTION			
REVENUE	ACTUAL 2010/2011 R	ACTUAL 2011/2012 R	DECREASE / (INCREASE)
PROPERTY RATES	11,494,657	6,438,490	5,056,167
SERVICE CHARGES-REFUSE	1,172,300	799,582	372,718
RENTAL OF FACILITIES AND EQUIPMENT	706,736	521,751	184,985
INTEREST EARNED-EXT INVESTMENTS	3,007,361	4,055,584	(1,048,223)
FINES	890,030	1,751,322	(861,292)
AGENCY SERVICES	2,162,276	2,532,592	(370,316)
TRAFFIC SERVICES	868,224	808,626	59,598
OTHER REVENUE	640,687	569,925	70,762
TOTAL REVENUE	20,942,271	17,477,872	3,464,399

At the Economic front the Municipality was able to facilitate the construction of the retail mall which was expected to bring the so much needed boost and investment injection in the local economy. The local economy has through this mall and other new businesses been growing steadily a little bit thus also creating though marginally additional jobs. It is the Municipality's focus area to boost the local Economy through a number of campaigns and programs including but not limited to the buy local campaign, and assist the small and emerging entrepreneurs, and through the SCM processes where our primary focus was the use of local suppliers and services providers.

In as far as service delivery is concerned, the biggest highlight was and remains the huge investment council has made on the township roads, street lights and high mast lights. This has tremendously

changed and improved the face of the township where the largest concentration of the population of the Mngquma Community resides. Again during the year under review the much awaited regional waste site started to operate thus creating space for the closure of the illegal Magqudwana landfill site. This indeed has had another tremendous positive impact from an Environmental health perspective, while in the medium term there shall be local economic development spin-offs once the buyback centres commence operations.

Finally and most importantly during the 2011/12 financial year, a first year for most of the councillors elected in May 2012, was a year to consolidate the positive audit outcomes which saw the municipality receiving an unqualified audit opinion in the 2010/11 financial year. Indeed these audit outcomes were sustained as again the 2011/12 outcome was an unqualified opinion thus paving the way to come closer to achieving the clean audit outcome the national government has set a target for 2014. This success has come through the tireless efforts, commitment and dedication of the management team though it was not easy.

I wish to take this opportunity to thank the executive mayor for the support, and the management team for proving once again that united we stand and divided we fall. Had we not worked as a solid focused team we might not have achieved what we have achieved. The ultimate goal as defined in the over-arching strategic trust of the institution, is to leverage investments to the Mngquma area, thus creating a booming economy through which the Mngquma citizenry will be able to access jobs and business opportunities. It is only when this is realized that a sustainable development trajectory will be ensured and a financially viable municipality.

Thank you

N PAKADE
MUNICIPAL MANAGER

C. Overview of the Municipality

Mnquma Local Municipality is located in the South Eastern part of the Eastern Cape Province. This is a category B municipality that falls under the jurisdiction of the Amathole District Municipality (ADM) and is constituted of the amalgamated former Butterworth, Ngqamakhwe and Centane Traditional Local Councils (TLCs) and Traditional Rural Councils (TRCs). Mnquma Municipality shares borders with three other local municipalities, i.e. Mbhashe, Intsika Yethu and the Great Kei Municipalities. This also includes a number of previously administered rural areas. It is approximately 32 995 240 square kilometres and consists of 31 wards.

Mnquma Local Municipality has a total population of approximately 297 663 people, 99% of which are Xhosa speaking African. The remaining 1% of the population includes English, Afrikaans, Zulu, Sesotho speaking people. The municipality comprises of 54% female and 46% male of the total population and consists of approximately 75 410 households.

A study of the age distribution revealed that the bulk of the population, approximately 53%, is children (0-19 years). About 6.3% falls within the pension group (over 56years), whilst 38.5% is economically active (20-64 year). This indicates that there is a high dependency ratio, as 59% of the population depends only on 41% workforce in the municipality. There is therefore a desperate need for the municipality to develop youth development programmes.

A monthly household income demonstrates destitute households with high levels of unemployment and a community in dire need of various sources of income. About 40% of the households in the municipality have no income and approximately 27% with incomes less than R9600 per month. This means that approximately 40% of households in the local community need subsidy arrangements for survival and thus are unable to pay for services. This therefore has huge implications on the municipality's financial status in that they cannot rely on residential cross subsidisation for revenue.

According to census 2001 in the Eastern Cape, Mnquma is one of the municipalities with the highest levels of poverty, illiteracy and unemployment. An estimated 21% is unemployed, only 13% is employed while 66% of the municipal population is considered economically inactive.

The municipality has limited employment opportunities and this has huge implications on the increased need for welfare and indigent support in the municipality. The municipality therefore needs to put priority into service provision, skills and social development.

D. Executive Summary

For the year under review Mnquma Municipality has developed an annual report in a format as prescribed through the template published by the Department of local Government. The report is in essence divided into three main parts as indicated here below:

Part 1 – the report gives the Executive Mayors foreword, the Municipal Manager delivering on key priorities for the year under review, overview of the Municipality and the Executive summary.

Part 2 – the report it gives a detail on the achievements of the year and broken down per Key performance areas.

Chapter 1 – Provision of information that relates to organisational design and training and development of both councillors and employees.

Chapter 2 – Information that relates to performance on basic service delivery .The report is unable to be explicit and detailed on water services, electricity services and sanitation services as these functions are performed by the District Municipality.

Chapter 3 – This chapter provides detail on aspects covering local economic development matters.

Chapter 4 – This chapter presents financial information of the institution, comments from Auditor General and as well as audit committee report.

Chapter 5 –This chapter gives detail on good governance and public participation.it also highlights involvement of council strictures, internal and external communication, Inter governmental relations, anti-corruption strategy and CDW's.

Part 3 – The report highlights performance of functional areas which include among others the following; Executive and Council Performance ,Finance and Administration performance, Planning and Development, Community and Social services, housing function and road maintenance.

Give yourself time and read the report it is very interesting as it contains most of improvement and achievements by the Mnquma Municipality.

PART 2 – KPA ACHIEVEMENT REPORT

CHAPTER - 1 HUMAN RESOURCE AND OTHER ORGANISATIONAL MANAGEMENT KPA 1

1.1 Presentation of the Organisational Structure (Approved Organogram)

Mnquma organogram for the 2011/2012 was reviewed and approved by the Municipality on the 30 June 2010. The reviewal process considered views which emanate from the set objectives and strategies in the IDP. Head of the Departments assisted by Corporate Services took the lead in the reviewal process and unions through Local labour Structure (LLF) and upon that the Municipal Manager finally approved the organogram. Discussion towards implementation was also undertaken, and funding of the vacant posts was also taken into account in the review of the Budget.

The staff establishment of the municipality for the financial year 2011/2012 was constituted of 604 positions and of these positions 456 were filled and 148 were vacant. 75% of the positions in the organogram is filled and 25 % vacant. Below is the staff complement per functional area.

The municipality has two components, the political arm and the other being the administration arm which is illustrated by the diagram here under:

1.1.1 The Political Arm

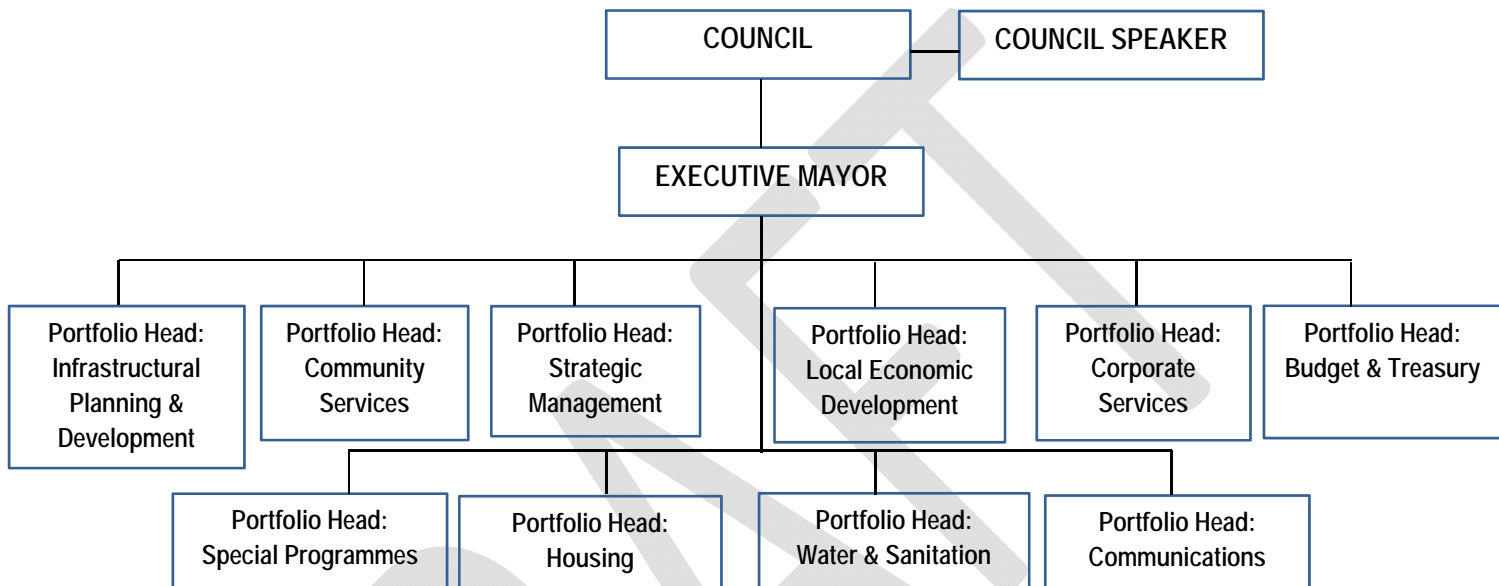
The political arm of the municipality includes the Executive Mayor, the Members of the Mayoral Committee, the Council Speaker and the Council's Chief Whip. The position of the Chief Whip has not been approved by the MEC even though the decision was taken by Council to make it full time.

The tabulation below shows the political office bearers and the portfolios to which they were elected and/or appointed to:

Full Time Political Office Bearers		
No	Name	Portfolio
1.	Cllr B Ganjana	Executive Mayor
2.	Cllr N Magadla	Council Speaker
3.	Cllr Z M Mnqwazi	Chief Whip of Council
4.	Cllr S Ncetezo	Portfolio Head: Infrastructural Planning & Development
5.	Cllr T Bikitsha	Portfolio Head: Community Services
6.	Cllr Madikane	Portfolio Head: Local Economic Development
7.	Cllr T P Ntanga	Portfolio Head: Corporate Services
8.	Cllr V Tongo	Portfolio Head: Communications
9.	Cllr Noganta	Portfolio Head: Special Programmes

Full Time Political Office Bearers		
No	Name	Portfolio
10.	Clr Ntshebe	Portfolio Head: Housing
11.	Clr Sheleni	Portfolio Head: Water & Sanitation

Organisational Structure – Political Arm [May 2011 – 30 June 2011]



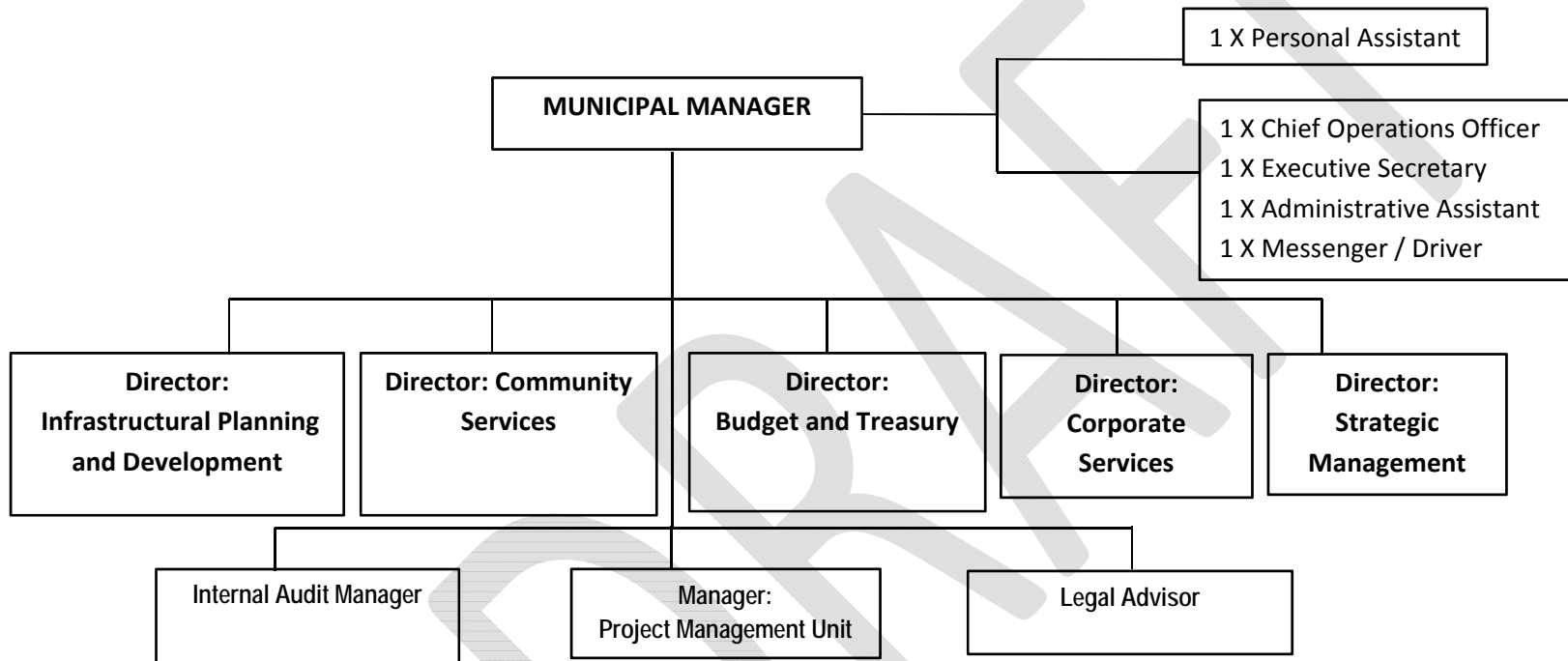
1.1.2 The Municipality's Administration

The table below shows the various directorates and/or offices as led by the Municipal Manager and the employees appointed in terms of Section 56 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000):

Members of Senior Management		
No	Name	Designation
1.	Mr. N Pakade	Municipal Manager
2.	Mrs. N Ntshanga	Chief Financial Officer(resigned 31 May 2012)
3.	Mrs. N Boya	Director Corporate Services
4.	Mr. M Mtalo	Director Community Services
5.	Mr. Z H Ngovela	Director Infrastructural Planning & Development
6.	Adv. A M Bluhm	Legal Advisor (31 October 2012)

The Organisational Structure – Administration

The total number of approved positions within the municipality’s organogram is six hundred and four (604) and of this one hundred and forty eight (148) is vacant. Below is the top organisational structure of the municipality:



1.2 Staff Development Initiatives During The Financial Year

For the current year, the Municipality budgeted R1785 596.00 for training and development of councillors and staff which was fully spent. An additional amount of R 244 462.00 from LGSETA was received and spent in the same year. The process followed was to identify training needs through skills questionnaire process that was conducted by Corporate Services and subsequent to that workplace skills plan was approved by the Municipal Manager on the 29 June 2011. Training committee chaired by Council Speaker receives reports quarterly and report to council as such.

The following table depicts the trainings conducted during the financial year 2011/2012

Training intervention	Date	Internal/External	No of Councillors / Ward Committees	No of Officials	Total Number Trained
Employee Assistance Programme	July 2011	External	-	01	01
First Aid	July 2011	External	-	13	13
Property Evaluation	July 2011	External	-	01	01
Traffic Diploma	July 2011	External	-	02	02
Windows 7, Internet, Email, Ms Office 2010	Aug 2011	External	10 Councillors	-	-
Credit Control & Revenue Management	Aug 2011	External	-	01	01
Assessor Training	Aug 2011	External	-	05	05
Pro-lazer training	Aug 2011	External	-	10	10
Environmental Inspection	Aug 2011	External	-	03	03
Protocol & Diplomacy	Aug 2011	External	-	01	01
IDP & PMS	Sept 2011	External	61 Councillors	-	-
IDP & Budget Framework	Sept 2011	In - house	-	31	31
System Administrator	Sept 2011	External	-	06	06
Disaster Management Overview	Sept 2011	External	31 Ward	-	-

Draft Annual Report for the Year Ending 30 June 2012

Training intervention	Date	Internal/External	No of Councillors / Ward Committees	No of Officials	Total Number Trained
			Councillors		
Drager-alco-test	Oct 2011	External	-	10	10
Performance Management System	Oct 2011	External	-	31	31
Rules Committee Workshop	Oct 2011	External	11	-	-
Employee Wellness	Oct 2011	External	-	02	02
IDP Workshop	Nov 2011	External	61	-	-
Rules of order & Skills Development	Nov 2011	External	28	-	-
Team Building	Nov 2011	External	-		
Payroll	Nov 2011	External	-	02	02
Control and Balancing	Nov 2011	External	-	05	05
ITIL Training	Nov 2011	External	-	02	02
Municipal Planning & Budgeting	Dec 2011	External	-	05	05
GIS Data	Jan 2012	External	-	25	25
Contract Management & Supply Chain Management	Jan 2012	External	-		
Local Government Law	Jan 2012	External	2 Councillors	01	01
Municipal Integrated Development Planning Learnership	Jan 2012	External	-	02	02
LLF & Skills Development Workshop	Feb 2012	External	09	12	12
Conducting audit from cradle to grave	Feb 2012	External	-	03	03
Workshop for MPAC members	Feb 2012	External		-	-
Delegation of powers	March 2012	External	16	31	31
Trouble shooting & supporting windows	March 2012	External	-	02	02
Provincial ICT event	March 2012	External	-	02	02
Public Relations Practise	March 2012	External	-	01	01

Training intervention	Date	Internal/External	No of Councillors / Ward Committees	No of Officials	Total Number Trained
Government Procurement Workshop	March 2012	External	-	04	04
Induction Workshop for Traditional Leaders	April 2012	External	12 Traditional Leaders	-	-
Employee Wellness Programme	April 2012	External	-	43	43
Induction Workshop	April 2012	External	-	07	07
HIV & Aids	April 2012	External	-	25	25
Training on roles of MPAC	April 2012	External	-	-	-
Installing & configuring windows	April 2012	External	-	02	02
Financial auditing for internal auditors	April 2012	External	-	01	01
Occupational Health & Safety	May 2012	External	-	01	01
Grap Workshop	May 2012	External	-	04	04
Training on effective roles for PA's and Professional administrators	June 2012	External	-	09	09
Decision Making skills	June 2012	External	-	20	20
Planning & Implementing MTREF	June 2012	External	-	11	11
Firearm Training	June 2012	External	-	20	20
Workshop on reviewed organogram & Subsistence & Travelling	June 2012	External	-	13	50

1.3 Key Human Resource Statistics per Functional Area

Summarised version of the approved organogram is presented in 1.1 above and below will be the detail of positions per Directorate/Office. This detail will give a picture of the positions that are approved per organogram per directorate, positions that are vacant and positions that are filled. Also the positions that were vacant but funded for the year under review.

(1) Municipal Manager and Section 57 Managers

No	Approved Position	No of Approved & Budgeted Posts per Position	Filled Position	Vacant
1	Municipal Manager	01.00	01.00	00.00
2	Chief Financial Officer	01.00	01.00	00.00
3	Director Infrastructural Planning & Development	01.00	01.00	00.00
4	Director Community Services	01.00	01.00	00.00
5	Director Strategic Management	01.00	01.00	00.00
6	Director Corporate Services	01.00	01.00	00.00
7	Legal Advisor	01.00	01.00	00.00
	TOTAL	07.00	07.00	00.00

(2) The Vacancies as per the Organisational Structure

The table below shows the positions that are vacant in the municipality's organogram. It shows only the positions that are vacant per directorate/office and per Division. Not all the positions in the organogram are shown.

Draft Annual Report for the Year Ending 30 June 2012

LIST OF VACANT POSITIONS AS PER ORGANOGRAM							
Directorate / Office	Division	Positions	No in the Organogram	No Filled	No Vacant	Date it became Vacant	Comments
Office of the Speaker (Corporate Services)							
	IDP & PMS	Community Participation Officer	6	4	2	01-Jul-10	The positions were never filled due to budgetary limitations
	IDP & PMS	IDP/PMS Manager	1	0	1	30- April -2012	Employee resigned
TOTAL		Senior Community participation Officer	1	0	1	01-Jul-10	The positions were never filled due to budgetary limitations
	Administration	Administration Officer: Speaker Support Services	1	-	1	01- July-10	The position was never filled due to budgetary limitations
	Administration	Messenger/Driver	1	-	1	01 – Jul-10	The position was never filled due to budgetary limitations
			8	4	4		
OFFICE OF THE EXECUTIVE MAYOR (Strategic Management)	Office of the Director Strategic Management	Executive Support Officer	1	-	1	01-Jul-10	The position were never filled due to budgetary limitations
	Office of the Director Strategic Management	Executive Secretary	1	-	1	01-Jul-10	The secretary was transferred to another directorate as the Mayor of the time did not want to work with her for

LIST OF VACANT POSITIONS AS PER ORGANOGRAM							
Directorate / Office	Division	Positions	No in the Organogram	No Filled	No Vacant	Date it became Vacant	Comments
							personal reasons and the employee moved with her budget
	Office of the Director Strategic Management	Administration Assistant	2	1	1	01-Jul-10	The position were never filled due to budgetary limitations
	Research and Policy Development	Research Assistant	2	1	1	01-Jul-10	The position were never filled due to budgetary limitations
	Local Economic Development	SMME Development Officer	1	-	1	01-Jul-10	The position were never filled due to budgetary limitations
TOTAL			7	2	5		
OFFICE OF THE MUNICIPAL MANAGER	Office of the Chief Operations Officer	Chief Operations Officer	1	1	-	01-Jul-10	The position was never filled due to budgetary limitations.
	Office of the Chief Operations Officer	Executive Secretary	1	1	-	01-Jul-10	The position was never filled due to budgetary limitations.
	Project Management Unit	Project Engineer	2	1	1	01-Jul-10	The position were never filled due to budgetary limitations
	Project Management Unit	Technician	1	-	1	01-Jul-10	The position were never filled due to budgetary

LIST OF VACANT POSITIONS AS PER ORGANOGRAM							
Directorate / Office	Division	Positions	No in the Organogram	No Filled	No Vacant	Date it became Vacant	Comments
							limitations
	Legal Advisory Unit	Assistant Legal Advisor	2	1	1	01-Jul-10	The position were never filled due to budgetary limitations
TOTAL			9	5	4		
INFRASTRUCTURAL PLANNING	Engineering	Electrician	2	1	1	01-Jul-10	The position were never filled due to budgetary limitations
	Engineering	Semi-Skilled Electricians	3	1	2	01-Jul-10	The position were never filled due to budgetary limitations
	Engineering	Roads & Public Works Technicians	3	1	2	01-Jul-10	The position were never filled due to budgetary limitations
	Engineering	Public Works & Roads Foreman	3	1	2	01-Jul-10	The position were never filled due to budgetary limitations
	Engineering	Foreman: Construction	1	-	1	01-Jul-10	The position were never filled due to budgetary limitations
	Engineering	Team Leaders	4	2	2	01-Jul-10	The position were never filled due to budgetary limitations
	Engineering	General Assistants: Roads and Public Works	48	35	13	01-Jul-10	The position were never filled due to budgetary limitations

LIST OF VACANT POSITIONS AS PER ORGANOGRAM							
Directorate / Office	Division	Positions	No in the Organogram	No Filled	No Vacant	Date it became Vacant	Comments
	Engineering	Roads and Public Works	8	4	4	01 –July -10	The position were never filled due to budgetary limitations
	Mechanical Workshop	Superintendent Mechanical Workshop	1	-	1	29-April-10	The position became vacant due to diseased employee
	Mechanical Workshop	Mechanics (Diesel/Petrol)	2	1	1	01-Jul-10	The position were never filled due to budgetary limitations
	Mechanical Workshop	Artisan Mechanics / Handyman (Diesel/Petrol)	2	1	1	01-Jul-10	The position were never filled due to budgetary limitations
	Mechanical Workshop	General Assistants	2	-	2	01-Jul-10	The position were never filled due to budgetary limitations
	Mechanical Workshop	Semi-Skilled Mechanics	2	1	1	01-Jul-10	The position were never filled due to budgetary limitations
	Building, Planning & Housing	Building Superintendent	1	-	1	01-Jul-10	The position were never filled due to budgetary limitations
	Building, Planning & Housing	Driver	2	1	1	01-Jul-10	The position were never filled due to budgetary limitations
	Building, Planning & Housing	Artisans	4	3	1	29-08-11	Due resignation by employee
	Building, Planning & Housing	Semi -Skilled Artisans	3	1	2	01-Jul-10	The position were never filled due to budgetary limitations

Draft Annual Report for the Year Ending 30 June 2012

LIST OF VACANT POSITIONS AS PER ORGANOGRAM							
Directorate / Office	Division	Positions	No in the Organogram	No Filled	No Vacant	Date it became Vacant	Comments
	Building, Planning & Housing	General Assistants	8	7	1	31-Dec-11	Retirement
TOTAL			75	29	46		
COMMUNITY SERVICES	Solid Waste & Environmental Management	Environmental Officers	3	-	3	01-Jul-10	The position were never filled due to budgetary limitations
	Solid Waste & Environmental Management	Superintendent: Solid Waste	3	1	2	01-Jul-10	The position were never filled due to budgetary limitations
	Solid Waste & Environmental Management	Machine Operators	12	4	8	01-Jul-10	The position were never filled due to budgetary limitations
	Solid Waste & Environmental Management	Supervisor : solid waste	4	1	3	01-Jul-10	The position were never filled due to budgetary limitations
	Solid Waste & Environmental Management	General Assistants & Truck Loaders	100	68	32	01-Jul-10	The position were never filled due to budgetary limitations
	Sports, Recreation and Amenities	Manager: Sports, Recreation and Amenities	1	-	1	01-Jul-10	The position were never filled due to budgetary limitations
	Sports, Recreation and Amenities	Facilities Officers	1	-	1	01-Jul-10	The position were never filled due to budgetary limitations
	Sports, Recreation and Amenities	Cemetery Caretakers	6	2	4	01-Jul-10	The position were never filled due to budgetary limitations
	Sports, Recreation and Amenities	Admin Assistants	1	0	1	01-Jul-10	The position were never filled due to budgetary

LIST OF VACANT POSITIONS AS PER ORGANOGRAM							
Directorate / Office	Division	Positions	No in the Organogram	No Filled	No Vacant	Date it became Vacant	Comments
							limitations
	Sports, Recreation and Amenities	Hall Caretakers	12	5	7	01-Jul-10	The position were never filled due to budgetary limitations
	Sports, Recreation and Amenities	Life Savers	6	-	6	01-Jul-10	These are seasonal employees
	Public Safety	Traffic Officers	14	12	2	01-Jul-10	The position were never filled due to budgetary limitations
	Public Safety	Traffic Officers	2	0	2	01-Jul-10	The position were never filled due to budgetary limitations
	Public Safety	Warders	12	9	3	28 – Feb-12	Deceased Employee
	Public Safety	Pound Master	1	-	1	01-Jul-10	The position were never filled due to budgetary limitations
	Public Safety	Rangers	4	-	4	01-Jul-10	The position were never filled due to budgetary limitations
	Public Safety	Pounding Aids	6	-	6	01-Jul-10	The position were never filled due to budgetary limitations
	Public Safety	Supervisors: Security	4	-	4	01-Jul-10	The position were never filled due to budgetary limitations
	Public Safety	Close Protection Officers	10	6	4	01-Jul-10	The position were never filled due to budgetary limitations

LIST OF VACANT POSITIONS AS PER ORGANOGRAM							
Directorate / Office	Division	Positions	No in the Organogram	No Filled	No Vacant	Date it became Vacant	Comments
	Public Safety	Peace Officers	10	5	5	01-Jul-10	The position were never filled due to budgetary limitations
	Primary Health Care	All positions	-	-	-	01-Jan-11	The function was performed on behalf of the Department of Health and had since been transferred to the department effectively 31 December 2010
TOTAL			196	107	89		
BUDGET AND TREASURY	Expenditure and Supply Chain Management	Manager: Supply Chain Management	1	1	-	01-Sep-10	Post was frozen and the functions were allocated to the Chief Accountant: Expenditure and Supply Chain Management
	Expenditure and Supply Chain Management	Demand & Acquisition Officer	1	0	1	31 -May-12	Employee has resigned
	Expenditure and Supply Chain Management	Stores Controller	1	0	1	30 -Dec-11	Employee retired

LIST OF VACANT POSITIONS AS PER ORGANOGRAM							
Directorate / Office	Division	Positions	No in the Organogram	No Filled	No Vacant	Date it became Vacant	Comments
	Expenditure and Supply Chain Management	Administrative Assistants	6	4	2	01-Jul-10	The position were never filled due to budgetary limitations
	Expenditure and Supply Chain Management	Accounting Clerks	2	0	2	01-Jul-10	The position were never filled due to budgetary limitations
	Revenue and Debt Management	Cashiers	12	9	3	01-Jul-10	The position were never filled due to budgetary limitations
	Revenue and Debt Management	Administration Officer: Property Valuation	2	1	1	01-Jul-10	The position were never filled due to budgetary limitations
	Revenue and Debt Management	Debtors Clerk	5	4	1	01-Jul-10	The position were never filled due to budgetary limitations
TOTAL			15	11	4		
CORPORATE SERVICES	Human Resources	Employee Relations Practitioner	1	1	1	01-May-11	The function was performed by Assistant legal adviser
	Human Resources	Job Evaluation Coordinator	1	-	1	01-Jul-10	The position were never filled due to budgetary limitations
	Administration	Hall Care Taker	9	3	6	01-Jul-10	5 positions were never filled due to budgetary. 1 position was vacant due

LIST OF VACANT POSITIONS AS PER ORGANOGRAM							
Directorate / Office	Division	Positions	No in the Organogram	No Filled	No Vacant	Date it became Vacant	Comments
							to employee who passed away in June 2012
	Administration	Office Buildings care takers	3	0	3	01-Jul-10	Positions were never filled due to budgetary limitations
	Information & Communication Technology	Help Desk Operator	1	0	1	March 2011 & June 2011	1 employee passed away 1 employee resigned
TOTAL			34	28	6		

(3) Technical Staff Registered with Professional Bodies

Technical Service	Total Number of Technical Service Managers	Total Number Registered in Accredited Professional Body	Total Number Pending Registration Confirmation in the Professional Body	Total Number not yet Registered
Engineering	2	1	1	0
IT	1	1	0	0

(4) Level of Education and Skills

Total Number of Staff	Number of Staff without Grade 12	Number of Staff with Senior Certificate Only	Number of Staff with Tertiary / Accredited Professional Training
528	291	115	122

(5) Trends on Total Personnel Expenditure

Financial Year	Total No of Staff	Total approved operating Budget	Personnel expenditure(Salary & Salary Related)	Percentage of Expenditure
2007-2008	454	88 253 948	55 604 045	63%
2008-2009	398	121 852 600	66 053 204	54%
2009-2010	456	128 885 906	74 097 474	57%
2010-2011	484	151 795 718	73 322 747	48%
2011-2012	465	165 105 919	94 608 271	57%

1.4 Senior Officials Wages and Benefits

Designation	Annual Remuneration	Cell Allowance	Car Allowance	Performance Bonus	Other Contributions	Total
Municipal Manager	685 607	50 149	107 866	210 240	0	1 053 862
Chief Financial Officer	339 241	39 554	109 826	118 000	133 568	740 189
Director Strategic Management	358 913	57 331	102 624	96 469	103 321	718 658
Director Corporate Services	541 259	32 355	114 878	129 400	0	817 892
Director	547 439	32 355	108 698	125 000	0	813 492
Director	598 189	24 000	0	96 469	0	718 658

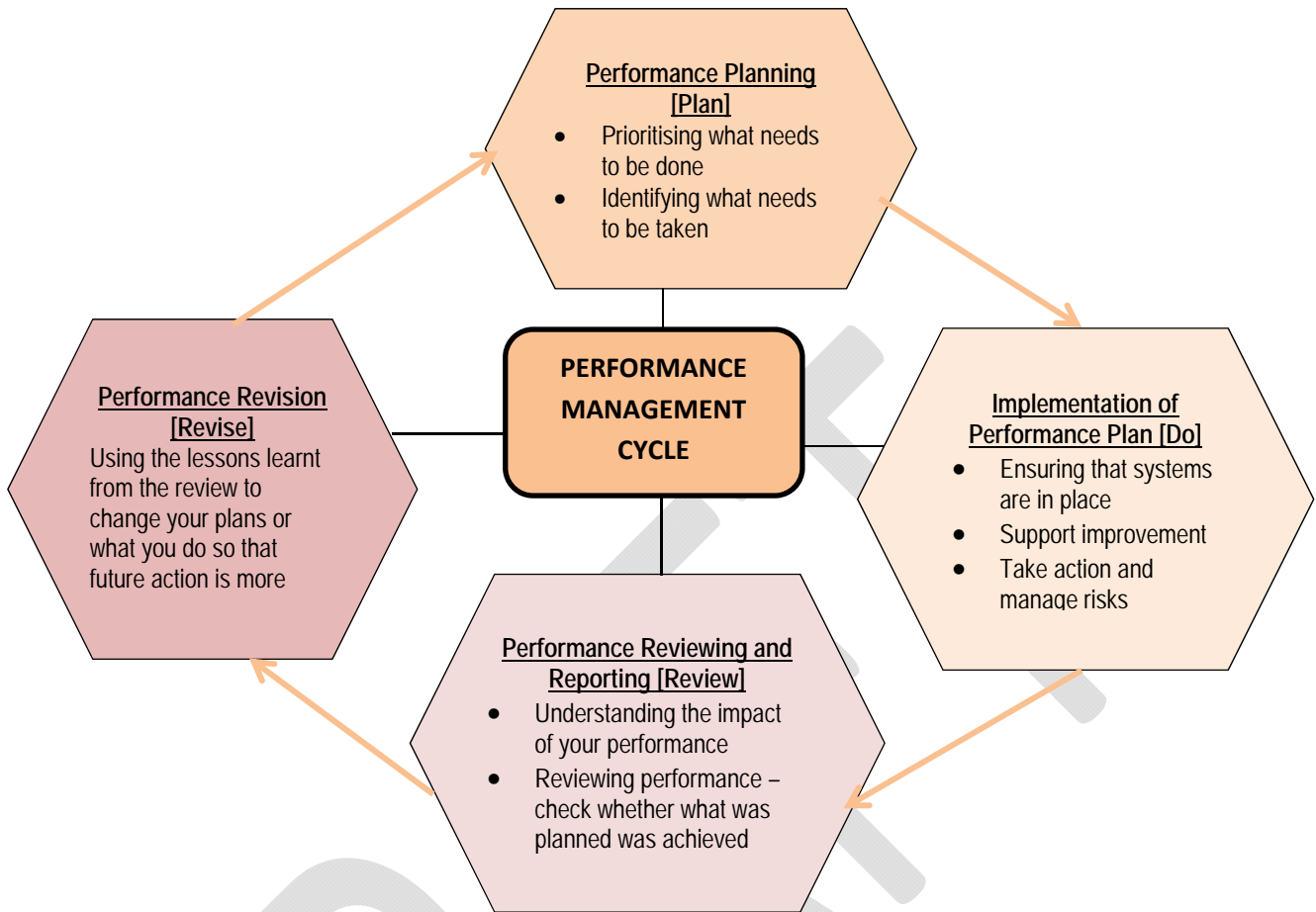
Infrastructural Dev. & Planning Legal Advisor	340 258	24 000	134 694	0	160 034	658 986
TOTAL	3 410 906	259 744	678 586	775 578	396 923	5 521 737

1.5 Senior Officials Wages and Benefits

Designation	Annual Remuneration	Cell Allowance	Car Allowance	Performance Bonus	Other Contributions	Total
Municipal Manager	685 607	50,149	107 866	210 240	0	1 053 862
Chief Financial Officer	339 241	39,554	109 826	118 000	133 568	740 189
Director Strategic Management	358 913	57,331	102 624	96 469	103 321	718 658
Director Community Services	541 259	32,355	114 878	129 400	0	817 892
Director Corporate Services	547 439	32,355	108 698	125 000	0	813 492
Director Infrastructural Dev. & Planning Legal Advisor	598 189	24,000	0	96 469	0	718 658
Legal Advisor	340 258	24,000	134 694	0	160 034	658 986
TOTAL	3 410 906	259 744	678 586	775 578	396 923	5 521 737

1.6 Implementation of the Performance Management System(PMS)

The municipality, in compliance with Chapter 6 of the Local Government: Municipal Structures Act, 2000 (Act No 32 of 2000) as amended, developed and adopted mechanisms for performance management. To this effect the Performance Management System (PMS) Framework was developed and adopted in 2008 and was later reviewed and adopted in 2010. The performance management policy was later developed and adopted in 2011. Below is the performance management cycle of the Municipality as outlined in the performance management policy:



(1) Implementation at the Strategic Level

a. The Strategic Scorecard

With the adoption of the Integrated Development Plan, the municipal council adopts a strategic scorecard sets out the objectives, strategies and key performance indicators to be achieved by the municipality. The performance of the municipality is then assessed based on the set targets. The targets are set against each national key performance area, namely:

- (1) Municipal Transformation and Institutional Development
- (2) Financial Viability and Management
- (3) Basic Service Delivery and Infrastructure Development
- (4) Socio-Economic Development (Local Economic Development)
- (5) Good Governance and Public Participation

The Municipality further adopted a Cluster Approach in line with the above-mentioned National KPAs, with cluster champs leading and coordinating processes. The purpose of the Clusters is to perform an oversight role with regard to the implementation of the Integrated Development Plan. Four clusters have been established by the Council, each with a technical cluster champion and the political cluster champion. The following are the clusters of the municipality:

- 1) Municipal Transformation, Institutional Development and Financial Viability Cluster
- 2) Good Governance and Public Participation Cluster
- 3) Infrastructural Development and Basic Service Delivery Cluster
- 4) Socio-Economic Development Cluster

b. The Directorate Scorecard and/or Service Delivery & Budget Implementation Plan (SDBIP)

Each year and in line with the relevant legislation the municipality adopts an SDBIP, which serves as an operational mechanism towards implementation of the IDP and Budget for that particular financial year. This is also the scorecard of each directorate with clear objectives, strategies, key performance indicators and targets. Each directorate develops activities that support each KPA and each month a performance report is developed for the Municipal Manager and the Executive Management. Each quarter, half yearly and annually reports are produced for submission in the Executive Management, Standing Committees and Clusters for purposes of progress reporting and review of targets.

(2) Implementation at the Operational Level

The SDBIP / Directorate Scorecard is cascaded down to the operational levels of the municipality so as to ensure that each division and individual employees set out their own targets in line with therewith as follows:

(a) The Divisional Scorecards

Each Division, based on the Directorate Scorecard, sets out its key performance indicators and targets including budget for those KPIs. Each month the divisional managers, report on the implementation of their scorecards to their directors.

(b) Scorecards at Sectional Levels

Each Section, based on the Divisional Scorecard, sets out its key performance indicators and targets, including budgets for those KPIs. Each month, section heads report on the implementation of their sectional scorecards to their divisional managers.

(3) Performance Agreements for both Strategic Level Managers and Operational Level Managers and Employees.

(a) Performance Agreements

The Municipal Manager and the Managers directly accountable to him enter into performance agreements in line with Section 57 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000). The performance agreement of the Municipal Manager is based on the strategic scorecard of the municipality and the performance agreements of the managers directly accountable to the municipal manager are based on the SDBIP / Scorecards of the Directorates. These are concluded at the beginning of the each financial year and for the financial year under review these were done and submitted to the relevant bodies in line with the Act. The performance agreement for the municipal manager is entered into between him and the Executive Mayor and for the managers directly accounting to him, it is signed by the Municipal Manager and the respective Section 57 Manager.

(b) Performance Accountability Agreements (AAs)

The divisional managers and technical / administration employees who are at post level 8 and above enter into performance accountability agreements, which set quarterly targets to be achieved by the individual manager or employee. The performance accountability agreements require monthly performance reporting and quarterly reviews. AAs are entered into between the Divisional Manager and the Director and between the Divisional Manager and the Task Grade 08 employee and above.

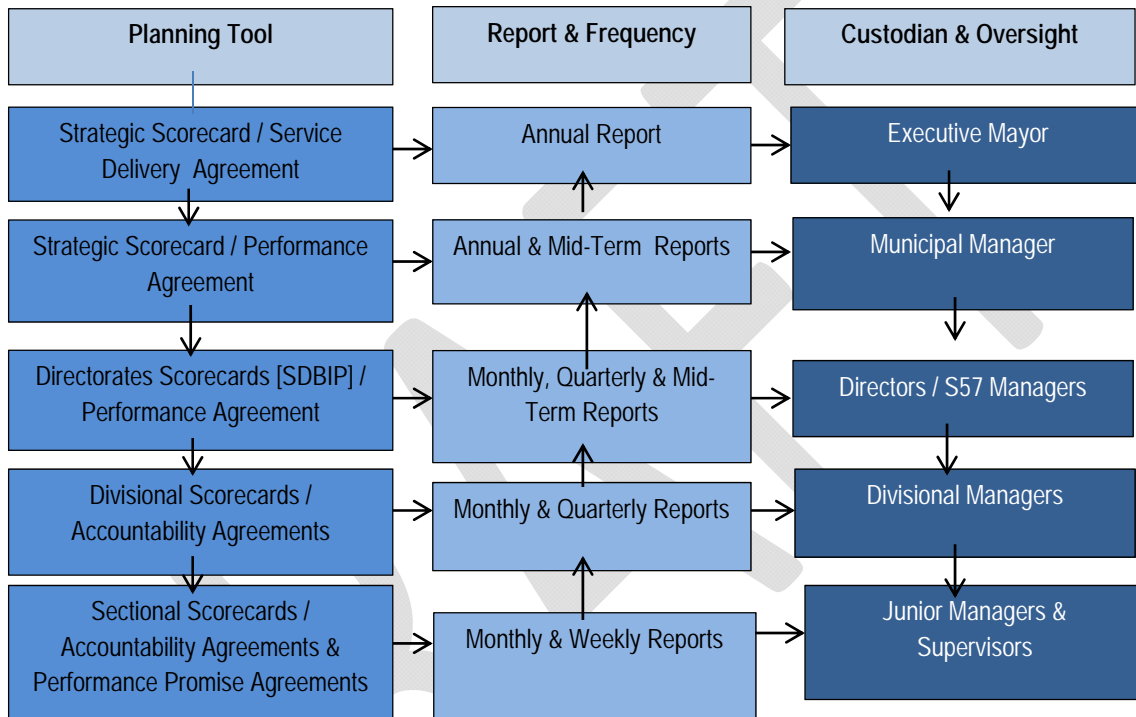
(c) Performance Promise Agreements (PPs)

The individual employees, who are at post grade 7 to 15, which is the lowest post grade in the municipality enter into what is called Performance Promise

Agreements, which require weekly/monthly reports and monthly reviews. PPs are entered into between the Divisional Manager and the Supervisor and between the Supervisors and Individual employees whose task grades are below 7.

(4) Performance Monitoring and Evaluation

The diagram below shows the performance monitoring and evaluation system of the municipality and is extracted from the performance management policy of the municipality:



(4) Linking Performance to Rewards

The performance management system of the municipality has been cascaded to the lower level worker in the municipality through performance promise agreements. The PMS of the municipality is linked to a system of performance recognition and each year performance awards are given to the best performers as a way of motivating others to perform better. This is done in line with the policy on recognition of directorate and individual performance, which regulates the performance appraisal of each individual employee and directorate.

CHAPTER – 2 BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS KPA 2

1. Water Services

(a) Water services delivery strategy and main role-players

Mnquma Local Municipality is not a Water Services Authority. This function is performed by Amathole District Municipality under which Mnquma Local Municipality falls in collaboration with Department of Water Affairs which assist the District Municipality in funding of bulk infrastructure such as construction of new dams. The role that Mnquma Local Municipality plays is more a facilitation role which include assisting the communities that require water to lodge application to the Amathole District Municipality. The other role is that of assisting the communities in reporting faults in the water schemes to Amathole for repairs.

The Municipality receives reports on water provision in its area through the District Engineering Forum in which all the Local Municipalities under Amathole meet and participate on quarterly basis. There are also water forums in the individual Local Municipalities that are co-ordinated by the Amathole District Municipality where all community representatives are invited for inputs even though the sittings are not regular which is a concern. The District Municipality conducts annually an IDP and Budget Road Show to present their budget and the IDP programmes to the Communities for inputs.

NB Details of the Performance can be found in Amathole District Municipality Annual Report

The District Municipality allocated funding for Water and Sanitation programs and the detail is presented in the table below:

(b) Major Challenges and Remedial Actions

The Mnquma Local Municipality is not the authority for this function as it is in the competence of Amathole District Municipality. There are sessions that the Municipality have with the Amathole in the form of District Engineering forums, Water forums and site meetings for the projects taking place in the area of Mnquma.

The challenge that Mnquma knows about Water provision is that the area is faced with serious challenge of storage dams in that both Xilinx and Gcuwa Dams are seriously silted such that during the time of drought, the area is likely to experience water shortage. During the drought of the previous years, it was reported that Xilinx Dam which feeds into Gcuwa dam had a storage at some stage equal to five weeks supply. This means that if rain had not come, the area would have been without clean water. The problem of the silted dams is compounded by the fact that ADM has declared that desilting the dams is not economic such that they are considering possibilities of boreholes to supplement the two dams which is not healthy for the area.

The other challenge around the water provision in the area is that there is no reliable water source on the Northern side of Butterworth especially the Ngqamakhwe Town. There is a feasibility report study commissioned by Amathole to look at the possibility of the Dam construction to address the problem by diverting water from Ncorha Dam to Tsomo River however such Feasibility has not yet been approved for funding by Department of Water Affairs.

2. Electricity Services

(a) Electricity services delivery strategy and main role-players

The Electricity distribution in the Mquma Local Municipality area in the main is performed by Eskom who receives annual funding allocation from Department of Energy. The function of maintaining the Electrical Infrastructure is performed by Eskom with its own funding with the exception of the Public Street Lighting.

Mquma Local Municipality is responsible for the provision and maintenance of the Street and High Masts Lights in the urban centres of the three Municipal Towns, i.e. Butterworth, Ngqamakhwe and Centane using municipality's own funding. Three Phases have been implemented for the construction and maintenance of both Street Lights and High Masts in the last five years that had major positive impact in the livelihood of the Butterworth Community

The Municipality of Mquma plays a facilitation role in the distribution of the grid electricity in the Rural Areas by Eskom by approving the priority list which Eskom uses to electrify the villages. There are constant quarterly cluster meetings where Eskom presents the progress report on the implementation of the Rural Electrification. The Municipality successfully negotiated for extra funding of R14m to support the Eskom Rural Electrification Programme with the Department of Energy for the implementation in 2012/2013. The Mhlahlane area that has been identified for Alternative Funding has since been approved for Grid Electrification under Mbhashe Municipality. The Municipality has submitted an application to the Development Bank of Southern Africa (DBSA) for Front Loading Funds so that the Rural Electrification can be accelerated in order to meet the 2014 Millenium Development Goal of Energy to All.

(b) Level and standards in electricity services

There is substantial infrastructure available for the provision of grid electricity in the area in terms of the available substations, the major one which has been recently completed is Godidi substation in Centane.

The setting of the yearly targets is purely based on the funding which is availed by the Department of Energy and the funding has been dwindling each year. The Municipality as a result of the declining funding from Department of Energy experiences a backlog that is sitting at more than 25%.

(c) Major Challenges and Remedial Actions

There is a weakness in the electrical supply for the rural areas, electricity is easily disturbed by the bad weather. The other challenge in the rural areas is the proximity of the electrical vending machines which sell the electricity to the communities as most of the villagers are forced to travel long distances to the urban centres just to get electricity. Most of the time the cost of going to the town is much more than the price they will pay for the electricity.

There is also a challenge in the urban centres of the dilapidated Infrastructure assets which poses danger to the communities as some of the live electrical wires are exposed. There is also a serious backlog in the provision of grid electricity in the rural areas.

To respond to some of the challenges highlighted above, the Municipality has made direct application to Department of Energy for additional funding so as to be able to meet the 2014 Millennium Development Goal of providing Energy to all.

With regard to decaying Electrical Infrastructure, Eskom has embarked on a project of refurbishment in the Butterworth centre and that project is complete. The Municipality has also prioritised the provision and maintenance of new Street and High Mast lights in the Butterworth Town which is done in phases to the total amount of R14m. Phase 1 and 2 are complete and Phase 3 is nearing completion.

3. Sanitation

(a) Sanitation services delivery strategy and main role-players

Mnquma Local Municipality is not a Sanitation Services Authority. This function is performed by Amathole District Municipality under which Mnquma Local Municipality falls in collaboration with Department of Water Affairs which assist the District Municipality in funding of bulk infrastructure like the construction of new waste water treatment plants. The role that Mnquma Local Municipality plays is more of a facilitation role which includes assisting the communities that require sanitation services to lodge application to the Amathole District Municipality.

The Municipality receives reports of the water provision in its area through the District Engineering Forum in which all the Local Municipality under Amathole meet and participate on a quarterly basis. There are also water and sanitation forums in the individual Local Municipality that are co-ordinated by the Amathole District Municipality where all community representatives are invited for inputs even though the sittings are not regular which is a concern. The District Municipality conducts annually an IDP and Budget Road Show to present their budget and the IDP programmes to the Communities for inputs.

There are two major Sanitation Projects taking place in Mnquma, one is implemented by National Department of Human Settlements and that is happening in Ward 11 and Ward 15. The second one is implemented by Amathole District Municipality in Wards 19

and Ward 20. Mnquma has also been chosen as the centre for the Factory that is manufacturing the VIP toilets for the ADM Municipalities.

(b) Level and standards in sanitation services

Due to the fact that the function is not being performed by the Mnquma Local Municipality, it is not possible to report on this area and the attempt that has been tried by the Local Municipality from the Amathole District Municipality before in getting this information has been unsuccessfully. It therefore means that the Mnquma Local Municipality is not part of the setting of the yearly targets.

(c) Major Challenges and Remedial Actions

On the issue of Sanitation, there is a remarkable improvement in the way faults are attended by the local ADM employees. There are still huge backlog challenges around the provision of sanitation in the area which are currently sitting at about 85%. There is one project that needs to be mentioned that has been a problem in the area which is Zizamele Phase 2 Internal Sanitation Reticulation which has long been outstanding.

4. Road Maintenance

(a) Road maintenance services delivery strategy and main role-players

Mnquma Local Municipality is one of the authorities for road construction in the area; roads are classified as Access Roads and Urban Streets. The total road network is more than 2 500km. The Municipality is also bisected by N2 whose authority lies with the South African National Roads Agency Limited. The third and the last authority for road construction and maintenance in our area is Department of Roads and Public Works which is responsible for a road network of more than 800 km. There is Local Transport Forum that is meant to serve as a platform for transport related matters.

(b) Level and standards in road maintenance services

The condition of N2 in the Municipal area is in a relatively good state. There are three Roads Projects that have been jointly identified by SANRAL and the Municipality for surfacing in order to improve the Access safety and these projects are called Maqwathini, Magalakangqa and Qhorha. These projects are at different stages and the one likely to be implemented in 2013 is Maqwathini Access Roads. Regular maintenance along the route is periodically conducted.

The Municipality has three teams that are responsible for the maintenance of the Butterworth urban streets however due to the bad condition of the streets, the teams are not able to deal with the streets to the satisfaction of the residents. The Municipality has since taken a conscious decision to appoint a contractor for a period of three years just to restore the conditions of the streets so that the three teams can be effective. The appointed Service Provider has since rehabilitated about 15 km of streets in the Townships which has made a big improvement in terms of access to the township residents. The

Municipality has also appointed 30 EPWP workers for reinforcing the maintenance teams. There is also a budget that has been put aside for the Maintenance of the Rural Stormwater on all the recently constructed roads.

For the maintenance of the access road there is only one team that is responsible for grading and gravel patching. The team make use of the following plant, an Excavator, 2 graders, three tip trucks and a pad foot roller. Due to the vast road network, the team is only able to render high level access to road maintenance services. This team has been boosted by the purchase of the Lowbed which transport the earthmoving machinery and this will save the lives of these plant as there is no need to travel to where they are needed.

Provincial roads in our area are performed by the Department of Roads and Transport and their state is appalling especially after the Area Wide Maintenance Contract was terminated. More often than not the equipment is out of order and there is no formal plan for the year which can be used to gauge their performance. The Department of Roads and Public Works has now established Roads Forums for all Local Municipality to create a platform for the discussion of the road related matters. Due to the non- availability of a plan for the year, the Municipality is not able to input in the setting of targets and prioritisation.

The table below depicts the picture of the roads that were budgeted:

No.	Project	Description	Project Status	Comments
4	Godidi Zibunu	Access Road	Complete	Defects Liability Period ended
6	Izagwityi Access road	Access Road	Complete	Complete
7	Zwelandile Qora A/r	Access Road	Complete	Defects Liability Period ended
8	Lengeni Access road	Access Road	Complete	Defects Liability Period ended
9	Bongoza Via Mpenduza	Access Road	Complete	Defects Liability Period ended
10	Kwa-L Access Road	Access Road	Complete	Defects Liability Period ended
11	Vuli-valley Internal Streets	Rehabilitation	Not Complete	Siva Pillay has been appointed to complete the project however the contractor will start working early January 2013 as there is little time left this year before they close for the end of the year
12	Hilihili Access Road	Access Road	Complete	Defects Liability Period ended
13	Xilinx Access Road	Access Road	Under construction	Norland Construction has been given a Bill of Quantities by the Consultants for

				pricing
14	Mdange Access road	Access Road	Not Complete	Melki Contractors have been appointed and are busy with the layer works on the remaining scope of work
15	Booi-farm Access road	Access Road	Complete	Under Defects Liability Period
16	Cwebeni Access road	Access Road	Not Complete	The Consultant is busy completing the Bill of Quantities for the Contractor to price it.
17	Mgobhozweni Tyhinira	Access Road	Complete	Defects Liability Period ended
18	Holela	Access Road	Complete	Defects Liability Period ended
19	Ciya Kunene	Access Road	Not Complete	The Contract was terminated with the previous Contractor and the Municipality is on the verge of appointing a new Contractor
20	Takazi Access road	Access Road	Completed	The Engineering Unit has completed this project

Table 3: List of Projects Recently Approved by MIG

Table 3

No.	Project	Description	Project Status	Approved Amounts
1.	Centane Street Surfacing	Surfaced Road	Final Design Stage and the due date is 30 November 2012	R 24,269,800.00
2.	Nqamakwe Street Surfacing	Surfaced Road	Final Design Stage and to go out to tender on the 7 th December 2012	R 21,872,118.95
3.	Toboshane and Mpenduza	Access Road	Final Design Stage	R 5,856,191.00
4.	Mqambeli to Mzantsi	Access Road	Final Design Stage	R 3,779,639.67
5.	Malongweni	Access Road	Final Design Stage	R 7,059,981.50
6.	Xhaxhashimba	Access Road	Final Design Stage	R 9,051,956.38

(c) Major challenges in road maintenance services and remedial actions

The major challenge in relation to road maintenance is absence of a dedicated funding for maintenance from the National Government for poor Municipality like Mnquma. The little that the Municipality is using is from rates and taxes which is too small for the magnitude of the road network the Municipality has. There is also a challenge of resources both labour and capital due to the issue of funding as highlighted above. This situation is exacerbated by the culture of non- payment from the residents.

In trying to remedy the situation the Municipality is setting aside a budget annually for the purchase of at least one earthmoving machinery so that the existing maintenance team can be reinforced. The Municipality had initiated discussions with the Department of Roads and Public Works for the sharing of capital resources through Memorandum of Understanding which unfortunately has been shelved indefinitely. Also the resolution of the appointment of a well-established contractor for a period of three years to restore and maintain the township roads has made a difference.

5. Waste Management

(a) Waste management services delivery strategy and main role-players

The provision of solid waste disposal function is the competence of local municipality. This service is generally provided to the three urban and peri –urban areas, namely Butterworth, Centane and Ngqamakhwe. In its endeavours to manage waste the municipality provides the following waste management services, Street sweeping, anti-litter, refuse removal heap and illegal dumping removal. All these services are provided in the three areas constituting the municipality. Lastly the municipality has embarked on several community educational awareness campaigns on how to manage waste. The following Stakeholders are involved in Waste Management and their roles:

The Municipal Council:

- a. Has to ensure that it provides waste management services to all stakeholders
- b. To ensure that residents and entities that own properties and operate business who generate waste are serviced and payment collected as per Council policies
- c. To ensure that waste management infrastructure, equipment and vehicles in the municipality conform to waste collection requirements (i.e) transporting and disposal of general waste.
- d. To do general area cleaning and cleansing
- e. To form Municipal Service partnerships as a means of extending services
- f. To be compliant and adhere to legislation when providing and managing services

Re-cyclers:

- To ensure that they provide services to their demarcated areas and or stakeholders
- To educate property owners to separate waste at source

- To ensure that they daily service waste generators and transport recyclable material in separate containers.

Business Community:

- They have to ensure that waste is collected and properly placed in waste bins so that municipality may collect the general waste whilst the recyclers would collect recyclable material.

Residents/Community:

- Communities ensures that on the set days of waste collection they co-operate with the municipality thereby availing collected waste as well ensure that their nearby environment is kept healthy and clean.

The Integrated Waste Management Plan was developed though not adopted yet. This has been due to guidelines that have been provided that require all IWMP to be aligned with.

(b) Level and standards in waste management services

This section presents the municipality definition of low and high level access to waste management services by the population as well as the low and high quality standard of waste management service. This understanding of the level and standard should be the justification for setting yearly targets and reporting achievements.

(c) Annual performance as per key performance indicators in waste management services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the for year under review	Number of HH/customer reached	% of achievement during the year
1	Percentage of households with access to refuse removal services	11700	2600	2000	9100	78%

(d) Major challenges in waste management services and remedial actions

What is Waste Management? White paper defines it as a holistic and integrated system and process of management aimed at prevention and minimisation at source, managing impact of waste on the receiving environment and remediating the damaged environment “

The above statement seeks to emphasise that waste management may never be the sole responsibility of one stakeholder, but requires a collaborative approach. One of the critical challenges is the attitude and involvement of all residents in the management of waste which include reduce, reuse, recycle and lastly disposal of at an appropriate time.

Secondly there is general lack of equipment to collect and transport general waste to the landfill site. This hampers the good relations built with some responsible communities able to manage waste within their residential areas.

The municipality is depended on contractual employees as of now and once contract expires there may be a huge challenge in managing waste due to shortage of staff. This is as a result of shortage of municipal funds to employ more people.

6. Housing and Town Planning

(a) Housing and town planning services delivery strategy and main role-players

Provision of Housing is the responsibility of the Department of Human Settlements upon requests from the Local Municipality. The Local Municipality is responsible for the identification of the Housing needs in the area and submit such needs to the Department of Human Settlements. In the process of application the municipality handles the issues of beneficiary lists for capturing by the Department. The Municipality is also responsible for the acquisition of land for the provision of the houses. During the implementation, the Municipality is responsible for social facilitation to ensure that the projects are implemented smoothly.

As part of the implementation of Mquma Spatial Development Framework, Business Plans for the identified nodes have been developed for the sourcing of the funding so that they can be developed. The Department of Local Government is one of the key stakeholders in the Town Planning Service.

(b) Spatial Planning

a. Preparation and Approval SDF

The SDF has been approved by the Council in December 2009 for implementation and it was workshopped to the relevant stakeholders. Among the projects that were identified were the development of the Local SDF's for all the identified nodes. The Municipality has developed Business Plans for sourcing funding for their completion which unfortunately has not been able to be funded. The Municipality then approached Aspire which has funded the development of the Butterworth LSDF and that project is now complete. The Municipality has also set aside a budget for the Development of the Centane and Ngqamakhwe LSDFs' and the Service Provider is busy developing them.

b. Land Use Management

	Rezoning	Sub-Division	Consent Use	Removal and Conditions
No of Applications Received	None	5	3	None
Approved		5	3	
Not Approved				

c. Township Establishment

No township establishment in the year under review except to report that Layout Plans for Siyanda and Smuts Ngonyama Townships have been approved by the MEC for Local Government. They have now been submitted to the Surveyor General's Office for the determination of the Townships but the process is taking time to be finalised

d. Major Challenges and Remedial Action

The major challenge facing the Municipality is the land invasion on in the commonage on areas that are abutting the Communal land. This is made worst by the Chiefs that illegally give sites to the very commonage on a pretence that the land belongs to them. Lastly is the problem of land claims especially in Ngqamakhwe and the cooperation between the Regional Land Claims Commission and the Municipality is improving and there is a hope that the some claims may be finalised in 2012/13 financial year.

The solution to this matter would be the finalisation of a law that governs the Communal land like CLARA as well as speedily resolutions of the land claims by the Regional Land Claims Commission

(c) Indigent Policy

In 2007, 17000 indigent customers were identified and registered in the Mnquma indigent register, yearly the register was reviewed and register additional names . The process was managed through the adopted policy which is reviewed yearly, an independent service provider was working hand in hand with Budget and Treasury, Portfolio Head finance and Ward Councillors.

In 2009 the Department of Local Government appointed another service provider to develop software in capturing the database and also develop generic policies that the Municipality must customise.

In the process the Municipality has submitted 4 973 names to Eskom for those that can benefit on Electricity but only 1 973 were approved by Eskom. Other (4 900 beneficiaries

were registered in the programme of alternative energy (paraffin) wherein 20 litres of paraffin was issued on by-monthly for those beneficiaries that do not have electricity mainly in the rural areas of Mnquma. The total amount spent in the year under review was R 2 818 178.

In the year under review, Service provider was appointed to review the indigent register and register the new customers that will benefit in the next financial year. Separate exercise of verifying indigent customers is being done regularly with the assistance of indigent staff at Budget and Treasury Directorate, CDW's, Ward Committees and Councillors.

(d) Overall Service Delivery Backlogs

	30 JUNE 2012		
	REQUIRED	BUDGETED	ACTUAL
Refuse Removal			
Backlog to be eliminated (no of h/h not receiving minimum standards of service)			
Backlog to be eliminated (% H/H identified as backlogs/total H/H in municipality)			
Spending on new infrastructure to eliminate backlog(Rand)			
Total Spending to eliminate backlog(Rand) Spending on Maintenance to ensure no new backlog created(Rand)			
Spending on renewal of existing infrastructure to eliminate backlog			
Electricity Backlog(30kw/1pm)			
Backlog to be eliminated(no of h/h not receiving minimum standards of service)	20456	4600	4600
Backlog to be eliminated (% H/H identified as backlogs/total H/H in municipality)	27	6	6
Spending on new infrastructure to eliminate backlog(Rand)	R409,120,000	R52,767,000	R52,767,000
Total Spending to eliminate backlog(Rand) Spending on Maintenance to ensure no new backlog created(Rand)	R523,296,000	R523,296,000	R523,296,000

	30 JUNE 2012		
	REQUIRED	BUDGETED	ACTUAL
Spending on renewal of existing infrastructure to eliminate backlog			
Housing and Town Planning			
Backlog to be eliminated(no of h/h not receiving minimum standards of service)	19342	R1b	R89m
Backlog to be eliminated (% H/H identified as backlogs/total H/H in municipality)	27		
Spending on new infrastructure to eliminate backlog(Rand)	R1.9b	R1b	R89m
Total Spending to eliminate backlog(Rand) Spending on Maintenance to ensure no new backlog created(Rand)	R1.9b		
Spending on renewal of existing infrastructure to eliminate backlog			

Roads Backlogs			
Backlog to be eliminated(no of h/h not receiving minimum standards of service)	1900km (Households figures not available)	78km (Households figures not available)	78km (Households figures not available)
Backlog to be eliminated (% H/H identified as backlogs/total H/H in municipality)	74	3	3
Spending on new infrastructure to eliminate backlog(Rand)	R1,910,000,000	R36,000,000	R36,000,000
Total Spending to eliminate backlog(Rand) Spending on Maintenance to ensure no new backlog created(Rand)	R2,500,000,000	R2,500,000,000	R2,500,000,000
Spending on renewal of existing infrastructure to eliminate backlog			

CHAPTER – 3 MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK KPA 3

1. Brief Presentation on LED Strategy

Our LED framework formulation constituted a vigorous process of engagement and interactions with relevant stakeholders including peer-receiver process with expert in the economic sector, which culminated to its final adoption by council on the 28th-06-2010. Key sections of our LED-Strategy focuses and are linked to existing plans such as Master plan, IDP and Strategic Environment assessment for sustainability and Alignment.

The first steps call for rapid but rigorous evaluation of the local economy per sector, the identification of potential economic opportunities including identification of bio-resource units and land economic potential which would result in the formulation of an overall economic development framework and strategy involving local stakeholders. This has been largely achieved through the development of Spatial Plan (SDF) and Strategic Environmental Assessment (SEA).

The last step requires the formulation of a database of existing and potential economic opportunities as well as a project identification and prioritisation framework (matrix), which can guide the municipality with respect to project prioritisation and integration (Project-scoping).

It is envisaged that the strategy will assist the Municipality in achieving its economic goals and objectives in line with National Policy Framework on LED. The following objectives are set as follows:

- To undertake a detailed economic analysis so as to enable identification of appropriate market interventions that will lead to economic development of the area.
- To formulate an implementable LED Strategic Framework to guide the promotion and support of sustainable economic development within Mnquma Local Municipality.
- To create a database of projects within the municipality including those being implemented, economic opportunities and future potential projects.
- To formulate a matrix to guide the Municipality in terms of identification and prioritizing strategic projects for investigation and implementation.
- To optimise the creation of new economic and business opportunities that will translate into meaningful economic growth, job creation and poverty alleviation in Mnquma local area.
- To create meaningful synergy with the National Programmes and the Eastern Cape government's Provincial Growth and Development Plan, which represent the emerging

consensus regarding the approach to be followed in dealing with the socio-economic challenges in the Province in general and our area in particular.

- To undertake a Socio-Economic analysis which determines the mainstreaming of national policy targets (women, youth, people with disabilities, HIV and AIDS), recommending on how best to mainstream these national policy targets in LED implementation.

2. Progress towards achieving the LED key objectives

The how part has been detailed in the implementation plan and below are the key issues that the Municipality has focused on. The plan has been aligned with the Municipal scorecard.

- Holding dialogues with the formal and informal business community to understand their challenges and expectations for strategic support.
- Clear alignment of proposed strategies with the NSDP, ASGISA, PGDP, Amathole Regional and Economic Development Strategy, N2 Corridor Development Plan etc.
- Identify the municipal vision for LED and develop means for achieving the vision
- Assemble all the LED stakeholders in order to design a strategy for local economic development for the municipality.
- Indicate the most promising sectors, priority interventions and their configurations.
- Develop proposals for the development of the promising sectors
- Provide technical assistance to the local administrations responsible for economic development planning.

3. Improve Public and Market Confidence

- Community tourism organisations have been established in three units (Butterworth, Centane and Ngqamakhwe). Crafters association is amongst CTO's established by the Municipality.
- A visitors guide has been developed and circulated to tourism centers and is reviewed quarterly
- Arts and Culture festival which is honoured annually is hosted by the Municipality rotating in three units. This festival is jointly organized by the Department of Tourism, ADM, Institutions of higher learning and Mquma .In the festival local cultural groups are invited to show case their talent.
- A tourism day celebration is also organized which is jointly honored by Mquma and ADM

4. Agriculture

Administrative Area	Town	No of Hectares
Tanga A/A	Butterworth	412 Hectares
Teko A/A	Centane	250 Hectares combined
Tuturha	Centane	250 Hectares combined
Zingqayi A/A	Butterworth	364 Hectares

This effort the is intended to culminate into the revitalisation of the milling industry that existed before 1990, one major challenge is lack of proper storage facilities (Silo's) however this programme has collapsed due to processes leading towards development RURAL DEVELOPMENT AGENCY . In partnership with Department of Agriculture, the Municipality provide consistent support to famers association ,wool growers association etc. as part of building partnership in the agricultural sector. Nine irrigation schemes have been identified and business plans have been developed for purpose of lobbying funds in order to revitalise them.

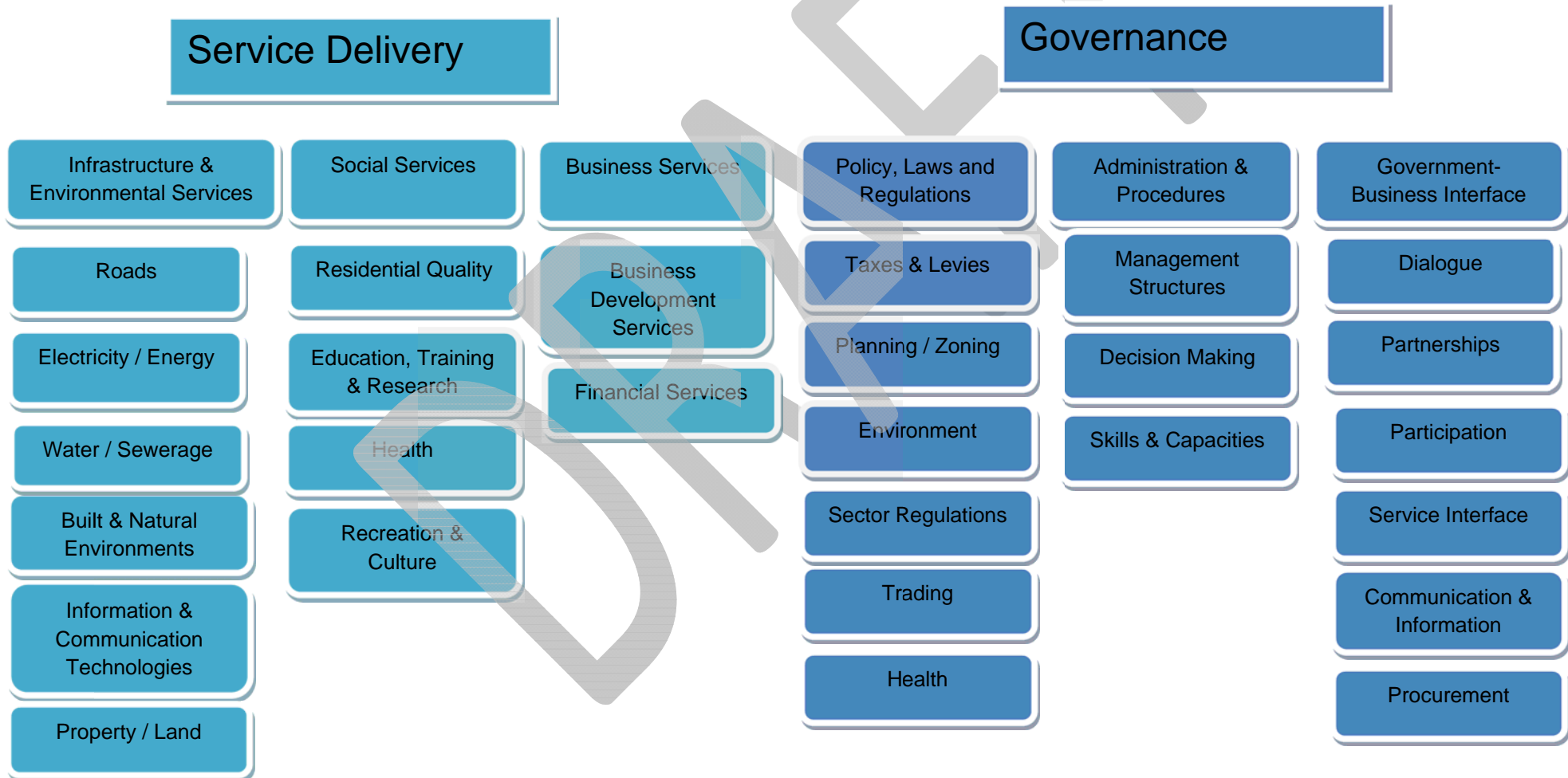
These irrigation schemes are centred around Mnquma and are indicated in the table below:

NAME OF IRRIGATION SCHEMES	AREA
Izibityolo irrigation schemes	Butterworth
Waterdale irrigation schemes	Butterworth
Ithemba lase Nciba irrigation schemes	Butterworth
Vulindlela irrigation schemes	Ngqamakhwe
Bongithole irrigation schemes	Ngqamakhwe
Ntuzenyando irrigation schemes	Ngqamakhwe
Kolamba irrigation schemes	Centane
Gqola Banana irrigation schemes	Centane
Magwelane irrigation schemes	Centane

5. Exploit comparative and competitive advantage for industrial activities

The following table depicts a picture on comparative advantages in the Mnquma Municipality. The focus is on service delivery and governance matters

BUSINESS ENVIRONMENT FACTORS INFLUENCED BY LOCAL GOVERNMENT IN SOUTH AFRICA



- e. Economic growth is a prerequisite for the achievement of other **Intensify Enterprise support and business development**

6. Business Development and SMME

The Municipality has developed the SMME strategy and is currently in a consultation stage towards the approval as a final document in the next financial year. However the following activities have unfolded in the year under review:

- Hawkers association and cooperative forums have been established. With the assistance of DEDEA ,training on financial management and registration have been conducted in line with new regulations.
- Database of businesses within Mngquma has been developed and annual registration fees have been paid.
- Database of Mngquma hawkers have also been established and hawker fees were levied.
- Through Indalo Yethu programme the Blyth Street is in a process of being converted into market street that means a centre for hawkers is underway coupled with building of hawker stalls .By-laws for business regulations is enforced through our Community Services Directorate.
- Mngquma Chamber of Businesses has been established and functioning well in collaboration with the Municipality. The Municipality is in negotiations with ECDC for the transfer of small business centres (Transido) that are located in Ngqamakhwe and Butterworth.

7. Public and Private Partnerships

In the year under review the Municipality did not have Public Private Partnerships but managed to forge links with the following Public Partnerships and other institutions and are summarized as follows:

Strategic Partner	Responsibility
ASPIRE	Committed R 120m as part of NDPG programs which include CBD upgrade and township regeneration of Msobomvu node, Ibika and Gcuwa Dam
DEDEA	Training and Registration of Cooperatives in the Mngquma area together with the development of SMME strategy Financial Injection on cooperative projects such as Bee Dew
ECDC and DBSA	As part of developing the fishing infrastructure in our coastal belt ,ECDC has invested R 500 000 for construction of fish

Strategic Partner	Responsibility
	fliers
DEAT	As part of developing amenities have invested R10m for developing Cebe camp site. Chalets and restaurants etc. will be build
ASGISA-EC	R14m has been invested on dry land integrated cropping programme though this program has been halted by the Provincial Department of Agriculture
DOA	Partnership in providing support to community garden programme and small scale farming
ADM	In partnership with the Municipality, ADM is in a process of revitalizing agricultural schemes identified by the Municipality .
NDA	As part of forestry development R1.3m has been invested for revitalization of Sokapase in Ngqamakhwe.

8. Expanded Public Works Programme

The Municipality had created Job opportunities through expanded public works in the entire area.

Below is the table that depicts job created as at end June 2012:

Support Social Investment Programme

The NSDP's objective is to focus government and the private sector on investments that will have the maximum economic and social impact, and address spatial integration. Guiding principles are:

- Coordinated investment in sectors such as transport, environment, and land use;
- Increased productive investment in areas of high growth potential;
- Investment in people and social services in areas of low growth potential; and
- Reduced inequalities between people.

These principles need to inform Mnquma's investment decisions as well as its Spatial Development Framework (SDF) and Strategic Environmental Assessment (SEA).

The NSDP (endorsed by Cabinet in March 2003) provides four high-level principles to align investment in social and economic infrastructure across departments and spheres of government in order to tackle development challenges effectively. The principles are as follows:

- policy objectives, key among which would be poverty alleviation;
- Government spending on fixed investment, beyond the constitutional obligation to provide basic services such as water, electricity, health and education to all citizens, should therefore be focused on localities of economic growth and/or economic potential in order to attract private sector investment, stimulate sustainable economic activities and create long-term employment opportunities;
- Efforts to address past and current social inequalities should focus on people not places. In localities where there are both high levels of poverty and development potential this could include fixed capital investment beyond basic services to exploit the potential of those localities. In localities with low development potential government spending, beyond basic services, should focus on providing social transfers, promoting human resource development and labour market intelligence. This will enable people to become more mobile and migrate, if they choose to, to localities that are more likely to provide sustainable employment or other economic opportunities;

The NSDP identifies six categories of potential which cover the spectrum of economic functions in a modern economy. They are:

- Innovation and experimentation;
- The production of high-value differentiated goods;
- Labour intensive mass production;
- Public service and administration;
- Tourism; and
- Commercial services and retail.

The use of the NSDP methodology focuses government attention on about 20% of the country's magisterial districts including the Mquma. These localities account for 92% of the country's GDP, 81% of the population and 75% of the poor.

The NSDP will have a role to play as an instrument that informs the development plans of the three spheres of government, including the integrated development plans (IDPs) at local level and the provincial growth and development strategies.

Within the national context and NSDP, Mquma Local Municipality is classified as a rural hinterland with weak economic potential which necessitate extensive intervention

3. Annual Performance indicators LED

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Percentage of LED Budget spent on LED related activities.	800 000	000.00	100%
2	Number of LED stakeholder forum held	5	5	100%

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
3	Percentage of SMME that have benefited from a SMME support program	30	19	63%
4	Number of job opportunities created through EPWP	400	300	90%
5	Number of job opportunities created through PPP	40	22	55%

4. Challenges regarding LED Strategy

Through the development of the strategy, the following challenges have been identified and they need to be addressed:

- Increasing unemployment
- High number of indigents
- Increasing rate of HIV infection
- Skills gap
- Widening poverty gap
- Low levels of investment
- Non-operational manufacturing industry
- Under developed tourism industry

1. Annual Financial Reporting

Over the past three financial years the Municipality has been developing the annual financial statements in-house. This has been a challenge to the Municipality; however, the building of internal capacity has also assisted the municipality where huge costs of getting external providers were minimised. The municipality employs service providers for the review of AFS and to add their professional knowledge on the AFS. Annual Financial Statements were compiled using the full GRAP. These AFS were submitted to auditor General on the 31st August 2012 for audit accompanied by the Annual Performance Report file. The audit report was issued by the Auditor General on 30th November 2012 which confirms unqualified audit opinion.

Below are Annual Financial Statements as submitted to the Auditor General.

DRAFT

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

General Information

Legal form of entity	Government Entity
The following is included in the scope of operation	Municipality
Mayoral committee	
Executive Mayor	Cllr B Ganjana Cllr Magadla - Speaker Cllr Mnqwazi - Chief Whip
Councillors	Cllr Tongo - Caretaker Corporate Services Cllr Ntshebe - Caretaker Budget & Treasury Office Cllr Ntanga - Portfolio Head Strategic Management Cllr Bikitsha - Portfolio Head Community Services Cllr Sheleni - Portfolio Head - Water & Sanitation Cllr Noganta - Portfolio Head - Special Programmes Unit Cllr Madikane - Portfolio Head - LED Cllr Ncetezo - Portfolio Head - Infrastructural Planning & Development Please refer to Note 30 for the full list of councillors
Grading of local authority	Grade 3
Accounting Officer	Mr. N. Pakade
Acting Chief Finance Officer (CFO)	Mr. B. Mashiyi
Registered office	Corner King & Umtata Street BUTTERWORTH 4960
Postal address	P.O Box 36 BUTTERWORTH 4960
Bankers	First National Bank
Auditors	AUDITOR GENERAL Certified Public Accountant (S.A.) Registered Auditors
Attorneys	Mpeto & Associates Mangcotywa Ndzabela Associates Ross G. M. Sogoni ZYM Ndzabela Incorporated Smith Tabata Attorneys Sonamzi Mkata Attorneys Keithley Incorporated Velile Tinto & Associates Pumeza Bono Incorporated

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Index	Page
Accounting Officer's Responsibilities and Approval	3
Audit Committee Report	4 - 5
Report of the Auditor General	6 - 7
Statement of Financial Position	8
Statement of Financial Performance	9
Statement of Changes in Net Assets	10
Cash Flow Statement	11
Accounting Policies	12 - 26
Notes to the Annual Financial Statements	27 - 48

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
IFRS	International Financial Reporting Standard
IFRIC	International Financial Reporting Standards

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2013 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The accounting officer is primarily responsible for the financial affairs of the municipality.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The annual financial statements set out on pages 8 to 48, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2012 and were signed on its behalf by:

N PAKADE
Municipal Manager

BUTTERWORTH
31 August 2012

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Audit Committee Report

Report of the Audit Committee issued in terms of the Municipal Finance Management Act No. 56 of 2003 (MFMA).

We are pleased to present our report for the financial year ended 30 June 2012.

Audit Committee Members and Attendance

The audit committee consists of the members listed hereunder and should meet at least four (4) times per annum as per its approved terms of reference. During the current year seven (7) meetings were held, including special meetings.

Name	No of meetings attended
Mr. L. Galada	7
Ms. T. Cumming	6
Dr. W. Plaatjies	6
Ms. Ntisana	5

The Audit Committee also performs the responsibilities of the Performance Audit Committee.

The committee meetings are also attended by the municipal manager, chief financial officer, directors, internal and external auditors.

Audit Committee Responsibilities

The Audit Committee is an independent advisory body which must advise the council, the political office-bearers, the accounting officer and the management staff of the municipality on matters relating to (i) internal financial controls and internal audits; (ii) risk management; (iii) accounting policies; (iv) the adequacy, reliability and accuracy of financial reporting and information; (v) performance management; (vi) effective governance; (vii) compliance with MFMA, annual Division of Revenue Act and any other applicable legislation; (viii) performance evaluation; and (ix) any other issues referred to it by the municipality.

The Audit Committee reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Committee has no executive function and its primary objective is to review and conduct oversight rather than assume responsibility for any matters within its remit.

The terms of reference were adopted by the Council.

The Effectiveness of Internal Control

Significant weaknesses of internal control have been reported by the internal audit function and the Auditor General. The audit committee was given assurance by management that most of the significant issues raised by the Auditor-General were within the means of management to rectify, and they outlined the challenges that resulted in the weaknesses. Management has developed an action plan, with responsible individuals and dates, and the audit committee will be informed regularly of the progress made on the matters raised.

In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the unaudited annual financial statements to be included in the annual report, prior submission to the Auditor-General, with the Accounting Officer. The final submitted annual financial statements were not reviewed due to time constraints;
- reviewed the Auditor-General's management report and management's response thereto;

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Audit Committee Report

- reviewed significant adjustments resulting from the audit.

The audit committee concurs with the Auditor General's conclusion on the annual financial statements and accepts that the financial statements as prepared present a fair presentation of the municipality's activities.

The audit committee wishes to express its delight on the attainment of an unqualified audit opinion on the annual financial statements for the financial year ended 30 June 2012. It is a reflection of the hard work of management team under the leadership of the Municipal Manager. The hard work and dedication of the Budget and Treasury team is also acknowledged as they worked tirelessly under the trying conditions and maintained a professional approach at all times.

The audit committee also notes the significant improvement in the reporting on predetermined objectives as there are no material findings relating to usefulness and reliability of reported performance information.

We congratulate management on this milestone achievement.

In my capacity as the chairperson of the committee I also wish to express my sincere gratitude to my fellow audit committee members as they exercised vigilance and offered valuable advice to the management team.

Annual audit

The annual audit of Mnquma Local Municipality by the Auditor-General has been finalised, and the audit committee reviewed the audit findings and the resultant audit report for the year ended 30 June 2012. The audit committee accepts the findings, and is appreciative to the Auditor-General and management for co-operation and openness that prevailed in the conduct of the annual audit.

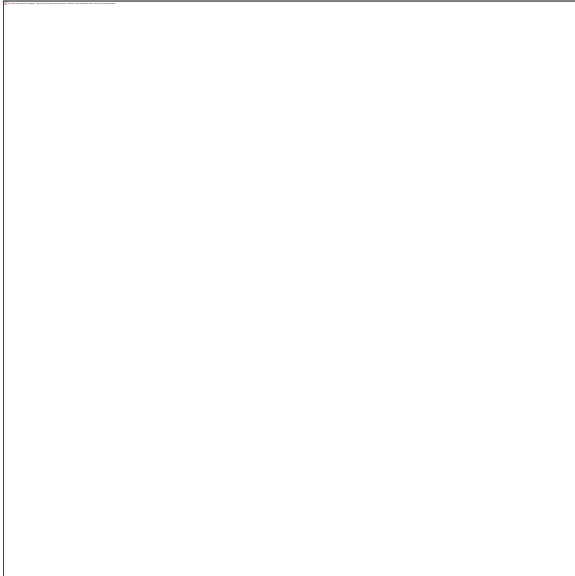
Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

.....
L. Galada
Chairperson of the Audit Committee

Date

Report of the Auditor General



Report of the Auditor General

REPORT OF THE AUDITOR-GENERAL TO EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON MNQUMA LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Mquma Local Municipality set out on page xx to xx, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information and the accounting officers report.

Accounting Officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practices (Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No.56 of 2003) (MFMA), and the Division of Revenue Act of South Africa, 2010 (Act No. 1 of 2010 as amended) (DORA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

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

Report of the Auditor General

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mquma Local Municipality as at 30 June 2012, and its financial performance and cash flows for the year then ended in accordance with Standards of GRAP and the requirements of the MFMA.

Emphasis of matter

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

Material Impairments

8. As disclosed in note 6 and 7 to the financial statements, an amount of R85, 1 million (2011: R 80, 1 million) has been impaired as a result of non payment of consumer debtor accounts.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages xx to xx of the annual report.
11. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.
12. The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
13. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

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

Budget

15. Monthly budget statements were not submitted to the provincial treasury, as required by section 71(1) of the Municipal Finance Management Act.
16. Expenditure was incurred in excess of the limit of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the Municipal Finance Management Act.

Annual financial statements, performance and annual report

17. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the Municipal Finance Management Act. Material misstatements of non-current assets and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

Report of the Auditor General

18. Contracts and quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act.

Expenditure management

19. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the Municipal Finance Management Act.
20. The accounting officer did not take effective steps to prevent irregular expenditure, as required by section 62(1) (d) of the Municipal Finance Management Act.

Asset management

21. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the Municipal Finance Management Act.

Internal control

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

Leadership

23. Intense political influence has created instability of leadership and an environment of uncertainty at the municipality, which results in a potentially weaker control environment.
24. Instability surrounding the leadership of the municipality resulted in a failure to assist the municipality with monitoring the control environment and review of financial data required to prepare complete and accurate financial data, municipal oversight has therefore been ineffective.

Financial and performance management

25. The municipality did not create a daily and monthly control environment to assist the year end processes required to submit accurate and complete financial data for submission of the annual financial statements.
26. Year-end processes required to compile annual financial statements are onerous and have resulted in material misstatements requiring correction through the audit process.

Governance

27. The municipality has not appropriately acted upon reports and recommendations issued by internal audit and the audit committee, these governance bodies have therefore not been able to provide the necessary assurances regarding the financial reporting of the municipality.

East London

30 November 2012



A U D I T O R - G E N E R A L
S O U T H A F R I C A

Auditing to build public confidence

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Statement of Financial Position

Figures in Rand	Note(s)	2012	2011 (Restated)
Assets			
Current Assets			
Trade and other receivables from exchange transactions	6	2,100,460	1,180,103
Trade and other receivables from non-exchange transactions	7	3,005,621	1,098,625
VAT receivable	8	8,682,713	20,522,087
Prepayments		390,228	-
Cash and cash equivalents	9	47,288,358	11,497,232
		61,467,380	34,298,047
Non-Current Assets			
Investment property	2	61,592,557	62,250,176
Property, plant and equipment	3	240,071,693	221,093,307
Intangible assets	4	29,072	183,624
		301,693,322	283,527,107
Total Assets		363,160,702	317,825,154
Liabilities			
Current Liabilities			
Finance lease obligation	10	703,588	413,874
Trade and other payables	13	27,239,309	22,189,562
Unspent conditional grants and receipts	11	5,060,732	2,156,943
Provisions	12	615,864	695,292
		33,619,493	25,455,671
Non-Current Liabilities			
Finance lease obligation	10	1,911,250	926,363
Employee benefit obligation	5	2,988,000	2,753,000
Provisions	12	15,333,773	14,862,262
		20,233,023	18,541,625
Total Liabilities		53,852,516	43,997,296
Net Assets		309,308,186	273,827,858
Net Assets			
Accumulated surplus		309,308,186	273,827,858

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011
Revenue			
Property rates	15	10,711,797	10,419,471
Service charges	16	3,404,162	3,286,502
Rental of facilities and equipment		2,180,122	2,147,928
Public contributions and donations		-	15,000
Fines		1,751,322	890,030
Licences and permits		3,341,218	3,030,500
Government grants & subsidies	17	190,155,072	154,433,096
Fees earned		400,641	165,273
Over provision		101,814	-
Miscellaneous Income		10,541	-
Interest received	23	4,055,587	3,007,361
Gains on disposal of assets	23	56,929	460,414
Total Revenue		216,169,205	177,855,575
Expenditure			
Employee Related Costs	20	(78,797,613)	(73,322,747)
Remuneration of councillors	21	(15,810,658)	(15,448,389)
Depreciation and amortisation	24	(33,898,322)	(20,646,217)
Finance costs	25	(334,234)	(417,349)
Debt impairment	22	(4,833,185)	(7,131,386)
Repairs and maintenance		(7,461,770)	(20,335,985)
Bulk purchases	26	(1,351,059)	(2,838,504)
General Expenses	19	(38,202,036)	(28,731,712)
Total Expenditure		(180,688,877)	(168,872,289)
Surplus for the year		35,480,328	8,983,286

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	265,500,560	265,500,560
Adjustments		
Prior period error	(1,880,988)	(1,880,988)
Fundamental errors affecting net assets	1,225,000	1,225,000
Balance at 01 July 2010 as restated	264,844,572	264,844,572
Changes in net assets		
Surplus for the year	8,983,286	8,983,286
Total changes	8,983,286	8,983,286
Balance at 01 July 2011 as restated	273,827,858	273,827,858
Changes in net assets		
Surplus for the year	35,480,328	35,480,328
Total changes	35,480,328	35,480,328
Balance at 30 June 2012	309,308,186	309,308,186
Note(s)	31	

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Cash Flow Statement

Figures in Rand	Note(s)	2012	2011
Cash flows from operating activities			
Receipts			
Sale of goods and services		14,298,008	20,415,118
Grants		193,058,861	154,433,096
Interest income		4,055,587	3,007,361
		211,412,456	177,855,575
Payments			
Personnel & Remuneration of councillors		(94,406,058)	(88,771,136)
Suppliers		(29,495,272)	(69,900,765)
Finance costs		-	(220,000)
Other payments		(652,766)	-
		(124,554,096)	(158,891,901)
Total receipts		211,412,456	177,855,575
Total payments		(124,554,096)	(158,891,901)
Net cash flows from operating activities	27	86,858,360	18,963,674
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(52,591,822)	(28,420,338)
Proceeds from sale of property, plant and equipment	3	488,011	737,912
Purchase of other intangible assets	4	-469	(62,161)
Proceeds from sale of other intangible assets	4	130,924	-
Net cash flows from investing activities		(51,973,356)	(27,744,587)
Cash flows from financing activities			
Finance lease payments		(703,742)	(765,401)
Other cash item		1,609,864	(170,625)
Net cash flows from financing activities		906,122	(936,026)
Net increase/(decrease) in cash and cash equivalents		35,791,126	(9,716,939)
Cash and cash equivalents at the beginning of the year		11,497,232	21,214,171
Cash and cash equivalents at the end of the year	9	47,288,358	11,497,232

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

Entities are required to apply the standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the following Standards of GRAP:

GRAP 1	Presentation of Financial Statements (as revised in 2010)
GRAP 2	Cash Flow Statements (as revised in 2010)
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010)
GRAP 4	The Effects of Changes in Foreign Exchange Rates (as revised in 2010)
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions (as revised in 2010)
GRAP 10	Financial Reporting in Hyperinflationary Economies (as revised in 2010)
GRAP 11	Construction Contracts (as revised in 2010)
GRAP 12	Inventories (as revised in 2010)
GRAP 13	Leases (as revised in 2010)
GRAP 14	Events After the Reporting Date (as revised in 2010)
GRAP 16	Investment Property (as revised in 2010)
GRAP 17	Property, Plant and Equipment (as revised in 2010)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010)
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 26	Impairment of Cash-generating Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations (as revised in 2010)
GRAP 101	Agriculture
GRAP 102	Intangible Assets
GRAP 103	Heritage Assets

Standards of GRAP approved, not yet effective:

GRAP 25	Employee Benefits
GRAP 104	Financial Instruments
GRAP 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

Management has considered the impact all of the above-mentioned GRAP standards issued but not yet effective or adopted and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

Approved Standards of GRAP that entities are not required to apply:

GRAP 18	Segment Reporting
---------	-------------------

Directives issued and effective:

Directive 5	Determining the GRAP reporting framework.
-------------	---

A summary of the significant accounting policies, adopted in the preparation of these annual financial statements which have been consistently applied, are disclosed below:

These accounting policies are consistent with the previous period.

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 5

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.2 Investment property (continued)

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal instalments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	10 - 100 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The municipality has land and buildings, including vacant land that is classified as investment property. In terms of the Local Government Municipal Properties Rates Act of 2004, the municipality is required to perform general valuation once every four (4) years. The investment property held in the books of the municipality is not actively traded as the mandate of the municipality also includes local economic development. As such properties may be earmarked for local economic development. Thus, their trade value will be based on the proposal that impacts positively on economic growth. Therefore fair value cannot be measured reliably at each reporting date.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Accounting Policies

1.3 Property, plant and equipment (continued)

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

1.3.1. INITIAL RECOGNITION

Items of Property plant and equipment are initially recognised as assets on acquisition date and initially recorded at cost. The cost of an item of property plant and equipment is the purchase price and the other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in a manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the assets and restoring the site in which it was located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the asset on the date acquired. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

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

1.3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Infrastructure	
• Roads and paving	10 - 30 years
• Access Roads	3 - 10 years
• Pedestrian Malls	30 years
• Electricity	10 - 25 years
• Water	15 - 20 years
• Sewerage	15 - 20 years

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.3 Property, plant and equipment (continued)

Community

• Buildings	10 - 100 years
• Recreational Facilities	20 - 30 years
• Security	5 years
• Halls	30 years
• Libraries	30 years
• Parks and gardens	20-30 years
• Other assets	20-30 years

Heritage Assets

• Buildings	30 years
• Paintings and artifacts	Infinite

Finance lease assets

• Motor Vehicles	4 - 27 years
------------------	--------------

Other Assets

• Buildings	30 years
• Specialist Vehicles	10 years
• Other Vehicles	5 years
• Office Equipment	3 - 16 years
• Furniture and Fittings	3 - 23 years
• Watercraft	15 years
• Bins and Containers	5 years
• Specialised plant and equipment	15 years
• Other items of plant and equipment	5 - 23 years
• Computer Equipment	3 years
• Plant and Machinery	5 - 31 years

The residual value, and the useful life and depreciation method of each asset are reviewed annually and any changes are recognised as a change in accounting estimates in the Statement of Financial Performance.

Reviewing the useful life of an asset on an annual basis does not require the Municipality to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from the and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.4 Intangible assets (continued)

1.4.1. INITIAL RECOGNITION

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

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

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

Intangible assets are initially recognised at cost.

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

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

1.4.2. SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test. Expenditure of an intangible asset is recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria. Residual value of intangible asset is estimated to be nil.

1.4.3. AMORTISATION AND IMPAIRMENT

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

Computer Software	5 years
-------------------	---------

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

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

1.4.4. DERECOGNITION

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

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.5 Financial instruments

Classification

The Municipality classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.5 Financial instruments (continued)

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

1.5.1 Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

1.5.2 Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.5.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.5 Financial instruments (continued)

1.5.5 Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of contractual agreements entered into. Trade and other payables are stated at their nominal value. Equity instruments are recorded at the amount received, net of direct issue costs.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the Municipality assesses the classification of each element separately.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.7 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.8 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow:
[Specify criteria]

1.9 Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.9 Employee benefits (continued)

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised when the Municipality is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.10 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an Municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.10 Provisions and contingencies (continued)

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 29.

1.11 Revenue from exchange transactions

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

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimate of consumption is recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters has been read. These adjustments are recognised as revenue in the invoicing period.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

1.12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the Municipality.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.13 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.14 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.16 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Irregular expenditure

- (a) this Act; or

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

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.18 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.19 Presentation of currency

These annual financial statements are presented in South African Rand.

1.20 Offsetting

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

1.21 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.22 Budget information

The Municipality is typically subject to budgetary limits in the form of budget authorisations (or equivalent).

1.23 Going Concern Assumption

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

1.24 Comparative Information

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

1.25 Level of rounding

The figures on the Financial Statements have been rounded off to the next Rand amount.

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand 2012 2011

2. Investment property

	2012			2011		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Investment property	76,429,510	(14,836,953)	61,592,557	76,429,510	(14,179,334)	62,250,176

Reconciliation of investment property - 2012

	Opening balance	Depreciation	Total
Investment property	62,250,176	(657,618)	61,592,557

Reconciliation of investment property - 2011

	Opening balance	Depreciation	Total
Investment property	62,907,794	(657,618)	62,250,176

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

The municipality has land and buildings, including vacant land that is classified as investment property. In terms of the Local Government Municipal Properties Rates Act of 2004, the municipality is required to perform general valuation once every four (4) years. The investment property held in the books of the municipality is not actively traded as the mandate of the municipality also includes local economic development. As such properties may be earmarked for local economic development. Thus, their trade value will be based on the proposal that impacts positively on economic growth. Therefore fair value cannot be measured reliably at each reporting date.

3. Property, plant and equipment

	2012			2011		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	79,107,692	(42,366,481)	36,741,211	79,016,134	(40,705,447)	38,310,687
Plant and machinery	5,169,329	(1,135,792)	4,033,537	5,059,826	(1,038,558)	4,021,268
Furniture and fixtures	2,992,278	(992,317)	1,999,961	2,830,798	(939,510)	1,891,288
Motor vehicles	10,410,923	(3,507,251)	6,903,672	8,800,993	(2,894,902)	5,906,091
Office equipment	774,653	(205,486)	569,167	652,011	(167,031)	484,980
IT equipment	954,025	(405,359)	548,666	994,806	(377,880)	616,926
Infrastructure	599,010,489	(422,768,700)	176,241,789	549,546,843	(392,834,133)	156,712,710
Community	14,249,000	(3,172,043)	11,076,957	14,249,000	(2,885,065)	11,363,935
Other property, plant and equipment	2,346,392	(389,659)	1,956,733	2,135,396	(349,974)	1,785,422
Total	715,014,781	(474,943,088)	240,071,693	663,285,807	(442,192,500)	221,093,307

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Under construction	Disposals	Depreciation	Total
Buildings	38,310,687	91,558	-	-	(1,661,034)	36,741,211
Plant and machinery	4,021,268	186,300	-	(15,898)	(158,133)	4,033,537
Furniture and fixtures	1,891,288	311,429	-	(78,679)	(124,077)	1,999,961
Motor vehicles	5,906,091	2,058,118	-	(222,738)	(837,799)	6,903,672
Office equipment	484,980	133,678	-	(5,658)	(43,833)	569,167
IT equipment	616,926	-	-	(22,124)	(46,136)	548,666
Infrastructure	156,712,710	4,839,289	44,624,357	-	(29,934,567)	176,241,789
Community	11,363,935	-	-	-	(286,978)	11,076,957
Other property, plant and equipment	1,785,422	347,093	-	(85,985)	(89,797)	1,956,733
	221,093,307	7,967,465	44,624,357	(431,082)	(33,182,354)	240,071,693

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	39,971,721	-	-	(1,661,034)	38,310,687
Plant and machinery	2,602,432	1,558,700	(18,777)	(121,087)	4,021,268
Furniture and fixtures	1,573,835	436,935	(5,340)	(114,142)	1,891,288
Motor vehicles	4,936,302	1,902,666	(159,563)	(773,314)	5,906,091
Office equipment	424,182	114,054	(14,498)	(38,758)	484,980
IT equipment	703,659	43,638	(78,692)	(51,679)	616,926
Infrastructure	150,179,204	23,257,320	-	(16,723,814)	156,712,710
Community	11,680,578	-	-	(316,643)	11,363,935
Other property, plant and equipment	752,455	1,107,025	-628	(73,430)	1,785,422
	212,824,368	28,420,338	(277,498)	(19,873,901)	221,093,307

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

4. Intangible assets

	2012			2011		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	87,012	(57,940)	29,072	361,102	(177,478)	183,624

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software, other	183,624	469	(130,924)	(24,097)	29,072

Reconciliation of intangible assets - 2011

	Opening balance	Additions	Amortisation	Total
Computer software, other	236,159	62,161	(114,696)	183,624

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

5. Employee benefit obligation

Defined benefit plan

The Municipality has a defined benefit obligation in terms of the Long Service Awards. The independent valuers, Pricewaterhousecoopers Actuarial and Insurance Management Solutions ("PwC AIMS") have been engaged to carry out an IAS 19: Employee Benefits actuarial valuation of the Municipality's liability as at 30 June 2012 arising from the long-service leave awarded to qualifying in-service employees.

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Opening Balance	(2,753,000)	(2,350,000)
Service cost	(482,000)	(303,000)
Interest cost	(222,000)	(220,000)
Expected benefit paid	438,000	465,000
Actuarial gains/(losses)	31,000	(345,000)
Net liability	(2,988,000)	(2,753,000)

Net expense recognised in the statement of financial performance

Current service cost	(482,000)	(303,000)
Interest cost	(222,000)	(220,000)
Actuarial (gains) losses	31,000	345,000
Total included in employee related costs	(673,000)	(178,000)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	8.00%	8.10%
Expected increase in salaries	7.50%	7.70%

6. Trade and other receivables from exchange transactions

Trade debtors Impairment	(33,138,360)	(30,147,991)
Housing rentals	10,462,491	9,074,556
Fire Levy	3,467,113	3,551,320
Other debtors	1,038	4,465
Prepaid Assets	46,826	-
Refuse	21,261,352	18,697,753
	2,100,460	1,180,103

Trade and other receivables impaired

As of 30 June 2012, trade and other receivables from exchange transactions, greater than 30 days, of R 34,596,417 (2011: R 30,834,559) were considered for impairment and the following were provided for.

The amount of the provision was R (33,138,360) as of 30 June 2012 (2011: R 30,147,991).

The ageing of these receivables is as follows:

31 - 90 days	803,459	862,050
91 - 120 days	395,929	411,151
>than 120 days	33,397,029	29,561,358

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

7. Trade and other receivables non-exchange transactions

Debt Impairment	(51,979,659)	(49,924,120)
Assessment Rates	54,985,280	51,022,745
	3,005,621	1,098,625

As of 30 June 2012, trade and other receivables from non-exchange transactions, greater than 30 days, of R 54,452,020 (2011: R 51,133,423) were considered for impairment and the following were provided for.

The amount of the provision was R (51,979,659) as of 30 June 2012 (2011: R (49,924,120)).

The ageing of these receivables is as follows:

31 - 90 days	917,063	422,131
91 - 120 days	433,098	123,586
> than 120 days	53,101,859	50,587,706

Reconciliation of provision for total impairment of trade and other receivables

Opening balance	80,072,111	70,291,859
Provision for impairment	5,045,907	9,780,252
	85,118,018	80,072,111

Trade and other receivables by debtor type

A - Government (Other Spheres)	6,157,609	-
B - Business	19,959,231	-
C - Residential	64,096,434	-
	90,213,274	-

8. VAT receivable

VAT	8,682,713	20,522,087
-----	-----------	------------

The VAT Receivable balance as at 30 June 2011; amounting; to R8 million represents VAT Receivable which relates to the periods 2007 to 2011. The amount receivable was received in February 2012, thus resulting in a significant decline in the balance due from the South African Revenue Service (SARS).

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	4,125,142	160,861
Short-term deposits	43,163,216	11,336,371
	47,288,358	11,497,232

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

9. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2012	30 June 2011	30 June 2010	30 June 2012	30 June 2011	30 June 2010
Primary Bank Account - FNB - Current - 62 247 497 872	3,911,973	527,135	1,693,112	160,861	1,265,573	2,682,611
Meeg Bank - Current Account - 40 52 732025	-	-	1,716,842	-	-	1,716,842
Registration and Licensing Account -	-	-	375,839	-	-	375,839
Total	3,911,973	527,135	3,785,793	160,861	1,265,573	4,775,292

10. Finance lease obligation

Minimum lease payments due

- within one year	703,588	413,874
- in second to fifth year inclusive	1,911,250	926,363

Present value of minimum lease payments **2,614,838** **1,340,237**

Non-current liabilities	1,911,250	926,363
Current liabilities	703,588	413,874
	2,614,838	1,340,237

10.1) OLD LOANS

10.1.1) MEEG BANK: QUANTUM AND 2X TWIN CABS

The liability under a finance lease agreement is payable in monthly instalments R5 986 and R13 334 over a period of 5 years at an interest rate of 2,5% below prime per year. Refer to Note 2.

10.1.2.) TOYOTA FINANCE: 8X TOYOTA COROLLAS

The liability under a finance lease agreement is payable in monthly instalments R28 641 and R13 334 over a period of 6 years at an interest rate of 1% below prime per year.

10.2) NEW LEASE ACQUIRED IN THE YEAR 2012

10.2.1) TOYOTA FINANCE: 1X 25 SEATER BUS

The liability under a finance lease agreement is payable in monthly instalments of R18 355 over a period of 5 years at an interest rate of 1% below prime per year.

The liability under a finance lease agreement is payable in monthly instalments R3 962 over a period of 6 years at an interest rate of 1% below prime per year.

10.2.3) TOYOTA FINANCE: 1 X TOYOTA HILUX

The liability under finance lease agreement is payable in monthly instalments R4 123.50 over a period of 6 years at an interest rate of 1% below prime per year.

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand 2012 2011

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

MIG	282,230	940,868
Other grants	4,778,502	1,216,075
	5,060,732	2,156,943

Movement during the year

Balance at the beginning of the year	2,156,943	5,407,258
Additions during the year	57,561,462	38,589,880
Income recognition during the year	(54,657,673)	(41,840,195)
	5,060,732	2,156,943

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

12. Provisions

Reconciliation of provisions – 2012

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	14,862,262	471,511	-	15,333,773
Performance Bonuses	695,292	-	(79,428)	615,864
	15,557,554	471,511	(79,428)	15,949,637

Reconciliation of provisions – 2011

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	14,494,000	368,262	-	14,862,262
Performance Bonus	1,376,522	-	(681,230)	695,292
	15,870,522	368,262	(681,230)	15,557,554

Non-current liabilities	15,333,773	14,862,262
Current liabilities	615,864	695,292
	15,949,637	15,557,554

Environmental rehabilitation provision

The Municipality operates a landfill site in Butterworth. This site is approximately 5224 square metres. The current legislation indicates that the landfill site is and has been operating illegally as the municipality has no licence to operate the site. Additionally it is required that this landfill site should be closed in terms of minimum requirements. The legislation however does not specify the time frame within which this must be undertaken.

During the financial year consultants were appointed to calculate the cost of rehabilitating and closing this site. The amount was calculated and has been included above as the provision for the rehabilitation and closure of the site.

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
13. Trade and other payables		
Trade payables	13,410,006	7,456,008
Advance payment - Consumer Debtors	6,344,095	7,885,412
Accrued leave	7,485,208	6,848,142
	27,239,309	22,189,562
14. Revenue		
Property rates	10,711,797	10,419,471
Service charges	3,404,162	3,286,502
Rental of facilities & equipment	2,180,122	2,147,928
Public contributions and donations	-	15,000
Fines	1,751,322	890,030
Licences and permits	3,341,218	3,030,500
Government grants & subsidies	190,155,072	154,433,096
	211,543,693	174,222,527
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	3,404,162	3,286,502
Rental of facilities & equipment	2,180,122	2,147,928
Licences and permits	3,341,218	3,030,500
	8,925,502	8,464,930
The amount included in revenue arising from non-exchange transactions is as follows:		
Rates revenue		
Property rates	10,711,797	10,419,471
Public contributions and donations	-	15,000
Fines	1,751,322	890,030
Transfer revenue		
Government Grants	190,155,072	154,433,096
	202,618,191	165,757,597

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
15. Property rates		
Rates received		
Property rates	10,711,797	10,419,471
Valuations		
Residential	461,048,105	406,852,900
Business and Commercial	277,675,300	219,413,100
Vacant	102,057,100	95,762,100
Public Services	62,071,000	40,810,000
Small holdings and farms	6,950,000	6,950,000
Industrial	94,000,000	89,500,000
	1,003,801,505	859,288,100

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of R0.01532- (2011: R 0.01532) is applied to property valuations to determine assessment rates. Rebates of R20 000.00 are granted to residential property owners.

16. Service charges

Refuse removal	3,404,162	3,286,502
----------------	-----------	-----------

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

17. Government grants and subsidies

Equitable share	135,532,000	112,591,984
MIG	45,021,638	36,264,028
Other grants	9,601,434	5,577,084
	190,155,072	154,433,096

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive the following subsidies:

1. For paraffin beneficiaries, every ward has 100 beneficiaries at 20 litre person bi-monthly
2. For all electricity beneficiaries, 50 KW per month
3. Rebates of R20,000 are granted to residential property owners.

Municipal Infrastructural Grant

Balance unspent at beginning of year	940,868	565,907
Current-year receipts	44,363,000	36,638,989
Conditions met - transferred to revenue	(45,021,638)	(36,264,028)
	282,230	940,868

Conditions still to be met - remain liabilities (see note 11).

Other Grants

Balance unspent at beginning of year	1,593,050	3,799,084
Current-year receipts	12,954,000	1,950,000
Conditions met - transferred to revenue	(9,601,434)	(4,156,034)
	4,945,616	1,593,050

Conditions still to be met - remain liabilities (see note 11).

18. Other revenue

Fees earned	400,641	165,273
Over/under provision	101,814	-
Miscellaneous Income	10,541	-
	512,996	165,273

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
19. General expenses		
Audit fees	2 572 680	3 180 108
Advertising fees	250 789	359 322
Bank charges	302 335	184 956
Cleaning materials	453 394	198 870
Computer expenses	-	1 758
Consulting and professional fees	410 958	1 123 112
Consumables	1185 584	1 601 575
Chemicals	-	7 954
Refuse bags	1 699 733	551 896
Entertainment	14 177	22 722
License & registration fees	928 862	536 843
Decorations	4 393	213 750
Hire of transport & equipment	708 718	1 383 508
Insurance	222 969	217 747
Conf. fees & workshops	149 025	318 119
Community awareness	39 427	46 815
Vehicle licensing	136 819	117 759
Seeds bulbs & plants	13 203	4 914
Skills development levy	859 297	1 046 406
First aid material	7 330	-
Fuel and oil	1694 738	1193 866
Petty cash	13 690	9 965
Postage and telecommunication	4143 392	3 571
Printing and stationery	791 704	934
Security	289 153	928
Landfill site	471 511	283
Electric consumption	1431 306	308
Gas & oxygen	1 742	368 262
Water consumption	438 802	1728 464
Uniforms overall and protect	502 329	426
Operating Projects	10627 187	695
Subsistence & travelling fees	1380 177	209
Sundry expenses	133 953	040
Operating Lease	2368 084	5437
Civic functions	230 914	971
Membership fees	17 119	876 970
Car wash	2 893	89 385
News paper and periodicals	5 549	2201 204
		256 223
		5 934
		16 587
		6
		371
	38202 036	28731 712

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

20. Employee related costs

Salaries	55,118,341	51,487,530
Bonus	4,735,044	4,230,010
Medical aid - company contributions	3,638,438	3,158,368
UIF	436,835	428,835
Insurance accident liability	204,602	84,724
Other payroll levies	22,316	(597,936)
Accumulated leave	2,499,895	2,062,518
Pension fund	8,800,308	8,414,620
Allowances	1,120,355	1,451,483
Overtime	833,518	904,645
Acting allowances	674,594	803,532
Car allowance	628,803	789,080
Housing subsidy	84,564	105,338
	78,797,613	73,322,747

The amounts below are included above.

Remuneration of municipal manager

Annual Remuneration	758,458	721,311
Car Allowance	118,808	112,001
Performance Bonuses	117,789	101,595
Contributions to UIF, Medical and Pension Funds	1,497	1,497
Cell phone allowance	52,802	51,152
	1,049,354	987,556

Remuneration of chief finance officer

Annual Remuneration	444,031	363,979
Car Allowance	139,801	121,488
Performance Bonuses	95,146	156,750
Contributions to UIF, Medical and Pension Funds	117,971	148,761
Cell phone Allowance	55,590	45,871
	852,539	836,849

Remuneration of Legal Advisor

Annual Remuneration	374,773	358,170
Car Allowance	148,358	139,857
Performance Bonuses	253,690	163,004
Contributions to UIF, Medical and Pension Funds	24,000	24,000
Computer Allowance	4,945	4,662
	805,766	689,693

Remuneration of Director Strategic Management

Annual Remuneration	395,320	377,256
Car Allowance	113,033	106,558
Performance Bonuses	48,079	68,441
Contributions to UIF, Medical and Pension Funds	115,304	108,779
Cell phone Allowance	60,708	58,609
	732,444	719,643

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
20. Employee related costs (continued)		
Remuneration of Director Corporate Services		
Annual Remuneration	602,970	573,518
Car Allowance	119,724	112,865
Performance Bonuses	95,146	160,520
Contributions to UIF, Medical and Pension Funds	1,497	1,497
Cell phone Allowance	33,202	32,675
	852,539	881,075
Remuneration of Director Infrastructural Development and Planning		
Annual Remuneration	658,868	625,756
Performance Bonuses	65,887	62,219
Contributions to UIF, Medical and Pension Funds	1,497	1,497
Cell phone Allowance	24,000	24,000
	750,252	713,472
Remuneration of Director Community Services		
Annual Remuneration	596,163	567,102
Car Allowance	126,531	119,281
Performance Bonuses	80,509	7,534
Contributions to UIF, Medical and Pension Funds	1,497	1,497
Cell phone Allowance	33,202	32,675
Unpaid leave	-	(2,247)
	837,902	725,842
21. Remuneration of councillors		
Executive Mayor	2,913,290	2,619,860
Speaker	824,319	696,487
Councillors	12,073,049	12,132,042
	15,810,658	15,448,389
22. Debt impairment		
Debts impaired	4,833,185	7,131,386
23. Interest Received		
Interest revenue		
Bank	2,800,219	2,061,428
Interest charged on trade and other receivables	1,255,368	945,933
	4,055,587	3,007,361
24. Depreciation and amortisation		
Property, plant and equipment	33,898,322	20,531,520
Intangible assets	-	114,697
	33,898,322	20,646,217

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
25. Finance costs		
Interest on Eskom lines	173,332	-
Finance leases	160,902	197,349
Bank	-	220,000
	334,234	417,349
26. Bulk purchases		
Electricity and paraffin	1,351,059	2,838,504
27. Cash generated from operations		
Surplus	35,480,328	8,983,286
Adjustments for:		
Depreciation and amortisation	33,898,322	20,646,217
Profit/Loss on sale of assets and liabilities	(56,929)	(460,414)
Finance costs - Finance leases	334,234	197,349
Debt impairment	4,833,185	7,131,386
Movements in retirement benefit assets and liabilities	235,000	403,000
Movements in provisions	392,083	(312,968)
Effect of prior period error on profit	-	(1,880,988)
Non-cash, VAT recognised on impairment	-	2,648,862
Changes in working capital:		
Trade and other receivables from exchange transactions	(920,357)	27,707
Other receivables from non-exchange transactions	(1,906,996)	450,173
Debt impairment	(4,833,185)	(7,131,386)
Prepayments	(390,228)	-
Trade and other payables	5,049,740	(3,210,704)
VAT	11,839,374	(6,239,658)
Unspent conditional grants and receipts	2,903,789	(2,288,188)
	86,858,360	18,963,674
28. Commitments		
Authorised capital expenditure		
Contracted for and provided for		
• Property, plant and equipment	77,859,383	29,563,220
Not yet contracted for and authorised by accounting officer		
• Infrastructural Assets	-	441,629

These commitments are to be funded by government grants

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

29. Contingencies

Contingent Liabilities

Contingent Liabilities - 2012

1) The Speaker (Mnquma Municipality) vs. Municipal Manager, Mayor & Mnquma Council	(300,000)	-
2) Mr. B. Gqubela vs. Mnquma Municipality	(100,000)	-
3) T.K. Semekazi vs. Mnquma Municipality	(22,961)	-
4) Taxi Association vs. Mnquma Municipality	(20,000)	-
5) Siyephu vs. Mnquma Municipality	(20,000)	-
6) State vs. Aphelele Ngcaku GBH	(19,000)	-
Total contingent liabilities for 2012	(481,961)	-

Contingent Liabilities 2011

1) Case 5/2007 Mtshongwana vs Municipality - Claim for money deducted for no work no pay	-	(3,277)
2) Case 1087/08 Langulabantu Construction vs Municipality - Claim for construction done not paid	-	(292,919)
3) Case 1152/07 Atlas Construction vs Municipality - Claim for services rendered	-	(238,572)
4) Case 25/2009 Pumeza Mapazi vs Municipality	-	(3,069)
5) Case 1104/2009 - Claim on unlawful arrest by traffic official	-	(100,000)
6) Case 1104/2009S S Mangaliso vs Municipality - Claim on wrongful arrest by traffic officer Mr. M. Seku	-	(130,000)
7) Case 484/2010 Bongani Gqubela and two others vs Municipality - Claim on damages and injuries when arrested by traffic	-	(100,000)
Total contingent liabilities for 2011	-	(867,837)

Contingent assets

Contingent Assets - 2012

1) Mnquma vs. Mangaliso	50,000	-
2) Mnquma Municipality vs. N.S. Gxoyi	9,000	-
3) Mnquma Municipality vs. Key & Hawkes	40,000	-
4) Mnquma Municipality vs. Sintu Ndwandwa	40,000	-
5) Mnquma Municipality vs. Mgoboli Tours Project	40,000	-
6) Mnquma Municipality vs. Thobeka Mdleleni	10,000	-
7) Mnquma Municipality vs. P. Maphazi	21,000	-
8) Mnquma Municipality vs. Illegal Occupants	20,000	-
Total contingent assets - 2012	230,000	-

30. Related parties

Relationships

Mayoral Committee

Executive Mayor

Chief Whip

Mayoral Committee Member

Mayoral Committee Member

Mayoral Committee Member

Mayoral Committee Member

Mayoral Committee Member

Mayoral Committee Member

Mayoral Committee Member

Mayoral Committee Member

Mayoral Committee Member

Municipal Manager

Cllr Ganjana

Cllr Mnqwazi

Cllr Ntanga {Portfolio Head: Strategic Management}

Cllr Bikitsha {Portfolio Head: Community Services}

Cllr Ncethezo {Portfolio Head: Infrastructure}

Cllr Noganta {Portfolio Head: SPU}

Cllr Sheleni {Portfolio Head: Water and Sanitation}

Cllr Ntshebe {Portfolio Head: Housing}

Cllr Madikane {Portfolio Head: LED}

Cllr Tongo {Portfolio Head: Communications}

N. Pakade

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

30. Related parties (continued)

Chief Financial Officer (Acting)

B. Mashiyi

Councillors

Cllr .Bikitsha Thobeka
Cllr .Thoko Manyenyeza
Cllr .Mgandela Luxolo
Cllr .Mgonyama Yoliswa
Cllr .Mankune Andries Velile
Cllr .Tyala Nomakorinte
Cllr .Mahlanza Sibongiseni Zimasile
Cllr .Sukwana Nokwakha Queen
Cllr .Jiya Nomonde
Cllr .Plaatjie Nomabhele
Cllr .Mtalo Livingstone Mziyanda
Cllr .Makholwa Synthia Nomaphelo
Cllr .Mdudo Gaylard
Cllr .Mnqokoyi Zikhethole
Cllr .Luwaca Nokhona
Cllr .Tsetse Namawethu Sylvia
Cllr .Gobingca Zukile
Cllr .Gade Zinzile
Cllr .Phahlane Nomatshayina
Cllr .Nkaule Ambrose
Cllr .Nyengule Esther Weena
Cllr .Mbelani Thamsanqa
Cllr .Buso Mziwonke
Cllr .Mkhwezo Maboyisana Divide
Cllr .Madikane Timothy
Cllr .Zaba Nozinzile
Cllr .Njengele Nofundile
Cllr .Sajini Nokind
Cllr .Nkamisa Tunyiswa
Cllr .Velaphi Monde Sydney
Cllr .Mbuku Nangamso

Cllr. Mntuwoxolo Ganjana
Cllr. Nokwanda Sheleni
Cllr. Luckman Kuselo Ntshebe
Cllr. Vuyani Tongo
Cllr. Zukile Sogayise
Cllr. Pamela Mntwini
Cllr. Ntombotando Winifred Mzimba
Cllr. Qinisile Armstrong Mpande
Cllr. Thobakazi Patience Ntanga
Cllr. Xhasikhaya Dukiso Mathanga
Cllr. Magnet Zibuthe Mnqwazi
Cllr. Caroline Nomnikelo Magadla
Cllr. Eunice Nomdakazana Noganta
Cllr. Sithembiso Ncetezo
Cllr. Mncedisi Magqabini
Cllr. Gidion Qalayo Ngqongolo
Cllr. Mbaso Ntongana
Cllr. Thamsanqa Ntshawuzana
Cllr. Thomas Mazizi Ntisana
Cllr. Maureen Zimba
Cllr. Zamindawo David Solontsi
Cllr. Kholisile Charles Mpeluza
Cllr. Nikiwe Thandela
Cllr. Zama Bomela
Cllr. Nofinish Nqata
Cllr. Mzwanele Nyhontso
Cllr. Zamindawo Abner Mqolo
Cllr. Nosikhumbuzo Dayimani
Cllr. Thembisile Dyani
Cllr. Cleopatra Xoliswa Doko
Cllr. Xolile Nkwateni

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

31. Prior period errors

NATURE

DUPLICATE TRANSACTIONS

Prior period errors relating to duplicate transactions and cancelled cheques in the FNB Bank for the year ending 30 June 2011 were corrected. The duplicate transactions relate to instances where transactions were recorded twice on the financial system.

WORKMAN'S COMPENSATION

Prior period errors relating to workman's compensation for the year ending 30 June 2011 were corrected. The errors corrected relate to an assessment which was not included in the prior year figure.

ERRONEOUS BILLING

Prior period errors relating to amounts which were incorrectly billed for the year ending 30 June 2011 were corrected. The errors corrected relate to over/under billing which took place during the prior year.

UNSPENT CONDITIONAL GRANT

Prior period errors relating to the unspent conditional grant incorrectly included in the balance for the year ending 30 June 2011 were corrected. The errors corrected relate to unspent conditional grant amounts which were incorrectly accounted during the prior year.

BALANCE SHEET VOTES WITH NO MOVEMENT

Prior period errors relating to "balance sheet votes with no movement" pertain to trade payables votes for which no movement was recorded for the year ending 30 June 2011 and these were corrected. The errors corrected relate to votes where the movement which was supposed to have been recorded was not.

UNIDENTIFIED DEPOSITS

Prior period errors relating to unidentified deposits pertain to deposits which could not be allocated to any vote as the nature thereof was not known. These have been corrected.

VAT RECEIVABLE

Prior period errors relating to VAT RECEIVABLE pertain to the following:

- VAT not taken into account in the provision for the impairment of doubtful debts in the previous year;
 - VAT claimed and not included in the general ledger;
- These have been corrected.

ACCOUNTS PAYABLE

Prior period errors relating to Skill Development Levy pertain to SDL incorrectly classified under accounts payable instead of being expensed under employee cost. This has been corrected.

EMPLOYEE COSTS

Prior period errors relating to Skill Development Levy pertain to SDL incorrectly classified under accounts payable instead of being expensed under employee cost. This has been corrected.

COMMUNITY ASSETS

Prior period errors relating to Fixed Assets pertain to accumulated depreciation for community assets which were incorrectly depreciated. This has been corrected.

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

31. Prior period errors (continued)

IMPACT

Statement of Financial Position

ACCUMULATED SURPLUS

Balance per the 2011 Annual Report	-	(272,027,627)
Decrease in the trade payables balance	-	(1,160,276)
Increase in the FNB bank balance due to the cancellation of stale cheques	-	(151,033)
Decrease in the FNB bank balance due to the reversal of duplicate transactions	-	1,255,745
Increase in the workmans compensation fund payable balance	-	2,120,035
Decrease in the debtors balance due to the correction of erroneous billing	-	244,784
Recognition of unidentified deposits previously included as outstanding items in the 30 June 2011 bank reconciliation	-	1,989,045
Decrease in the unspent conditional grants balance	-	(2,014)
Increase in the VAT Receivable balance	-	(3,648,438)
Increase in the VAT Receivable balance	-	(2,648,865)
Increase in the VAT Receivable balance	-	(82,551)
Correction of the trade payables balance	-	603,822
Decrease in the accumulated depreciation	-	(320,492)
Restated balance disclosed in the corresponding figure	-	(273,827,865)

WORKMAN'S COMPENSATION FUND

Balance per the 2011 Annual Report	-	(820,363)
Increase in the workmans compensation fund payable balance	-	(2,120,542)
Restated balance disclosed in the corresponding figure	-	(2,940,905)

Mnquma Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

31. Prior period errors (continued)

TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Balance per the 2011 Annual Report	-	4,465
Decrease in the Trade and other receivables from exchange transactions balance	-	(3,850)
Re-classification from non-exchange to exchange	-	1,179,488
Restated balance disclosed in the corresponding figure	-	1,180,103

UNSPENT CONDITIONAL GRANTS

Balance per the 2011 Annual Report	-	(4,447,145)
Decrease in the unspent conditional grants balance	-	2,014
Restated balance disclosed in the corresponding figure	-	(4,445,131)

TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Consumer debtors balance per the 2011 Annual Report	-	2,519,048
Decrease in the Trade and other receivables from non-exchange transactions balance	-	(240,935)
Re-classification to exchange transactions	-	(1,179,488)
Restated balance disclosed in the corresponding figure	-	1,098,625

CASH AND CASH EQUIVALENTS

Balance per the 2011 Annual Report	-	12,601,944
Increase in the bank balance	-	151,037
Decrease in the bank balance	-	(1,255,749)
Restated balance disclosed in the corresponding figure	-	11,497,232

VAT RECEIVABLE

Balance per the 2011 Annual Report	-	14,142,232
Increase in the VAT Receivable balance	-	3,648,438
Increase in the VAT Receivable balance	-	2,648,865
Increase in the VAT Receivable balance	-	82,552
Restated balance disclosed in the corresponding figure	-	20,522,087

TRADE PAYABLES

Balance per the 2011 Annual Report	-	(18,636,934)
Decrease in the trade payables balance	-	1,160,277
Increase in unidentified deposits	-	(1,989,045)
Increase in the workman's compensation payable balance	-	(2,120,040)
Correction of the trade payables balance (SDL)	-	(603,821)
Restated balance disclosed in the corresponding figure	-	(22,189,563)

FIXED ASSETS - COMMUNITY ASSETS (ACCUMULATED DEPRECIATION)

Balance per the 2011 Annual Report	-	(392,834,133)
Decrease in accumulated depreciation	-	320,492
Restated balance disclosed in the corresponding figure	-	(392,513,641)

STATEMENT OF FINANCIAL PERFORMANCE

DEBT IMPAIRMENT	-	-
Balance per the 2011 Annual Report	-	9,780,251
Decrease in the debt impairment due to the VAT receivable not accounted for	-	(2,648,865)
Restated balance disclosed in the corresponding figure	-	7,131,386

GENERAL EXPENSES

Balance per the 2011 Annual Report	-	29,764,828
------------------------------------	---	------------

Input VAT accounted for	-	(1,666,008)
Restated balance disclosed in the corresponding figure	-	28,098,820

32. Comparative figures

Certain comparative figures have been reclassified to more appropriately disclosed the nature of the particular balance.

The effects of the reclassification are as follows:

Statement of financial position

Decrease in the Property, Plant and Equipment balance	-	(62,250,172)
Increase in the Investment Property Balance	-	62,250,172
Net Effect	-	-

DRAFT

33. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk management is carried out by the financial department under policies approved by the accounting officer in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Adequate liquid resources are also maintained.

Interest rate risk

Interest rate risk results from the cash flow and financial performance uncertainty arising from interest rate fluctuations. Financial assets and liabilities affected by interest rate fluctuations include bank and cash deposits. The Municipality manages its interest rate risk by obtaining competitive rates from banks. No significant risks have been identified with regards to interest rates.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

34. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

35. Events after the reporting date

Case no 1598/12 Eagle Ukhozi vs Mquma Local Municipality was opened in court on the 26 July 2012 and there is currently no indication that the municipality can be financially liable.

36. Deviations from the Municipal Supply Chain Management Policy

Opening Balance	2,507,077	-
Deviations from the SCM policy during the year	2,746,847	2,507,077
Closing Balance	5,253,924	2,507,077

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

37. Unauthorised expenditure

Depreciation	(33,705,874)	-
--------------	--------------	---

The municipality has incurred unauthorised expenditure in respect of its depreciation charge which was not adequately budgeted for in the year under review, depreciation represents a non-cash item and therefore no actual expenditure was incurred on depreciation.

This amount is reflected for disclosure purposes.

38. Fruitless and wasteful expenditure

Opening Balance	938,930	162,597
Fruitless and wasteful expenditure	16,473	-
Interest on overdue accounts	413,214	-
Catreing for IDB/Budget Road Show	-	27,565
Interest on workman's compensation	-	528,768
Interest charged on retirement benefits	-	220,000
	1,368,617	938,930

The R16,473 pertains to a double booking which was made for accommodation which was made through the appointed Service Provider . The double booking was only discovered subsequent to the relevant date.

The interest on overdue accounts of R413, 214 pertains to the following:

outstanding amounts owed by the Municipality;	- Interest charged by suppliers on
	- Interest on Eskom Lines,
	- Interest on Long Service Awards

39. Irregular expenditure

Opening balance	528,014	528,014
Add: Current year	630,189	-
Closing Balance	1,158,203	528,014

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Procurement processes not followed	None	630,189

40. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Opening balance	-	967,562
Current year subscription / fee	2,878,562	2,160,405
Amount paid - current year	(2,826,665)	(3,127,967)
	51,897	-

PAYE and UIF

Current year subscription / fee	8,066,064	9,975,548
Amount paid - current year	(8,066,064)	(9,975,548)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	15,671,753	19,198,537
Amount paid - current year	(15,671,753)	(19,198,537)
	-	-

VAT

VAT receivable	8,682,713	20,522,087
----------------	-----------	------------

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2012:

30 June 2012	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
MGANDELA	12,948	14,181	27,129
MAGADLA	2,547	5,856	8,403
	15,495	20,037	35,532

2. Analysis of Budget vs Actual for the ended 30 June 2012

(a) Revenue vs Budget

The year 2011/2012 was the year which showed improvement in collecting the municipality's debts. As shown on the table that the municipality managed to collect more than 100% on the rates. This percentage includes arrear debt. More strives have to be put to improve more and to motivate customers to pay their current debt on the other categories of income.

The following tables depict the income collected by the municipality for the year ended June 2012 and the expenditure incurred in each directorate, it is also within the interest of this directorate to state that expenditure incurred is within the budget as far as the overall budget is concerned and its adjustment.

REVENUE FOR THE YEAR 30 JUNE 2012

REVENUE	ADJ BUDGETED 2011/2012 R	YTD BUDGET 2011/2012 R	YTD ACTUAL 2011/2012 R	VARIENCE 2011/2012 R	YTD ACTUAL 2011/12 %
PROPERTY RATES	13 566 246	13 566 246	6 438 490	7 127 756	47
SERVICE CHARGES-REFUSE	3 893 510	3 893 510	799 582	3 093 928	21
RENTAL OF FACILITIES AND EQUIPMENT	1 887 901	1 887 901	521 751	1 366 150	28
INTEREST EARNED-EXT INVESTMENTS	2 491 768	2 491 768	2 800 216	(308 448)	112
INTEREST EARNED- OUTSTANDING DEBTORS	2 300 308	2 300 308	1 255 368	1 044 940	55
FINES	1 707 024	1 707 024	1 751 322	(44 298)	103
AGENCY SERVICES	2 754 602	2 754 602	2 532 592	222 010	92
TRAFFIC SERVICES	992 622	992 622	808 626	183 996	81
TRANSFERS RECOGNISED- OPERATIONAL	131 343 786	131 343 786	190 155 072	(58 811 286)	145
OTHER REVENUE	3 488 154	3 488 154	512 996	2 975 158	15
GAINS ON DISPOSAL OF PPE	688 181	688 181	56 929	631 252	8
TOTAL OPERATING REVENUE	165 114 102	165 114 102	207 632 945	(42 518 843)	126
Add: Capital Budget	82 520 694	82 520 694	75 643 969	6 876 725.00	92
TOTAL OPERATING & CAPITAL	247 634 796	247 634 796	283 276 914	(35 642 118)	114

EXPENDITURE	ADJ BUDGETED 2011/2012 R	YTD BUDGET 2011/2012 R	YTD ACTUAL 2011/2012 R	VARIENCE 2011/2012 R	YTD ACTUAL 2011/12 %
EMPLOYEE RELATED COST- REMUNERATION	69 713 198	69 713 198	65 467 495	4 245 703	94%
EMPLOYEE RELATED COST- SOCIAL CONTRIBUTION	13 488 301	13 488 301	13 330 118	158 183	99%
REMUNERATION OF COUNCILLORS	16 447 126	16 447 126	15 810 658	636 468	96%
DEBT IMPAIRMENT	4 381 699	4 381 699	4 833 185	(451 486)	110%
DEPRECIATION & ASSET IMPAIRMENT	192 448	192 448	33 898 322	(33 705 874)	-101%
FINANCE CHARGES	2 556 610	2 556 610	334 234	2 222 376	13%
BULK PURCHASES	4 000 000	4 000 000	1 351 059	2 648 941	34%
OTHER MATERIALS	7 159 836	7 159 836	7 461 770	(301 934)	104%
CONTRACTED SERVICES	9 527 519	9 527 519	8 610 787	916 732	90%
TRANSFERS AND GRANTS	18 642 482	18 642 482	12 517 563	6 124 919	67%
OTHER EXPENDITURE	18 996 700	18 996 700	17 073 686	1 923 014	90%
TOTAL OPERATING EXPENDITURE	165 105 919	165 105 919	180 688 877	(15 582 958)	109%
Capital Projects	82 520 694	82 520 694	61 835 558	20 685 136	75%
TOTAL OPERATING & CAPITAL EXPENDITURE	247 626 613	247 626 613	242 524 435	5 102 178	98%

(b) Grants and transfer Spending

Meeting of Donors Requirements in Respect of Conditional Grants

The Municipality received the following grants:

- Municipal Infrastructure Grant
- Financial Management Grant
- Municipal Systems Improvement Grant
- Equitable Share Grant
- Electricity Demand Side Management Grant
- Expanded Public Works Programme Grant

The above mentioned grants have conditions that the municipality must open a separate bank account and these must be reconciled on monthly basis. The

municipality has reconciled these accounts and its liabilities' side on monthly basis and reported thereon on their monthly expenditure.

a. Long Term Contracts

The Municipality entered into a finance lease agreement with Meeg Bank and Toyota Finance to finance vehicles purchased through hire purchase. The loan was acquired using section 46 of the MFMA56 of 2003. During the year there was an additional loan amounted to R 2 253 880 that was made to purchase 25 Seater Bus and 4 Toyota Hilux. As at end of June 2012 the total amount owed by the municipality amounted to R 2 614 838.

Below is the detailed summary of the loans:

BANK	OPENING BALANCE	ADDITIONAL LOAN	REPAYMENTS	CLOSING BALANCE
MEEG	492 201		203 626	288 575
TOYOTA	848 036	2 253 880	775 653	2 326 263
TOTAL	1 340 237	2 253 880	979 279	2 614 838

CHAPTER 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION- KPA 5**1. Overview of the Executive and Council Functions and Achievements**

The Mngquma Local Municipality is a category B Municipality with an executive mayoral type and ward committee system. There is a full-time Executive Mayor with the powers outlined in the Local Government: Municipal Structures Act, 2000 as amended and those delegated by Council from time to time in accordance with Section 59 of the same act. The position of Council Speaker is full-time as well.

There are ten members of the Mayoral Committee, their positions as listed below:

No	Initials & Surname	Portfolio	Full or Part Time
3.	B Ganjana	Executive Mayor	Full Time
4.	N Magadla	Council Speaker	Full Time
5.	S Ncethezo	Member of the Mayoral Committee: Infrastructural Planning & Development	Full Time
6.	T Bikitsha	Member of the Mayoral Committee: Community Services	Full Time
7.		Member of the Mayoral Committee: Strategic Management	Full Time
8.		Member of the Mayoral Committee: Budget & Treasury Office	Full Time
9.	T P Ntanga	Member of the Mayoral Committee: Corporate Services	Full Time
10.	T Madikane	Member of the Mayoral Committee: Local Economic Development	Full Time
11.	V Tongo	Member of the Mayoral Committee: Communications	Part Time
12.	E N Noganta	Member of the Mayoral Committee: Special Programmes	Part Time
13.	K Ntshebe	Member of the Mayoral Committee: Housing	Part Time
14.	N Sheleni	Member of the Mayoral Committee: Water and Sanitation	Part Time

1.1 Council Committee and Events and Sitzings of Meetings (2011/2012)

No.	Event/Meeting	Frequency	Minimum No. of meetings Planned	No of Meetings Held
1	Council	Quarterly	4	9
2	Mayoral Committee	Bi-monthly	6	2
3	Mayoral Briefing Sessions	Bi-monthly	6	7

No.	Event/Meeting	Frequency	Minimum No. of meetings Planned	No of Meetings Held
4	Standing Committees	Bi-monthly		
	<i>Corporate Services</i>		6	2
	<i>Budget & Treasury</i>		6	3
	<i>Community Services</i>		6	2
	<i>Strategic Management</i>		6	1
	<i>Infrastructural Planning and Development</i>		6	2
5	Clusters	Quarterly		
	<i>Good Governance & Public Participation</i>		4	2
	<i>Financial Viability & Municipal Transformation</i>		4	1
	<i>Socio Economic Development</i>		4	1
	<i>Basic Service Delivery & Infrastructure</i>		4	3
6	IGR forum	Quarterly	4	0
7	IDP/PMS & IDP Rep Forums	As per the Process Plan	As per the Process Plan	1
8	IDP/PMS & Budget Steering Committee	As per the Process Plan	As per the Process Plan	2
9	IDP/PMS & Budget Technical Steering Committee	As per the Process Plan	As per the Process Plan	4
10	Rules Committee	Quarterly	4	0
11	Training & Equity Committee	Quarterly	4	1
12	Oversight Committee	Quarterly	4	2
13	Whips Committee	Quarterly	4	0
14	Ward Councillors Forum	Monthly	12	3
15	Technical Training Committee	Quarterly	4	2
16	Local Labour Forum	Quarterly	4	0

No.	Event/Meeting	Frequency	Minimum No. of meetings Planned	No of Meetings Held
17	OHS & EAP Committee	Quarterly	4	0
18	Audit Committee	Quarterly	4	3
19	Executive Management Committee	Monthly	12	11
20	Executive & Middle Management Committee	Bi-monthly	6	3
21	Directorate Meetings	Monthly		
	Corporate Services		12	10
	Budget & Treasury		12	12
	Strategic Management		12	12
	Community Services		12	12
	Infrastructural Planning & Development		12	12
22	Risk Management Committee	Quarterly	4	1
23	Operation Clean Audit Committee	Monthly	6	2
24	Bid Evaluation Committee	Monthly	12	4
25	Bid Adjudication Committee	Monthly	12	4
25	ICT Steering Committee	Quarterly	4	3
26	Transport Forum	Quarterly	4	0
27	Policy Development Committee	Quarterly	4	1

1.2 Public Participation and Consultation

The Municipality adopted policies and Strategies for public participation and communication in line with Chapter 4 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended. The policy and strategy make provision for the mechanisms for community participation within the Municipality.

The following mechanisms are some used for community participation and communication:

Mayoral Imbizo's

There were at least four Imbizo's conducted during the financial year under review.

IDP/Representative Forum

IDP/Budget representatives were held to enable participation of communities

Customer Satisfaction Surveys

There were no customer satisfaction surveys conducted in the year under review, however council introduced electronic customer feedback devices from which we receive feedback from customers on the service we provide them. We receive monthly reports from those devices.

Ward Committees Establishment and Functionality

Butterworth Ward Meetings for the year ending 30 June 2012

Ward No	Venue of the Meeting	Date of the Meeting	Type of Meeting	Meeting Convened	No of Meetings	
					Ward Committee	Ward General
(1)	Bungeni	03 Sept 2011	General Meeting	√	2	1
	Bungeni Houses	04 Sept 2011	Ward Committee	√		
	Municipal Offices	10 Febr 2012	Ward Committee	√		
(2)	Council Chamber	01 Febr	Ward Committee	√	2	2
	Calley	19 Oct 2011	General Meeting	√		
	Coloured	17 March 2012	General Meeting	√		
	Sacawu Office	23 May 2012	Ward Committee	√		
(3)	Msobomvu Hall	17 July 2011	General Meeting	√	3	7
	Msobomvu Hall	24 July 2011	Ward Committee	√		
	Msobomvu	17 Sept 2011	Ward Committee	√		
	Area 4	18 Sept 2011	General Meeting	√		
	Msobomvu Hall	23 Oct 2011	Ward Committee	√		
	Nkwezela	11 Oct 2011	General Meeting	√		
	Nkwezela 2	13 Oct 2011	General Meeting	√		
	Msobomvu	15 Nov 2011	General Meeting	√		
	Area 4	15 Febr	General Meeting	√		
Nkwezela	21 Febr 2012	General Meeting	√			

Draft Annual Report for the Year Ending 30 June 2012

(4)	Zone 2,3,4,5 Nolita Langaletu J.S.S Luminous Langaletu Langaletu Zone 2 Nolita Langaletu	21 August 2011 28 Sept 201 30 Sept 2011 28 August 2011 02 Dec 2011 31 Jan 2012 29 Febr 2012 15 March 2012 22 April 2012	General Meeting General Meeting Ward Committee General Meeting Ward Committee Ward Committee Ward Committee General Meeting General Meeting	√ √ √ √ √ √ √ √ √	4	5
5)	Madiba ANC Office Kayelitsha Council Chamber KwaDonga Khayelitsha ANC Office Booi Farm Area 1 Bier	28 August 2011 16 August 2011 20 August 2011 30 Sept 2011 31 July 2011 29 July 2011 27 Jan 2011 11 Febr 2012 04 Febr 2012 11 febr 2012	General Meeting Ward Committee General Meeting Ward Committee General Meeting General Meeting Ward Committee General Meeting General Meeting General Meeting	√ √ √ √ √ √ √ √ √ √	3	7
(6)	Free Church WSU Area 4 WSU Free Church Free Church WSU WSU	19 July 2011 21 Aug 2011 18 Sept 2011 27 Oct 2011 15 Sept 2011 14 Sept 2011 29 Jan 2012 01 April 2012	Ward Committee Ward General Ward General General Meeting General Meeting General Meeting General Meeting General Meeting	√ √ √ √ √ √ √ √	2	5
(7)	Council Chamber Council Chamber Kwa-Seven Council Chamber Kwa Donga Booi Farm Madiba Kayelitsha	07 Nov 2011 13 Sept 2011 15 Oct 2011 10 Oct 2011 18 Oct 2011 08 oct 2011 27 Jan 2012 06 Jan 2012	Ward Committee Ward Committee General Meeting Ward Committee General Meeting General Meeting General Meeting General Meeting	√ √ √ √ √ √ √ √	3	5
(8)	52 King Street Mgomanzi Cegcuwana Bethel Council Chamber Ndabankulu JSS Ndabankulu Cegcuwana	29 July 2011 13 Sep 2011 06 Sept 2011 09 Sept 2011 26 Oct 2011 30 Jan 2012 09 Febr 2012 17 April 212	Ward Committee General Meeting General Meeting General Meeting Ward Committee Ward Committee Ward Committee Ward General	√ √ √ √ √ √ √ √	3	4
(9)	Komkhulu Mission Upper Mission Mzazi Davies Mzantsi Bongweni Mission Mpenduza	29 March 2011 07 Sept 2011 28 Aug 2011 12 Aug 2011 06 Sept 2011 23 Aug 2011 21 Sept 2011 09 Sept 2011	General Meeting General Meeting General Meeting Ward Committee General Meeting General Meeting General Meeting General Meeting	√ √ √ √ √ √ √ √	3	11

Draft Annual Report for the Year Ending 30 June 2012

	Upper Mpenduza Ceru Mazizini Tobotshane Davies Davies	07 Sept 2011 01 Sept 2011 01 Sept 2011 23 Aug 2011 30 Sept 2011 19 Jan 2012	General Meeting General Meeting General Meeting General Meeting Ward Committee Ward Committee	√ √ √ √ √ √		
(10)	Zangwa Mtintsilana Mqambeli Bawa	07 Oct 2011 09 Oct 2011 21 Oct 2011 12 Oct 2011	General Meeting General Meeting General Meeting Ward Committee	√ √ √ √	1	3
(11)	Xaxashimba Mbongendlu Dlephu Dyosini Mangweni Ngquthu Zibityolo Diya Shop Shop Manqulo Kobodi Kobodi Manqulo	28 Aug 2011 07 Sept 2011 07 Sept 2011 19 Sept 2011 30 Sept 2011 21 Oct 2011 25 Oct 2011 05 Oct 2011 05 Oct 2011 02 Nov 2011 11 Nov 2011 27 Jan 2011 20 Sept 2011 20 Sept 2011 13 July 2011	General Meeting General Meeting General Meeting General Meeting General Meeting General Meeting General Meeting General Meeting Ward Committee Ward Committee General Meeting General Meeting General Meeting Ward Committee General Meeting	√ √ √ √ √ √ √ √ √ √ √ √ √ √ √	3	12
(12)	Gxakhulu Ndabakazi Luzipho Toleni Ndabakazi Luzipo Qeqe Toleni	15 July 2011 13 Sept 2011 06 Sept 2011 13 Sept 2011 11 Oct 2011 19 Oct 2011 30 Sept 2011 07 Febr 2012	General Meeting General Meeting Ward Committee General Meeting General Meeting General Meeting General Meeting General Meeting	√ √ √ √ √ √ √ √	1	7

Ngqamakhwe Ward meetings for the year ending 30 June 2012

Ward No	Venue	Date of the Meeting	Type of Meeting	Meeting Convened	No Of Meetings	Ward General
				Yes		
(13)	Mbiza Location Mangondini Loc Maphiko Loc Mkhiva Loc Sokapase Mahemini Municipal Offices Municipal Offices Municipal Offices Mbiza Loc Maxelegwini	23 Aug 2011 30 Aug 2011 30 Aug 2011 07 Sep 2011 06 Sep 2011 01 Sep 2011 10 Oct 2011 14 Oct 2011 27 Oct 2011 21 Oct 2011 20 Oct 2011	Ward General Ward General Ward General Ward General Ward General Ward General Ward Committee Ward Committee Ward Committee Ward General Ward General	√ √ √ √ √ √ √ √ √ √ √	5	16

	Ncora	20 Oct 2011	Ward General	√		
	Sub-headman	5 Nov 2011	Ward General	√		
	Mbiza	10 Febr 2012	Ward General	√		
	Giese	05 Febr 2012	Ward General	√		
	Ncora	18 May 2012	Ward General	√		
	Mkobeni	05 April 2012	Ward General	√		
	Sokapase	20 April 2012	Ward General	√		
	Ngqamakwe	02 March 2012	Ward General	√		
	Offices	18 April 2012	Ward Committee	√		
	Ngqamakwe	14 May 2012	Ward Committee	√		
	Offices					
(14)	Magodla	12 Sep 2011	Ward General	√	7	16
	Tanda	31 Aug 2011	Ward General	√		
	Ntombo	31 Aug 2011	Ward General	√		
	Tyinirha	08 Sep 2011	Ward General	√		
	Mgobhozweni	18 Oct 2011	Ward General	√		
	Ndenxa	19 Sep 2011	Ward General	√		
	Magodla	23 Sep 2011	Ward General	√		
	Dyam-dyam	30 Sep 2011	Ward General	√		
	Votini	12 Oct 2011	Ward General	√		
	Mgobhozweni	05 Oct 2011	Ward Committee	√		
	Mpukane	02 Nov 2011	Ward General	√		
	Ngcingcinikwe	08 Nov 2011	Ward General	√		
	Nqileni	27 Oct 2011	Ward General	√		
	Mthonjeni	23 Nov 2011	Ward Committee	√		
	Ndenxa	19 Sep 2011	Ward General	√		
	Ntandatu	13n Sep 2011	Ward Committee	√		
	Municipal Offices	05 Oct 2011	Ward Committee	√		
	Nqileni	23 Febr 2012	Ward Committee	√		
	Ndenxa	31 Jan 2012	Ward Committee	√		
	Ndenxa	22 Febr 2012	Ward General	√		
	Magontsini	06 March 2012	Ward General	√		
	Mgobhozweni	13 April 2012	Ward General	√		
	Nqileni	21 May 2012	Ward Committee	√		
(15)	Diphini	1 Sep 2011	Ward General	√	4	10
	Bhongithole	18 Sep 2011	Ward General	√		
	Ngqamakwe	19 Se 2011	Ward Committee	√		
	Offices	19 Oct 2011	Ward General	√		
	Hebehana	22 Nov 2011	Ward General	√		
	Ntlebi	18 Oct 2011	Ward General	√		
	Mbasa	10 Oct 2011	Ward Committee	√		
	TRC Hall	25 Jan 2012	Ward General	√		
	Hebehebana	25 Jan 2012	Ward General	√		
	Hebehebana	17 Febr 2012	Ward General	√		
	Nqancule	06 March 2012	WARD General	√		
	Jojweni	27 Jan 2012	Ward Committee	√		
	TRC Hall	13 Febr 2012	Ward Committee	√		
	TRC Hall	22 May 2012	WARD General	√		
	Mahlubini					

(16)	Ngcisininda	15 Sep 2011	Ward General	✓	2	7
	Nobanda	25 Oct 2011	Ward General	✓		
	Nofoty	06 Oct 2011	Ward General	✓		
	Nyulula	04 Febr 2012	WARD General	✓		
	Ngcisininde	01 Febr 2012	Ward General	✓		
	Nofoty	21 Febr 2012	WARD General	✓		
	TRC Hall	16 Aug 2012	WARD Committee	✓		
	TRC Hall	11 Dec 2012	Ward Committee	✓		
	Ngcisininde	26 Sep 2012	WARD General	✓		
(17)	Mngcangcathelo	17 Febr 2012	Ward General	✓		1
(18)	Pakade	13 Nov 2011	Ward General	✓	3	7
	Mpahleni	16 March 2011	Ward General	✓		
	TRC hall	12 Sep 2011	WARD Committee	✓		
	KwaTyekana	13 Dec 2011	Ward General	✓		
	Ngcwazi	15 Febr 2011	WARD General	✓		
	KwaSibonda	20 Febr 2012	Ward General	✓		
	TRC Hall	23 May 2012	WARD Committee	✓		
	Mpahleni	09 May 2012	Ward General	✓		
	Ntwala	16 May 2012	Ward General	✓		
	TRC Hall	08 June 2012	WARD Committee	✓		
(19)	Kotana	01 Sep 2011	Ward General	✓	5	11
	Sihlabeni	05 Oct 2011	Ward General	✓		
	Maseleni	07 Oct 2011	Ward General	✓		
	Kotana	06 Oct 2011	WARD General	✓		
	Maseleni	07 Oct 2011	Ward General	✓		
	TRC Hall	23 Oct 2011	WARD Committee	✓		
	Ncapayi	28 Oct 2011	Ward General	✓		
	Jekezi	02 Nov 2011	WARD General	✓		
	Sihlabeni	16 March 2012	Ward General	✓		
	Xilinx	22 Febr 2012	Ward Committee	✓		
	Ntsheshe	15 Febr 2012	Ward Committee	✓		
	Ntsheshe	29 Jan 2012	Ward Committee	✓		
	Ntsheshe	18 March 2012	Ward Committee	✓		
	Bongweni	16 May 2012	Ward General	✓		
	Dakana	11 June 2012	WARD General	✓		
Maseleni	31 May 2012	Ward General	✓			
(20)	Lusithu	24 Aug 2011	Ward General	✓	6	14
	Mzanntsi	30 August 2011	General	✓		
	Sihlabeni	06 Sept 2011	Ward General	✓		
	Ngcwazi	09 Sep 2011	General Meeting	✓		
	Kotana	15 Sept 2011	General Meeting	✓		
	Zingqayi	12 Oct 2011	General Meeting	✓		
	Kotana	05 Oct 2011	General Meeting	✓		
	Mtebele	11 Oct 2011	General Meeting	✓		
	Council Chamber	10 October	Ward Committee	✓		
	Council Chamber	2011	Ward Committee	✓		
	Lindsay	16 Jan 2012	General Meeting	✓		
	Lusuthu	18 Jan 2012	General Meeting	✓		
	Lower Ngcwazi	27 Jan 2012	General Meeting	✓		
Zingqayi	13 Febr 2012	General Meeting	✓			

Draft Annual Report for the Year Ending 30 June 2012

	Kotani Council Chamber Council Chamber Council Chamber Qina	10 Febr 2012 16 Febr 2012 20 Febr 2012 01 March 2012 03 April 2012 31 May 2012	General Meeting Ward Committee Ward Committee Ward Committee General Meeting	√ √ √ √		
(21)	Emngcwe Bongweni Radu Mgcwe Gqoloma Hlobo Gqoloma	07 Sept 2011 26 Oct 2011 07 Nov 2011 09 Febr 2012 31 Jan 2012 25 Jan 2012 25 March 2012	Ward General Ward General Ward General Genera Meeting Ward general Ward General Ward General	√ √ √ √ √ √ √	1	7
(22)	Municipal Office Cafutweni JSS Mavata Zwelandile Mfamza Busila JSS Magalakangqa Magalakangqa Qhora	15/09/2011 16/09/2011 19/09/2011 22 Sept 2011 22 Sept 2011 30 July 2011 02 Nov 2011 19 Jan 2012 14 May 2012	Ward Committee General Meeting General Meeting General Meeting General Meeting General Meeting General Meeting Ward Committee Ward Committee	√ √ √ √ √ √ √ √ √	3	6

Centane Ward meetings – for the year ending 30 June 2012

Ward No	Venue	Date of the meeting	Type of Meeting	Comments	No of Meetings	
					Ward Committee	Ward General
				Yes		
(23)	Kwa - Mgcineni Mthonjeni Teko Fihla Mission Municipal Office Tutura Sgingqini Mission Municipal Office Municipal Office Municipal Office Sgingqini Municipal Office	09/11/2011 18/10/2011 07/10/2011 20/10/2011 10/08/2011 24/01/2012 25/01/2012 24/01/2012 26/07/2012 12/10/2012 16/05/2012 21/05/2012 09/03/2012	Ward General General Meeting Ward Committee General Meeting Ward Committee Ward Committee Ward General Ward General Ward Committee Ward Committee Ward Committee Ward General Ward Committee	√ √ √ √ √ √ √ √ √ √ √ √ √	7	7
(24)	Municipal Office Kwa-Tom Centuli Teko Springs Holela Teko C	19/09/2011 18/10/2011 09/11/2011 23/11/2011 08/02/2012 14/02/2012 29/02/2012	Ward Committee Ward General Ward General Ward General Ward General General Meeting General Meeting	√ √ √ √ √ √ √	1	6

	Qhora					
(25)	Mente J.S.S Mgwebi A/A Mqaqeni Kabakazi A/A Nkonkwane A/A	30/01/2012 15/02/2012 18/03/2012 21/03/2012 22/05/2012	Ward General Ward General Ward General Ward General Ward General	√ √ √ √ √	0	5
(26)	Nxaxo B Sintsane A/A Godidi A/A Macibe Qolora Municipal Office Zibunu A/A Nxaxho Nxaxo Godidi	12/10/2011 13/10/2011 19/10/2011 24/10/2011 09/11/2011 08/02/2012 15/02/2012 10/04/2012 19/06/2012 08/06/2012	Ward General Ward General Ward General Ward General Ward General Ward Committee Ward General Ward General Ward General Ward General	√ √ √ √ √ √ √ √ √ √	1	9
(27)	Cebe A/A Ngqwara A/A Cebe A/A Maqoma J.S.S Zibunu A/A Gcina A/A Maqoma Gqunqe	07/09/2011 02/11/2011 25/01/2012 17/02/2012 15/02/2012 24/05/2012 21/05/2012 07/06/2012	Ward General Ward General Ward General Ward Committee Ward General Ward General Ward Committee Ward General	√ √ √ √ √ √ √ √	2	6
(28)	Ngcizele A/A Nxaxho A Takazi B Municipal Office Kobonqaba A Municipal Office TRC Ngcizele	24/08/2011 30/08/2011 05/10/2011 07/11/2011 22/02/2012 12/03/2012 18/04/2012 14/05/2012	Ward General Ward General Ward General Ward Committee Ward General Ward Committee Ward Committee WARD Committee	√ √ √ √ √ √ √ √ √	4	4
(29)	Tyali Jimmy Tyali Gxara Kei Farm Mdushane Tyali Nontshinga Tyali	16/08/2011 24/08/2011 15/09/2011 09/11/2011 10/11/2011 22/11/2011 15/02/2012 16/02/2012 18/04/2012	Ward General Ward General Ward Committee Ward General Ward General Ward General Ward Committee Ward General Ward General	√ √ √ √ √ √ √ √ √	2	7
(30)						
(31)	Gobe A/A Phumlani Gobe A/A Mrhawuzeli	07/07/2011 07/10/2011 09/11/2011 21/11/2011	Ward General Ward Committee Ward General Ward General	√ √ √ √	1	5

	Qina	22/11/2011	Ward General	√		
--	------	------------	--------------	---	--	--

Community Development Workers Performance

1.3 Communication Strategy

The Marketing, Communication and Branding Strategy has been developed in house and went through process of consultation internally and externally and it will be adopted in the next financial year. Good relationship was established between the Municipality and media houses to communicate matters that are in the best interest of the Mquma Community. The Communication Strategy of the Municipality is driven at the Strategic Management Directorate under the Municipal Relations Unit. The unit is staffed and the following are incumbents therein:

- Municipal Relations Manager
- Communication Officer's x 2
- Events Manager X 1

The unit is fully functioning has been able to perform the following:

- Monday slot at local radio(Khanya Community Radio),the slot is intended to share weekly diary with the community
- Internal newsletter is also generated monthly and placed in the Mquma website www.mquma.gov.za. The internal newsletter is shared with the internal staff and external customers all the activities for the Month and upcoming events for the following Month
- Quarterly newsletter is also generated and printed. This newsletter is sent to all surrounding towns and the purpose is to advise the Municipality and share some information. The unit is well capacitated with tools such as computers, cameras ,tape recorders etc.

1.4 Intergovernmental Relations

Four IGR Meetings were convened and chaired by the Executive Mayor. The meetings were set to discuss plans that can be incorporated in the Mquma IDP but Government Departments tend to send representatives with sufficient information as a result it tends to be the waste to convene those meetings, The challenges were escalated to the level of the MEC which is being attended .Government Departments are also invited to Rap Forums so as partake by presenting the status quo on the projects that are implemented in Mquma.

1.5 Legal Services

The municipality has established an in-house legal unit which is led by Advocate. The incumbent assist the Municipality in attending all legal matters and also assigns lawyers to represent the institution on matters that needs to be attended to.

In the year under review the following court cases were head and status quo is presented hereunder:

(a) Favourable Cases

CASE NAME	RECOVERY (YES/NO)	REASONS FOR NON RECOVERY
NH Skelenge vs Municipality plus others	Yes	Awaiting taxation
NH Skelenge vs Municipality others		
Lampads Inv. Vs Municipality		
Songe Constr. Vs Municipality		
Mengezeleli vs R Nil Municipality		
Municipality vs HN Skelenge		
Municipality vs NH Skelenge		
Bikitsha vs R Nil Municipality		
Mtshongwana vs Municipality		
Municipality vs LVN Civils and Rinoma Construction		
Municipality vs Qusheka Constr		
Municipality vs Zenzele & Sons		
Municipality vs R Nil A Gcali		
Langulabantu Construction vs Municipality		
Municipality vs T Tsengiwe		
N Ngevu vs Municipality		
Megaphase Trading vs Municipality		
Atlas Construction vs Municipality		
J Ndayi vs R Nil Municipality		
TL Tshaka vs R Nil Municipality		
Municipality vs 282 PHP illegal occupants		
Municipality vs R Nil occupants of Council Houses		
Municipality vs TKA Consulting		
F Vondovondo vs Municipality		
P Khubekeli R Nil vs Municipality		
Municipality vs Tebele and Asso.		
Nokuzola Finca R Nil + 11 others vs Municipality		
Mimosa Properties vs Municipality		
Uncedo Taxi R Nil Assoc. vs Municipality		

CASE NAME	RECOVERY (YES/NO)	REASONS FOR NON RECOVERY
Municipality vs R Nil ANC, J Jordan and others		
Municipality vs R Nil Mec and security Company.		
Municipality vs r Nil Mec and 4 others		
Mimosa Property vs Municipality		
Municipality vs Mototo R Nil		
Pumeza Mapazi vs Municipality		
Ngenisile Gxoyi vs Municipality		
Municipality vs Bishop Limba		
S.S Mangaliso vs Municipality		
MEC. Vs R Nil 15 Councillors and Council		
MEC vs Municipality R Nil		
Municipality vs R Nil Lucas Skelenge		
N Voyi & 3 others R Nil vs Municipality		
Municipality vs Nikelo Buku-Bukwana		
Maqhawe Construction vs Imitha Yelanga consulting and municipality		
Investorex cc vs Municipal		
Bongani Gqubela and two others vs Municipality Matoti Mphahlwa		
B Mndende vs R Nil J Mbewu		
State vs Matoti and R Nil Mpahlwa		
Municipality vs Mengezeleli		

(b)

Case Name	Compliance with judgment (Yes/no)	Reasons for non-compliance with judgment
n/a	None	n/a

(c) Age Analysis of Cases

Case Name	Nature of the case	Date of commencement	Cases of 2 years or below	Cases beyond 2 years	Reasons for extensive duration
NH Skelenge vs Municipality plus others	Damages claim	01/01/2005		X	Civil litigation
NH Skelenge vs Municipality others	Damages claim	01/01/2005		X	Civil litigation
Lampads Inv. Vs Municipality	Determining ownership of land	01/01/2005		X	Civil litigation
Songe Constr. Vs Municipality	Money owing for service rendered	18/08/2005		X	Civil litigation
Mengezeleli vs R Nil Municipality	Re-instatement as official	03/04/2006		X	Civil litigation
Municipality vs HN Skelenge	Return of council property	03/04/2006		X	Civil litigation
Municipality vs NH Skelenge	Eviction from Council House	20/09/2006		X	Civil litigation
Bikitsha vs R Nil Municipality	Sale of house	20/09/2006		X	Civil litigation
Mtshongwana vs Municipality	Money deducted from salary of an official	18/10/2006		X	Civil litigation
Municipality vs LVN Civils and Rinoma Construction	Damages claim for road not built	23/11/2006		X	Civil litigation
Municipality vs Qusheka Constr	Damages claim for bridge not build	23/11/2006		X	Civil litigation

Draft Annual Report for the Year Ending 30 June 2012

Case Name	Nature of the case	Date of commencement	Cases of 2 years or below	Cases beyond 2 years	Reasons for extensive duration
Municipality vs Zenzele & Sons	Damages for road not built	23/11/2006		X	Civil litigation
Municipality vs R Nil A Gcali	Eviction from council home	19/03/2007		X	Civil litigation
Langulabantu Construction vs Municipality	Damages for road not built	04/04/2007		X	Civil litigation
Municipality vs T Tsengiwe	Eviction from council house	02/05/2007		X	Civil litigation
N Nqevu vs Municipality	Transfer of municipal house	16/07/2007		X	Civil litigation
Megaphase Trading vs Municipality	Unsuccessful tender	21/08/2007		X	Civil litigation
Atlas Construction vs Municipality	Non-payment of services renders	05/09/2007		X	Civil litigation
J Ndayi vs R Nil Municipality	Money deducted from official's salary	21/04/2007		X	Civil litigation
TL Tshaka vs R Nil Municipality	Claim to be appointed to higher position	21/04/2007		X	Civil litigation
Municipality vs 282 PHP illegal occupants	Eviction from low cost housing illegally occupants	17/07/2007		X	Civil litigation
Municipality vs R Nil occupants of Council Houses	Eviction from council houses	23/07/2007		X	Civil litigation
Municipality vs TKA Consulting	Damage claim for money collected but not paid over to council	15/03/2005		X	Civil litigation
F Vondovondo vs Municipality	Claim for payment of housing subsidies	22/07/2005		X	Civil litigation

Draft Annual Report for the Year Ending 30 June 2012

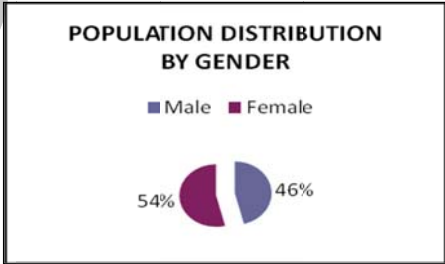
Case Name	Nature of the case	Date of commencement	Cases of 2 years or below	Cases beyond 2 years	Reasons for extensive duration
P Khubekeli R Nil vs Municipality	Labour court application for re-instatement	12/06/2006		X	Civil litigation
Municipality vs Tebele and Asso.	Damages for Road paid and not built	04/07/2007		X	Civil litigation
Nokuzola Finca R Nil + 11 others vs Municipality	Labour court application for re-instatement	12/10/2006		X	Civil litigation
Municipality vs S Mengezeleli	Fraud	2006		X	Civil litigation
Municipality vs B Rosi	Fraud	2006		X	Civil litigation
Mimosa Properties vs Municipality	Tender unsuccessful	05/12/2008	X		
Uncedo Taxi R Nil Assoc. vs Municipality	Removal of taxi's from prohibited area	21/11/2008	X		
Municipality vs R Nil ANC, J Jordaan and others	Interdict to prevent community to disrupt council	21/01/2009	X		
Municipality vs R Nil Mec and security Company.	Removal of security company on failed attempt by the MEC to dissolve council	19/02/2009	X		
Municipality vs r Nil Mec and 4 others	Failed application to dissolve Municipal Council by MEC	16/04/2009	X		
Mimosa Property vs Municipality	Payment for services render	06/03/2009	X		
Municipality vs Mototo R Nil	Demolishing of illegal structure	06/04/2009	X		
Pumeza Mapazi vs Municipality	Claim for unlawful deduction of money from employee's salary	08/01/2009	X		
Ngenisile Gxoyi vs Municipality	Damages claim for unlawful arrest	13/05/2009	X		
Municipality vs Bishop Limba	Eviction and removal of illegal structure		X		
S.S Mangaliso vs Municipality	Damages claim for unlawful arrest.	03/08/2008	X		
MEC. Vs R Nil 15 Councillors and Council	MEC interdict to prevent councilors from		X		

Draft Annual Report for the Year Ending 30 June 2012

Case Name	Nature of the case	Date of commencement	Cases of 2 years or below	Cases beyond 2 years	Reasons for extensive duration
	participating in council				
MEC vs Municipality R Nil	MEC interdict not to recognize councilors as councilors of the Municipality	07/08/2009	X		
Municipality vs R Nil Lucas Skelenge	Eviction from council's flat	23/06/2008	X		
N Voyi & 3 others R Nil vs Municipality	Eviction of informal traders in CBO	12/08/2009	X		
Municipality vs Nikelo Buku-Bukwana	Removal of illegal structures on council's land	02/10/2009	X		
Maqhawe Construction vs Imitha Yelanga const and municipality	Damages claim by sub-contractor against contractor	13/10/2009	X		
Investorex cc vs. Municipal	Damages claim for road not built but paid	02/12/2009	X		
Bongani Gqubela and two others vs Municipality Matoti Mphahlwa	Damages claim for unlawful arrest	21/06/2010	X		
B Mndende vs R Nil J Mbewu	Eviction from council house	02/06/2008	X		
State vs Matoti and R Nil Mphahlwa	Unlawful arrest	15/02/2010	X		

PART 3 – FUNCTIONAL AREA REPORTING

1. GENERAL INFORMATION

General Information			
Reporting Level	Detail	Total	
Overview	Mnquma Local Municipality is located in the South Eastern part of the Eastern Cape Province. This category B municipality falls under the jurisdiction of the Amathole District Municipality (ADM) and comprises of an amalgamation of the former Butterworth, Ngqamakhwe and Centane TRC's. Mnquma Municipality shares borders with three other local municipalities i.e. Mbashe, Intsika Yethu and Great Kei Municipalities. This also includes a number of previously administered rural areas. It is approximately 32, 995, 240 square kilometres and consists of 31 wards.		
Information	<p>Geography, Demography, Age Breakdown, Household Income and Unemployment Levels</p> <p>Population Size and Distribution</p> <p>Mnquma Local Municipality has a total population of approximately 297 663 people, 99% of which are Xhosa speaking African. The remaining 1% of the population includes English, Afrikaans, Zulu, and Sesotho speaking people. The municipality comprises of 54% female and 46% male of the total population and consists of approximately 75410 households.</p> <p style="text-align: center;">Figure 1: Population Distribution</p> <div style="text-align: center;">  <p>POPULATION DISTRIBUTION BY GENDER</p> <p>■ Male ■ Female</p> <p>54% 46%</p> </div> <p style="text-align: center;">Derived from Community Survey 2007- Stats SA</p> <p>Based on a growth in population from 285,365 in 2001 to</p>		

	297,663 in 2007 a simple indicative population projection shows what the total population might look like into the future. This shows a total maximum population increase of 39,809 people to 337,371 by 2025.															
General Information																
Reporting Level	Detail	Total														
Information	<p>However, because of the impact of HIV AIDS, as well as other factors impacting on fertility such as improved levels of education, the rate of population growth is slowing which means that the future population totals will be lower than those contained in this projection.</p> <p style="text-align: center;">Figure 2: Simple Population Projection to 2025</p> <div style="border: 1px solid black; padding: 10px; margin: 10px auto; width: 80%;"> <p style="text-align: center;">Projected Pop Growth to 2025 (Census 2001; Community Survey 2007)</p> </div> <p style="text-align: center;"><i>Source: Silimela Development Services adapting Stats SA statistics and projecting the average annual rate of population change between 2001-2007 into the future.</i></p> <p style="text-align: center;">Table 1: Projected forward at annual average % of population change</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Census 2001</th> <th rowspan="2">Community Survey 2007</th> <th colspan="3">Projected Forward at Annual Average % Change between 2001-2007</th> </tr> <tr> <th>2014</th> <th>2019</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>285365</td> <td>297562</td> <td>312452</td> <td>323542</td> <td>337371</td> </tr> </tbody> </table> <p>Age Distribution</p> <p>A study of the age distribution revealed that the bulk of</p>	Census 2001	Community Survey 2007	Projected Forward at Annual Average % Change between 2001-2007			2014	2019	2025	285365	297562	312452	323542	337371		
Census 2001	Community Survey 2007			Projected Forward at Annual Average % Change between 2001-2007												
		2014	2019	2025												
285365	297562	312452	323542	337371												

	<p>the population, approximately 50.8%, is children (0-19 years). About 8% falls within the pension group (over 65 years), whilst 41.2% is economically active (20-64 year).</p>		
--	--	--	--

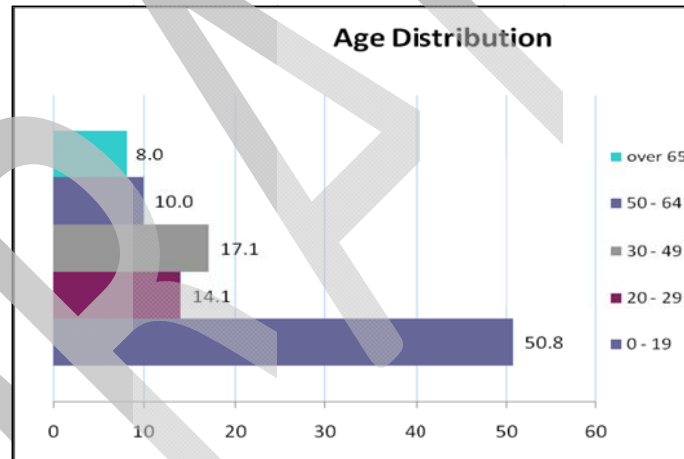
General Information

Reporting Level	Detail	Total	
-----------------	--------	-------	--

Information

This indicates that there is a high dependency ratio, as 59% of the population depends only on 41% workforce in the municipality (See Figure 4). There is therefore a desperate need for the municipality to develop youth development programmes.

Figure 2: Age Distribution



Derived from Community Survey

2007 - Stats SA

Annual Monthly Household Income Profile

Figure 5 below demonstrates destitute households with high levels of unemployment and a community in dire need of various source of income. About 40% of the households in the municipality have no income and approximately 27% with income less than R1600 per month. This means that approximately 40% of households in the local community need subsidy arrangements for survival and thus are unable to pay for services. This therefore has huge implications on the

municipality's financial status in that they cannot rely on residential cross subsidisation for revenue.

Figure 3: Annual Household Income Household Income Distribution



Derived from Census 2001

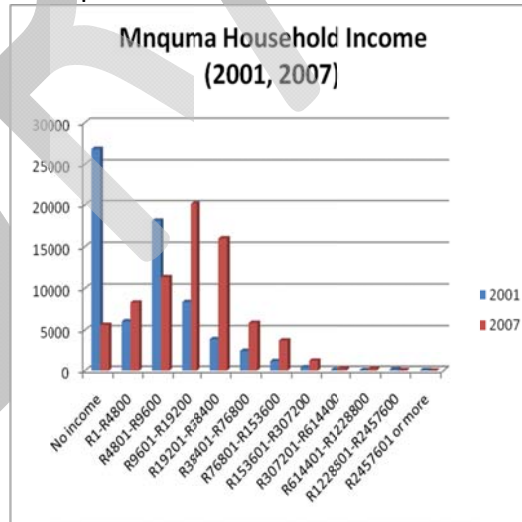
General Information

Reporting Level	Detail	Total
-----------------	--------	-------

Information

Trends between 2001-2007 in household income show a sharp reduction in those household reporting no income and an increase in the number of households at other income levels (except for the R4800-R9600 annual income level). This is probably as a result of improvements in access to social grants. In this context, it is important to note that the rural poor are supported to access various sources of income, including rural livelihood strategies.

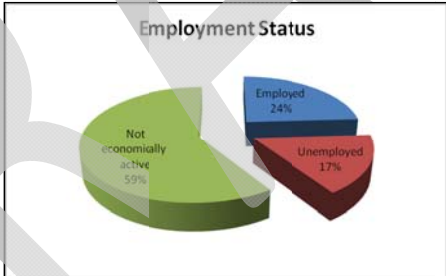
Figure 4: Mngquma Annual Household Trends:



Source: Statistics SA

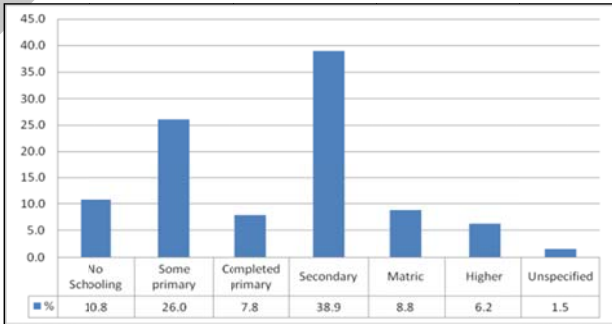
Unemployment Levels

As part of the Eastern Cape, Mngquma is one of the municipalities with the highest levels of poverty,

	<p>illiteracy and unemployment. An estimated 17% is unemployed, only 24% is employed while 59% of the municipal population is considered economically inactive (See Figure 6).</p> <p>The municipality has limited employment opportunities and this has huge implications on the increased need for welfare and indigent support in the municipality. The municipality therefore needs to put priority into service provision, skills and social development.</p>								
General Information									
Reporting Level	Detail	Total							
<i>Information</i>	<p>Figure 5: Employment Status</p>  <p>Derived from Community Survey 2007 – Stats SA</p> <p>The table below illustrates a significant change in the employment status when comparing 2001 census, 2007 community and global insight Southern Africa 2008 survey in that there is 11% increase in employment, 4% decrease in unemployment and 7 % decrease in the number of population which is not economically active.</p> <p>Table 2: Employment Status</p> <table border="1" data-bbox="478 1883 1166 1998"> <thead> <tr> <th>EMPLOYMENT STATUS</th> <th>2001 CENSUS</th> <th>2007 COMMUNITY SURVEY</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	EMPLOYMENT STATUS	2001 CENSUS	2007 COMMUNITY SURVEY					
EMPLOYMENT STATUS	2001 CENSUS	2007 COMMUNITY SURVEY							

Employed	13%	24%
Unemployed	21%	17%
Not economically active	66%	59%

General Information

Reporting Level	Detail	Total	
<i>Information</i>	<p>Education Levels</p> <p>Further to this, the municipality also has a lack of skills. Figure 7 below depicts the low levels of education in this municipality. 10.8% of the Mnquma population has no schooling and only 7.8% completed primary. On the other hand, only 8.8% completed grade 12 while just above 6.2% of the population got a higher education.</p> <p style="text-align: right;">Figure 6: Education Levels</p>  <p style="text-align: center;">Derived from Community</p>		

Survey 2007 - Stats SA

There has been some improvement on the percentage of people with no schooling while there is a decline on Metric / Grade 12 and no change in other levels of education when comparing 2001 statistics and 2007 community survey and this can be illustrated on the table below:

Table 3: Education levels

EDUCATION LEVELS	2001 CENSUS	2007 COMMUNITY SURVEY	2008 GLOBAL INSIGHT
No schooling	27%	10.8%	26,609
Completed Primary	8%	7.8%	28,427
Matric / Grade 12	10%	8.8%	22,814
Higher education	6%	6%	11,453

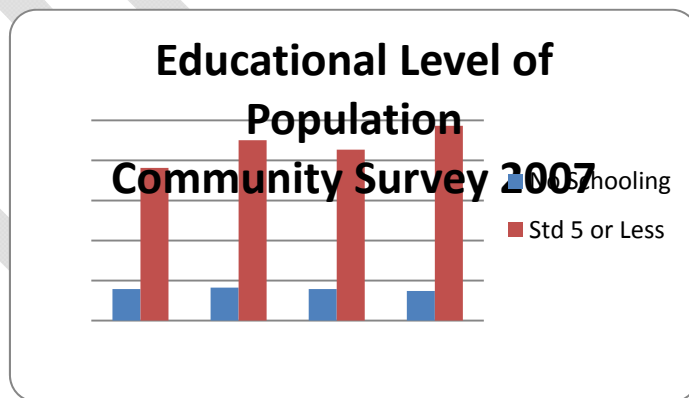
Figure 7: Educational Level of Population: 2007

General Information

Reporting Level

Detail

Total



Source: Statistics South Africa
Community Survey 2007

The above figure shows that the % of the total population that is illiterate is higher in Mnquma than the province or nationally. The labour force

	is therefore relatively more unskilled and this represents a barrier for investment and a constraint on economic growth in terms of businesses being able to find skilled labour.		
--	---	--	--

DRAFT

2. Finance and Administration Performance

Function:	Finance and Administration															
Sub Function:	Finance (Budget and Treasury)															
Reporting Level	Detail	Total														
Overview	<p>Finance in the Municipality is termed as Budget and Treasury which is in line with the MFMA 56 of 2003. This function is composed of three divisions i.e.</p> <ul style="list-style-type: none"> • Expenditure and Supply Chain • Budget and Financial Reporting • Revenue and Debt Management <p>Role of this function is to ensure that the Municipality is financially viable hence planned to increase its revenue by 20% in 2010.</p> <p>It also responsible for financial reporting and improve compliance with applicable legislation, hence planned to have an improved system of municipal governance in line with applicable legislation by 2010.</p> <p>This function is also responsible to maintain municipal creditors by ensuring that they are paid on time and full implementation without bias the Supply Chain Management Policy</p> <p>The planned activities for the year under review was as follows:</p>															
	<table border="1"> <thead> <tr> <th>Strategy</th> <th>Objective</th> <th>Achieved/ Not Achieved</th> </tr> </thead> <tbody> <tr> <td>To ensure a developmentally-oriented planning by 2012.</td> <td>Review IDP in line with legislative requirements.</td> <td>Achieved</td> </tr> <tr> <td rowspan="3">To have an improved system of municipal governance in line with applicable legislation by 2012.</td> <td>(a) Develop and implement municipal policies, procedures, strategies and bylaws.</td> <td>Achieved</td> </tr> <tr> <td>(b) Compliance with legislation and reporting.</td> <td>Achieved</td> </tr> <tr> <td>(c) Implement, monitor and evaluate municipal</td> <td>Partially Achieved</td> </tr> </tbody> </table>	Strategy	Objective	Achieved/ Not Achieved	To ensure a developmentally-oriented planning by 2012.	Review IDP in line with legislative requirements.	Achieved	To have an improved system of municipal governance in line with applicable legislation by 2012.	(a) Develop and implement municipal policies, procedures, strategies and bylaws.	Achieved	(b) Compliance with legislation and reporting.	Achieved	(c) Implement, monitor and evaluate municipal	Partially Achieved		
Strategy	Objective	Achieved/ Not Achieved														
To ensure a developmentally-oriented planning by 2012.	Review IDP in line with legislative requirements.	Achieved														
To have an improved system of municipal governance in line with applicable legislation by 2012.	(a) Develop and implement municipal policies, procedures, strategies and bylaws.	Achieved														
	(b) Compliance with legislation and reporting.	Achieved														
	(c) Implement, monitor and evaluate municipal	Partially Achieved														

Function:	Finance and Administration				
Sub Function:	Finance (Budget and Treasury)				
Reporting Level	Detail			Total	
		performance			
	To ensure that the Municipality receives a Clean Audit by 2014.	Establish and ensure functioning of structures towards realization of a clean audit by the Municipality.	Achieved		
	Increase the institutions budget and/or Revenue enhancement by 20% by 2012.	(a) Broadening of revenue base. (b) Leverage of local, provincial, national and international resources. (c) Safeguarding of assets. (d) To ensure that the SCM responds to National and Local aspirations. (e) Monitor production and generation of income.	Partially Achieved Not Achieved Achieved Achieved Partially Achieved		
Analysis of Function	Below is the analysis of the finance of the Municipality:				

Draft Annual Report for the Year Ending 30 June 2012

(DEBTORS BILLING VS. ACTUAL)ANALYSIS BY FUNCTION												
RATES DEBTORS BILLING vs ACTUAL AS AT END JUNE 2012												
	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
Rates	5 684 335.12	621 548.77	584 000.83	581 577.50	1 683 535.22	402 404.45	401 986.65	402 780.49	404 980.96	397 710.99	392 506.18	25 226.82
Actual Rec	442 524.70	373 204.86	195 290.19	483 001.70	2 755 831.86	90 874.67	466 898.68	199 837.20	271 033.00	53 462.41	286 778.27	338 275.28
Total	5 241 810.42	248 343.91	388 710.64	98 575.80	-1 072 296.64	311 529.78	-64 912.03	202 943.29	133 947.96	344 248.58	105 727.91	-313 048.46
No of Properties Billed	8225	8226	8231	8231	8233	8233	8230	8230	8230	8230	8230	8242

REFUSE DEBTORS BILLING vs ACTUAL AS AT END JUNE 2012												
	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
Refuse	324 364.20	324 364.20	324 519.18	324 468.42	324 570.48	324 468.42	324 315.60	324 528.75	324 528.75	324 630.81	324 426.69	324 477.99
Actual Rec	75 020.03	50 798.73	90 385.17	36 546.06	41 882.30	33 694.58	52 595.07	247 770.59	52 404.81	210 807.07	40 396.43	81 922.27
Total	249 344.17	273 565.47	234 134.01	287 922.36	282 688.18	290 773.84	271 720.53	76 758.16	272 123.94	113 823.74	284 030.26	242 555.72
No of Properties Billed	5410	5410	5415	5415	5416	5415	5414	5416	5416	5417	5415	5415

Draft Annual Report for the Year Ending 30 June 2012

RENTAL DEBTORS BILLING vs ACTUAL AS AT END JUNE 2012

	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
Rental	178 076.02	178 076.02	174 930.02	174 930.02	174 930.02	173 357.02	173 357.02	175 261.52	172 834.52	172 834.52	169 688.52	169 688.52
Actual Rec	31 473.58	66 314.93	51 348.55	30 014.85	60 413.80	35 644.10	41 222.68	43 137.52	46 954.54	44 397.34	66 011.76	25 819.24
Total	146 602.44	111 761.09	123 581.47	144 915.17	114 516.22	137 712.92	132 134.34	132 124.00	125 879.98	128 437.18	103 676.76	143 869.28
No of Properties Billed	532	532	532	530	530	529	529	531	531	531	529	529

INDIGENT REBATE DEBTORS BILLING vs ACTUAL AS AT END JUNE 2012

	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
Rental	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Actual Rec	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total												
No of Properties Billed												

1.1 AGE ANALYSIS PER SERVICE RENDERED AS AT END OF JUNE 2012

SERVICE TYPE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	CREDITS	TOTAL DEBT
Rates	473 796	461 374	459 391	457 672.82	433 098	53 101 859	5 521 945	49 865 246
Rental	127 136	127 228	127 251	129 740	131702.96	9 894 606	50 935	10 486 729
Refuse	307 587	281 108	282 082	264 386	264 226	20 013 091	598 265	20 814 215
Fire levy						3 489 331	81 742	3 407 589
TOTAL AMOUNT	908 519	869 710	868 724	851 799	829 027	86 498 887	6 252 887	84 573 779

(ii) Write off for the year ended 30 June 2012

No write offs were done in the year under review.

(iii) Property Rates information

Description	No	Amount
Number and value of properties rated	8 787	R 1 003 801 505
Number and value of properties not rated	490	n/a
Number and value of rate exemptions		n/a
Rates collectible for the current year	8787	R 16016526.68

(iv) Property Valuation

Last general valuation roll was done in 2008/2009 financial year and it was implemented in 2009/2010. The next valuation is due in 2014 and yearly there are supplementary valuations conducted to cater for those properties that were not valued during the General Valuation process.

(v) Indigent Policy

The indigent registration for 2012/2013 was done last year October 2012 and it was finished in December 2012. The data capturers were employed to do the data capturing of the forms. The indigent register was compiled in June 2012 and it was distributed to the councillors to confirm the list of their wards. The total no of indigent customers registered for the year is 24 020 with 11 743 customers registered for paraffin and 12 277 customers registered for electricity. During October 2012 nine customers benefited from electricity but no payment made yet since Eskom has not sent us the invoice. The service providers for paraffin have been appointed and they will start delivery of paraffin in December 2012. The expenditure to date for indigent is zero.

CREDITORS AGE ANALYSIS AS AT 30 JUNE 2012						
CODE	SUPPLIER R	Current(0-30 Days) R	31-60 Days R	61-90 Days R	>120 Days R	Total
A002	A & J MOTORS	25,509.09	-	1,556.29	417.47	27,482.85
A006	A & J MIDAS	-	1,807.12	-	390.66	2,197.78
A016	AUDITOR GENERAL	-	-	44,200.05	-	44,200.05
A030	ALLIED BUSINESS SOLUTIONS	-	820.00	-	-	820.00
A036	AFRICAN BANK LIMITED	150.00	-	-	-	150.00
A046	ALOE OFFICE EQUIPMENT	-	3,712.35	-	-	3,712.35
A205	ACCYS	-	-	29,919.30	-	29,919.30
A208	ALBANY HOTEL	-	-	1,146.00	-	1,146.00
B045	BRENDAN WEDRICK ATTORN	1,001.16	-	-	-	1,001.16
B046	BJ VAN RENSBURG	-	-	-	901.69	901.69
B108	BUDGET CAR RENTAL	3,876.61	5,743.41	-	-	9,620.02
B169	B'WORTH TAXI ASSOCIATION	-	-	3,800.00	5,550.00	9,350.00
B189	BRAND NAME MARKETING	2,385.00	-	-	-	2,385.00
D041	DE VILLIERS & MOJAPELO	800.00	-	-	-	800.00
E016	ESKOM	-	180,504.78	805.45	35,482.15	216,792.38

CREDITORS AGE ANALYSIS AS AT 30 JUNE 2012						
CODE	SUPPLIER R	Current(0-30 Days) R	31-60 Days R	61-90 Days R	>120 Days R	Total
F024	FLEET STREET PUBLICATIONS	1,082.07	-	-	-	1,082.07
G094	GUTHRIE & THERON	357.33	-	-	-	357.33
G103	GARDEN COURT S/SUN -KIMBER	-	-	-	1,500.00	1,500.00
J010	JS BERGH INC	200.00	-	-	-	200.00
K041	KONICA MINOLTA	2,442.80	-	-	-	2,442.80
L001	LITHOTECH	-	39,432.60	-	-	39,432.60
L016	LEXIS NEXIS	-	-	1,755.26	-	1,755.26
M014	MALCOMESS TEMPE	-	730.00	-	-	730.00
M380	MTIKA GOPS TRADING	-	7,566.75	-	-	7,566.75
N003	NASHUA	18,333.26	-	-	-	18,333.26
N065	NSFAS	3,800.00	-	-	-	3,800.00
P169	PHIKISA TRADITIONAL DANCERS	1,000.00	-	-	-	1,000.00
S0069	SEBATA MUNIC SOLUTIONS	-	23,039.86	27,724.80	-	50,764.66
S051	SALGBC	7,130.41	-	-	-	7,130.41
S055	SAMWU	33,043.01	-	-	-	33,043.01
S056	SARS	3,216.66	-	-	-	3,216.66
S060	SNYMAN & VENNOTE	1,000.00	-	-	-	1,000.00
S062	SAMWU BEST FUNERAL SOCIETY	37,762.80	-	-	-	37,762.80
S064	SINETHEMBA BRICKS	10,500.00	-	-	-	10,500.00
S348	SPECTRIFIN CAPITAL	132,875.17	-	-	-	132,875.17
S366	SD COETZEE INCORPORATED	2,813.79	-	-	-	2,813.79
T098	TITIBA MULTI TRADERS	-	-	-	8,250.00	8,250.00
V048	VELILE TINTO & ASS	250.00	-	-	-	250.00
V061	VICTOR GOUNDEN & ASS	240.00	-	-	-	240.00
V068	VAN WYK & WEBBER	100.00	-	-	-	100.00
W011	WYLDE & RUNCHMAN	1,300.00	-	-	-	1,300.00
	TOTALS	291,169.16	263,356.87	110,907.15	52,491.97	717,925.15

3. Planning and Development Performance

Function:	Planning and Development		
Sub Function:	Economic Development		
Reporting Level	Detail	Total	
	To increase the support to SMME.		
Overview:	To mobilise relevant stakeholders. To promote tourism and related activities. To provide support towards the development of the Agricultural sector		
Overview of the Activity	The municipality has a mandate to: Facilitate the socio economic development. The Municipality has established the Hawkers association, cooperatives forum, Agricultural forum, Fishing Forum, and further the municipality has developed an LED Strategy, Agricultural strategy, Tourism cluster plan, Master Plan, all adopted by council except for the SMME Strategy which is still in draft form.		
	Summary of Expenditure will include other functions performed under planning and development Directorate which are Communications, Research and IDP		
Analysis of the Function:			
1	Number and cost to employer of LED component:		<i>R (000s)</i>
	Director	1	<i>R 1 772495</i>
	Manager	2	
	Officers	3	
	Contract		

Function:	Planning and Development		
Sub Function:	Economic Development		
Reporting Level	Detail	Total	
	Number and Cost to employer of Communications Manager Officers Non Professional (clerical)	1 3 2	R 917 750
	Number and Cost to employer of IDP and PMS Manager Officers	1 2	R 545 938
	Number and Cost to employer of Research and Policy Development Manager Officers Non Professional (clerical)	1 1 1	R 1 772 495
	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	15	

4. Community and Social Service

Function:	Community Services
Sub Function:	All inclusive

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the provision of community and social services		
Description of the Activity:	The function of provision of various community and social services within the municipality is administered as follows and includes:		

Function: Community Services

Sub Function: All inclusive

Reporting Level	Detail	Total	
	<p>Traffic Safety and Law Enforcement, Registration Authority, Security Services, Security law enforcement, Solid Waste Management, environmental Management, Primary Health Services and Emergency Services</p> <p>Traffic Safety and Law Enforcement, Security Services, Security law enforcement, Solid Waste and Environmental Management</p> <p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> • Educate public about traffic safety and enforce law thereafter to traffic offenders, • To provide security to all municipal assets, • To provide an environment that is not harmful to people's health or well being 		
Analysis of the Function:		no of facilities:	no of users:
	Library Services	3	3000
	Department of Sports, Arts and Culture provides the service		
	Museum and Galleries	n/a	R485 345
	Other Community Halls/Facilities	9	18 000 people
	Cemeteries and Crematoriums	5	
	Child Care Facilities		
	- Child care (including crèches etc.)	35	3000 kids
	- Aged care (including aged homes, home help)	1	60 people
	- Schools	411	17000 house holds
	- Sporting facilities (specify)	5	120 people
	- Parks	8	1750 people
	Number and cost to employer of all personnel associated with each community services function:		R 21m
	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve		

Function: Community Services

Sub Function: All inclusive

Reporting Level	Detail	Total	
	Performance		
6	Out of 25 Activities set for the year 18 were 100% achieved, reasons for not achieving set goals, in most not achieved were depended on the co-operation of another party, an instance in this regard is SAPS that has to approve and facilitate construction of satellite police station. plans to improve would be to enhance co-operative governance.	Achieved 18 and Not Achieved 25	R (000s)

5. Housing Function's Performance

Function: Housing

Sub Function: N/A

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with provision of housing		
Description of the Activity:	<p>The function of provision of housing within the municipality is administered as follows and includes:</p> <p>Housing function is derived from Section 26 of The Constitution of the Republic Africa, 1986 which acknowledges provision of adequate Housing as a fundamental human right and compels the state to take reasonable legislative and other measures, within its available resources to achieve the progressive realisation of this right.</p> <p>The following are the key programmes</p> <ul style="list-style-type: none"> • Integrated Residential Development Programme simply known as BNG – provides for acquisition of land servicing of stands for a variety of land uses including commercial, recreational, schools, clinics as well as residential stands for both low, middle and high income groups. • Upgrading of Informal Settlements 		

Function: Housing
Sub Function: N/A

Reporting Level	Detail	Total	
	<ul style="list-style-type: none"> • Community Residential Units Programme- facilitate provision of secure, stable rental tenure for lower income households to the existing Govt or Municipal Hostels. • Individual Subsidy Programme- provides access to the state assistance where qualifying households wish to acquire an existing house or a vacant serviced residential stands. • Rural Housing Subsidy Programme- applicable in areas of Communal Land Tenure which may include upgrading of existing informal structures • Consolidation Subsidy Programme- provides assistance to beneficiaries that have acquired stands or built houses with their own resources. • Provision of Social and Economic Facilities Programme – provides primary funding to social and economic amenities where funding is not available from other sources. • Housing Assistance in Emergency Circumstances like temporal re-housing households their informal settlements are being upgrades as well as areas where natural or manmade disasters have occurred. • Social Housing Programme- develops affordable rental in areas where bulk infrastructure may be underutilised. • Institutionalised Subsidy Programme- provision of capital grants to social housing institutions which construct and manage affordable rental units 		
	<p>The municipality has a mandate to:</p> <ul style="list-style-type: none"> ○ Provide land in which the houses and the services are to be built. The duties of the Municipality are to take ownership of the 		

Function: Housing
Sub Function: N/A

Reporting Level	Detail	Total	
	<p>installed services including taking care and maintenance of the services.</p> <ul style="list-style-type: none"> ○ It is responsible for the beneficiary identification, administration and other demand management issues pertinent to the Municipality's housing databases. ○ Submit applications to the Department of Human Settlements on behalf of the beneficiaries for subsidy consideration. ○ Responsible for submitting housing needs to the Department of Human Settlements 		
	<p>The strategic objectives of this function are to:</p> <ul style="list-style-type: none"> ● Facilitate the unblocking of the housing subsidy projects. ● Facilitate the development of new settlements for households living in inadequate housing conditions. ● Improve / upgrade the housing condition of the low income households in existing settlements ● Provide support to households qualifying for the Housing Finance linked Individual Subsidy who are staying in informal settlements or who are renting. ● Rectify poorly built houses that are already occupied in Butterworth 282 Housing Project. <p>The key issues for 2011/12 are:</p> <p>Completion of Centane 1038 , Ngqamakhwe 312 and Butterworth 282 Housing Projects. Commence installation of Services in the New Rest BNG Housing Project. Survey of 40 Hectare land in Zizamele for another Housing provision Funding for Ndabakazi Rural Housing</p>		

Function: Housing
Sub Function: N/A

Reporting Level	Detail	Total	
Analysis of the Function: 1	<p>Number and cost of all personnel associated with provision of municipal housing:</p> <ul style="list-style-type: none"> - Professional (Architects/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Professional includes project design, Field includes all tradespersons.</p>	<total>	R (000s) <cost>
2	<p>Number and total value of housing projects planned and current:</p> <p>Centane, Ngqamakhwe 312, Butterworth 282 and New Rest BNG Current (financial year after year reported on)</p> <p>Centane Top Structure and Services, New Rest BNG Services, Ngqamakhwe 312, Butterworth 282, Ndabakazi, Zingqayi, Ehlobo, Mgcwe Rural Housing, Smuts Ngonyama, Siyanda Planned (future years)</p> <p>Note: provide total project and project value as per initial or revised budget</p>	<total>	R (000s) <value>
	<p>Type of habitat breakdown:</p> <ul style="list-style-type: none"> - number of people living in a house or brick structure - number of people living in a traditional dwelling - number of people living in a flat in a block of flats - number of people living in a town/cluster/semi-detached group dwelling - number of people living in an informal dwelling or shack - number of people living in a room/flat let 	<28362> <34358> <2685> <725> <9279> <725>	
Reporting Level	Detail	Total	
7	Type and number of grants and subsidies received:		R (000s)
		<total>	<value>

Function: Housing
Sub Function: N/A

Reporting Level	Detail	Total	
	Note: Total value of specific housing grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.	1414	
8	Total operating cost of housing function		R (000s)

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<ul style="list-style-type: none"> • Out of the above projects, the Centane Housing Project had challenges of land invasion in some of the sites planned for housing provision which the Municipality has successfully handled such that almost 1000 houses have been completed and the Contractor for the Provision of the Sanitation in the project is doing well such that any house that has a complete VIP toilet is handed over to the beneficiary • In Butterworth 282 Completion and Rectification Project there was a challenge as the appointed Company had to cede works to a well-established Contractor as it was underperforming. The tender for Services In Butterworth 282 has not yet been finalised due to the reported budget constraints. • In Ngqamakhwe 312, the problem of land invasion by the Mthwaku Community is far from over and the manner in which the Regional Land Claims Commission is handling the matter is not helping the situation and as such the project is still blocked. There are legal processes that the Municipality is following to evict the land grabbers and demolish their structures • With regard to the provision of Services in the New Rest BNG Project, the company that had been earlier appointed in 2012 was fired and a new one has been appointed for services as well as the top structures. There 		

Function: Housing
Sub Function: N/A

Reporting Level	Detail	Total	
	<p>is still a challenge though of the Consultant for the project as it has not yet been formally appointed</p> <ul style="list-style-type: none"> • There are still delays in the registration of the Townships for Siyanda, Smuts Ngonyama etc as a result of ammendments that are required from the Surveyor General Office or the MEC's Office. • There is no progress as yet on the Rural Housing for Ndabakazi, Mgcwe, Hlobo and Zingqayi. 		

6. Waste Management

Function:	Waste Management		
Sub Function:	Solid Waste		
Reporting Level	Detail	Total	
Overview:	Includes refuse removal, solid waste disposal and landfill, street cleaning and recycling		
Description of the Activity:	The refuse collection functions of the municipality are administered as follows and include:		
	Solid Waste Management Landfill Site Management		
	These services extend to include waste avoidance, re-use, recycle and disposal of. The municipality has a mandate:		
	<i>To educate community to minimize waste, to re-use and recycle, collect and dispose</i>		
	The strategic objectives of this function are to:		
	To minimise waste, collect and dispose off.		

Function:	Waste Management		
Sub Function:	Solid Waste		
Reporting Level	Detail	Total	
	The key issues for 2011/12 are:		
	To mobilise resource for solid waste management, To educate community to keep their environment healthy and clean, to intensify cleaning within our jurisdiction		
Analysis of the Function:			
1	Number and cost to employer of all personnel associated with refuse removal:		<i>R (000s)</i>
	- Professional (Engineers/Consultants)	4	370287
	- Field (Supervisors/Foremen)	4	251660
	- Office (Clerical/Administration)	1	
	- Non-professional (blue collar, outside workforce)	75	325438
2	Number of households receiving regular refuse removal services, and frequency and cost of service:		
	- Removed by municipality at least once a week	5264	
	- Removed by municipality less often	Nil	Nil
	- Communal refuse dump used	Nil	Nil
	- Own refuse dump	3	
	- No rubbish disposal	1	
	Note: if other intervals of services are available, please provide details		
4	Total number, capacity and life expectancy of refuse disposal sites:		
	- Domestic/Commercial (number)	15	15
	- Garden (number)	15	15
	Note: provide the number of tip sites, their total current capacity and the expected lifespan as at end of reporting period		
5	Anticipated expansion of refuse removal service:		<i>R (000s)</i>
	- Domestic/Commercial	<total>	<cost>

Function:	Waste Management		
Sub Function:	Solid Waste		
Reporting Level	Detail	Total	
	- Garden	<total>	<cost>
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
6	Free Basic Service Provision:		
	- Quantity (number of households affected)	nil	
	- Quantum (value to each household)	nil	
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
7	Total operating cost of solid waste management function Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance Out of ten activities five were successfully achieved and to address the backlog the directorate has increased its human resource base with skilled personnel.		R (000s)

7. Roads Maintenance Performance

Function:	Road Transport		
Sub Function:	Roads		
Reporting Level	Detail	Total	Cost
Overview:	Construction and maintenance of roads within the municipality's jurisdiction		
Description of the Activity:	The road maintenance and construction responsibilities of the municipality are administered		

Function: Road Transport Sub Function: Roads			
Reporting Level	Detail	Total	Cost
	as follows and include:		
	<p>The Municipality has Project Management Unit that is responsible for the Construction of New Roads and this unit report to the Municipal Manager.</p> <p>Infrastructure Directorate has a responsible for taking care and maintenance of all the constructed municipal roads including the streets in the urban areas. The Directorate is also responsible for the storm water management system</p> <p>The municipality has a mandate to:</p> <p>Raise funds for the construction and maintenance of the roads and its associated storm water management through grants and its own revenue. The strategic objectives of this function are:</p> <p>Provision of adequate transportation system for an efficient and safe movement of goods and services within its area of jurisdiction.</p> <p>The key issues for 20011/12 are:</p> <p>Construction of new roads to a total of 70km Maintenance of roads by ensuring that at least 100km is graded and a total of 20km is patch re-gravelled</p>		
Analysis of the Function: 1	Number and cost to employer of all personnel associated with road maintenance and construction: - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary	<total> <total> <total> <total> <total>	R (000s) <cost> <cost> <cost> <cost> <cost>

Function: Road Transport			
Sub Function: Roads			
Reporting Level	Detail	Total	Cost
2	- Contract Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package	<total>	<cost>
	Total number, kilometres and total value of road projects planned and current: - New bitumenised (number) - Existing re-tarred (number) - New gravel (number) - Existing re-sheeted (number) Note: if other types of road projects, please provide details	<0kms> <3kms> <75kms> <20kms>	<cost> <cost> <cost> <cost>
3	Total kilometres and maintenance cost associated with existing roads provided - Tar - Gravel Note: if other types of road provided, please provide details	<400m ² > <100km>	R (000s) <cost> <cost>
4	Average frequency and cost of re-tarring, re-sheeting roads - Tar - Gravel Note: based on maintenance records	15 10	R (000s) <cost>
5	Estimated backlog in number of roads, showing kilometres and capital cost - Tar - Gravel	<1500>	R (000s) <R1.2b>
Reporting Level	Detail	Total	Cost
6	Note: total number should appear in IDP, and cost in future budgeted road construction programme		
	Type and number of grants and subsidies received: <i>MIG</i>	<1>	R (000s) <R44m>
7	Note: total value of specific road grants actually received during year to be recorded over the five quarters - Apr to Jun this year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year. Total operating cost of road construction and maintenance function		R (21m)

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<ul style="list-style-type: none"> • On the Re-gravelling team a total of 31km was done exceeding the target by 1km • A three year contract for the rehabilitation and maintenance of the township roads in Butterworth has been awarded and the contractor is on site and has been able to construct more than 15km 		

DRAFT

8. Annual Performance Report for the Year Ending 30 June 2012

8.1 Infrastructural Planning and Development Directorate

MNQUMA LOCAL MUNICIPALITY										
INFRASTRUCTURE PLANNING AND DEVELOPMENT- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicator	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
KPA: INFRASTRUCTURE DEVELOPMENT AND SERVICE DELIVERY [WEIGHT: 60]										
Roads & Transport	To provide adequate transportation system for the efficient movement of goods and people by 2014	To administer the maintenance of prioritised municipal roads as per the IDP.	Completed Roads and Storm water Maintenance Plan by June 2012	draft plan available	R 50 000	Equitable Share	Development of Roads and Storm water Maintenance Plan	Not achieved	20	Specifications were developed and an advert was issued but withdrawn due to threat by Consulting Engineers of South Africa. As a result of the time delay, the money was transferred for use in the Electrical Maintenance Plan. Project postponed to next year

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
INFRASTRUCTURE PLANNING AND DEVELOPMENT- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicator	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
			4 km rehabilitated and maintained roads by June 2012	A contractor appointed	R 6 010 000	Equitable Share	4km of roads surfaced	Achieved	100%	The target was exceeded due to additional budget from MIG
			20km of re-gravelling constructed on Municipal road network by the patch re-gravelling team and hired plant by June 2012				20km of re-gravelling of municipal road network constructed by June 2012	Achieved	100%	A total of 21km roads was done
			1 Low bed Transporter procured and delivered by end June 2012	Nil	R2,146,000.00	Equitable Share	Facilitate the procurement and delivery of the Low bed Transporter by end June 2012	Achieved	100%	Low bed was delivered to the municipality

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
INFRASTRUCTURE PLANNING AND DEVELOPMENT- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicator	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
			200 Culverts cleared in all rural wards by June 2012	Newly built access roads	R 400 000	Equitable Share	200 culverts cleaned by June 2012	Not Achieved	10%	Roads to be done were assessed later due to non-cooperation from the Ward Councillors and to be done in the next financial year
		To facilitate the development of feasibility study for the construction of Butterworth N-2 bypass by June 2012	<ol style="list-style-type: none"> 1. Meetings with SANRAL to be held by June 2012 to ensure that the feasibility study is completed 2. Correspondences to SANRAL on the development of the feasibility study 	Service Provider appointed to conduct feasibility study	Operational	SANRAL	Facilitate completion of the feasibility study report on the development of the N2 By-Pass to Council by June 2012	Achieved	100%	Consultation took place however the report not yet presented to the Municipality due to the delays in the appointment of the Social Facilitator by SANRAL and delay in the sitting of the Provincial Consultative meeting that would pave way for the Meeting with the Municipality

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
INFRASTRUCTURE PLANNING AND DEVELOPMENT- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicator	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
Electrification	To facilitate 100% household access to energy by 2014	Engage DOE for alternative energy to household outside grid energy programme	2 correspondences from the municipality to DoE on the funding for alternative energy by June 2012	Presentation made to DoE	Operational	Dept of Energy	Commitment from DOE to provide funding for alternative Energy	Achieved	100%	As a result of the commitment the Department has asked the Municipality to submit applications which was done
		Engage Department of Energy for Direct funding to complement Eskom Programme	Attend monthly site meetings for purposes of monitoring the electrification programme of 6 villages in Ngqamakhwe	Consultant appointed	R10m	DoE	Electrification of 6 villages in Ngqamakwe by June 2012	Achieved	100%	Three of the 6 villages are about to be connected

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
INFRASTRUCTURE PLANNING AND DEVELOPMENT- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicator	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
Land Use management	Effectively manage land issues in a fair and equitable manner by 2014	Engage relevant Land Authorities for acquisition of land for development	Records of engagements with the relevant land authorities	Negotiations have been initiated with Department of Rural Development, ECDC and partly with Traditional Authorities	Operational	Equitable Share	Convene at least 2 meetings with the relevant land authorities for purposes of acquiring land by June 2012	Achieved	100%	Donated two pieces of land as well as one state farm
			Ensure that a land audit for Mquma is done by June 2012	GIS information and the Valuation Roll	Operational	Equitable Share	Completed Land Audit Report by June 2012	Not achieved	40%	Terms of Reference were done but could not be advertised due to the fact that funds were not made available and the project to be done next year

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
INFRASTRUCTURE PLANNING AND DEVELOPMENT- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicator	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
		Avail land for commercial and housing development	1. Sub-division and rezoning of commonage land for commercial and housing development	Service Providers appointed for subdivision	R 200 000	Equitable Share	At least three pieces of land formalised by June 2012	Achieved	100%	Due to the long processes, no approval has been received from the MEC as yet
KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION [WEIGHT: 40]										
	To provide adequate transportation system for the efficient movement of goods and people by 2014	Efficient and Effective Mechanical Workshop	Completed report for restructuring by June 2012	Report prepared initially available	R 50 000	Equitable Share	Submission of the Mechanical Workshop Restructuring Report to the Municipality	Partly Achieved	80%	All the steps were followed but unfortunately no Service Providers responded to the invitations and the Municipality decided to restructure the Mechanical Workshop by integrating it with Fleet Management Section

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
INFRASTRUCTURE PLANNING AND DEVELOPMENT- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicator	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
	Ensure a fully functional, responsible, accountable and responsible administration by 2012	Improve ICT Infrastructure services and institutional system	Active GIS for the Municipal use by June 2012	GIS software donated by ADM is available	R 80 000	Equitable Share	Ensure that the available GIS Software is active by June 2012	Achieved	100%	The Amathole District Municipality discouraged the Municipality due to fact that there is a project of Shared Service Centre so that all ADM Municipality are using the same system. Terms of Reference were developed though
	To ensure that Mmquma Local Municipality communities have access to streets lights in all urban formal areas by 2014	Install street and High Mast lights and develop and implement street lights maintenance and operation plan	Completion of development the Electrical Maintenance Plan by 2012	None	R 30 000	Equitable Share	Submission of the completed Electrical Maintenance Plan to the municipality	Partially Achieved	80%	Preliminary Report available but due to the late start of the project, it will be completed in July

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
INFRASTRUCTURE PLANNING AND DEVELOPMENT- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicator	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
	To facilitate the development of land in a sustainable manner by 2012	To develop the Local Spatial Development Plans for identified areas.	Development of the Local SDF's	Reviewed SDF	Operational	N/A	To facilitate development of 2 local SDF's by June 2012	Achieved	100%	Funds were secured for Butterworth LSDF only
			1. Draft Reviewed Zoning Scheme 2. Adopted Reviewed Zoning Scheme	Completed SDF	R 90 000	Equitable Share	Review the current zoning scheme by June 2012	Partly achieved	70%	Service Provider appointed but the project started late and will be completed early in the new financial year

8.2 Community Services Directorate

ANNUAL PERFORMANCE REPORT FOR COMMUNITY SERVICES DIRECTORATE FOR THE YEAR ENDING 30 JUNE 2012

								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicator	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
KPA: SOCIO-ECONOMIC DEVELOPMENT (DEVELOPMENT OUTCOMES) [WEIGHT % = 50]										
Solid Waste Management	Improve solid waste management by intensifying cleansing in the Mnquma area by 50% by 2012	To implement fully the Integrated Waste Management Policy by June 2012	Extension of the coverage of implementation of the IWMP to at least 5 informal settlements by June 2012	Waste collection is within the formal settlements	Operational	Equitable Share	increase the coverage area of waste collection to include five (5) informal settlements within the urban and peri-urban	Achieved	100%	Waste is being collected at the following informal settlements Siyanda, Phumlani, Sikiti, Madiba and Tally
		To improve community awareness on waste management by June 2012	At least 4 community awareness campaigns conducted by the end June 2012	Educational material	Operational	Equitable Share	4 community awareness campaigns conducted	Achieved	100%	Awareness campaigns conducted

Draft Annual Report for the Year Ending 30 June 2012

ANNUAL PERFORMANCE REPORT FOR COMMUNITY SERVICES DIRECTORATE FOR THE YEAR ENDING 30 JUNE 2012

								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicator	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
		To provide support to the waste management recyclers	Basic tools [funding & equipment] of functioning provided to the 2 recyclers for proper functioning	5 groups of recyclers organised	500 000.00	Equitable share	Support the solid waste recycling cooperatives by ensuring that they are functioning well by 30 June 2012	Achieved	80%	co-operatives have been established with numerous meetings held, however they are not executing the function owing to the fact that recruitment required individual as against collective groups
		To close and rehabilitate Magqudwana illegal landfill site	licence for closure and rehabilitation of Magqudwana must be obtained by June 2012	Nil	2 662 400	Equitable Share	Obtain licence for the closure of Magqudwana illegal landfill site	Partly Achieved	98%	A Basic Assessment report has been forwarded by the service provider for comments

Draft Annual Report for the Year Ending 30 June 2012

ANNUAL PERFORMANCE REPORT FOR COMMUNITY SERVICES DIRECTORATE FOR THE YEAR ENDING 30 JUNE 2012

								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicator	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
Environmental Management	To provide a Safe and healthy environment by providing suitable means for animal carcasses disposal by 2012	To ensure safe disposal of animal carcasses	Quarterly meetings held with ADM and progress reports on the the opening of the waste disposal site by June 2012	Nil	Operational	Equitable Share	Quarterly meetings with ADM to discuss progress on the opening of Eastern Regional Landfill site	Achieved	100%	Meetings held with ADM
Public Amenities	To improve cemeteries to national required standards by 2012	To carry out social mobilisation on cemetery development in wards	9 advocacy campaigns conducted	Existing informal cemeteries in wards	Operational	Equitable Share	Nine advocacy campaign conducted	Partly Achieved	80%	meetings held with traditional authorities and public advocacy conducted
	To improve maintenance of sport facilities within the urban areas	Maintenance of sport facilities	5 Sports facilities maintained	Existing sport facilities	337 397	Equitable Share	Maintain three 3 sports facilities in the Mnquma urban areas	Achieved	100%	Sports facilities are being maintained

Draft Annual Report for the Year Ending 30 June 2012

ANNUAL PERFORMANCE REPORT FOR COMMUNITY SERVICES DIRECTORATE FOR THE YEAR ENDING 30 JUNE 2012

								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicator	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
Community Safety and Institutional Security	To facilitate and contribute in the reduction of crime rate by creating functional safety forums by 2012	To strengthen the functioning of safety forums	9 community safety awareness campaigns	Community safety forum in place	53 100.00	Equitable Share	Nine advocacy campaigns conducted	Achieved	100%	Community safety campaigns held
		To strengthen the security system within the municipal premises	Functional Security Systems able to produce monthly security report by June 2012	Existing Security Systems	400 000.00	Equitable Share	To strengthen access controls within the municipal premises through the installation and management of the electronic security systems by June 2012	Achieved	100%	procurement of security systems is underway
	To decrease the rate of traffic offences by 50% by 2012	Improve the visibility of Traffic Officers.	12 joint massive operations conducted	50% decrease in traffic offences	Operational	Equitable Share	Twelve massive traffic operations conducted	Achieved	100%	massive traffic operations conducted

Draft Annual Report for the Year Ending 30 June 2012

ANNUAL PERFORMANCE REPORT FOR COMMUNITY SERVICES DIRECTORATE FOR THE YEAR ENDING 30 JUNE 2012

								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicator	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
		Improve education and awareness on Traffic Safety	8 educational awareness campaigns conducted	Eight awareness campaigns conducted	53. 100	Equitable Share	Eight educational awareness campaigns to be conducted	Achieved	100%	Eight educational awareness campaigns conducted
KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION [WEIGHT % = 30]										
Municipal Governance	To have an improved system of municipal governance in line with applicable legislation by 2012	Review IDP in line with legislative requirements	4 Cluster reports and 4 sets of minutes	Previous cluster reports	Not applicable	Not applicable	Four Cluster meetings with quarterly performance reports	Partly Achieved	50%	2 Cluster meetings held and the rest could not sit due to institutional challenges
		Implement, monitor and evaluate municipal performance	Signed AAS & PPS for Community Services Directorate Monthly	AAS & PPS from previous year	Not applicable	Not applicable	Produce AAS and PPS for the entire Directorate and all employees therein	Achieved	100%	AAS are being submitted

Draft Annual Report for the Year Ending 30 June 2012

ANNUAL PERFORMANCE REPORT FOR COMMUNITY SERVICES DIRECTORATE FOR THE YEAR ENDING 30 JUNE 2012

								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicator	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
		Develop and implement municipal policies, procedures, strategies and bylaws	7 open spaces maintained	5 open spaces maintained	224 932.00	Equitable Share	7 open spaces maintained	Achieved	100%	Open spaces are being maintained
			12 by-laws implemented	Gazetted by-laws	Operational	Equitable Share	12 by-laws implemented	Partly Achieved	90%	Nine by-laws implemented and failure to achieve all has been due to lack of capacity
			Monthly cemetery maintenance reports	5 cemeteries maintained	Operational	Equitable Share	Implement and Monitor maintenance of three Cemeteries	Achieved	100%	Cemeteries are being maintained
			Maintenance of two coastal areas	5 coastal areas	Operational	Equitable Share	Two coastal areas maintained	Not Achieved	0%	Two coastal areas maintained

Draft Annual Report for the Year Ending 30 June 2012

ANNUAL PERFORMANCE REPORT FOR COMMUNITY SERVICES DIRECTORATE FOR THE YEAR ENDING 30 JUNE 2012

								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicator	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
			Council Adopted IEMP	Nil	Operational	Equitable Share	Integrated Environmental Management plan in place	Partly Achieved	90%	A draft IEMP in place
KPA: FINANCIAL VIABILITY AND MANAGEMENT [WEIGHT % = 10]										
Municipal Revenue	Increase the institution's budget and/or revenue enhancement by 20% by 2012	Broadening of revenue base	Contribute 2% to the total revenue generated by the municipality by June 2012	2% revenue generated through traffic income		Equitable share	Contribute 2% to the municipal revenue through traffic income by June 2012	Achieved	100%	Revenue is being collected
KPA: INFRASTRUCTURAL DEVELOPMENT AND SERVICE DELIVERY [WEIGHT % = 10]										
Public Amenities	To facilitate the development of one sport and recreational facility at National Standards by 2017	To solicit funding for the development of one sport field	1 Business plan developed and submitted to potential funders by June 2012	Nil	1 337 397	Equitable share	Submission of business plans to at least two funding institutions	Partially Achieved	50%	Service Provider appointed to solicit funds

8.3 Strategic Management Directorate

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
STRATEGIC MANAGEMENT- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicators	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
KPA: SOCIO-ECONOMIC DEVELOPMENT (DEVELOPMENT OUTCOMES) [Weight % = 50]										
Economic Growth	To coordinate rural and urban development by 2012	Implementation of the first phase of the Master Plan	3 Business Plans developed	Master Plan Vision 2025	R274 739	Equitable share	Three business plans developed	Partially Achieved	100%	1. Merit group was approached for marketing and Mnquma project appear in the investment bboklet.2. a process to develop business plan has been initiated with SCM and advert shall be out soon

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
STRATEGIC MANAGEMENT- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicators	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
	Open up access to fishing by 2012	To facilitate the development of fishing facilities	At least 2 meetings convened with the relevant authorities for purposes of facilitating the licensing and provision of fishing facilities to the fishing structures by June 2012	Fishing structures established	0	Operational Budget	Convene at least 2 meetings with the relevant authorities for purposes of facilitating the licensing and provision of fishing facilities to the fishing structures by June 2012	Achieved	100%	N/A
	To increase the level of support to SMME's by 2012	To implement SMME Strategy	10 SMME's supported by June 2012	SMME strategy in place		Operational Budget	At least 10 SMME's /cooperatives Supported	Achieved	100%	several working session with financial institutions like etc had been convened to share with SMME's how to leverage financial assistance

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
STRATEGIC MANAGEMENT- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicators	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
			2 LED HIPS implemented by June 2012	Existing LED HIPS and other LED Projects	0	Various Sources	Implementation of at least 2 LED project	Achieved	100%	1. Gcuwa development had been initiated with the assistance of Aspire 2. Cebe is the other initiative taken though fraught with challenges
	Explore potential mining areas at Mngquma by 2012	Facilitate the identification of potential mining areas	2 potential mining areas identified	National Framework in place	0	Equitable Share	Facilitate the identification of 2 potential mining areas	Achieved	100%	Granite and titanium samples have been taken at Zazulwana and Centane, still waiting for results of those studies
	Revive the agricultural sector, by 2012	Implementation of the agricultural strategy	3 Business Plans developed by June 2012	Agricultural strategy and business plan on the revitalization of the schemes	520 000.00	Equitable share	At least 3 schemes in establishment phase	Partly Achieved	95%	Engagement has been done with Department of Agrarian reforms and rural development to revamp existing schemes

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
STRATEGIC MANAGEMENT- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicators	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
	To regulate and optimize economic beneficiation through forestry by June 2012	Facilitate the development of new forests plantations	2 forests areas revitalised by June 2012	Existing Forest	R3,4 million	National Development Agency	Lobby funding for 2 forestry development	Achieved	100%	Aspire has developed a business plan to the tune of R3m for the development of Bamboo forest at Zazulwana
	Enhance tourism and heritage activities by 2012	Implement a tourism cluster plan by 2012	Signed Service Level Agreement between Mnquma and ADM on the transfer of the tourism centre by June 2012	1. Tourism Centre 2. Tourism Cluster Plan	0	Operational Budget	Official transfer of tourism centre by ADM to Mnquma	Not Achieved	20%	Initiated meeting with ADM did not materialised due to unavailability of ADM
KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION [Weight % = 40]										
Municipal governance	To have an effective system of municipal governance in line with applicable legislation by 2012	Improve research capacity and conduct research	Three research projects conducted by June 2012	Research strategy in place	R 30 000	Equitable share	Three research projects conducted	Achieved	100%	

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
STRATEGIC MANAGEMENT- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicators	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
		Develop, implement and review municipal policies, procedures, strategies and bylaws	Policy review and development coordinated for at least 2 directorates by June 2012	Terms of Reference for the Policy Development Committee in place	Operational Budget	Equitable Share	Coordinate policy review and development for at least 2 Directorates by June 2012	Not Achieved	0%	the political committee could not be established despite efforts to do so
Stakeholder participation	To maximize participation of citizens in the municipal affairs by 2012	Establish and maintain relations with other spheres of government and municipal stakeholders	Two IGR meetings convened by June 2012	IGR forum in place	R30 000	Equitable share	At least 4 quarterly IGR meetings take place	Partially Achieved	30%	One IGR meeting sat, others could not sit due institutional programs, the last one shall be sitting on the 19th June 2012
		Mainstreaming of all the marginalised groups and ensure their participation in Municipal Programs	All sector forums of the SPU established	SPU Strategy	0	Operational Budget	All sector forums established [Youth, Women, Disabled, Elderly, Children, HIV and Aids, Moral Regeneration]	Partially Achieved	80%	All have been established.

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
STRATEGIC MANAGEMENT- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicators	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
Communication	To ensure fully functional systems of internal and external communication by 2012	Intensify municipal branding, and public relations through innovative communication and marketing initiatives	At least two publications issued on the local government national magazines for marketing and branding of the municipality to improve its image	Communication strategy in place	R159 300	Equitable share	Issue out at least two publications on the local government national magazines for marketing and branding of the municipality to improve its image	Not Achieved	0%	
			At least one twinning agreement concluded by June 2012	Nil	0	Operational Budget	One twinning agreement engaged	Not Achieved	0%	Communication has been done with Lukhanji Municipality to engage on a possibility to twin with, such engagements are still progressing

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
STRATEGIC MANAGEMENT- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicators	Baseline	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
			bi-monthly internal newsletter and 2 quarterly external newsletter published	Previous Newsletter	R247 191	Equitable Share	4 External (Quarterly) and 6 internal (Internally) publications developed	Achieved	80%	there are four internal and three external achieved
KPA: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT [Weight % = 10]										
Municipal Administration	Ensure a fully functional, responsible, accountable and responsive administration by 2012	Resuscitate Batho Pele campaign vigorously (Customer Care, Protocol and Etiquettes)	Facilitate at least 2 awareness workshop for internal structures on the protocol and etiquette policy by June 2012	Protocol and etiquette policy in place	0	Not applicable	At least have 4 trainings	Not Achieved	0%	initiative was made but the workshop could not sit due to other institutional programs, the last one will be conducted on the June 2012

8.4 Budget and Treasury Office

MNQUMA LOCAL MUNICIPALITY										
BUDGET AND TREASURY OFFICE- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
Priority Area	IDP Objective	IDP strategy	Key Performance Indicator	Baseline	Budget Amount	Funding source	Annual Target	PERFORMANCE RESULTS		
								Achieved / Not achieved	% Achievement	Comments and Corrective Measure
KPA: FINANCIAL VIABILITY AND MANAGEMENT [WEIGHT % = 50]										
Revenue Enhancement	Increase the institutions budget by 20% by ensuring the implementation of revenue enhancement strategy by 2012	Implement the Revenue policies and or strategies of the institutions	Debt book will be reduced by 10%	Existing revenue strategy adopted by Council	25% of arrear debt	Nil	Ensure that the 10% of arrear debt is collected and debt book is reduced	Achieved	100%	Centane and Nqamakhwe has been handed over for debt collection in March 2012 including Sihele properties for debt in excess of R 500 000.
			60% of current budget collected	Adopted MTREF 2011/2012	Operational budget	Own Income	60% of current budget is collected	Achieved	100%	The amount collected for the quarter is R 623 570.53 which is made up of Rates

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
BUDGET AND TREASURY OFFICE- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP strategy	Key Performance Indicator	Baseline	Budget Amount	Funding source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
			1.100 of properties valued 2. All properties sold are transferred to the new owners	General Valuation	R100 000	MSIG	1. Ensure that 100 properties are valued 2. Ensure that all properties sold are changed status of ownership through getting reports from deeds office	Achieved	100%	1. 160 properties were forwarded to the valuer for supplementary but the project delayed due to a misunderstanding with his term. 2. All transferred properties have been updated in the system
			4000 beneficiaries of electricity and alternative energy on indigent and as well as reviewed register	Indigent Register in place	R570 000	Equitable Share	Ensure that Indigent Register is reviewed and 4000 households are benefitting on subsidy	Achieved	232%	1. 24973 applicants were received and they are currently undergoing verification 2. 6000 indigents benefited on alternative energy and 3294 benefitted on electricity

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
BUDGET AND TREASURY OFFICE- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP strategy	Key Performance Indicator	Baseline	Budget Amount	Funding source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
		Leverage local, provincial, national and international resources	At least two funding envelope are secured	Nil	Nil	Nil	Ensure that two funding is secured with the funders	Not achieved	0%	3 service providers have been appointed but no funding has been received to date
		To ensure that the SCM responds to National legislation and Local Economic Development strategy	1. At least requests are attended within a reasonable time frame. 2. Supply Chain Management processes responds to LED	SCM policy & SCM Regulations in place	R20,000.00	Equitable Share	Ensure effectiveness of supply chain management processes in line with national legislation and local economic development strategy	Partly achieved	80%	Requests received from July to date are 725 and 730 have been attended which includes the previous months requests 2. SCM policy responded to LED and national legislation. 3. 54 BSC meetings sit more frequently than the other committees, 29 BEC meetings were convened and 23 BAC committee was convened in this

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
BUDGET AND TREASURY OFFICE- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP strategy	Key Performance Indicator	Baseline	Budget Amount	Funding source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
										quarter
	KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION [WEIGHT% = 50]									
Municipal Planning	To ensure a developmentally-oriented planning by 2012	Introduce and implement community based planning	12 monthly reports produced on CBP	Implementation Plan in place	R250,000.00	MSIG	Ensure that monthly reports are generated on the expenditure of CBP	Achieved	100%	CBP expenditure reports have been submitted on a monthly basis
		Implement, monitor and evaluate municipal performance	100% of MTAS activities implemented	Approved MTAS & IDP	Operational budget	Equitable Share	Full Implementation of MTAS	Achieved	100%	MTAS report submitted monthly
		Implement and Review IDP and Budget in line with legislative requirements.	1. Continuously contributes to the IDP processes 2. Budget adopted by council	2010/2011 IDP Document and 2010/2011 Budget	R70,000.00	Equitable Share	Adherence to the IDP and Budget Process Plan	Achieved	100%	IDP and Budget adopted by Council on the 29/05/2012

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
BUDGET AND TREASURY OFFICE- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP strategy	Key Performance Indicator	Baseline	Budget Amount	Funding source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
Municipal Governance	To have an effective system of municipal governance in line with applicable legislation by 2012	Develop, implement and review municipal policies, procedures, strategies and bylaws.	5. 5 BTO policies reviewed & adopted by council 2. 12 BTO policies implemented in full	Existing budget and treasury office policies adopted by council	R200,000.00- Asset MGT	MSIG	Ensure full compliance on Municipal Policies ,strategies and By laws	Achieved	100%	2 policies were reviewed and one was adopted with the budget, SCM policy is to be tabled by end June
		Compliance with municipal policies, legislation and reporting.	100% compliance reports produced	MFMA checklist	R 950 000	FMG	Ensure full compliance with the applicable legislation	Achieved	100%	MFMA checklist adhered to monthly
		Implement, monitor and evaluate municipal performance	672 AAS and PPS concluded and submitted to Corporate Services	Accountability Agreements & Performance Promise Agreements for the Previous Year	Not applicable	Not applicable	Produce Accountability Agreements and Performance Promise Agreements for the BTO personnel	Partly achieved	80%	Not all employees' AAS and PPS were submitted

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
BUDGET AND TREASURY OFFICE- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP strategy	Key Performance Indicator	Baseline	Budget Amount	Funding source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
	To ensure Clean Audit by 2014.	Ensure functioning of structures towards realization of a clean audit by the Municipality.	95% of issues raised by AG in the audit report and management letter be addressed	Qualified opinion	R 500 000.00	FMG	Ensure that all areas raised in the Management letter and audit report are dealt with to achieve clean audit	Achieved	100%	Audit action plan is monitored on a monthly basis though there are still challenges
	To maximise participation of citizens in the municipal affairs by 2012	Ensure a fully functional ward committee and community development work system	5 outreach programmes conducted	Outreach programmes on revenue collection in the previous year	R20 000	Equitable Share	Conduct at least 5 education / awareness campaigns on the BTO policies and revenue collection strategies.	Partially Achieved	67%	2 outreach programs were conducted by BTO

8.5 Corporate Services Directorate

MNQUMA LOCAL MUNICIPALITY										
CORPORATE SERVICES- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Baseline	Key Performance Indicator	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION [WEIGHT % = 50]										
Municipal Planning	To develop the municipality IDP by following process as outlined in the Municipal legislation by 2012	Implement and Review IDP & budget in line with legislative requirements by June 2012	Previous year's IDP and Budget	IDP approved by Council by the 31 May 2012 and SDBIP approved by within 14 days of the approval of the IDP	250 000.00	Equitable Share	Implement the IDP, PMS & Budget development and review process plan by adhering to the target dates set therein	Achieved	100%	The draft IDP Document was approved in the Council Meeting of 29 May 2012

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
CORPORATE SERVICES- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Baseline	Key Performance Indicator	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
		Implement, monitor and evaluate municipal performance by adhering to the PMS Framework and Policies by June 2012	PMS Framework and policy adopted by Council	All AAS and PPS for Corporate Services concluded by relevant parties and performance of the Directorate analysed every quarter to identify and remedy performance gaps by June 2012	600 000.00	Equitable Share	Ensure that all AAS and PPS for the Directorate are concluded by the relevant parties and that the Directorate performance is analysed every quarter to identify and remedy performance gaps by June 2012	Achieved	100%	Aas and PPs are concluded on a monthly basis

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
CORPORATE SERVICES- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Baseline	Key Performance Indicator	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
				Produce monthly, quarterly and annual Performance Reports by June 2012			Produce the draft annual performance report and the analysis of municipal performance for the year to improve the performance of the municipality by 30 June 2012	Achieved	100%	All quarterly performance reports are produced with potfolio of evidence to back up achievements
Municipal Governance	To establish a system of municipal governance by developing, implementing and reviewing internal controls by 2012	Develop, implement and review municipal policies, procedures, strategies and bylaws by 30 June 2012	Existing Municipal Policies and procedures	Produce a policy compliance report for Corporate Services monthly	Operational	Equitable Share	Produce legislation and policy compliance register and report on implementation by 30 June 2012	Achieved	100%	policy implementation compliance reports are submitted on a monthly basis

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
CORPORATE SERVICES- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Baseline	Key Performance Indicator	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
		Monitor and evaluate municipal risks by establishing a risk management system by 30 June 2012	Risk Register of Directorates	Report on progress of risk register implementation monthly	Operational	Equitable Share	To reduce the impact of identified risks by meeting the targets set out in the risk register by June 2012	Achieved	100%	Risk register is updated on a monthly basis
Stakeholder Participation	To establish a system of community participation in line with the municipal legislation by June 2012	Facilitate the involvement of communities in the affairs of the municipality by June 2012	Community participation policy and strategy in place	Attendance of municipal programmes by community in line with the community participation programme	240 000.00	MSIG	Develop a programme of community participation and monitor and report on its implementation by June 2012	Achieved	100%	The municipality has ensured that participation of communities is ensured in its programmes
Operation Clean Audit	To ensure a Clean Audit by 2014	Ensure functioning of structures towards realization of a clean audit by the Municipality	Qualified Audit Opinion	Improved Audit Outcomes	Operational	Equitable Share	Implement the audit action plan in as far as Corporate Services is concerned	Achieved	100%	The audit action plan is implemented and progress reports are produced on a monthly basis

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
CORPORATE SERVICES- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Baseline	Key Performance Indicator	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
KPA: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT [WEIGHT % = 50]										
Municipal administration.	Ensure a fully functional, responsible, accountable and responsive administration by adhering to the prescripts of municipal legislation by 2012 and beyond	Provide ICT support for purposes of ensuring that continuous municipal processes are improved and are in line with current trends	ICT Strategy	ICT Support provided to the institution as and when required	112 360.00	Equitable Share	Ensure that the ICT infrastructure and institutional systems are in line with current trends and that there is improvement on the uptime of ICT services.	Achieved	100%	The IT support is provided to the institution as per the job cards of IT Technicians

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
CORPORATE SERVICES- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Baseline	Key Performance Indicator	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
		Intensify customer and community service excellence, professionalism, protocol and etiquette through the implementation of the Customer Care Strategy.	Customer Care Strategy	Customer Feedback as and when received from Customers	59 158.00	Equitable Share	Facilitate that 50% of the people who come to the municipality provide positive feedback about the services they receive from the municipality	Achieved	100%	Customer satisfaction surveys were done during the year and feedback reports are produced from the electronic feedback device; complaints from the presidential hotline are forwarded to the relevant directorates for resolution

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
CORPORATE SERVICES- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Baseline	Key Performance Indicator	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
		Improve council processes by ensuring that administrative support is provided to the committees of council in accordance with the institutional calendar	Minutes of meetings of committees and council	Adherence to the Standing Rules of Order and the Institutional Calendar	Operational	Equitable Share	Provide administrative support to council and committees and monitor adherence to the standing rules of order and the institutional calendar	Achieved	100%	Each month a report is produced on the sitting of council and committee meetings
		Facilitate the human resource development in line with municipal and labour legislation	Previous year's WSP	Workplace Skills Plan & Annual Training Plan	1 167 280.00	Equitable Share	Develop, implement and monitor the implementation of the WSP.	Achieved	100%	The training was planned for and implemented during the year

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
CORPORATE SERVICES- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Baseline	Key Performance Indicator	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
			Employment Equity Plan	Employment Equity Report	Operational	Equitable Share	Implement the Employment Equity Plan and report	Achieved	100%	Employment Equity Plan is implemented throughout the year
			FMG Internship Programme	Internship programme implemented	152 928.00	Equitable Share	Develop and implement an internship programme in line with the Internship Programme Policy	Achieved	100%	The municipality appoints interns to build its human resources capacity each year and reports are produced
			Bursaries awarded in the previous year	No of employees benefiting from the bursary	150 000.00	Equitable Share	Encourage employee career development through bursary awards	Achieved	100%	The municipality sets aside a budget for the bursaries to award its employees and reports are produced

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
CORPORATE SERVICES- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Baseline	Key Performance Indicator	Budget Amount	Funding Source	Annual Target	Achieved / Not achieved	% Achievement	Comments and Corrective Measure
		Review the organogram in line with strategic objectives of the municipality and the powers and functions of the municipality	Approved Organogram	Organogram populated in line with the budget and reviews conducted to align with the institutional strategy	3 000 000.00	Equitable Share	Populate the organogram and review in line with the municipal strategy and policy.	Achieved	100%	The municipality fills in vacancies in line with the priorities each financial year and also vacancies as a result of the exit of employees from the municipality
		Implement the employee wellness and Safety strategy.	Wellness, employee Relations and OHS programmes from the previous year	Reports of Improved performance and wellbeing of employees.	318 314.00	Equitable Share	Intensify employee wellness, employee relations and OHS programmes	Achieved	100%	There are programmes that are implemented each year on employee wellness, safety and health of employees

8.6 Office of the Municipal Manager

MNQUMA LOCAL MUNICIPALITY										
MUNICIPAL MANAGER'S OFFICE- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicators	Baseline	Budget Amount	Funding Source	Annual Target	Achieved/ Not achieved	% Achievement	Comments and Corrective Measure
KPA : GOOD GOVERNANCE AND PUBLIC PARTICIPATION [WEIGHT % = 40]										
Municipal Planning	To develop the municipality IDP by following process as outlined in the Municipal legislation by 2012	Implement and review IDP & Budget in line with legislative requirements	IDP approved by Council by 31 May 2012 and SDBIP approved within 14 days of the approval of the IDP.	Previous IDP and Budget	Not applicable	Not applicable	IDP and Budget approved by Council by end of May 2012 and SDBIP by end June 2012	Achieved	100%	
		To implement monitor and evaluate Municipal performance by adhering to the PMS framework and policies by June 2012	Produce monthly, quarterly and annual performance report by June 2012	PMS Framework	Not applicable	Not applicable	Produce performance quarterly report by end of March 2012	Achieved	100%	

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
MUNICIPAL MANAGER'S OFFICE- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicators	Baseline	Budget Amount	Funding Source	Annual Target	Achieved/ Not achieved	% Achievement	Comments and Corrective Measure
Municipal Governance	To establish an effective municipal governance system according to municipal legislative prescripts	Develop, implement and review municipal policies, procedures, strategies and bylaws in line with legislative prescripts	Review policies, procedures, strategies and bylaw for legislative alignment by end June 2012	Existing policies ,procedures, and bylaws	Not applicable	Not applicable	Policies, procedures, strategies and bylaw approved by Council by end of June 2012	Not achieved	10%	Policy Development Committee is not sitting. MM is handling the matter with the Mayor. Two policies were reviewed
		Compliance with municipal policies, legislation and reporting	Compliance with Municipal policies and submission of reports as per the performance framework and other legislations	Directorate Compliance checklists	Not applicable	Not applicable	Submit compliance reports to Council by end June 2012	Achieved	100%	

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
MUNICIPAL MANAGER'S OFFICE- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicators	Baseline	Budget Amount	Funding Source	Annual Target	Achieved/ Not achieved	% Achievement	Comments and Corrective Measure
	To ensure clean audit by 2014		Development and implementation of audit action plans to improve audit outcomes in line with Operation clean audit by 2012	Audit reports, oversight reports	Not applicable	Not applicable	Successful implementation of the audit action plan to achieve improved audit outcomes.	Achieved	100%	
		Implementation of risk management strategy and plan by June 2014	Review risk management plan by end of June 2012. Appointment of Risk Manager	Risk management plan, risk committees, risk registers	500 000.00	Equitable Share	Reviewed and approved risk management plan	Partially achieved	80%	Risk Manager has been appointed for risk management implementation in the 12/13 financial year

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
MUNICIPAL MANAGER'S OFFICE- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicators	Baseline	Budget Amount	Funding Source	Annual Target	Achieved/ Not achieved	% Achievement	Comments and Corrective Measure
KPA: FINANCIAL VIABILITY AND MANAGEMENT [WEIGHT % 20]										
Revenue Enhancement	Increase the institutions budget and/or Revenue enhancement by 2014	Identification and listing of priority projects that are underfunded and non-funded by 2012. Leveraging of local, provincial, national and international resources	Developed business plans for identified unfunded strategic projects. List and identify possible funders.	Nil	Not applicable	Not applicable	ensure that projects identified for fund raising have all the required documentation and evidence to aid funding	Achieved	100%	Presentations were made to the Departments of Rural Development and Agrarian Reform, Department of Sport, Recreation, Arts and Culture, Department of Roads and Public Works and Eastern Cape Development Corporation to solicit funding and assistance to aid development

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
MUNICIPAL MANAGER'S OFFICE- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicators	Baseline	Budget Amount	Funding Source	Annual Target	Achieved/ Not achieved	% Achievement	Comments and Corrective Measure
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT [WEIGHT % = 20]										
Municipal Administration		Review the organogram in line with strategic objectives of the municipality and the powers and functions of the municipality	Ensure that the Organogram is reviewed and approved by end of June 2012	2010/11 Organogram	Not applicable	Not applicable	Ensure that all funded posts are filled by end of the financial year	Partially achieved	90%	Organogram has been reviewed and presented to the LLF. To be presented in the next Council Meeting.
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT [WEIGHT % = 20]										
Electricity	To ensure that Mquma Local Municipality communities have access to streets lights in all urban formal areas by 2014	To project-manage the installation of street lights and High Mast lights.	Installation of high mast and street lights by end of June 2012	Complete Phase 1 and phase 2 of street lights and high mast.	R3m	MIG	20% of work of phase 3 of the high must light project by end June 2012	Achieved	100%	

Draft Annual Report for the Year Ending 30 June 2012

MNQUMA LOCAL MUNICIPALITY										
MUNICIPAL MANAGER'S OFFICE- ANNUAL PERFORMANCE REPORT FOR THE YEAR ENDING 30 JUNE 2012										
								PERFORMANCE RESULTS		
Priority Area	IDP Objective	IDP Strategy	Key Performance Indicators	Baseline	Budget Amount	Funding Source	Annual Target	Achieved/ Not achieved	% Achievement	Comments and Corrective Measure
Roads and Public Works	To provide adequate transportation system for the efficient movement of goods and people by 2014	To facilitate the implementation of prioritised municipal roads as per the Municipal IDP	Construction of prioritised roads by June 2012	Completed roads	35m	MIG	100% of budget allocated to MIG projects is spent in line with completed work	Achieved	100%	