



**SENQU MUNICIPALITY
ANNUAL REPORT
2011-2012**

"To provide quality and affordable services to all members of the community, in a manner that sustains development and creates a better life for all".

10/31/2012

SENQU MUNICIPALITY ANNUAL REPORT

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CHAPTER 1

MAYOR'S FOREWARD &
EXECUTIVE SUMMARY

1.1. MAYOR'S FOREWORD

It is with great pride that I present to you Senqu Municipality's Annual Report for the period 2011/2012.

As is the nature of service delivery, 2011/2012 was not a year without challenge, both on the administrative and operational front. Having taken on our first year as the Council for 2011-2016, we are proud to be able to say that we have worked extremely effectively with the administrative arm and have received very strong administrative support which has eased our role and function enormously.

While it is acknowledged that the Integrated Development Plan (which is developed from extensive public participation exercises) provides the strategic direction and focus of the organisation, it must also be noted that this is strategically aligned to the Provincial Growth Development Strategy.

In this way our focus and efforts, while strictly accommodating the needs of our community, reflect also the provincial growth and development strategies that inform the focus of municipal service delivery nationally.

Accordingly, the following areas became the focus for the 2011/2012 period and will facilitate growth and sustainability within the municipal delivery areas and areas of focus.

In attempting to align the focus and direction for the 2011/2012 period the following areas of alignment with the district, provincial and national priorities were incorporated within the Key Performance Areas as reflected within the performance reports. Accordingly, areas of focus have included:

- Agrarian and forestry programmes;
- Tourism;
- Service delivery efficiency;
- Financial viability and management;
- Meeting basic community needs in order to facilitate sustainable human settlements;
- Gender equality and women empowerment; and
- Organisational development, good governance and public participation.

These have been incorporated within the 5 National Key Performance Areas as aligned to the national Key Performance Indicators i.e. Financial Viability and Management; Service Delivery; Good Governance and Public Participation; Local Economic Development and Municipal Transformation and Institutional Development.

It is unfortunate that challenges have been experienced with the process of aligning the SDBIP and Budget to the IDP and performance targets were not well written. – this in turn impacted on the manner in which performance targets were written in all other areas and will ultimately affect performance assessment overall.

Every effort must be made to ensure alignment between the IDP, SDBIP and Budget. In so doing, attention must be paid to ensuring that performance targets are well written and written in an objective manner. The performance objectives and targets were translated from the strategic objectives contained within the IDP, into the SDBIP and related Budget. In this manner the focus and direction of all activities within the organisation was on the achievement of the strategic objectives. Realistic objectives were used based on available organisational resources, including budget.

In order to improve public participation and accountability, various types of activities were undertaken – thereby ensuring that the community would feed into all pertinent aspects of governance and ensuring that community needs and issues would be addressed wherever possible. In this manner a culture of communication was also fostered.

The following public participation initiatives were used:

- Outreach programmes allowed feedback/information to be taken to the community regarding the budget;
- Tourism brochures were developed and distributed;
- The IDP Process Plan allowed for formal public participation opportunities/meetings to facilitate community commitment and communication;

- Mayoral outreach meetings were held in all wards;
- Public hearings were held especially in order to disseminate information about and information into by-laws;
- Monthly meetings – in this regard the Municipal Manager has set aside time to meet each month with members of the public in order to discuss pressing needs and issues;
- Media relations including :
 - Newspaper coverage
 - Broadcast media

Accountability from an institutional perspective is achieved by ensuring that institutional and employee reporting is conducted within required parameters.

During 2010/2011 a number of issues were raised by the Auditor General as requiring improved performance. These comments were taken and translated into the Audit Action Plan and in terms of this the following issues were treated as issues of priority and concern. In this manner, every effort was made to engage in corrective actions in order to improve service delivery overall:

- Efforts to reduce and manage electricity losses are to be undertaken and improved upon, year on year;
- Systems and processes were developed in order to facilitate the reduction and elimination of unauthorised expenditure. Strict guidelines were detailed regarding the manner in which expenditure may be authorized and disciplinary action was to be taken in all instances where adherence to the policy and procedures did not occur. In this regard, staff were to be kept informed and updated regarding processes and procedures:
 - Through the application of strict expenditure controls every effort has been made to reduce the incidents of fruitless and wasteful expenditure;
 - Baseline data continues to be an issue –although the manner in which this information is to be sourced is receiving greater attention and focus. Over time it is envisaged that this will be greatly improved;
 - The application of the performance reporting requirements have assisted in facilitating the auditing and verification of all performance information and ensuring that all required standards are met. The appointment of an Integrated Planning and Compliance Manager, an Internal Auditor and the fact that the Internal Audit Unit is now functional has added to this success;
 - All members of the Audit Committee are to be trained in respect of their role and function, and
 - All aspects of Supply Chain Management have and must be strictly applied.

Overall, it is noted that a great deal of success and improvement has been achieved and it is hoped that this will continue to be experienced as we move forward.

Notwithstanding the service delivery issues, Council is passionate about addressing the needs of the Community and uplifting the community of Senqu Municipality in a holistic and sustainable manner.

In this regard, our focus will continue to be placed on Service Delivery whilst also ensuring that every effort is made to facilitate Local Economic Development in all spheres.

In order to be in a position to provide better administration and services we will ensure that staff and councillors are capacitated . We commit to focusing our efforts on undertaking planned projects in respect of Special Programmes (aimed at women, the youth, the disabled, the elderly and the like). We will ensure that HIV/Aids awareness and support is promoted at every level and that the community will be capacitated through EPWP projects.

An exciting 2012/2013 is clearly on its way and we are looking forward to even greater achievements.



MAYOR N.Y .MTYALI

1.2 MUNICIPAL MANAGER'S FOREWORD

The 2011/2012 period brought with it a change in the political leadership of Senqu Municipality which in turn impacted positively on the operational and administrative functioning of the organization. Change has been experienced very successfully and bears testimony to Council, management and staff as we have worked well to ensure that, as always, the needs of Senqu Municipality and its community remain paramount.

In delivering this forward a number of pertinent issues are to be highlighted. These are reflected as follows:

- Senqu Municipality was established in terms of the Provincial Gazette of 28 February, Notice 22 of 2000 (with subsequent amendments);
- As a Category B Municipality, Senqu Municipality was established to be a Collective Executive type system and consists of 37 councillors (19 ward Councillors and 18 proportional Elective Councillors);
- Council is responsible for taking political decisions relating to service delivery and playing an oversight role in Council;
- Meetings of Council occur quarterly and Special Council meetings are convened when an urgent issue is require to be attended to and/or an urgent decision needs to be taken;
- As per Chapter 3 of the Municipal Systems Act, Act No. 32 of 2000), the executive and legislative authority of a municipality lies with the Council and the Council takes all the decisions of the municipality subject to s59.
- Executive Committee meetings convene monthly and are constituted as follows: the Mayor, Political Heads of Standing Committees, and the top management of the municipality.
- Standing Committees meet in order to discuss or recommend that certain actions are taken by the Executive Committee or Council. These committees are chaired by the Portfolio Councillors who form part of the Executive Committee members. The other members are Councillors, who are elected by political parties, traditional leaders and the administration;
- The municipality engages with a number of sector departments. While there are a number of associations, the following are representative of the many sector departments with whom there is interaction:
 - The Department of Public works (who provide assistance in terms of EPWP funding);
 - The Department of Sports, Arts and Culture – due to the Community Services functions relating to sportsfields, libraries and the like;
 - The Department of Human Settlements (for whom Senqu Municipality acts as the Housing facilitator);
 - All grant funding sponsors e.g. DEAT, MIG, NDPG, EPWP, Department of Agriculture; and Department of Social Development.

In these instances it is imperative that the municipality meets with these departments regularly to discuss progress and issues of challenge.

- Senqu Municipality was awarded an unqualified audit opinion with emphasis of matter by the Auditor General for the 2011/2012 period. This has occurred two years in succession and we are extremely proud of this fact.
- Changes in respect of the s56 managers did occur during this time. It is noted that the contracts of the following s56 managers were renewed:
 - Municipal Manager
 - Chief Financial Officer
 - Technical Services Manager

- Community Services Manager

The contracts for the Corporate Services Manager and the IPME Manager were not renewed and new appointments were made after the financial year end.

- Risk assessments are conducted annually and reporting is conducted quarterly in order to facilitate the management of risks. While this is conducted effectively as an annual event, it is noted that quarterly reporting must be conducted more formally in order to facilitate the management and reporting of risk, provision has been made on the organogram for the appointment of a Compliance Officer and a Risk Manager. To date the Compliance Officer has been appointed and this has facilitated the reporting function.

Having experienced a successful 2011/2012 we look forward to the new financial year – striving at all times to provide the much needed and required services in an efficient and effective manner.

I would like to take this opportunity to thank my team (managers and staff) and the Mayor, Speaker and Councillors' for making our efforts worthwhile.



M.M. YAWA
MUNICIPAL MANAGER

1.3 EXECUTIVE SUMMARY

Senqu Municipality's Annual Report for 2011/2012 details and comprehensively summarizes the overall financial and administrative health of the organization, together with the successes and challenges experienced.

At all times and as per Chapter 5 of the Municipal Systems Act, Act 32 of 2000, reference will be made to the Integrated Development Plan and effectively the municipal 5-year strategic plan that emanates from this (and its annual review).

The establishment of the new Council resulted in a new 5-year Integrated Development Plan for Senqu Municipality. This plan was developed to span the period 2011-2016 and was developed after a high degree of public participation, ensuring that it remained an accurate representation of the needs of the community.

Taking Budget considerations into account for the current financial year, the annual strategic objectives were developed and this in turn gave rise to the development of the Service Delivery and Budget Implementation Plans (SDBIP's). These operational plans were developed as required for each department. It is acknowledged that challenges of alignment between the IDP, Budget and SDBIP were experienced and this will be required to be resolved moving forward.

This executive summary is intended to provide a comprehensive overview of the content and issues covered within all parts of this report.

Chapter 1: Mayor's Foreword and Executive Summary

This introductory segment introduces both the political and administrative heads of the organisation. These forewords detail information regarding the current state, vision and corrective action required. Further to this, it provides detail on the geographical context within which Senqu Municipality resides. Issues covered include: population data, gender, income issues and demographical challenges.

It is clear that with high levels of unemployment and poverty, the resulting rate base is adversely affected as a result, and must naturally impact negatively on the organization's ability to increase its revenue source. Additionally it is noted that the younger and more educated members of society tend to leave this economic area which exacerbates these challenges further. These are accepted and considered in context as the other pertinent issues are discussed.

Chapter 2: Governance

This chapter is divided into 4 sections and detail is included as follows:

Component A: Governance Structures

The background and context of the municipality is examined in respect of:

- Political Governance Structure
- Administrative Governance Structure

Component B: Intergovernmental Relations

- Intergovernmental Relations (detail on the extent to which this occurs and how)

Component C: Public Accountability and Participation

• Public Meetings

Public Participation meetings are scheduled and held in terms of the Process Plan, IDP requirements and regularly in order to liaise with public.

• IDP Participation and Alignment

IDP participation and alignment to the SDBIP and Budget is required to receive focus as indicated..

Component D: Corporate Governance

A number of governance issues are addressed and these include:

- **Risk Management**

Risk Management /Assessments are undertaken. Greater controls needed to be applied to ensure effective implementation.

- **Anti-corruption and fraud**

Anti-corruption and fraud strategies are in place and applied.

- **Supply Chain Management**

Supply Chain Management practices and policies are for the most part correctly applied and issues requiring attention are being formally addressed.

- **By-Laws**

By-laws, policies and procedures were updated. Implementation remains a challenge and these are required to be workshopped.

- **Websites**

During 2011/2012 attempts to update and post information on the municipal website were undertaken. These are still outdated and required to be updated overall.

- **Public Satisfaction on Municipal Services**

High levels of interaction ensure regular feedback and so too customer satisfaction surveys.

- **All Municipal Oversight Committees**

All audit committees are functioning well overall.

- **Staff capacitation and training**

The capacity of staff has been enhanced through the application of the WSP and management of labour. Notwithstanding it is acknowledged that much more is required to be done in order to enhance capacity in so many areas.

Chapter 3: Service Delivery Performance (Performance Report Part 1)

This chapter details the performance achievements and challenges experienced within the areas of service delivery specifically. Key issues are highlighted as follows:

- Senqu Municipality has been licensed by the National Energy Regulator of South Africa to supply electricity to Sterkspruit, Lady Grey and Barkly East. The level of this service is currently high. Electricity losses have been successfully reduced in 2011/2012.

Notwithstanding insufficient funding, inadequate infrastructure and a lack of capacitated staff and filled vacancies have had impact on the ability to reduce electricity losses. The target of eliminating backlogs of approximately 60% was met but is dependent on ESKOM to address these within the rural areas.

A Free Basic Energy Project is currently undertaken in Rossouw and as a result, 63 households currently receive 20 liters of paraffin and 12 candles per month.

- The municipality is currently responsible for all access and municipal roads – the remainder falling under the functions of the Department of Roads and Public Works (DRPW).

Roads are not provided at the required level and are predominantly gravel in the rural areas.

Financial and plant shortages/limitations and the capacity of staff have had a detrimental effect on the ability to provide the required services.

Shortfalls in planned eradication of backlogs were achieved.

- Stormwater systems are required to be installed by Senqu Municipality. The standard of service for these is exceptionally low and most of these provisions remain unlined.

Notwithstanding the resource limitations it is noted that the Stormwater Master Plan was recognized as being a requirement for the entire municipal area and once implemented, would allow for coordinated projects.

Progress has been made in respect of the replacement of road signs, maintenance of side drains, cleansing of catch pits and the installation of stormwater crossings in the rural areas.

- Water services are only provided within the urban area and Senqu Municipality was appointed as the Water Services Authority until 31 July 2012.

Service provision is considered to be of a high quality and connections to the yard and house are apparent with 24 hours availability. Within the rural areas this status is very different and many outages are experienced.

Many challenges are present in attempting to meet these required targets.

- Sewerage services are provided only within the urban area, and as the appointed Water Services Authority. This is provided mostly at a high level (as part of the water borne services). VIP's and buckets are still to be found within informal and formal areas and where this is apparent, the bucket removal and VIP services are found to be sub- par due to plant down time.

A number of successes were achieved and these related to the handling of complaints, new connections, emptying of conservancy tanks and informal bucket removal.

Challenges related to: bucket eradication, development of sanitation ponds, infrastructure and financial resource limitations, and capacity of staff.

- The job creation projects while considered to be successful were overspent by R288 000 although this was due to unforeseen payments. The EPWP programme exceeded all expectations and additional job opportunities were created above target.
- MIG funding on projects was spent as required and the manner in which MIG projects were managed was recognized.
- Although cemetery maintenance function occurs, it is limited by available funding. The planned electronic cemetery register was not developed during this financial year and is required to receive focus moving forward.
- Campaigns to minimize illegal dumping have been undertaken but additional progress is required.
- While limited by financial resources, certain projects were undertaken and project milestones achieved in respect of municipal halls and sporting facilities. Kwezi-Naledi Hall was fenced and renovated and sportsfields had minor issues addressed. Additional needs are required to be addressed and planning for these will take place.
- A number of successful interventions were undertaken in order to raise awareness regarding the importance of and the methods of recycling. These were facilitated by interns and staff.
- Refuse collection remained a challenge due to vehicle breakdowns, impassable access roads and staff shortages – ultimately exacerbated by lack of financial resources and inadequate infrastructure.
- Commonages were well stocked – preserving the goodness of the land.
- Senqu Municipality is in possession of a Free Basic Services and an Indigent Subsidy Support Policy which was reviewed and implemented. The most challenging issue relates to updating and maintaining the Indigent Database Register – its accuracy and validity a major challenge and also to ensure that no-one is disadvantaged in the process.
- The management of suppliers was a challenge that appears to have been resolved through the application of the service providers reporting template and the proposed appointment of the Risk Performance Officer. Notwithstanding progress, it is acknowledged that the risk assessment of the supply chain management system has not been completed. On a positive note it is noted that the SEBATA system now notifies staff of insufficient funds (in order to prevent incidents of over-spending). The Bid Register is now published on the municipal website and the tender committees are now functioning as required.

- The following awards have been received in respect of service delivery:
 - Vuna Awards during 2010/2011
 - Financial Awards for the “Cleanest Town Award” (Environmental Affairs Award for Province);
 - A reward for effective MIG expenditure; and
 - Being chosen to pilot a customer care survey that was taken to the community via Community Liaison Workers and Ward Councillors.

Overall we have a situation where Senqu Municipality is financially sound/liquid, service delivery is well provided and we have received an unqualified audit report. Notwithstanding it is acknowledged that improvements are always needed and our focus will be: enhancing revenue, ensuring full GRAP compliance, implementation of Risk Management Strategies and monitoring financial viability and debt coverage and expenditure control.

Chapter 4: Organizational Development Performance (Performance Report Part II)

Component A: Introduction to the Municipal Workforce

This deals with an introduction to the municipal workforce. Discussion centers around the organogram, staff establishment figures, employment equity issues and the like.

Component B: Managing the Workforce in terms of reporting and functional structures

Functional reporting structure is provided

Component C: Capacitation of the Workforce

Capacitating workforce, WSP and staff training statistics are provided.

Component D: Managing municipal workforce expenditure

Controls in respect of reporting and expenditure management are provided.

Chapter 5: Financial Performance

All aspects of financial management are covered and specifically within the following areas:

Component A: Statement of Financial Performance

Component B: Spending against Capital Budget

Component C: Cash Flow Management and Investment

Component D: Other Financial Matters

Chapter 6: Auditor General Findings

This chapter provides an overview of the Auditor General’s Report of the previous financial year and will include:

- Detail on issues raised during the previous financial year; and
- Remedial action and preventative measures taken and proposed..

Appendices:

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Volume II: Annual Financial Statements

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- Cash-flow statement
- Accounting policies
- Notes to financial statements

Financial statements of all entities of the municipality should be included in this section.

In concluding it must be emphasized that the overriding goal of the vision and mission of Senqu Municipality is to "provide quality and affordable services to all members of the community, in a manner that sustains development and creates a better life for all".

As per the IDP, focus areas include:

- Good governance and effective administration
- Sustainable Infrastructure development
- Sustainable Basic Services
- Economic Development
- Environmental Management
- Social Development
- Financial Viability
- Empowerment of Youth, Women and Disabled, and
- Safety and Security

Noted: These focus areas will be incorporated into the five national indicators for performance reporting purposes.

This report details the manner in which this is achieved, within the context of the goals and targets contained within the Integrated Development Plan.

1.4. MUNICIPAL OVERVIEW

Geographical context surrounding Senqu Municipality.

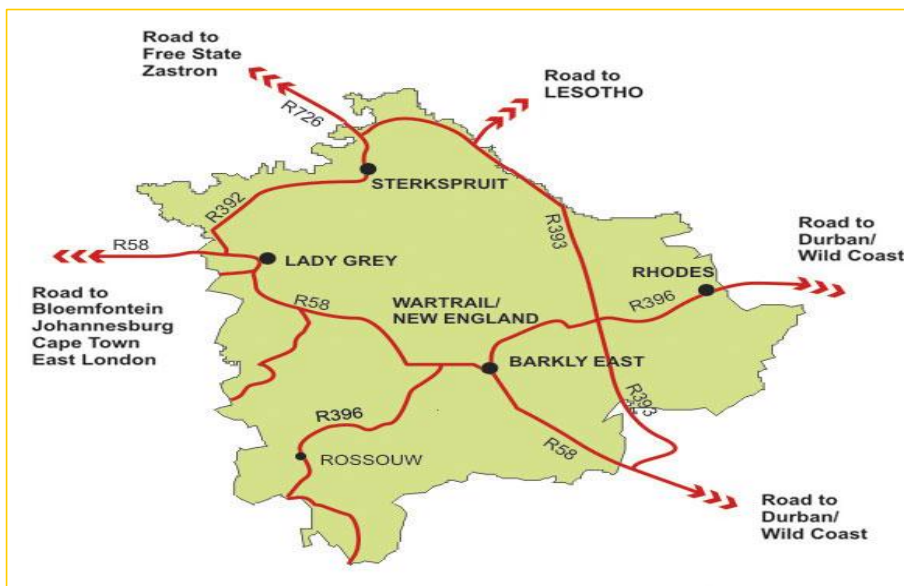
GENERAL INFORMATION

1. Geographical Context and Overview of the Municipality

During December 2000, Senqu Municipality was established after the amalgamation of the following Local Authorities and towns:

- Lady Grey (including Transwilger and KweziNaledi);
- Barkly East (including Nkululeko, Fairview and LulamaHlanjwa);
- Sterkspruit;
- Rhodes (including Zakhile); and Rossouw
- Portion of Wodehouse (Dordrecht) and Indwe

Senqu Area also covers commercial farms and villages of the former magisterial districts of Barkly East, Rhodes, Herschel, Lady Grey and Sterkspruit and portions of Wodehouse (Dordrecht) and Indwe.



Senqu Municipality is the largest Municipality in the Joe Gqabi District Municipality, and spans an area of 6772 km². A unique feature of this Municipality is the fact that it borders the Eastern Cape Province and Lesotho. It has beautiful mountains and beautiful rivers to lay claim to, and with many game-fishing opportunities the potential for tourism within the area is an opportunity that requires nurturing. Elundini and Sakhisizwe Municipalities are in the south of Senqu Municipality and in the west is Maletswai Municipality. To the north is the border between the Eastern Cape Province and the Free State Province. The R58 and R392 are the key transport routes through this Municipality and these then link to the N6 at Aliwal North.

The municipality has three urban nodes viz Barkly East, Sterkspruit and Lady Grey with Sterkspruit displaying the highest population growth rate. The rest of the municipality is characterised by small villages and communal and commercial farming land.

With regard to the provision of services 15 586 have no access to water which is 13.2 % of the population. 21 330 have water provision below RDP standards which means that 68.8 % have water service above RDP standards. Sanitation service levels are far lower with 53 140 (45 %) not receiving services and 65 034 (55%) receive sanitation. 62.1 % receive access to electricity provision and work is ongoing to connect households to the grid and concentrate on off grid connections to renewable sources of energy such as solar. The largest backlog is experienced with road provision. District

and access gravel roads in spite of ongoing maintenance are generally in a bad state especially in the communal areas.

DEMOGRAPHIC

Population Figures

The population has decreased since 2001 from 135 141 to 118 174 according to the Community Survey 2007. Correspondingly it appears that the number of households have increased from 33 728 to 35 107 (Statistics South Africa, 2007). This could be attributed to the fact that the average household size is decreasing.

Rural vs. Urban Population

86% of households are rural in nature (Statssa 2001) with 93 % residing near the town of Sterkspruit. The population is fairly youthful in nature with approximately 51.88 % being below the age of 20 with more women than men. This phenomena may be ascribed to migrant and commuter labour which has resulted in many households having a woman as the head of the household and the chief breadwinner living away from the home.

It is critical to note that based on current modelling it is expected that the population will be decreasing in the area due to the effects of out migration as well as due to the impact of HIV and Aids.

Age and Gender

Approximately 53.13% of the municipal population fall in the 15-65 age category, which can be regarded as the economically active sector of the population, with 41% of the population below the age of 15. The population is fairly youthful in nature with approximately 51.88 % being below the age of 20 with more women than men. This suggests continued population growth in the area with a need for education facilities and a focus on education and skills training.

The table below details the gender split, with 46.85% of the population being male and 53.15% female (Census 2001)

2001	
FEMALE	MALE
71 834	63 310

This split may be attributed to migrant and commuter labour which have resulted in many households having a woman as the head of the household, and the chief breadwinner living away from the home. This gender split will also likely impact on the type of development that may occur, especially in regard to manual labour-type employment.

EMPLOYMENT AND INCOME

Employment

Senqu Municipality's three (3) key economic sectors are Agriculture, Services and the Tourism sectors, with the latter (Tourism), having the potential to grow.

Data from the 2007 Community Survey indicates that the average unemployment rate of the Senqu Municipal area is 16%. This number only includes people that are actively searching for work. The percentage of people who are unemployed but not looking for work is 65%, compared to 54% for the district and 48% for the province.

Income Level

The Community Survey 2007 indicates that 50.25% of the population of Senqu earns no income and that a further 21.39% earn between R1 and R1600 per month. This is compared to 50.58% of the district population with no income and 59.34% of the provincial population with no income. The municipality has a high dependency ratio of 161:100, which means that for every 100 economically active people, there are 161 people who are dependent upon them for survival. This has implications with regard to the affordability of services and the sustainability of these services
It is estimated that:

- 16% actively seeking employment
- 50.25% households have no steady income
- 21.39% of population earn less than R1 600 per month

Note: This figure is below the Household Subsistence Level for the Province.

Employment Sectors

The main economic sectors in the Senqu municipal economy are community services which account for 36% of the employment, followed by agriculture with 21%. This in conjunction with the fact that about 39% of Senqu Local Municipality workforce is made up of elementary or unskilled workers makes the economy very vulnerable to external stresses.

Occupational Skills Levels

The high levels of unskilled workers corresponds with the low levels of educational facilities in the area and indicates a need for skills development and education programmes.

About 39% of Senqu Municipality's workforce is made up of elementary or unskilled workers, and this represents the largest percentage in the District. Senqu Municipality has low levels of senior management and technical staff, and these are reflected as 3% and 4% respectively. This corresponds with low levels of educational facilities in that area, and indicates a need for skills development and education programmes.

**CHAPTER
2**

GOVERNANCE

COMPONENT A: GOVERNANCE STRUCTURES

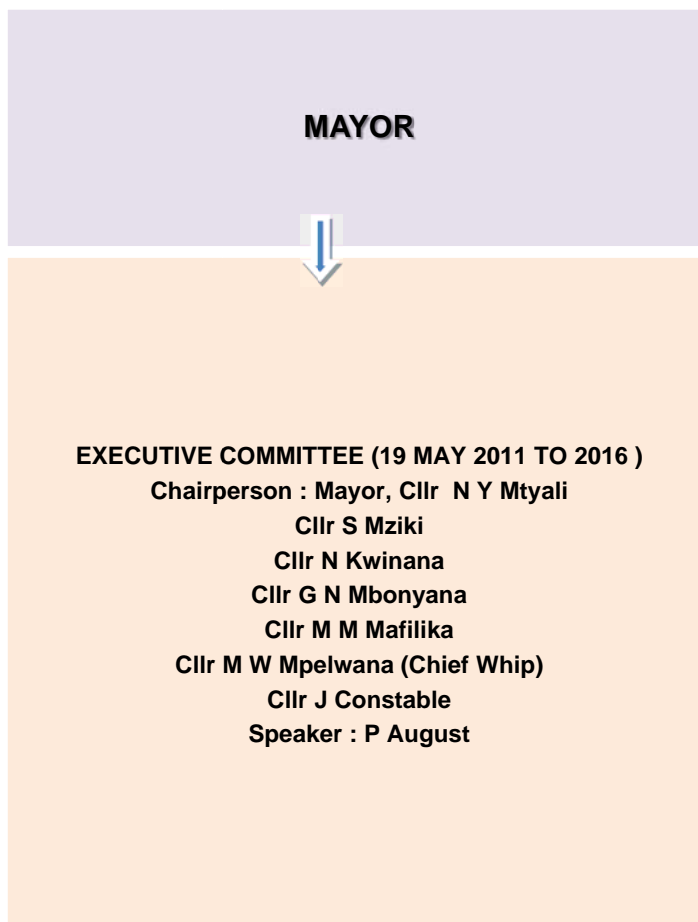
A1: POLITICAL GOVERNANCE STRUCTURE

A1.1 Overview of the Executive and the Council Functions and Achievements

a. Executive Committee, Council and Standing Committees

In terms of the Municipal Structures Act, Act No 117 of 1988 Senqu Municipality functions according to a Council Executive System. This municipality functions as a democratically elected Category B Municipality. In terms of this structure, Senqu Municipality's Council is comprised of elected Ward Councillors and Proportional Representation Councillors.

The manner in which this Council operates is reflected as follows:



Councillors are elected for a period of five (5) years. This Council has been in office for the period 2006 – 2011. In terms of the functional structure of Council and through the operational nature of standing committees Councillors are required to make informed decisions regarding the running of the organization within the areas of: IPME; Community and Social Services; Corporate and Support Services; Budget and Treasury, Technical Services and the Municipal Managers office as depicted below:



SENQU MUNICIPALITY COUNCIL



YEAR 2011 - 2014



CLLR.N. Y. Mtyali (Mayor)



CLLR.N. P. August (Ward 17) and (Speaker)



CLLR. M. Mpelwane (Chief Whip and (EXCO - Head of Technical Services)



CLLR. G. Mbonyama (EXCO - Head Community Services)



CLLR. N. Kwinana (Ward 04) and (EXCO - Head of Corporate & Support Services)



CLLR. J. Constable (EXCO- Head of Budget and Treasury)



CLLR. M.M. Maflika (Ward 16) and (EXCO - Head of Integrated Planning, Monitoring & Evaluation)



CLLR S. Mziki (EXCO Member)



CLLR B.S. Majodina (Ward 01)



CLLR PG. Key (Ward 02)



CLLR N. Nombula (Ward 03)



CLLR J.J. Lamane (Ward 05)



CLLR N.C. Mraji (Ward 06)



CLLR N.A. Mkhontwana (Ward 07)



CLLR M.G. Moeletsi (Ward 08)



CLLR A.P. April (Ward 09)



CLLR S. Mfisa (Ward 10)



CLLR M.N. Ngendane (Ward 11)



CLLR M.P. Bingwa (Ward 12)



CLLR L.M. Tokwe (Ward 13)



CLLR M.J. Mjali (Ward 14)



CLLR S.S. Ndzongana (Ward 15)



CLLR B. Ngogodo (Ward 18)



CLLR N.C. Motemkwana (Ward 19)



CLLR S.S. Tindleni



CLLR G.N. Mvunyiswa



CLLR M.A. Mshasha



CLLR A. Kwinana



CLLR I. Elia



CLLR M.J. Sereba



CLLR N.M. Nthako



CLLR M.A. Mangali



CLLR R.M. Joubert



CLLR L. Mosisidi



CLLR A. Sobhuza



CLLR M. Senoamali



CLLR I.S. Van de Walt

As 2011 represented the end of this 5-year term, a new Council was elected and inaugurated with effect from 31 May 2011. A total of 37 Councillors have been appointed. This new Council is reflected diagrammatically below as follows:

List of new Councillors: 2011 – 2016 (May 2011)

ANC	PARTY REPRESENTATIVES	N.Y MTYALI – MAYOR
	PARTY REPRESENTATIVES	M.W. MPELWANE
	PARTY REPRESENTATIVES	A.P. KWINANA
	PARTY REPRESENTATIVES	S.S TINDLENI
	PARTY REPRESENTATIVES	G.N. MBONYANA
	PARTY REPRESENTATIVES	JOB KONSTABEL
	PARTY REPRESENTATIVES	N.R. NTHAKO
	PARTY REPRESENTATIVES	I.MOSISIDI
	PARTY REPRESENTATIVES	G.S. MVUNYISWA
	PARTY REPRESENTATIVES	M.A. MSHASHA
	PARTY REPRESENTATIVES	I.M. ELIA
	PARTY REPRESENTATIVES	M.A. MANGALI
	PARTY REPRESENTATIVES	A.H. SOBHUZA
	WARD COUNCILLOR – WARD 1	B.S. MAJODINA
	WARD COUNCILLOR – WARD 2	P.G. KEY
	WARD COUNCILLOR – WARD 3	N. NOMBULA
	WARD COUNCILLOR – WARD 4	N.M. KWINANA
	WARD COUNCILLOR – WARD 5	J. LAMANI
	WARD COUNCILLOR – WARD 6	N.C MRAJI
	WARD COUNCILLOR – WARD 7	N.A. MKHINTWANA
	WARD COUNCILLOR – WARD 8	M.G. MOELETSI
	WARD COUNCILLOR – WARD 9	P.A. APRIL
	WARD COUNCILLOR – WARD 10	S. MFISA
	WARD COUNCILLOR – WARD 11	M.N. NGENDANE
	WARD COUNCILLOR – WARD 12	M.P. BINGWA
	WARD COUNCILLOR – WARD 13	L.M. TOKWE
	WARD COUNCILLOR – WARD 14	M.J. MJALI
	WARD COUNCILLOR – WARD 15	S.S. NDZONGANA
	WARD COUNCILLOR – WARD 16	M. MAFILIKA
	WARD COUNCILLOR – WARD 17	P.N AUGUST - SPEAKER
	WARD COUNCILLOR – WARD 18	B. NGOGODO
	WARD COUNCILLOR – WARD 19	N.C. MOTEMEKWANA
DA	PARTY REPRESENTATIVES	R.M JOUBERT
DA	PARTY REPRESENTATIVES	I.H. VAN DEN WALT
PAC	PARTY REPRESENTATIVES	S. MZIKI
	PARTY REPRESENTATIVES	M.J. SEREBA
UDM	PARTY REPRESENTATIVES	M. SENOAMALI

Administrative responsibilities of Council

- Councillors are responsible for taking political decisions relating to service delivery and playing an oversight role in Council.
- Meetings of Council occur quarterly and Special Council meetings are convened when an urgent issue is required to be attended to/or an urgent decision needs to be taken.
- As per Chapter 3 of the Municipal Systems Act, (Act No. 32 of 2000), the executive and legislative authority of a municipality lies with the Council and the Council takes all the decisions of the municipality subject to s59.
- Executive Committee meetings convene monthly and are constituted as follows: the Mayor, Political Heads of Standing Committees, and the top management of the municipality.
- Standing Committees meet in order to discuss or recommend that certain actions are taken by the Executive Committee or Council. These committees are chaired by the Portfolio Councillors who form part of the Executive Committee members. The other members are Councillors, who are elected by political parties, traditional leaders and the administration.

Standing Committees

Currently there are 5 Standing Committees that correspond with the 5 Directorates.

Committee meetings are held monthly as required and information and recommendations from these are submitted to the full Council.

All Councillors are required to serve in the Standing Committees with the exception of both the Mayor and the Speaker.

In this manner informed decision making is facilitated, as Councillors become more focussed and knowledgeable about strategic and Directorate-specific issues.

The focus areas of these Standing Committees are defined as follows:

Members of Standing Committees

<p>Budget & Treasury Office Chairperson : Cllr J Constable Councillors : Cllr S Mafisa Cllr I S van der Walt Cllr B S Majodina Cllr N Ngendane</p>	<p>Focus Areas</p> <ul style="list-style-type: none"> • Management of financial resources • Policies, Procedures and By-lays (MFMA and National Treasury) • Financial support to all Departments
<p>Strategic Planning and Development Chairperson: Cllr Mafilika Councillors : Cllr N Nombula Cllr L Tokwe Cllr A P April Cllr M Moeletsi Cllr M Senoamali Cllr N C Mrajji</p>	<p>Focus Areas</p> <ul style="list-style-type: none"> • Council facilitation (Powers & Functions) • Support to community participation structures • By-Laws • Service Delivery • Communications Management and Customer Care • LED • Town Planning
<p>Corporate & Support Services Chairperson : Cllr N Kwinana Councillors : Cllr S S Tindleni Cllr S Mziki Cllr N R Ntloko Cllr M Ncise Cllr R M Joubert</p>	<p>Focus Areas</p> <ul style="list-style-type: none"> • Council Administration • Departmental Corporate Support • Legal Compliance
<p>Community and Social Services Chairperson : Cllr G Mbonyana Councillors Cllr I Mosisidi Cllr M Ngendane Cllr J Lamani Cllr M G Moeletsi Cllr A H Sobhuza</p>	<p>Focus Areas</p> <ul style="list-style-type: none"> • Community based service provision • Community based by-laws • Waste Management
<p>Technical Services Chairperson : Cllr M Mpelwane Councillors Cllr M J Mjali Cllr G N Mvunyiswa Cllr P G Key Cllr B Ngogotho Cllr N C Motemekwane</p>	<p>Focus Areas</p> <ul style="list-style-type: none"> • Infrastructure Development (Maintenance and Construction) • Technical Service Delivery • PMU Administration

Ward Committees Establishment and Functionality

Ward Committees were established as required and in terms of Gazette No. 1405, Notice no. 209 of 9/12/2005. Additionally the Municipality published its By-Laws relating to Ward Committees in terms of s13 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000) read with s162 of the Constitution of the Republic of South Africa Act 1996 (Act 108 of 1996).

According to these prescriptions it must be noted that:

- Representation on Ward Committees shall not be according to political party affiliation and will include religious, youth, civic, education, sport, culture, business, welfare, and women’s associations.
- Committees are required to meet at least once per quarter and report formally to the Municipal Manger at least quarterly through their Ward Councillor.
- The term of office of a member is a period of two years;
- The Mayor is responsible overall for the functioning of the Ward Committees and will meet at least quarterly with all Ward Committees to discuss issues of mutual concern and issues to be addressed; and

- The Mayor shall submit a 6 month report to Council on the activities and considerations of the Ward Committees.

In so far as their functioning it must be noted that Ward Committee members were for the first time paid "out of pocket expense" which were commensurate with the amount of work required to be done by the Ward Committee members. Each Ward Committee member was paid R1500 for the financial year.

Certain challenges in respect of functionality were present and these are reflected as follows:

- Not all Ward Committees were meeting as regularly as required;
- Challenges in travelling impacted the most on the degree of functioning of these committees. Due to the geographical spread of the area required to be covered (served by these committees), ward members were required to travel huge distances in order to service the needs of these wards. A stipend of R500 per month for each ward committee member was therefore budgeted and paid for in order to facilitate this process.

Toward the end of the financial year the Speaker became involved in the appointment of new ward committee members in order to coincide with the new term of office. Accordingly, a workshop was held with the Ward Councillors and it was agreed that within the 19 Wards, a total of 16 ward committees will be established.

Each Committee will be chaired by its respective Ward Councillor. During Ward Committee meetings, the community members are briefed about developments in their ward and within the municipality itself. In this manner, a consultative community structure is created and maintained.

In order to facilitate the smooth running of these communities a code of conduct has been developed which will in turn be work shopped.

In keeping with all required legislation it must be noted that:

- All records of meetings scheduled and attended are maintained (minuted);
- Minutes of all meetings are made available;
- Written proof is available regarding resolutions tabled to Council;
- Minutes are available for all feedback meetings with communities; and
- Ward Committee activity reports are made available to all.

Community Development Workers (CDW's)

During the current year, it must be noted that Senqu Municipality had 15 CDW's. An additional 4 are to be appointed in order to cover the newly demarcated wards and this would amount to a total of 19 CDW's.

The objectives and functioning of CDW's is motivated by the need not only to identify households in need, but also to ensure that community relationships between the communities and the municipality are fostered, in order to ensure adequate marketing and utilization of services offered.

CDW's report monthly to their co-ordinator in Sterkspruit in order to provide operational monthly reports. Reports regarding activities performed and observations noted are forwarded monthly to the municipality via the Speakers Office. All Ward Committee meetings are attended by the CDW's who also then provide assistance to the Ward Councillors in respect of the dissemination of information.

In an effort to ensure effective service delivery from the CDW's, it is noted that all CDW's have undergone the appropriate training. Difficulties in communication between the CDW programme and the municipality has not yet been resolved. It would seem that this was in part due to misunderstandings by the Ward Councillors as to the role of the CDW's and this in turn resulted in miscommunications and "turf wars". Through additional training in this regard, it is hoped that this challenge will be addressed over time and especially with the appointment of the new Council.

At a practical level it must be noted that CDW's have had difficulty in fulfilling their work duties, due to a lack of adequate inter-ward transport and the lack of computers and printers to document evidence and to produce reports.

Overall, while the prime focus of the current year has been to identify and report on households in need (utilizing a “door to door campaign” which facilitates the identification of the household situation and the government services required).

Through their reporting mechanisms the CDW's are then submitted to the relevant government department in an effort to enlist the required assistance for that household.

While this programme has achieved great success through its marketing campaigns, it is hampered by the lack of transport and telecommunications that would enable CDW's to ensure that the requested services reached the required families.

Overall it is fair to state that the greatest operational challenges are :

- The lack of transport – experienced due to the poorly constructed road network; and
- Poor telecommunications (attributed to lack of access to airtime and too few cell phone towers) which prevent the CDW's ensuring that they reach the necessary families as required.

Communication Strategy

In terms of the Intergovernmental Relations (IGR) Framework Act, 2005, forums were required to be established to ensure alignment between the local government communications systems. This act required that within these forums, municipalities and provincial government communications would meet in order to discuss issues relating to communication and would effectively plan together in order to improve this lot.

The GCIS has recommended District Communication Forums (DCF's) and Local Communicators Forums (LCF's).

In terms of progress thus far, it must be noted that:

- The Senqu Communications Forum was initially established 21 August 2008;
- The LCF is active and sits quarterly, although traditionally participation from local departments has not been positive;
- Core members of the LCF are:
 - Senqu Communications Officer
 - Political Head, Mayor of Senqu Municipality
 - GCIS, Senqu
 - Senqu SPU
 - Senqu CDW's Coordinator
 - OTP Communicator, Joe Gqabi Municipality
- The LCF core team members also sit in the SCF, in which the LCF Chairman forms part of the DCF executive committee.

As far as the Communication Strategy is concerned, this was developed and adopted in October 2009 In the interests of public participation this was developed in consultation and in partnership with CDW's, Ward Committee Representatives and community members. This is reviewed annually and workshopped to the local Communications Forum members.

Within the 2010/2011 period, it is noted that :

- The Local Communications Forum meeting was held 1 March 2010 in which the strategy was modified and additions made by forum members;
- The Draft Communications Strategy was then presented to Exco and submitted to Council for adoption;
- After adoption, this strategy was then launched as the official Communications Strategy for Senqu Municipality.

Structure and information on communications strategy and activities

Strategy and activities covered by this strategy are reported on as follows:

Media Relations and monitoring

Establishing good relationships with the media is vital to the success of the organization and public effort has been made to ensure that good relations are developed.

Accordingly it is noted that:

- Newspaper coverage is received from publications such as: the Barkly East Reporter and the Aliwal Weekly (as local newspapers); the Daily Dispatch, and the Sun (where minimal feedback is received as this represents a national newspaper);
- Relationships have been developed and maintained with broadcast media such as : Takalani FM (local radio station); SABC Lesedi FM; and SABC Umhlobowenene;
- Improvements are required moving forward in efforts to provide regular information reports to the media so as to manage and control this process in a proactive manner.

Events Management

Event management is an important skill in the government communication process, in order to ensure that specific events achieve their goals and to ensure that the correct messages are communicated to the people targeted. Communicators plan for these events and to date have been successful in assisting politicians to host events. In this regard it is noted that:

- The communications section of the municipality has played a major role in facilitating a number of events that have taken place within the municipality. These have included:
 - The opening of Council (February 2011);
 - The Annual Mayoral Budget Speech Address which has been rotating around the three major towns within Senqu;
 - The former Mayors farewell event that was held within the new offices in Lady Grey
 - Recently the municipality played host to many MEC's from the province during the Siyabonga rally by President Zuma that was held in Senqu and it is noted that the communications section played a major role in this event. MEC's present included: MEC Pemmy Majodina (Social Development and Department for Women, Children and People living with Disability); MEC Mlibo Qhobosheyan (Local Government and Traditional Affairs); MEC Thandiswa Marawu (Public Works, Roads and Transport); MEC Phumulo Musualle (Provincial Planning and Finance); and HOD's and DG's from the province and other prominent leaders from within and from outside the district.

All events hosted by the municipality have been a tremendous success.

External Communication

Of critical importance is the role of internal and external communication within the organisation. In efforts to improve these, the following actions were undertaken:

- The municipality is currently in the process of establishing an external newsletter that will go out to the communities once per quarter;
- This external newsletter will be the official route and manner in which information, recent news and updates about the municipality and its activities will be disseminated; and
- Although it is noted that the municipality's internal newsletter has been discontinued due to a number of challenges, this is an area that needs to be resolved moving forward.

Municipal Website

The municipal website is fully functional and is updated monthly. All legislated documentation (for public information and comment), tender documents, policies, by-laws and issues of interest are placed on this user-friendly site.

Legal matters

Setting up of legal units

The Municipality does not currently have a legal unit, but is utilising the services of Legal Personnel from the Joe Gqabi District Municipality for assistance in Disciplinary and Legal issues. External service providers are used for more complex legal issues as in the case of land disputes and legal opinions on service delivery issues are used.

Cases were managed as follows:

Management of Litigation (Information to be provided and incorporated into January 2013 Draft)

A number of litigation cases were handled during the year under review. These are referred to more specifically as follows:

	Case	Parties involved	Issue	Status

A2: ADMINISTRATIVE GOVERNANCE STRUCTURE

FUNCTIONAL STRUCTURE OF DIVISIONS

The functional nature of each division (department) is reflected below:

Municipal Manager	Corporate Services	Financial Services
<ul style="list-style-type: none"> Community Liaison Chief Operational Officer (SPU, HIV/Aids) IDP and Performance Management Internal Audit 	<ul style="list-style-type: none"> Administration & Council Support Human Resources Labour Relations Skills/Equity /Training and Career Development Legal Services Logistics (Fleet Control) 	<ul style="list-style-type: none"> Budget & Treasury Information Technology Supply Chain Management Expenditure Revenue Traffic Asset Management
Technical Services	Community and Social Services	Integrated Planning, Monitoring and Evaluation
<ul style="list-style-type: none"> Asset Control Roads Electricity PMU Water & Sanitation Stormwater 	<ul style="list-style-type: none"> Waste Management Cleansing Refuse Amenities Libraries Commonages Public Open Spaces 	<ul style="list-style-type: none"> IPED Town Planning Customer Care Communications LED Tourism SMME Development Poverty Alleviation

Reporting Relationships and administrative functioning

- The Directors all report directly to the Municipal Manager in respect of the functional nature of their positions.
- Reports and presentations are provided monthly to Standing Committees who recommend that these are approved and taken to EXCO/Council as appropriate, for final approval.
- Council resolutions are to be effected within a specified period (as reflected on the Resolutions Register) and the directors are required to make the appropriate follow ups to ensure that this occurs as required.
- Internal communication structures and functional line reporting, ensures that free flow of communication occurs while respecting the channels of communication and specific levels of authority.
- Directors are bound by their annually reviewed Performance Agreements and performance contracts and scorecards.
- S56 managers are required to participate in respect of the Performance Management Policy as approved by Council.
- Operational reporting occurs in terms of compliance and as per internal controls and systems.

PERFORMANCE MANAGEMENT

The Municipal Planning and Performance Management Regulations (2001), Chapter 3, s7 require that:

- A municipality's performance management system must entail a framework that both describes and represents the manner in which the municipality's performance management cycle will function. This requires that all detail regarding the cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement are to be provided and includes the manner in which the roles of the different role-players are to be determined.
- More specifically s46 of the Municipal Systems Act, Act 32 of 2000 requires that:

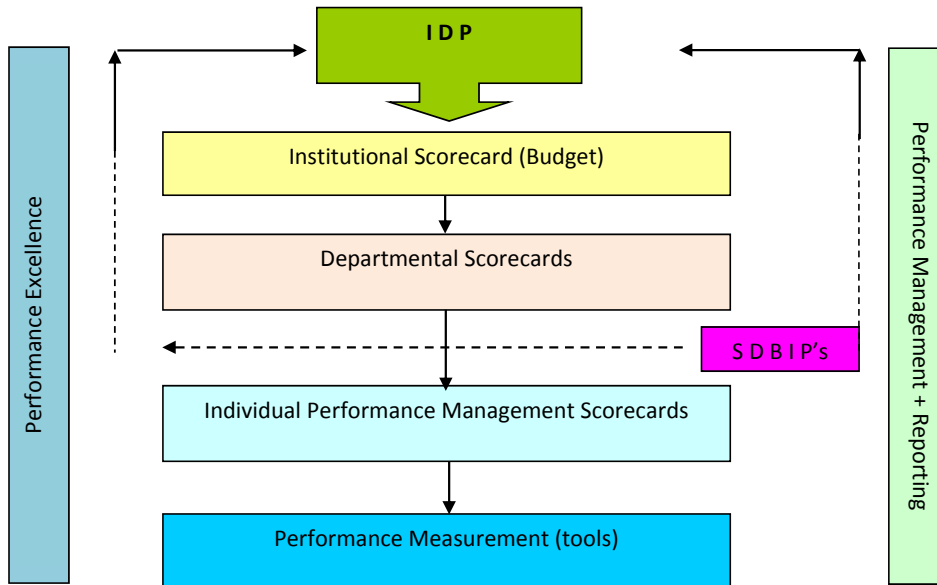
- The Annual s46 Performance Report will form part of the municipality's Annual Report as per Chapter 12, of the Municipal Finance Management Act, and
- The Annual Performance Report is required to reflect :
 - The performance of the municipality and of all external service providers utilized during the current financial year;
 - A comparison of all performance referred to above detailing performance targets and actual performance for the previous financial year; and
 - Detail regarding all measures taken to improve performance.

The Organisational Performance Management Process

Within Senqu Municipality institutional performance is managed and assessed in terms of the approved Performance Management Framework that was developed in terms of the Municipal Planning and Performance Management Regulations of 2001.

In terms of this and all related legislation, it is acknowledged that the system chosen by Senqu Municipality is a system that has been informed by the unique circumstances and available resources pertaining to Senqu Municipality. In this manner, the system chosen is one which is tailored to suit the needs of the organisation.

Accordingly it is noted that the approved PMS Framework provides an integrated approach to assessing performance at both an individual (employee) and an institutional (organizational) level. The diagram which follows details the manner in which performance is assessed at both an employee and at an institutional level – i.e. the integrated approach to performance management.



Integrated Performance Management

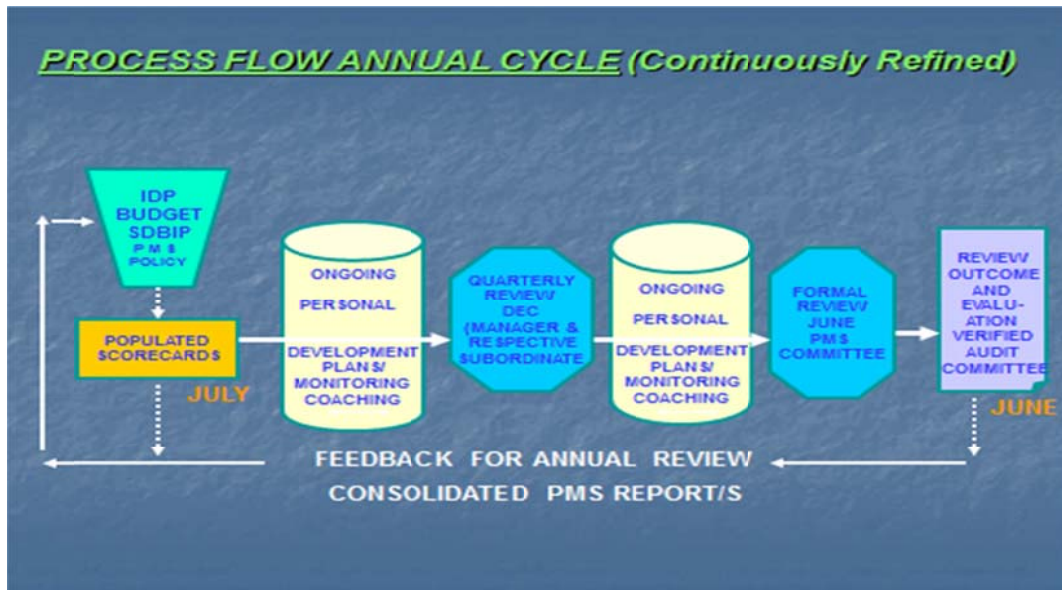
- With reference to the diagram, it is noted that:
- The IDP provides the 5-year strategic direction for the organisation;
- Annually, the IDP is reviewed and an annual set of IDP objectives are established which will direct performance objectives and goals for the current year;
- Based on the strategic objectives, each directorate will develop its own set of objectives which will ultimately be determined by available resources and budget;
- Directorate/Departmental objectives are used to determine the Service Delivery and Budget Implementation Plans (SDBIP's) for each Directorate and are aligned both to the IDP and the Directorate's Budget;
- The SDBIP's are further translated into individual performance objectives (as reflected in individual performance

scorecards);

- Employee performance is currently only measured at the level of the s57 managers (a planned cascade to lower levels has not yet been successfully implemented and is planned during 2012/2013); and
- Institutional Performance is assessed overall in terms of formal regulatory reporting and reporting on the institution overall.

In this manner an integrated approach to performance management is achieved, which enables the organisation to assess and manage both employee and institutional performance – enabling corrective action to be taken timeously in order to facilitate the achievement of organisational goals. More specifically, these processes are unpacked further by detailing the processes that are to be followed during **employee performance management** and during **institutional performance management**.

Employee Performance Management (Process Flow Diagram)



In terms of the above diagram, it is noted that individual performance agreements and performance scorecards are developed for each employee (currently only applicable at the level of the s57 managers). These objectives are aligned to those of the IDP, Budget and SDBIP. Prior to the start of the financial year, an assessment is made regarding the capacitation needs of the incumbent and those needs identified will inform the personal development plans for the incumbent for that year.

The annual performance cycle which runs from 1 July – 30 June annually requires that the following quarterly activities occur:

- Coaching and review in October for the period July – September;
- First formal assessment (between manager and subordinate) in January for the period October – December;
- Coaching and review in April for the period January – March;
- Final formal assessment (panel assessment) for the period April – June.

During the final assessment, the employee's performance is assessed by a designated panel and auditors audit and verify all claims of performance. Performance is assessed according to the approved rating calculator as against the performance objectives for the year. Based on the audited results, the deserving employee may qualify to receive a performance bonus based on the terms and conditions of the approved framework and policy.

The process of conducting quarterly assessments (formal and informal throughout the year) allows for appropriate action to be taken to manage acceptable and unacceptable performance - thereby ensuring that organisational objectives are met in the manner required.

Within 14 days of concluding the final assessment of the Municipal Manager's performance, the results thereof are submitted to the MEC for Eastern Cape Local Government and the National Minister and the National Minister for Local Government – as per legislative requirements.

It must be noted: No final assessment will be conducted until the Annual Report is finally approved i.e. after the data contained within the Annual Report has been audited and verified. By doing so the credibility of the process is maintained and the data is verified.

In terms of the prescriptions of the PMS Framework it must be noted that within both the 2010 -2011 and the 2011 – 2012 financial years employee performance was applied in terms of the framework. To this end it is noted that performance agreements and scorecards were populated and the formal assessments were conducted in the manner prescribed. A shortfall in the manner in which the coaching and review sessions were concluded is acknowledged. While performance was assessed in terms of the s72 performance reporting and the SDBIP quarterly reports, it is acknowledged that the informal 1st and 3rd quarter coaching and review sessions were not strictly conducted according to prescriptions. Moving forward, these are to be regarded as areas of focus and management.

Rating and assessing individual employee performance

These Performance Evaluation Panels', review each managers' performance and rate this according to the rating calculator below. Each member of the assessment panel scores each indicator individually and a PMS facilitator / Coordinator collates all the scores and presents a consolidated report which will produce a final rating that is required to be ratified by Council before being accepted.

Based on the final score (out of 200 points), a bonus award may be applicable based on a sliding scale of 5-14% as provided by the Regulations or up to 20% in "special cases" as already detailed for s57 employees. This bonus (if applicable) is required to be approved by Council and any bonus can only be awarded after the Annual Report is approved by Council and has in this manner been verified and approved by the Auditor General's office. It is a misconception, that if an organization receives a qualified audit report that no bonuses are allowed to be paid. It is noted that the assessment of performance for every s57 Manager will be specifically based on his/her KPA's and CMC's. Based on these results (not the organization), the performance bonus will either be found to be applicable or not.

All performance claims are required to be validated and as such each manager is required to present a detailed Portfolio of Evidence containing all supporting documentation/material that validates all actual claims of performance. In the absence of evidence no score could be awarded and it must be noted that all scores made by the panelist would ultimately be validated by an Audit Committee that would sit expressly for this purpose.

In order to rate performance achieved, the following **rating calculator** is used:

Level	Terminology	Description
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the employee has achieved above the fully effective results against all performance criteria and indicators as specified in the PA and Performance Plan and maintained this in all areas of responsibility throughout the year.
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
2	Performance not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

Using the rating calculator and only taking into account the 4th quarter final rating, performance bonuses will be allocated to qualifying s57 Managers. The bonuses that may be awarded (as detailed below) **are not applicable** to those managers that are considered to be "Special Cases" in terms of the Municipal Performance Regulations. Bonuses are paid out as a percentage of the all –inclusive remuneration package as follows:

Performance Score	Performance Bonus
150% +	10% – 14%
130% to 149%	5% – 9%

Accordingly:

- A score of 130-133.99 receives a bonus of 5%
- A score of 134-137.99 for example would receive a bonus of 6% as per the sliding scale above and detailed in the table below; and
- Any score of 166 and above receives a fully bonus of 14% of the all-inclusive remuneration package.

TABLE: Sliding Bonus Scale

Performance Score	% Bonus
130	5
134	6
138	7
142	8
146	9
150	10
154	11
158	12
162	13
166+	14

Special Cases

S57's managers that entered into contracts prior to implementation of the Performance Management Regulations are treated as "special cases" in terms of section 39(2) of the Regulations. In this regard the special case incidents (as in the case of Mr Venter; Mr Crozier and Mr Yawa) payment of performance bonuses may occur up to a maximum of 20% of their total remuneration package. In terms of their contract arrangement this remains currently applicable.

In determining the performance bonus, it must be noted that the relevant percentages will be required to be based on the overall rating calculated by using the applicable assessment rating calculator (as already detailed above). Accordingly for special cases the following bonus structure applies:

TABLE: Bonuses for Special Cases

RATING	ASSESSMENT SCORE	PERFORMANCE REWARD
5	81 - 100	Total Package x 20% (full bonus)
4	66 – 80	Total Package x 20% x percentage (%) obtained in formal evaluation
3	51 – 65	Total Package x 20% x percentage (%) obtained in formal evaluation
2	36 – 50	Total Package x 20% x percentage (%) obtained in formal evaluation
1	Less than 35	No Reward

Management of Poor Performance

Poor or unacceptable performance is required to be managed according to standard practice and in terms of the organizations Grievance and Disciplinary Code. In the event that these attempts prove to be unsuccessful, the employer should take steps to terminate the contract on grounds of misconduct or incapacity. In that case, there should be adherence to the provisions of the Labour Relations Act (Schedule 8, Code of Good Practice).

Final Reporting: Employee Performance

Within 14 days of concluding the assessment of the MM's performance, the results thereof will be submitted to the MEC for Eastern Cape Local Government and the national Minister for Local Government.

NOTE: No final assessment will be conducted until the Annual Report is finally approved and therefore the data contained within the Annual Report will have been audited --- thereby verifying statistics and performance claims on which the assessments will be based.

Institutional Performance Management

Chapter 12 of the Municipal Finance Management Act, Act No. 56 of 2003 requires that comprehensive performance reporting is conducted as per the prescriptions that are detailed in the following table:

ASSESSMENT REPORT	TIMEFRAME	SUBMITTED TO	REQUIRED BY
1SDBIP's	Quarterly	Exco	MFMA, Circular 13
2Budget Statements	Monthly	Mayor (in consultation with Exco)	S71 & s54 of the MFMA
3Organisational Scorecard	Quarterly	Exco	PMS Framework
4SDBIP Mid-year budget & Performance Assessment	Annually during January each year	Mayor (in consultation with Exco)	S71 & s54 of the MFMA
5Performance Report	Annually	Council	S46 of MSA as amended. Incorporated into Annual Report
6Annual Report	Annually	Council	Chapter 12 of the MFMA

Auditing and the verification of the accuracy of all reporting is required throughout the performance assessment and reporting processes.

Application of Performance Management within Senqu Municipality

Progress and implementation is reflected for both 2010/2011 and 2011/2012 as follow:

Employee PMS Progress 2010/2011

During this period, while the PMS process was undertaken and applied, it was accepted and understood that improvement was still required in order to ensure that the performance indicators (targets) were written objectively (according to the SMART principles). Failure to do so effectively impacted negatively throughout the organization within all performance management tools/documents due to all attempts at alignment.

It is acknowledged that the employee PMS system had not been fully applied in terms of the 4 phases. Although the formal assessments were concluded the informal first and third quarter coaching sessions were not held with strict adherence to procedure. Notwithstanding, these assessments were conducted through the quarterly SDBIP's and s72 reporting.

This is an area that remains an issue and strict control of processes and procedure are required, together with the development of a culture of performance management throughout.

Employee PMS Progress 2011/2012

A number of challenges continued within the 2011/2012 period and it is fair to say that this proved to be a most challenging period in so far as performance management, monitoring and assessment were concerned. The employee PMS system was still applicable only to s57 managers. While performance scorecards were written and submitted for this year, the quality of the scorecards was again a challenge and performance assessment became extremely difficult as there was little consolidation in respect of reporting. Notwithstanding that assessments were

conducted the quality of the assessments and the verification of results will become an issue. As detailed, efforts are required to be made to report consistently, regularly and in a consolidated manner.

Effective performance management is critical to the overall success of the organization. While the performance reviews have been conducted (as already indicated), there does appear to be a general lack of understanding regarding the role of IPME within this process and a general lack of commitment towards performance management generally.

In order for performance management to be effective, it is critically important for each manager to recognize the role of performance management within their day-to-day functioning and responsibility as managers.

Rather than a system imposed on them by legislation or from IPME, it is important that the process of performance management becomes institutionalized within the organization as a "lived value". At the time that this occurs, the benefits of an effective performance management system will reverberate throughout the organization and will ensure that the organization achieves its operational goals and objectives.

As an effective management tool it is imperative that the process of performance management functions correctly. In this regard, all managers/supervisors are required to receive effective training regarding the system and its implementation. Additionally they are required to establish performance targets and controls that will enable the manager/supervisor to reflect on actual performance as compared with required performance. Where performance targets are achieved, these will be required to be acknowledged and where these are not achieved, the manager/supervisor is required to take appropriate steps to resolve the issues preventing this (through appropriate coaching and discipline). Reporting and recording performance achieved remains a critical task of management/staff and appropriate controls and/or monitoring mechanisms are required to be installed in order to ensure that these occur in the manner required – for auditing and verification purposes.

In an effort to coordinate this process it becomes imperative that IPME coordinate all performance reporting in order to ensure that controls are effected as required. The interdependency of performance between directorates (where one aspect of performance will influence the performance of another) requires that PMS meetings are held regularly and that reporting occurs in the manner required that it is taken seriously and that liaison occurs between all managers and the IPME.

Institutional PMS 2010/2011

It is noted that while the IDP was reviewed, it was recognized that the IDP for 2010/2011 was markedly different to that of 2009/2010. These discrepancies came through into the performance scorecards and therefore the SDBIP's. Although improved, the alignment between the IDP, Budget and SDBIP remained a challenge. A number of deficiencies were raised in respect of institutional reporting and were highlighted within the Auditor General's report which in turn informed the Audit Action Plan for 2011/2012. More specifically:

- Performance is required to be reported according to the National Treasury guidelines;
- The Annual Report is required to be aligned to the SDBIP and IDP and audit processes are to be applied in order to ensure the validity and accuracy of performance reporting;
- All performance targets and objectives are to reflect consistency between planning and reporting documents, to be aligned to the IDP and to be drafted according to the SMART principles;
- All performance is to be verified;
- The Annual Report is to be tabled timeously by the Mayor as per s127(2);
- The annual performance report had not, but must contain a comparison between the performance of the municipality and of each service provider with development priorities, objectives and performance indicators as set out in the IDP and required in terms of s46 of the Municipal Systems Act, Act No. 32 of 2000; and
- It was noted that the organization did not have reliable information systems for the recording and reporting of performance information, due to the discrepancies between the IDP, SDBIP and the Annual Report. These represented issues that would require appropriate attention and would be formally addressed through the Audit Action Plan.

Institutional PMS (2011/2012)

During 2011/2012 a number of areas of improved functioning were noted. More specifically it was noted that:

- All quarterly reports were completed and submitted;
- Annual Performance Report submissions have been collected from all IPME staff. It is noted that the

submissions from other directorates had not yet been received. Notwithstanding and under these circumstances it is noted that these targets were met as this report is only required to be submitted within the next financial year, together with the Annual Report;

- Reporting on performance has occurred monthly via the relevant standing committees;
- Oversight reporting has occurred as required although timeframes are not always met; and
- The final IDP was reviewed and adopted 31 May 2012 and a high score of recognition was received from the MEC for the 2nd year running. Additionally an outreach programme was held in May in order to inform community members of the Budget and the IDP and this was led by the Mayor.

During the 2012/2013 cycle it is noted that a Sebata electronic module has been created in an effort to facilitate performance management on many levels. It is the intention that this electronic system will support the Performance Management System in respect of recording, analyzing and reporting required performance data. It is intended that this system provide a more holistic perspective and incorporate IDP reporting needs on Performance Management as well as individual results. In essence, it is envisaged that the IT system proposed will satisfy the requirements of both the Institutional and Individual Employee Management functions. It is anticipated that this IT system will be fully functional in the next financial year. To date the SDBIP and scorecards have been captured onto the system and it is the intention to produce system functioning that will facilitate electronic reporting and assessment around many aspects of PMS. This will possibly be piloted during the first quarter re-reporting and it will remain to be seen to what extent, level and functioning that this system will aid the PMS process overall.

Overall it is fair to state that great strides have been made in respect of the way in which performance is being managed individually and institutionally. Notwithstanding, one cannot deny the fact that on-going progress is also required. By following procedures and ensuring that performance is effectively applied, it will be ensured that this occurs successfully. While this system is currently only applicable to the s57 employees, the intention is to roll this out to the lower levels in a phased out approach that is scheduled for 2013.

Auditing of Performance Information

In terms of s45 of the Municipal Systems Act of 2000, the results of all performance measurements in terms of s41(1)(c) must be audited as part of the internal auditing process and annually by the Auditor General. All auditing is required to comply with s14 of the Municipal Planning and Performance Management Regulations, 2001 (Regulation 796).

Within both financial years it is noted that PWC was appointed to perform the internal audit function within the Municipality. These functions included the auditing of the Performance Management System and the Audit of Performance Information and reporting.

Accordingly it was required that: the functionality of the PMS system and levels of compliance in this regard be assessed in Quarter 1; that the scorecards be reviewed, so as to validate reliability in producing reporting information in Quarter 2; that compliance be ensured in respect of implementation as per PMS Regulations in Quarter 3; and that the reliability of the testing of the of the information contained within the annual report would occur in quarter 4.

Notwithstanding the fact that in both periods the Performance Audit Committee did meet bi-annually as required, the Auditor General's Report highlighted certain deficiencies that were required to be resolved.

More specifically during 2010/2011 it was alleged that there were no satisfactory audit procedures that could be conducted to validate the accuracy and the completeness of the information reported as against predetermined objectives. While it was acknowledged that challenges did exist, these allegations were disputed. Quarterly reporting was conducted, audit procedures were created, an Integrated Planning and Compliance Manager was appointed, the Internal Auditor was appointed, the Internal Audit Unit was functional and the Internal Audit Plan was developed and approved by the Audit Committee. Notwithstanding, it was acknowledged that improvement would always be necessary.

Additionally, MPAC audited the Annual Report and provided an oversight report detailing all areas of concern (areas requiring rectification/remedial action). The Audit Committee was found to have met regularly and to have conducted the appropriate and required analysis.

While from an auditing perspective it is acknowledged that steps have been taken to audit and report in the manner required, the limitations of the SDBIP, the challenges experienced due to non-alignment at times of the IDP, Budget and SDBIP and the poorly constructed performance indicators that are to be found in the SDBIP and reporting documentation, have all had an impact on performance reporting.

In a number of the prescribed areas (such as electricity and water backlogs) it has long been acknowledged that the measurement of performance has not been adequately measured and as a result it is difficult to assess the accuracy of the figures provided. Understanding the challenges that have presented themselves over time, it is now acknowledged that improvements within these areas have taken place and the process of measurement and

assessment are seen to improve annually.

It was alleged during the 2010/2011 period that the audit committee had not exercised sufficient oversight over all performance reporting and had not taken appropriate steps to manage risk effectively. It is envisaged that the post of Risk and Performance Officer which is catered for on the current organogram will facilitate this process although these issues will be addressed in the interim through the work of the audit committee.

While improvements in the manner in which performance is monitored and assessed are required, progress is made annually. The oversight provided by the Audit committee is also correct in terms of the required processes and objectives.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

Intergovernmental Relations (and the improvement thereof) is driven at the district level, through the IGR Forum, which provides the necessary vehicle to promote and to improve this process.

In an effort to facilitate this process an Intergovernmental Relations Framework Policy was adopted by the District Municipality. In keeping with this, intergovernmental structures have been created and are functional. These refer to the following clusters: social needs, economic and infrastructure, safety and justice clusters. At this point the governance cluster is in the process of reorganising itself.

All clusters are formally constituted and have their terms of reference in place, which clearly spells out their roles and responsibilities. Accordingly, all clusters within the district meet bi-monthly while sub-committees meet monthly in order to discuss service delivery, policy issues, integration, coordination, monitoring and evaluation issues.

Aside from the clusters, other existing and functional structures include: the District Technical Task Group and the District Mayors Forum (DIMAFU). DIMAFU sits quarterly in order to align key programmes and issues between Senqu Municipality and the other local municipalities that fall within the Joe Gqabi Municipal District.

As a s79 Committee, DIMAFU represents a special committee made up of councillors. In this instance it is made up of the Mayors of all the local municipalities (including Senqu Municipality). Clusters hold meetings quarterly, and the District Technical Task Group also holds these meetings.

Additionally, it must be noted that the Municipal Manager and the Mayor attend the Munimec meetings. These are driven and coordinated by the MEC for Cooperative Governance. Munimec is considered to be a vehicle that scrutinises the performance of government programmes.

A Community Liaison Officer has been appointed to drive and address the Presidential hotline issues and Senqu Municipality has been commended for their efforts and achievements in this area as a result of this appointment and the work conducted thus far.

During the IDP process it must be noted that consultation occurred with the Sector Departments (usually in February/March). Overall it is noted that Senqu Municipality has experienced successful public participation programmes and this in turn has improved IGR and communication processes greatly.

COMPONENT C: PUBLIC ACCOUNTABILITY & PARTICIPATION

C1: PUBLIC MEETINGS

C1.1 Public Participation and Consultation

Many focussed efforts were applied in an effort to foster public participation and input from all parties on board.

The concept of public participation was kept alive by engaging in a number of activities which will be discussed further below.

In order to set performance objectives and targets for the municipality that reflect the needs of the community and represent an inclusive process, set steps are followed, which begin with the development of the IDP.

Public Participation refers to any and all attempts to meet with and engage with the public. Inclusive of the IDP and SDBIP related hearings are the following:

- **Mayoral Outreach**

Mayoral outreach meetings were held in all wards. It has been the intention of these meetings to provide the public with the required feedback on progress in respect of the IDP and Budget. All feedback received was then forwarded to the relevant standing committees for appropriate action.

- Public Hearings

With the advent of a number of by-laws during the current financial year, a number of public hearings were held, in order to sensitize and provide information to the public in this regard.

In this manner it is ensured that formal opportunities are created during which the public have an opportunity to input into policy and the strategic direction of the municipality. Similarly they have an opportunity to provide and receive feedback to and from the Council.

Additionally the Municipal Manager has set aside a specific period each month, specifically to facilitate an opportunity for the community to make direct contact and to ensure that pressing needs are discussed. This began during 2009/2010 and has continued successfully to date.

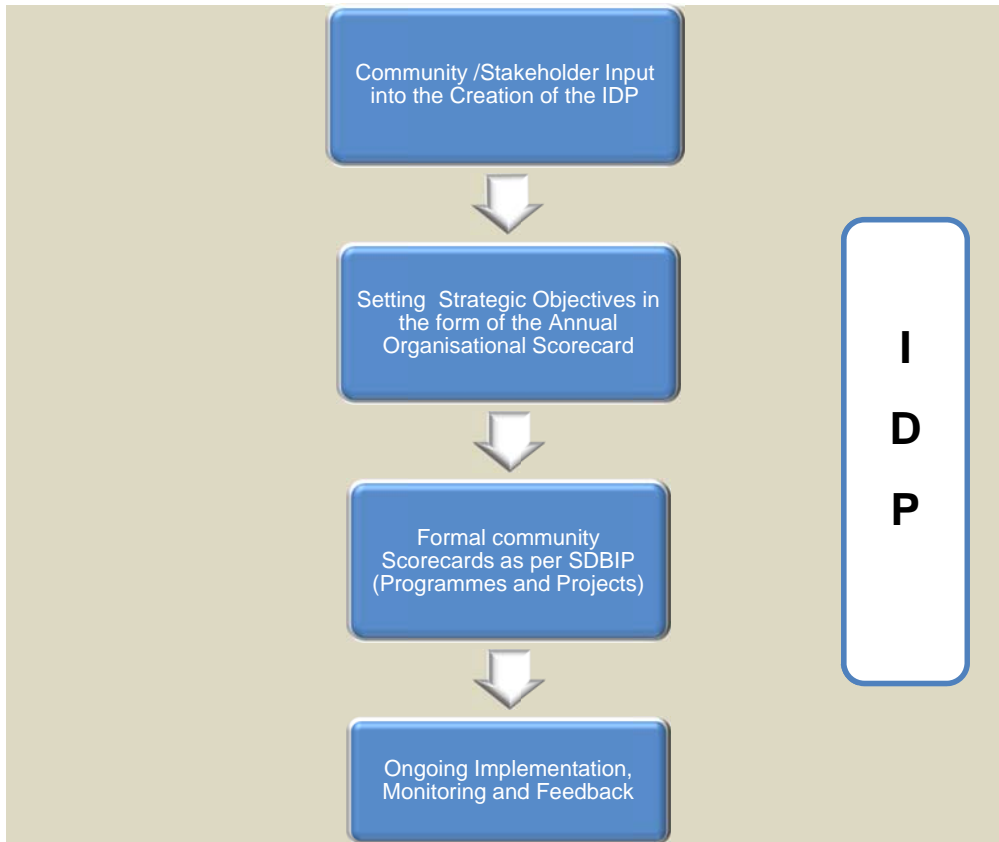
C2: IDP PARTICIPATION & ALIGNMENT

C.2.1. The Integrated Development Plan (IDP)

In terms of s34 of the Municipal Systems Act, (Act No 32 of 2000), together with Chapter 2 of the Local government Municipal Planning and Performance Management Regulations, No. 796/2001 Senqu Municipality completed its first IDP in 2002, and then again in May 2006. This document is developed for a period of 5 years to correspond with the new Council's term of office and is reviewed annually in order to ensure that all the information remains current. Following the election of the new Council to office in 2011 a new IDP was developed for the 5 year period (2011 – 2016).

The IDP represents the strategic document which directs and influences the functioning of the organisation and which informs the strategic direction and operation of all projects and planning that occur within the municipality.

Effectively, the manner in which the strategic objectives are set within the municipality are cascaded and translated further throughout the organisation as depicted in the diagram below:



As depicted within the diagram, alignment between the IDP, Budget and SDBIP is required at all levels, and this is strictly applied when developing scorecards for s57 Managers and staff who report to these managers at all levels throughout the organisation.

Annually, a Process Plan is developed which informs the manner in which the IDP will be reviewed and managed. The planned meetings were detailed and scheduled as follows

As required the Budget Executive committee met in August 2011 during which council's previous years (2010 / 2011) budget process was evaluated through the BEC (Budget Evaluation Checklist).

At the same meeting the Schedule of Key Deadlines were compiled and the budget executive committee, budget technical committee, budget local consultation forum and budget technical consultation forum were established. The Schedule of Key Deadlines, as approved by council in August 2011, as well as an invitation to participate in budget local consultation forum were duly advertised and circulated.

During October to November 2011 the Budget Executive committee, with assistance from ward councillors and ward committees engaged into an outreach program to assess the needs of the community in the following wards:

Ward 1	15 November
Ward 2	16 November
Ward 3	16 November
Ward 4	17 November
Ward 5	1 November
Ward 6	4 November
Ward 7	2 November
Ward 8	15 November
Ward 9	2 November
Ward 11	3 November
Ward 12	4 November
Ward 13	3 November

Ward 14 9 November
Ward 15-16 2 November
Ward 10 – meetings cancelled

All needs recorded were later prioritised and included in council's Integrated Development Plan.

The IDP was adopted and approved 31 May 2012. As in the previous year, it is noted that this document received a high score of credibility by the MEC for the 2nd year in a row. Public participation was effected through outreach programmes and this was particularly evident during May, where feedback/ information was taken to the community regarding the budget.

The SDF was reviewed and adopted by the IDP during May 2012.

The SDBIP was found to be limited due to non alignment with the IDP and Budget and poorly constructed performance targets. The challenges experienced due to non-alignment at times of the IDP, Budget and SDBIP and the poorly constructed performance indicators that are to be found in the SDBIP and reporting documentation, have all had an impact on performance reporting and are required to be resolved.

The IDP received accolades within both periods and the SDBIP and Budget were developed (with shortfalls as indicated). The process of integrating and aligning these reports remained a challenge. This non-alignment between the IDP, SDBIP and the Budget has negatively impacted on the performance agreements and scorecards and is required to be addressed more formally moving forward.

COMPONENT D: CORPORATE GOVERNANCE

D1.1. Municipal Website

It is noted that all efforts to establish and update a municipal website as per s21 of the Municipal Systems Act had not been achieved during the 2010/2011 year. During the 2011/2012 period, while it is noted that a certain amount of progress was achieved, documentation posted on the website was outdated and updates were and are underway. This situation is set to be resolved during 2012/2013 in a more formalized manner.

D1.2. Policy and Procedure Implementation

The implementation of policies and procedures remains an ongoing challenge. While workshops are at times arranged, attendance is at times poor and the policies and procedures are not enforced with adequate control. Clearly attention is required to be paid to ensure that systems and processes are put in place in order to improve matters moving forward.

D1.3. Supply Chain Management

Within both financial years it is apparent that in as far as Supply Chain Management is concerned, steps have been taken to ensure compliance in all instances. Notwithstanding, it is noted that the risk assessments on the Supply Chain Management system were not done during 2010/2011. This was remedied in 2011/2012.

While there have been instances where the prescribed 3 quote system has not been followed prior to procurement having taken place these are to be remedied via stricter controls and with invitations for competitive bidding as per the Supply Chain Management Policy. Additionally, the Sebata system now alerts one when a vote has insufficient funds.

During the previous financial year, the accounting officer had not published the bid register on the municipal website, in accordance with Supply Chain Management regulations. This has been addressed during the 2011/2012 period.

The Tender Committees are functioning effectively and there is stricter adherence all around / to the prescriptions of the Supply Chain Management Policy.

The following statistics are provided in respect of the Tender Committee functioning:

2010/2011	2011/2012
<u>Tender Committee Meetings:</u>	<u>Tender Committee Meetings:</u>
Evaluation Committee: 12	Evaluation Committee: 11
Adjudication Committee: 6	Adjudication Committee: 5
Total Number of tenders considered: 61	Total Number of tenders considered: 38
Total number of tenders approved: 37	Total number of tenders approved: 27
Average turnaround time from advert to award: ±2 months	Average turnaround time from advert to award: ±2 months

D1.4 Awards relating to service delivery and public satisfaction

Aside from the specific areas of progress already detailed in terms of service delivery, it is important to reflect on the following accolades:

- During 2010/2011 Senqu Municipality won the Vuna Awards;
- Financial awards (R300 000.00) were received for the "Cleanest Town Award" (Environmental Affairs Award for the Province);
- An award was received from MIG expenditure and for achieving 100% project implementation as indicated; and
- The organization was chosen by province to pilot a customer care survey that was taken to the community by Community Liaison Workers and Ward Councillors. This was successfully completed.

D1.5 Municipal Oversight Committees

In terms of s45 of the Municipal Systems Act of 2000, the results of all performance measurements in terms of s41(1)(c) must be audited as part of the internal auditing process and annually by the Auditor General. All auditing is required to comply with s14 of the Municipal Planning and Performance Management Regulations, 2001 (Regulation 796).

Within both financial years it is noted that PWC was appointed to perform the internal audit function within the Municipality. These functions included the auditing of the Performance Management System and the Audit of Performance Information and reporting.

The Performance Audit Committee met bi-annually as required. Their report and that of the Auditor General highlighted certain deficiencies/emphasis of matter that was required to be resolved.

The audit and oversight function was facilitated through the appointment of an Integrated Planning and Compliance Manager, an Internal Auditor, ensuring that the Internal Audit Unit was functional and that the Internal Audit Plan was developed and approved by the Audit Committee.

The MPAC (Municipal Public Accounts Committee) audited the Annual Report and provided an oversight report detailing all areas of concern (areas requiring rectification/remedial action). The Audit Committee was found to have met regularly and to have conducted the appropriate and required analysis.

While from an auditing perspective it is acknowledged that steps have been taken to audit and report in the manner required, the limitations of the SDBIP, the challenges experienced due to non-alignment at times of the IDP, Budget and SDBIP and the poorly constructed performance indicators that are to be found in the SDBIP and reporting documentation, have all had an impact on performance reporting.

In a number of the prescribed areas (such as electricity and water backlogs) it has long been acknowledged that the measurement of performance has not been adequately measured and as a result it is difficult to assess the accuracy of the figures provided. Understanding the challenges that have presented themselves over time, it is now acknowledged that improvements within these areas have taken place and the process of measurement and assessment are seen to improve annually.

During the 2010/2011 period it was alleged that the audit committee had not exercised sufficient oversight over all performance reporting and had not taken appropriate steps to manage risk effectively. The post of Risk and Performance Officer (which is catered for on the current organogram) will facilitate this process although these issues will be addressed in the interim through the work of the audit committee.

While improvements in the manner in which performance is monitored and assessed are required, progress is made annually. The oversight provided by the Audit committee is also correct in terms of the required processes and objectives.

D1.6 Audit Committee Functionality

Internal Audit

It is required by the MFMA that the accurateness and correctness of the performance management function and the performance reporting be audited and verified. The Audit Committee was duly established to:

- Review the quarterly reports submitted to the internal audit
- Review the PMS System of the Municipality and make recommendations to Council; and
- To submit the Audit Report to the Municipal Council at least twice during the financial year.

The Audit Committee was established in terms of the MFMA and the Municipal Planning and Performance Management Regulations and is comprised of a minimum of 4 members, the majority of which are not employees of Council and must exclude Councillors. Additionally it is noted that the Chairperson may not be an employee of Senqu Municipality.

The Audit Committee was fully functional for the period 2011/2012. It was originally established in 2004 and currently consists of the following members:

Name of Member	Number of Meetings attended for the financial year ended 30 June 2011
Mr. D Du Plessis(Chairperson)	4
Mr. G De Jager	4
Mr. .J. Hattingh	4
Mr Spofana	4

Audit Committee Responsibility

The Audit Committee is required to audit and report in terms of the terms of reference that was established and agreed to in the Audit Committee Charter (approved and adopted by the Municipal Manager).

Evaluation of Annual Financial Statements

Primarily and in evaluating the Annual Financial Statements of the municipality the committee is required to:

- Verify that they are prepared in accordance with the basis of accounting determined by the National Treasury as set out in the accounting policy and in a manner required by the MFMA;
- Reviewed the Auditor-General report and management's response thereto;
- Reviewed the selection of accounting policies and practices;
- Reviewed the effectiveness of the internal control systems;
- Reviewed the effectiveness of internal audit;
- Reviewed the risk areas of the Municipality's operations to be covered in the scope of internal and external audits;
- Reviewed the adequacy, reliability and accuracy of financial information provided to management and other users of such information;
- Reviewed the accounting and auditing concerns identified as a result of internal and external audits; and
- Reviews and facilitates the Municipality's compliance with legal and regulatory provisions.

In so doing the Audit Committee gives weight to the development of the Audit Action Plan and facilitates the controls required to ensure that issues raised are addressed as required. Every effort is made to ensure that Senqu Municipality moves forward.

D1.7. Risk Management

As per s59 of the Local Government: Municipal Systems Act, Act 32 of 2000, Council is required to adopt policies to shape and inform administrative government. From the work of the Internal Audit Committee it was determined that Council was required to adopt a Risk Management System in order to ensure compliance with Councils Audit objective --- that of having clean audits. Accordingly the following policies, frameworks and charters were developed and adopted by Council:

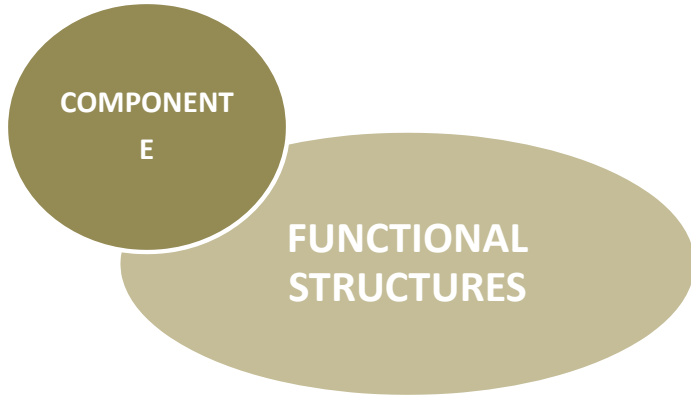
- Risk Management Policy
- Risk Management Framework
- Audit Committee and Performance Audit Charter, and
- Internal Audit Charter

Whilst progress has been made in respect of the establishment of the risk management structure and framework, a risk management function and process has also been established and implemented for the year under review. The Risk Committee is acknowledged to be the Audit Committee in which risk management reports have been tabled. Facilitation of the strategic and operational risk assessments has been conducted. Notwithstanding, it is acknowledge that there are still areas where improvement in risk management is required and it is suggested that Department conduct their own risk assessments and put in place the appropriate controls within which to mitigate risk.

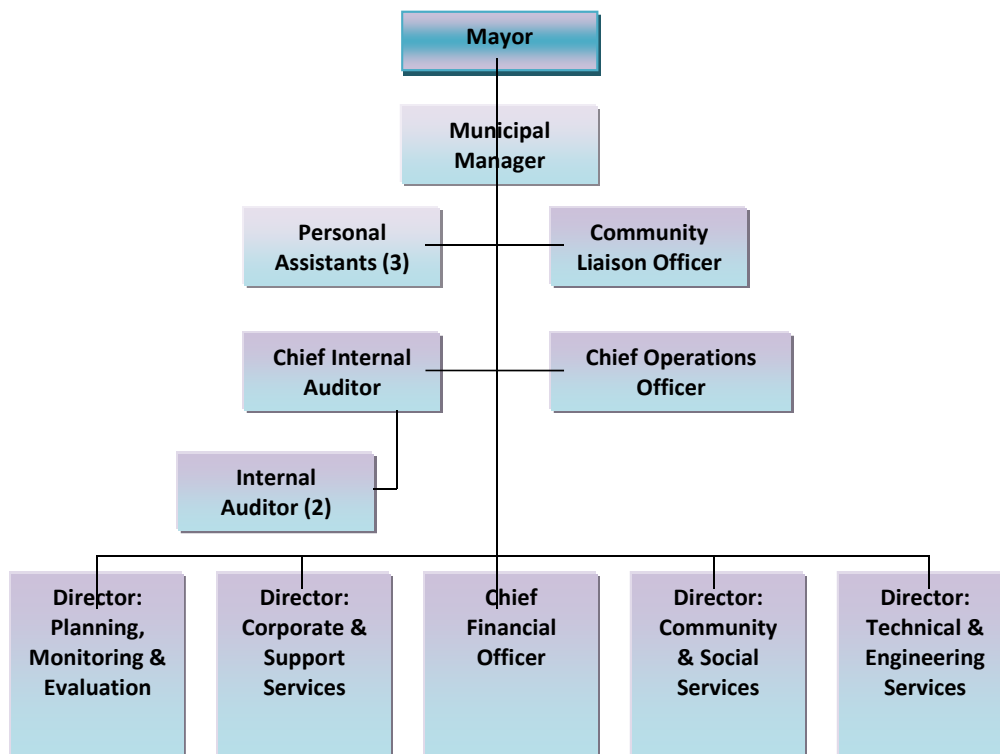
D1.8. **Anti-Corruption Strategy**

Senqu Municipality has an approved Anti- Corruption Strategy and Policy. This policy has been extremely well marketed and applied. Staff and Councillors have all been issued with a booklet and training on Fraud Prevention which clearly spells out a zero percent tolerance for any aspect of corruption or fraud. Specific reference is made to a Code of Conduct for both Councillors and Staff and this provides detail on the consequences of anyone found to transgress where this is concerned.

Protection for "Whistle-blowers" is assured and it is noted that the anti-corruption hotline in this regard has been both well-received and well utilized.



E1. OFFICE OF THE MAYOR/MUNICIPAL MANAGER



Functional Responsibilities:

- Public Participation
- Management of Ward Committees
- Functioning of Community Development Workers
- Intergovernmental Relations
- Internal and External Communication
- Internal Audit
- Good Governance Coordination
- SPU
- HIV/AIDS Coordination
- IDP and Performance Management

NOTE: Although the SPU, PMS, IDP and SDBIP related issues reside now within the IPME Directorate they have always traditionally been housed in the MM's office and due to their strategic nature there is a dotted reporting line with ultimate accountability at this level. Changes to the organogram are required to reflect these changes.

Objectives for 2011/2012

These include:

- IDP Review
- Implementation of Performance Management;
- Implementation of special project programmes;
- Development and implementation of the Public Participation Framework and Plan;
- Facilitation of the effectiveness of the Community Development Workers function;
- Improved communications internally and externally;
- Facilitation of the functioning of Ward Committees;
- Ensuring that the Special Programme projects are addressed as planned;
- Facilitating the mainstreaming of HIV/AIDS; and
- Mayoral functioning overall at an administrative level

PERFORMANCE REPORTING AND CHALLENGES

Mayoral Outreach/Public Participation

As planned and as part of the public participation programmes the municipality held public participation programmes in all wards, with the intention to utilize these to provide the public with feedback on progress made regarding the IDP and Budget. Feedback was then forwarded to the relevant standing committees for consideration and attention and these were then formally relayed to Council.

Public participation was further encouraged by making one day per month available for the community to meet directly with the Mayor in order to discuss issues and areas of concern.

Public hearings were held in various sector departments in order to discuss by-laws and to communicate on issues relating to administration.

Enlisting increased public participation and support will remain an ongoing challenge.

Ward Committees

Ward Committees were established as required in all Wards. Through increased formal training (especially with the appointment of the new Council) every effort is being made to improve the efficiency and effectiveness of functioning.

Challenges related to the attendance of meetings, and in an effort to remedy this, stipends have been paid to reimburse committee members for their extensive travel (required due to the large geographical spread).

Community Development Workers Performance Mentoring

The municipality currently employs 15 Community Development Workers (although an additional 4 will be appointed to cover the newly demarcated Wards).

These CDW's report on a monthly basis to their coordinator in Sterkspruit and reporting is forwarded to the municipality via the Speaker's office.

The main intention has been for the CDW's to identify households in need and this process has been hampered by the lack of transport and communications which will enable CDW's to ensure that requested services meet the necessary families. This is directly due to the poorly maintained road networks and the lack of access to airtime and few cellphone towers for telephone coverage.

Communications Strategy

The Communications Strategy has been approved by Council and concerted efforts have been made to facilitate communication flow both internally and externally.

Accordingly efforts are made to ensure that:

- Effective media and events planning;
- Internal communications structures;
- Website functionality and current data updates; and
- Facilitated communication between the various media i.e. newspapers and radio.

Communication is a vital aspect of successful public participation and effective administration practices, and accordingly will remain an ongoing area of focus.

Intergovernmental Relations

The IGR Forum is driven at the district level and this forum has been developed and designed to provide a vehicle to promote and improve intergovernmental relations. To facilitate this process an Intergovernmental Relations Framework Policy was adopted by the District Municipality. Clusters meet bi-monthly and deal with matters of interest and reporting (sub-committees meeting monthly to discuss service delivery, policy issues, integration, coordination, monitoring and evaluation. Additionally the District Technical Task Group, the District Mayors forum and Munimec have been established to facilitate intergovernmental relations and are functioning effectively. The Community Liaison Officer is also effectively driving the Presidential Hotline campaign.

IDP and Performance Management

As required, the IDP (**managed through the IPME Directorate**) was reviewed with the required level of public participation and input from all departments. Alignment between the IDP and Budget was ensured and this in turn facilitated the development of the Service Delivery and Budget Implementation Plan.

At the institutional level performance monitoring and reporting was conducted as legislated, and reporting as per quarterly SDBIP reporting, s71 and s72 reports; the s46 report and the development of the Annual Report are examples of these.

At the individual level, while a Performance Management Framework and a PMS Policy exist, these are not fully implemented. PMS is only currently applicable at the level of the s57 managers and additionally this is not conducted with strict adherence to the policy (with the first review in December and coaching and monitoring exercises quarterly in between).

The final review was concluded, and all qualifying managers were provided with performance bonuses as per the PMS Policy.

Internal Audit

The Internal Audit Unit is fully functional and instrumental in ensuring that the issues relating to the Audit Action Plan are adhered to.

Having received an unqualified report for the second year running it is possible to say conclusively that this function is being well achieved. The Internal Audit Plan has been developed, approved and is being effectively implemented.

As a result of the appointment of the Compliance Manager, compliance issues are being managed more effectively.

Special Programmes

A number of successes are to be noted within the Special Programmes area. These are detailed as follows:

- A Youth Council was re-established and is functional, having drawn up a programme of action and highlighted (to keep youth off the streets and away from violence). Challenges to this are funding resources – although Social Development has funded the project the municipality needs to donate a site.
- The Annual Youth festival was not able to be accommodated due to insufficient funding.
- The Disabled Forum is functioning well in terms of ensuring the accessibility of housing for disabled persons. A survey was conducted throughout the Wards to determine the figures and types of disabilities and these issues are to be addressed over time.
- Greater efforts are to be taken to ensure access to employment for the disabled.
- A Women's Economic Forum was established to facilitate empowerment of women. This required greater time to establish its real achievement as it was only established late in the year.

HIV/AIDS

HIV and Aids strategy in 2002 and then amended and readopted the strategy in 2008.

The thrust of the Senqu HIV & Aids strategy is to focus on:

1. **Education, Prevention, Awareness and Openness** by reducing the rate of infection and the number of people dying as a result of HIV and AIDS and to ensure that there is a common approach by all stakeholders in educating and providing relevant services.
2. **Treatment and care** by minimising the rate of death by making sure that people have prompt access to medication and care after they have been diagnosed HIV positive, especially those from rural areas.
3. **Caring for Orphans** by sensitising the community on effective ways of taking care of its orphaned children.

Efforts to implement the HIV/AIDS Strategy have continued in earnest with the emphasis on education, prevention, awareness, openness, treatment and care and care for orphans.

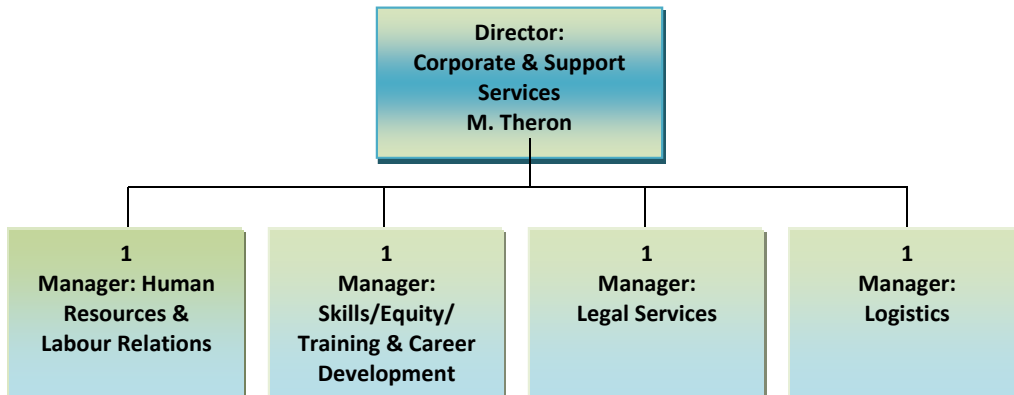
The local Aids Council has been formed but its term of office has ended and a new Council is required to be elected.

Noted that the LAC is not as yet fully functional but meetings have been held with the DAC.

Home based caring organisation has been formed and training given to volunteers. Payment of stipends remains a challenge.

One of the major challenges experienced relates to the accessibility of medication and nutrition in rural areas and the challenges in respect of orphan headed households.

E.2 CORPORATE AND SUPPORT SERVICES DIRECTORATE



OBJECTIVE

The overall objective of the Corporate Services Department is to provide effective & efficient Human Resources support, Administrative and Logistical support and to Manage and co – ordinate Employment Equity and Skills Development.

VISION STATEMENT

To promote a service-oriented culture that focuses on providing professional support services across the various municipal business units/departments.

MISSION

To be a dynamic, professional, effective, efficient and results-oriented department that through integrated efforts continually contributes significantly to the successful attainment of Senqu Municipality's vision.

Key Functional Areas

- To provide Human Resources support
- To maintain sound labour relations
- To facilitate skills, equity, training and career development opportunities
- To provide legal services
- To coordinate and manage legal services
- To provide an administrative support function to the Council (Council Support)

HUMAN RESOURCES SUPPORT:

- Benefit Administration
- Recruitment and Selection
- Organisational Development and Structure
- Staff Provisioning
- Employee Assistance
- Policy Development

Key Objectives for 2011/2012

- Development and implementation of the Human Resources Strategic Plan
- Updating of all Policies and By-Laws
- Effective application of recruitment and selection policies and procedures
- Updating and approval of the organogram
- Effective application of benefit administration
- Employee assistance provision

Issues and Challenges

For the most part it must be acknowledged that these Human Resources functions were well achieved. More specifically, it is noted that:

- Compliance was achieved in respect of the application of recruitment and selection policies;
- Although the target of filling critical funded vacant posts was achieved it is to be noted that this always poses a threat due to the challenges of staff retention issues, the geographical nature of the Senqu area and the remuneration packages offered. This is to be addressed through the implementation of adequate staff retention strategies over time.
- Training/Work shopping on updated policies and by-laws must take place and monitoring is to be enforced;
- The organogram has been reviewed but the election of the new Councillors caused delays in approval;
- The Human Resources Development Strategy has been developed and approved by Council.
- Approved HR Procedure Manuals from the previous year were updated and approved as required and as per the plan.

LABOUR RELATIONS:

- Management of Litigation.
- Capacity building of staff to manage discipline
- Labour Relations Policy Development and application

Key Objectives 2011/2012

- Development and growth of capacity of staff and management in Labour Relations issues;
- Management of all litigation issues;
- Provision of training to capacitate staff to chair/initiate Disciplinary issues;
- Labour Relations: Implementation of Labour Relations Policy
- Capacitation of staff and management

Issues and Challenges

- Training and development in so far as discipline and the management thereof has been provided, although it is extremely clear that additional training and development initiatives are required.
- Litigation issues are handled by appointed attorneys;
- Monthly statistical reporting is being provided as required in terms of disciplinary issues and reporting; and
- Maintenance contracts are drafted and signed for all staff in an effort to regulate the employment contract.
- Labour Relations: Implementation of Labour Relations Policy
- Capacitation of staff and management
- Provision of capacity building exercises for parties involved in Chairing/Presiding over Disciplinary issues.

While staff are monitoring labour relations issues more effectively in-house, it is noted that staff still require extensive capacity building initiatives in order to more effectively manage the process of conducting disciplinary enquiries.

Legal personnel from Joe Gqabi District Municipality continue to be utilised in the absence of their own legal unit in respect of Disciplinary and Legal issues.

External service providers continue to be used for more complex legal issues requiring legal opinions or involving issues surrounding land disputes. Messrs Douglas and Botha in Aliwal North are currently utilized for transfers and title deeds are facilitated by Greyvenstein and Spence in Barkly East as well as Douglas and Botha in Aliwal North.

SKILLS DEVELOPMENT:

- Skills Audit.
- WSP Development and Implementation
- Budget Management

Key Objectives for 2011/2012

- To develop and submit approved WSP to LGWSETA (2011/2012)
- To ensure implementation of WSP
- To claim from LGWSETA in respect of Implementation Reports
- Management of funding
- Workplace Skills Plan developed for 2011/2012
- Employees trained in road construction and paving
- Networks and partnerships with state institutions
- MFMA training conducted:
 - Supply Chain Management,
 - appointment of financial interns as required by the MFMA, and
 - learnerships created for Councillors and unemployed youth with a financial background.
- Health Awareness Campaigns to be conducted
- Scarce and critical skills in the electrical engineering filled and addressed through interventions.
- Submission of WSP Implementation Plan (June to September 2011)
- Progress established with ABET programmes and accessible ABET Centres established (numeracy and basic communication in English)
- Training delivery well received
- Training on OHS Compliance

Issues and Challenges

It is noted that:

- The WSP was developed and approved. Implementation could have been more effectively applied and is an area requiring additional focus;
- For the most part the highlighted training within the objectives was achieved;
- Implementation Plans were well achieved;
- ABET remains a challenge both as a literacy issue and in ensuring commitment and dedication to the process itself; and
- Learnerships and Internship Programmes were provided and managed effectively.

EMPLOYMENT EQUITY:

- Employment Equity Plan.
- Employment Equity Implementation Report
- Policy Assessment and Review

EMPLOYMENT EQUITY

Key Objectives for 2011/2012

- Approval and implementation of Employment Equity Plan for 2011/2012 is required to be submitted to council for information and to the Employment Equity Registry by 1 October each year.

Legislation requires that the Employment Equity Plan is revised, updated and reported on regularly as prescribed. During the 2011/2012 period it was not possible to determine progress in this regard. Progress has been made within the 2011/2012 period, although accurate assessment remains a challenge. Issues with capacity have resulted in a poorly constructed EE Plan and this was of such an issue that this in turn led to a Compliance Order being received. Notwithstanding any improvements moving forward perhaps the greatest concern relates to the fact that Employment Equity does not appear to be fully understood.

During 2011/2012 the Employment Equity reporting template was populated and submitted to the Municipal Manager by 30 September 2011. During the 2011/2012 period it is noted that submission timeframes were adhered to re-

submission of the EE report to the Department of Labour by 1 October (notwithstanding the poor quality of the report).

While efforts are made in an attempt to ensure compliance there is always the risk of additional compliance issues being raised as processes are not understood and applied correctly (as with the failure to categorise employees correctly). While efforts to enhance training have been undertaken within this area, it is strongly recommended that that strict monitoring and controls are enforced together with some form of mentorship in order to ensure that processes are understood at a practical level.

In respect of meeting the Employment Equity targets in the top 3 levels (i.e. Top Management, senior management and professionally qualified and experienced specialist and mid management levels), it is noted that within both periods these targets were met and these details are provided within the tables below.

Levels), it is noted that within both periods these targets were met and these details are provided within the tables below.

EMPLOYMENT EQUITY STATISTICS: Target groups employed in *the three highest levels of management* in compliance with a Municipality's approved employment equity plan (2011/2012)

Occupational Levels										TOTAL	
	Male			Female				White Male	Foreign Nationals		
	A	C	I	A	C	I	W	W	Male		Female
Legislators	16	2		18			1				37
Legislators, senior officials and managers	1			1	1			2	1		6
Professionals		1		1			1	1			4
Technicians and associate professionals	10			7			1	2			20

Occupational Levels										TOTAL	
	Male			Female				White Male	Foreign Nationals		
	A	C	I	A	C	I	W	W	Male		Female
Top management	1										1
Senior Management				1	1			2	1		5
Professionally qualified and experienced specialists and mid-management	10	1		8			2	3			24

Issues and Challenges

It is noted that all Employment Equity reports have been submitted as per legislative requirements.

Notwithstanding these successes it is acknowledged that the scarcity of skills challenges remains. Overall it is noted that there is under-representation within the category of the disabled, but it must be understood within context. This is a situation that is not within ones control and if the candidates who apply for posts do not met these criteria/are not from the designated /targeted groups within the labour market, then there is little one can do aside from marketing to these groups/producing attractive remuneration packages.

OCCUPATIONAL HEALTH & SAFETY:

- Compliance with the Occupational Health and Safety issues.

Key Objectives for 2011/2012

Full compliance with the Occupational Health and Safety Act.

Issues and Challenges

During 2011/2012 it was noted that:

- Safety committee meetings were not held regularly and often had to be re-scheduled due to operational requirements.
- Compliance /assessment reports were provided as required.
- Ongoing compliance and management of risk will remain a challenge and area of focus.

COUNCIL ADMINISTRATION AND SUPPORT:

- Meetings scheduled
- Agendae and minutes
- Resolutions implemented
- Standing Committee and Council meeting attendance and support

Key Objectives for 2011/2012

- Meetings scheduled and held as planned;
- Agenda and minutes provided for all Council meetings;
- Tracking and reporting on the implementation of Council Resolutions

Issues and Challenges

- Council Resolutions have not been adequately or timeously conducted or reported on and while a Resolutions Register has been developed, this is required to be reported on more effectively;
- Meetings are attended in terms of administrative support although it is acknowledged that the quality of minute taking and recording of data is to be improved.

LOGISTICS

- Fleet Management
- Record Management
- Maintenance
- Safety

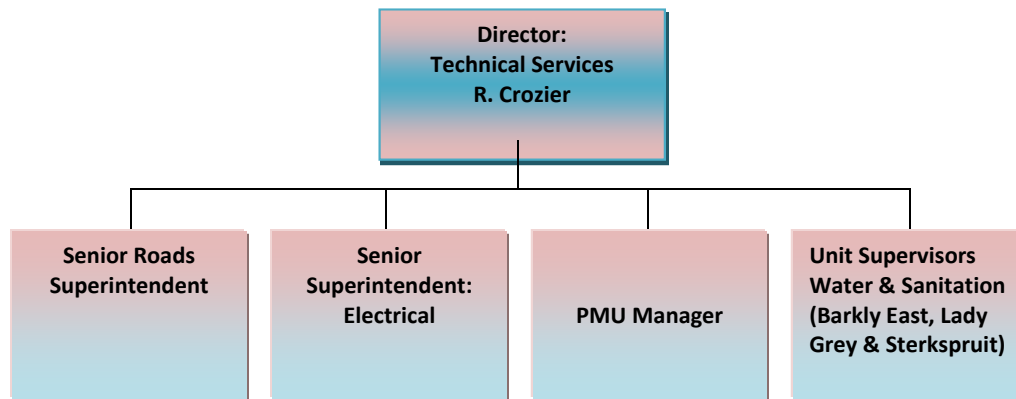
Key Objectives for 2011/2012

- Vehicle maintenance
- Recording of mileage, petrol
- Servicing records
- Vehicle safety (inspections)

Issues and Challenges

- Vehicles were well maintained in as far as services were kept
- Record keeping was kept in respect of vehicle usage
- Vehicle inspections to be conducted formally

E.3 TECHNICAL SERVICES DIRECTORATE



OBJECTIVE

The overall objective of the Technical Services Directorate is to supply efficient, effective and economical services to the community which it serves.

VISION

Service delivery to the community in line with the powers and functions allocated to the Senqu Municipality, in accordance with the Integrated Development Plan.

MISSION STATEMENT

The Technical Services Directorate will improve the quality of life of the Senqu community through a sustainable maintenance and service delivery programme conducted within all applicable legislation

FUNCTIONAL RESPONSIBILITIES

- Electricity distribution – licensed areas only.
- Street Lighting
- Roads construction and maintenance – Municipal and access roads
- Storm water and pavement construction
- Water Provision – Bulk, treatment and reticulation
- Sanitation – Sewerage removal and treatment
- PMU / Infrastructure planning and Technical Administration

Key Directorate Objectives for 2011/2012

In the focusing on the objectives for 2011/2012, the following issues must be noted:

- Water and Sanitation Services are to be provided only in the urban areas, as Senqu Municipality is a Water Services Provider appointed until 31 July 2012 by Joe Gqabi District Municipality (as a Water Services Authority);
- Electricity supply and provision is to occur in the towns of Sterkspruit, Lady Grey and Barkly East, as Senqu Municipality is licenced by the National Energy Regulator of South Africa;
- This department is responsible for the ongoing operation and maintenance of the services of electricity, roads, stormwater and pavement construction, however all water and capital sanitation projects fall under Joe Gqabi District Municipality. Services provision within the Senqu areas and powers and functions are done by application only.
- Electrification in rural areas.
- Construction related to the new Senqu Office Extension in Lady Grey; and
- Lady Grey Call Centre.

Performance Reporting and Challenges

MANAGEMENT OF FUNDS

Funding is received from the following areas:

- Operational and maintenance costs: funded through internal resources (from service charges, equitable share allocation under Division of Revenue Act and Rates and Taxes)
- Capital Projects: funded through internal resources and Municipal Infrastructure Grants (MIG conditional grants) and allocations from the Department of Housing.
- Funding for capital projects received from the Department of Roads and Public Works as per Service Level Agreements for the surfacing of Musong Road, Mlamli Hospital Road and the HoloHlhotsi Dam Road.

It must be noted that the MTREF was required to be revised as tenders received on projects far exceeded the budgeted amounts. Revision was also required in an effort to complete projects instead of continually downscaling due to escalation costs due to time lapses between project approvals and implementation.

It is acknowledged that Technical budgets are difficult to predict due to the fluctuating nature of changing circumstances and this in turn could contribute towards overspending or underspending (most frequently caused by poor performance of service providers). Certain budgetary items are not within the control of the Department and these include issues such as: Human Resources, stationery, Free Basic Services, bulk purchases and the like. These are therefore issues that need to be taken into consideration.

ELECTRICITY & STREET LIGHTING

Service Delivery Objectives:

- Provision of electricity to all residential and commercial consumers
- Provision of public lighting to Sterkspruit, Lady Grey, Barkly East & Herschel
- New connections done on request in licensed areas – connections are done on request
- Ongoing maintenance of existing networks
- The rural areas of Senqu Municipality are within the licensed area of ESKOM and will remain so in the foreseeable future
- Maintenance of existing public lighting streetlight repaired faults attended to
- Extension of Public Lighting Systems
- Maintenance and renewal of public buildings electrical installations as required
- Reduced electricity losses.

In terms of Senqu Municipality's licence agreement with the National Energy Regulator of South Africa, it is responsible to supply electricity to Sterkspruit, Lady Grey and Barkley East. Within this licenced area, the level of service supplied is very high and consumers all have a minimum of a 60A single phase supply. The standard of service is at present mediocre but is improving annually.

It is noted that the rural areas (including Rhodes and Herschel) are supplied by ESKOM. Rossouw is provided with electrical supply with the exception of the SAPS.

Issues and Challenges

Operationally and taking into account the challenges faced, electricity provision has been well delivered. Some of the greatest challenges related to the extreme levels of electricity losses due to theft, poor metering, and ageing networks.

Efforts to remedy these challenges include:

- Electricity losses while improving and progressing well still remain a challenge;
- Poor metering, aging infrastructure, incorrect accounts. A 3 year plan is underway to address these issues and to reduce losses more effectively while improving revenue;
- Funding to address infrastructure challenges and staff capacity and staff shortage challenges;
- Capacitation and appointment of suitable staff.

ROADS AND STORMWATER

Service Delivery Objectives:

Roads

- The construction of sidewalks
- The maintenance and reconstruction of gravel and surfaced roads
- Maintenance of road furniture
- Purchase of plant
- Planning and design of new projects

Storm water

- The construction of sidewalks
- The construction of storm water systems
- The construction of bridges and river crossings
- Planning and design of new projects

Challenges and Issues

Senqu Municipality is responsible for all access and municipal roads and it is noted that the balance of roads falls under the powers and functions of the Department of Roads and Public Works (DoRPW).

Due to insufficient resources it is acknowledged that the level of road services in rural areas is low. In essence gravel roads prevail with the exception of the Mokhesi Taxi Route (surfaced) and the Musong Road (currently being surfaced) – funded by DoRPW. This was carried over from the previous financial year and is underway. The department is responsible for maintenance on all roads that are numbered (in respect of provincial and district roads).

While construction and maintenance has been successful with the resources available it is noted that the greatest issues relate to resources and specifically funding to address backlogs.

WATER

Service Delivery Objectives

- Senqu Municipality was appointed as the Water Services Provider by the Water Services Authority (Joe Gqabi District Municipality)
- Water purification undertaken at Lady Grey, Barkly East & Rhodes
- Bulk water is supplied to Lady Grey, Barkly East, Rhodes and Rossouw
- Sterkspruit water is supplied by Amatola Water but reticulated by Senqu within the town
- New connections are to be done upon application
- Infrastructure and capital is the responsibility of the Water Services Authority
- Rural areas fall under Amatola Water who were appointed by the JGDM
- Maintenance of purification works and reticulation systems is required within the appointed area.

Issues and Challenges

- It must be noted that in most instances a very high quality of water is being provided and connections are provided to the yard and the houses.
- While water is available 24 hours a day in urban areas, this is not the case in the rural areas;
- Addressing challenges requires mostly funding and infrastructure issues such as:
 - A permanent Water Treatment Works in Barkly East (Joe Gqabi District Municipality);
 - Upgrading of Lady Grey Water Treatment Works (Joe Gqabi District Municipality);
 - Staff capacitation, and
 - Funding to address backlogs and infrastructure needs.

SANITATION

Service Delivery Objectives

- The Senqu Municipality has been appointed as Water Services Provider by the Water Services Authority (Joe Gqabi District Municipality) in the delegated areas of Lady Grey, Barkly East and Sterkspruit
- The rural areas fall directly under the Water Services Authority
- Infrastructure projects are the responsibility of the Water Services Authority
- New connections are done upon request as there is no real backlog in the delegated area although a large percentage are below RDP standards
- Maintenance of ponds, conservancy tanks and reticulation systems
- Waterborne households
- Buckets are below RDP standard
- Conservancy tanks
- Urban VIP's
- The urban communities are insisting on waterborne sanitation removal and are not prepared to accept other methods
- A political decision has been taken for waterborne sanitation in urban areas and VIP's in rural areas

Issues and Challenges

Addressing challenges requires mostly funding to address infrastructure issues and capital projects.

INFORMATION TECHNOLOGY (GRAPHICAL INFORMATION SERVICES)

This Directorate is responsible for the implementation and maintenance of Council's Geographical Information System is also part of this function.

The Key Performance Indicators are:

- Update General Plans (GP's)
- Update Ownership / Title Deed information
- Update Valuation information
- Update Road & Street Infrastructure
- Update Geographical information
- Update ESKOM infrastructure
- Update electrical infrastructure
- Update water infrastructure
- Update sewerage infrastructure
- Update solid waste infrastructure.
- Daily & monthly processing of records when required by other departments.

TECHNICAL INFRASTRUCTURE /ADMINISTRATION (INCLUDING PMU)

Objectives

- GIS: Updating Ownership / Title Deed information
- Updating Valuation information (received from Budget & Treasury)
- Updating Road & Street Infrastructure
- Daily & monthly processing of records when required by other departments.
- Provision of technical and other administration services within the Senqu area;
- Provision of an efficient Project Management Unit, Electrical Team, and Roads Team under good administration, regularly exceeding targets. The administration of all capital projects is done within this department;
- Extension as Water Services Provider till 30 June 2011 in place, but the SLA needs revision if the bulk services take over is implemented with regard to water & sanitation in the coming year;
- Standing Committees held
- 4 SDBIP reports submitted to Council
- 12 x monthly technical reports submitted to Technical Standing Committee and Council
- Monthly reports submitted to MIG on expenditure
- Annual stock take and asset verification done in conjunction with finance department
- Facilitation of the Job Creation Project .
- Facilitation of the EPWP
- Signed SLA between Senqu and the DRPW for surfacing of Musong road.
- Business Plans submitted for rural sport fields.
- Budget for operational costs for the 2012/13 financial year

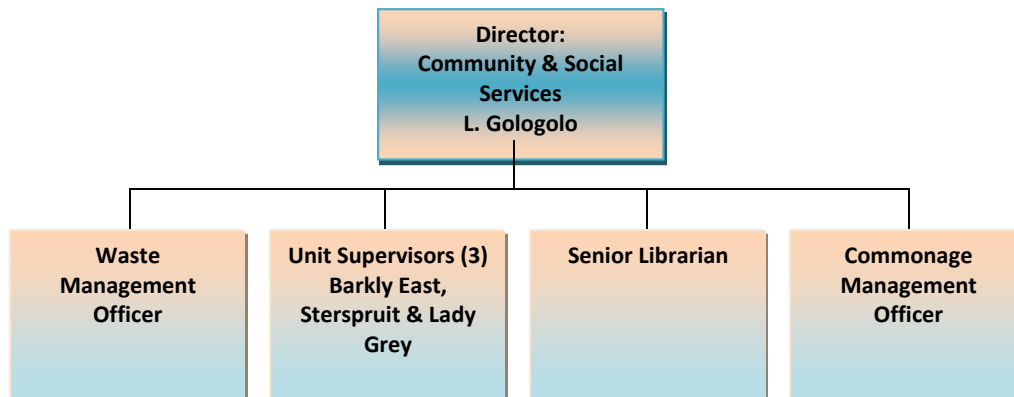
- Capital MTREF drawn up with Mayor.
- Electrical plan implementation for electricity losses.
- Updating of the electrical accounts system.
- Effective and efficient management and oversight roles on projects.
- Split phase pre-payment metering to be approved by Council (Consumer choice).
- NDGP the Kwezi - Naledi greening project, Sterkspruit land acquisition project, and minor construction at Kwezi .

Challenges and Issues

Major challenges in the administration department and remedial actions:

- Human and Financial Resources
- No vehicle tracking system Council needs to address this urgently in order to control vehicles and avoid abuse.
- EIA blocking Solid Waste Site project in Sterkspruit. The matter needs to be combined with the Sterkspruit WWTW and dealt with under the NDGP.
- SCM has at times historically had a negative impact on service delivery although improvements in the process of awarding tenders and procuring service providers has been evident. Supply Chain Regulations sometimes result in ineffective consultants/contractors being appointed. The SCM regulations need to be revised and a performance monitoring system, with punitive measures, is adopted and implemented.
- Supply Chain Regulations are at times impractical. These need to be revised to suit the regulations to be more suited to rural circumstances, where service providers are few and far away, resulting in funds that could benefit the local community leaving the already indigent areas
- Staff incentives for performance need to be considered.
Staff Retention Strategy to be applied
- The Performance Management System needs to be cascaded to all staff urgently.
Corporate Services needs to ensure budget for implementation.
- Project costs on the MTERF capital programme. Escalation needs to be included for future and current capital projects.
- Staff employment/replacement period too long.
Corporate Services needs to expedite the process.

E.4 COMMUNITY AND SOCIAL SERVICES DIRECTORATE



OBJECTIVE

To ensure effective services to the community.

VISION

To provide social services, promote social development thereby creating a better lifestyle for the people of Senqu.

MISSION STATEMENT

The community and the social services department promote social development by providing primary health services, community services and facilitates development of local economic development.

Functional Responsibilities: Library Services
Community Halls and facilities
Cemeteries
Sport and Recreational Facilities
Parks and Public Open Spaces
Health (Robert Mjobo Clinic)
Public Safety
Commonages
Issuing of business licences

COMMUNITY AND SOCIAL SERVICES SECTION

LIBRARIES

Funded in terms of DSRAC Government Grant

Objective: Provision of reading and study material and to promote reading amongst the youth Services:

- Supply and provision of library material
- Selection of books from the book fare
- Promotion and participation in the library week activities
- Promotion of library in rural areas
- Establishment of book clubs

Nature and Extent of Facilities Provided

LIBRARY SERVICES

LIBRARY	NUMBER OF FACILITIES	USERS	CIRCULATION OF BOOKS
Rhodes	1	55	4126
Rossouw	1	;	Library opened
Barkly East	1	861	10 217
Lady Grey	1	786	4 538
Sterkspruit	1	705	11322

The overall objectives of this function are to provide new facilities in the rural areas and to maintain existing facilities.

Strategic Objectives

- Phase 2 renovations of the Nkululeko Hall at Barkly East.
- Maintenance of existing facilities.

COMMUNITY HALLS

Nature and Extent of Facilities Provided: Community Halls/Facilities

LOCATION	FACILITIES
Barkley East	3 Nkululeko Hall renovated
Lady Grey	3 Transwilger vandalised
Sterkspruit (Urban)	1 in a good condition
Sterkspruit (rural areas)	12
Rossouw	1

There are 72 multipurpose centres (inclusive of rural areas) and it must be noted that certain of these are not being utilized.

CAPITAL PROJECTS

CAPITAL EX REVENUE	AMOUNT
Capital: Community Halls	R500 000.00

The Halls have been upgraded as per the Halls Maintenance Programme (Nkululeko Hall).

Challenges:

Policies and procedures regarding hall usage are not enforced and are required to be addressed as are not being enforced.

CEMETERIES

The overall objective of this function is to improve cemeteries/ provide and control burials within the framework of the Health Act/Developmentcommunityrecords and administration.

Strategic Objectives

- The development of multiple cemeteries within Senqu Municipality
- Control and maintenance of cemeteries

Nature and Extent of Facilities Provided (Information statistics required)

LOCATION	SERVICE PROVISION
Barkley East	3 Facilities and 70 burials
Lady Grey	3 Facilities and 65 burials
Sterkspruit (Urban)	1 Facility and 3 burials
Rhodes	2 Facilities and 2 burials

While burials are taking place within rural areas it must be noted that there are no statistics available as no records are sent to the municipality offices. Additionally it is noted that there are facilities developed in rural areas although these are not fully utilized.

There has been no funding to accommodate the electronic cemetery register and the information continues to be captured on an Excel spreadsheet.

SPORT AND RECREATION FACILITIES

The overall objectives of this function are to provide basic sport and recreation facilities within the whole of Senqu Municipality.

Strategic Objectives

- Repairs and maintenance to existing buildings at sports fields within Senqu Municipality;
- Levelling, planting and cutting of grass in Lady Grey and Barkly East; and
- Upgrading of rural sports fields.

Nature and extent of Facilities provided

LOCATION	FACILITIES
Barkley East	2
Lady Grey	3
Sterkspruit (Urban)	1
Rhodes	2 (Tennis Courts and Soccer field)
Sterkspruit (Rural)	46 Facilities

PARKS AND PUBLIC OPEN SPACES

The overall objective of this function is to provide and maintain parks and open spaces; in order to create a pleasant environment for the communities.

Strategic Objectives

- The pruning of the trees along municipal streets within Senqu Municipality; and
- Regular cutting of grass on sidewalks.

COMMONAGES

The overall objective of this function is to manage commonages within Senqu Municipality.

Strategic Objectives

- To maintain and repair fencing on commonages at Barkly East and Lady Grey
- To try and obtain farms for Barkly east commonage users as commonages are currently overgrazed; and
- To enter into agreements with people leasing commonages in order to ensure formal contracts are maintained.

NOTE: Although the function is housed in Community Services , the IPME Directorate was tasked with development of a commonage management plan (LED project).The plan has not been able to be developed due to difficulties in obtaining the Farmers co – operation.

ISSUING OF BUSINESS LICENCES

The overall objective is to improve economic development in the community for both formal and informal businesses and also to regulate the trading activities of the license holders.

Strategic Objectives

- The inspection of business premises to ensure food preparation is conducted within health standards, this inspection is conducted by Municipal Health – District Municipality and they provide reports to the municipality
- Promoting the development of existing strategic sites within the Municipality by marketing them to developers, and by
- Formulating an informal trading policy and promoting trading facilities, accordingly.

Currently the greatest challenge within this area relates to the challenge of foreign nationals flouting the business laws which in turn make it difficult to regulate this trading.

PUBLIC SAFETY (MUNICIPAL POUNDS)

The overall objective is to remove stray animals from the roads and streets and impound them; and to establish and maintain pounds.

This function is provided at a basic level due to financial constraints:

Income derived from pound fees

2012	2011
R 25,290	R25 290

WASTE MANAGEMENT (REFUSE AND SOLID WASTE SECTION)

Overall objective: To improve management of the environment and to combat illegal dumping and to ensure that all refuse and waste is removed and disposed of timeously and in an appropriate manner

Expenditure by vote

2011/2012: Expenditure by vote				
Actual	Budget	Variance	R	%
R 7,628,385	R 7,277,550	R(177,551)	R 350,835	5%

CAPITAL EXPENDITURE BY VOTE

2012				
Actual	Budget	Variance	%	Reason for material variance
R 112,449	R290,000	R(177,551)	61%	EIA Not approved for new solid waste site

CAPITAL PROJECT MEDIUM TERM EXPENDITURE FRAMEWORK – 2010/11/12/13

MIG Project Name	Status	Total value	Comments
Sterkspruit Solid Waste Site	5%	R124 070.00	EIA holding up implementation

Strategic Objectives

- Regular refuse removal to all households once a week
- Regular refuse removal at commercial businesses twice a week
- Daily street cleaning
- Maintenance of vehicles and implements
- Maintenance of the solid waste disposal sites.

Performance Indicators

- Regular refuse removal to all households once a week
All households provided with regular removals once a week in urban areas.
- Regular refuse removals at commercial businesses twice a week or when requested on busy days
- Daily removal during the December holidays in commercial businesses particularly Sterkspruit
- Daily Street Cleaning
Streets being cleaned daily with the assistance of volunteers
- Maintenance of vehicles and implements
Vehicles and implements are maintained in good order
- Establish one registered solid waste site in Sterkspruit
Future planned action

Nature and extent of facilities provided: Number of households receiving regular removal services and frequency and cost of service:

LOCATION	SERVICE PROVISION	AMOUNT IN CUBIC M
Lady Grey	Weekly removal on household and businesses street sweeping	1 472 480
Barkly East	Weekly removal	1 413 691
Sterkspruit	Weekly removal	13 491 500
TOTAL		16 377 671

Figures are estimates as there is an absence of weigh bridges to enable actual figures

- Refuse is removed by the municipality as least once a week (business sites) or when requested over and above the weekly removal schedule
- Refuse is removed by the municipality once a week on residential sites; and
- Refuse removal occurs at commercial business twice a week or when request on busy days.

Waste Management consists in its primary form of collection, transportation and disposal. Where waste management is needed, the collection and transportation aspects thereof are done to a reasonable standard although certain problems do occur with the disposal function.

It is noted that Senqu Municipality is in possession of 5 refuse dumps.

Total number, capacity and life expectancy of refuse disposal sites

Type	Capacity
Domestic/Commercial (5)	8000m ²
Garden (5)	Bio degradable
Only two sites are legal sites	

More than 21 583 112 cubic meters of waste is sent to the waste sites, however the recyclable materials is removed for re-use, recovering and recycling. The remainder of the waste is burnt in the incinerators and only minimal waste actually goes to the waste cells – overall this has a positive impact in that it increases the life expectancy of these sites.

Not all solid waste sites comply with the necessary required legislation; measures are however being put in place to ensure that compliance with legislation is adhered to.

Anticipated expansion of refuse removal services

	Capacity
Domestic/Commercial (1000 new households)	Life span of the activity

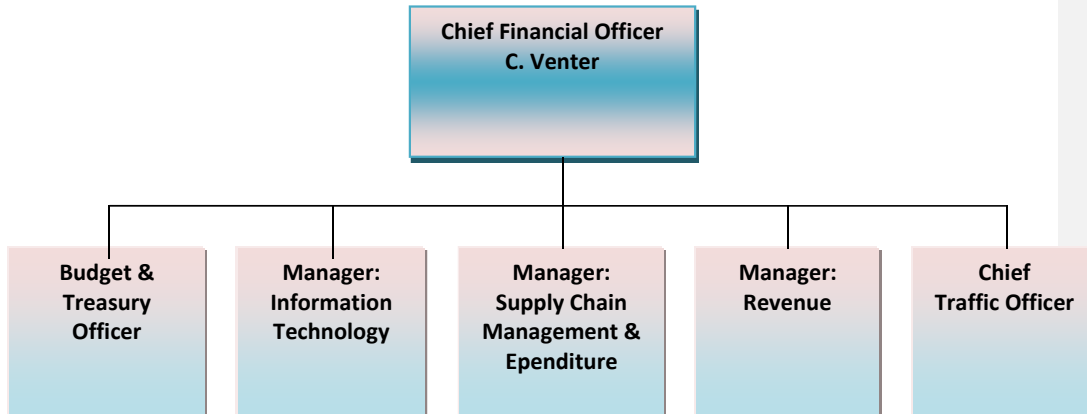
Free Basic Service Provision

	Capacity	
Quantity (number of households affected)	4 613	R85.50 pm
Quantum (Value to each household)		

Issues / Challenges

Waste services (collection) only offered to a few residents of the area
 Disposal of waste a significant challenge and this is leading to lack of compliance with legislation, water, air and aesthetic pollution which is not good for both economic and social development
 Cost effectiveness of current services is poor mainly due to a history of lack of investment in the service in terms of equipment, staff, and planning
 There is little compliance with legislation
 Health waste is not being effectively managed and can lead to other health related injuries and problems
 EIA not approved for new solid waste site Sterkspruit

E.5 CHIEF FINANCIAL OFFICER



OBJECTIVE

'The overall objective of the Budget and Treasury Department is the provision of Management Support and guidance to staff and Councillors, management of assets, management of the budget and management of revenue and collection of debtors.'

VISION STATEMENT

"The financial management of the resources of Senqu Municipality in order to ensure sustainable and equitable service delivery to all the residents of the municipality".

MISSION STATEMENT

"The sound financial management of the assets, liabilities, revenue and expenditure of the municipality on behalf of the community of Senqu Municipality".

Key Focus Areas for Budget and Treasury Directorate:

- ◇ Revenue Collection/Income Generation
- ◇ Expenditure
- ◇ Budgeting
- ◇ Accounting and Reporting
- ◇ Information Technology
- ◇ Asset Management
- ◇ Motor Vehicle Licensing
- ◇ Compliance with MFMA Act 56 of 2003

It remains the overall objective and intention of this department to improve and refine functioning within each of these areas in order to ensure not only legislative compliance but to ensure ongoing financial viability.

Key Performance Indicators

Each of the Key Performance Areas and their respective priorities will be examined under each subsection as follows:

REVENUE COLLECTION/INCOME GENERATION

This section ensures that the processing of monthly consumer accounts and the receipting of all revenue is undertaken at three of the towns that fall within the jurisdiction of Senqu municipality, namely Barkly East, Lady Grey and Sterkspruit. The current structure is established so that the villages of Rossouw, Rhodes and Herschel are serviced by staff situated in Lady Grey, Barkly East and Sterkspruit respectively. All these functions are supervised and supported from Lady Grey from where meter readers servicing the water and electricity meters are controlled.

Key Targets 2011/2012

- Annual reconciliation of Valuation Roll;
- Annual reconciliation of Assessment Rates;
- Annual billing of Assessment Rates;
- Complete General Valuation of Farms;
- Valuation Board assessing objections;
- Certification of the General Valuation Roll;
- Implementation of the General Valuation Roll;
- Survey regarding infrastructure & services on farms;
- Monthly updating of the consumer database;
- Maintenance & Implementation of the Credit Control & Debt Collection Policy;
- Development and implementation of plans and intervention strategies in order to enhance revenue;
- Maintenance and implementation of financial policies & procedures;
- Free basic services and indigence subsidy support;
- Tariff determination;

- Rates determination;
- Credit Control & Debt Collection;
- Cash Management, Banking & Investments;
- Appointment of Accountant Income;
- Monthly selling & control of pre-paid Electricity;
- Monthly reading of Water & Electricity meters;
- Accurate monthly billing of accounts;
- Monthly delivery of consumer accounts;
- Daily receipting of all revenue;
- Daily banking of all revenue;
- Secure all revenue collected;
- Implement Municipal Finance Management Act, No 56 of 2003 requirements relating to Revenue collection;
- Development / update Rates Policy;
- Consult community on Rates Policy;
- Implement Rates Policy; and
- Develop & promulgate Rates Policy By-Law

Issues/Challenges

- It is noted that Debt Collection and Credit Control Policies are currently in place, approved and implemented as required;
- Additionally and in an effort to ensure a positive cash flow management status, monthly expenditure reports were compiled, analysed and reacted to where appropriate action was required;
- The Investment Policy has been reviewed and monthly investment management occurs as is required in terms of the policy;
- It is to be noted that receivables from exchange transactions increased from R 4 625 668 to R 15 224 739 which represents an increase of 329%. It must however be noted that the increase also includes an amount of R 9 286 090 from the Joe Gqabi District Municipality (Water Services Authority);
- In terms of operational income it must be noted that the anticipated revenue of **R 157 152 608** was 24.68 % (**R 31 109 361**). **This was more than in the previous financial year and** resulted in an estimated surplus of R 36 225 188. It included all sources of income i.e. own revenue, grants, subsidies, agency receipts, donor funds, trust funds and the like.
- As per the legislative requirements and related prescriptions every effort is being made to ensure that the following financial management strategic objectives and targets are prioritized:
 - Annual overview on Risk Management and an Implementation Plan
 - Monitoring of financial viability re- debt coverage and expenditure control.
 - Implementation of Revenue Management Strategies to enhance Revenue.
 - Efforts to facilitate full GRAP compliance. (Immovable assets)

- The development and ongoing review of all required Financial Policies.

EXPENDITURE AND CONTROL

This function is situated in Lady Grey and is supported by staff members who are responsible for the payment of creditors; ordering of goods, services and materials; processing the monthly salaries and allowances; compilation and control of budgets; controlling capital and other projects; processing of monthly and quarterly financial reports and the compilation of annual financial records and statements.

Expenditure is controlled through monthly and quarterly reporting and reconciliations – in order to establish areas requiring intervention and management.

Key Targets 2011/2012

- Monthly reconciliation & payment of all creditors.
- Interventions and strategies/turnaround plan to improve on expenditure(Levels and quality).
- Monthly controlling of purchases.
- Monthly processing of payroll.
- Annually update & maintain council's insurance portfolio.
- Monthly updating & maintaining Council's investments.
- Update & implementation of financial policies and procedures :
- Supply Chain Management;
- Loans & Contractual Agreements;
- Asset Management & Insurance;
- Cash Management, Banking & Investment.
- Implementation of the Municipal Finance Management Act, No 56 of 2003 requirements related to Expenditure.

Issues/Challenges

- MIG allocations increased from R19 209 000 to R23 102 000 for 2011/2012;
- this was as a result of Non-compliance with Supply Chain Management regulations, the irregular expenditure is awaiting condonement. In the 2011/2012 financial year no irregular expenditure was identified.
- As per the Audit Action Plan and remedial action taken it would appear that deficiencies in this regard are in the process of being eradicated although this would remain a long term consideration.
- Outstanding Debt has increased by 10% annually rather than having reduced. This is clearly an issue that needs to be an area of focus moving forward;
- Indigent Support /Free Basic Services is being applied and 2904 Indigent consumers benefit from free basic services. R 9 192 887.00 was actually utilized (Budgeted R 11 412 120.00) will go **directly** to provide services to the (indigent) poorest of the poor as per council Free Basic Service and Indigent Subsidy Support Policy;
- Supply Chain Management targets have been achieved in that the Supply Chain Management Policy has been updated and workshopped; the Service Provider database has been populated and a service providers report has been populated;
- It must be noted that in respect of the performance of municipal service providers, there is no comprehensive performance management system for their monitoring. While contractors utilising funding from the Municipal Infrastructure Grant are monitored in a structured way, other service providers are not monitored in a systematic manner;
- There are still issues of non-compliance with Supply Chain Management regulations during the 10/11 financial year. The identified issues have been incorporated into the Audit Action Plan and all remedial action required is in the process of being corrected in the 2011/2012 FY;
- Budgeted Operating Expenditure amounted to R 174 294 902.00 (R 219 104 967 less R 44 809 065 – capital expenditure ex revenue).The Actual Opex Increased from the previous Year by 45.82% and by R 37 999 870. In monetary terms from the previous financial year.
(R 120 927 421 – 82 927 551)

BUDGETING

The annual compilation of Council's operational and capital budget is the responsibility of this department. It also provides the necessary inputs during the annual review of Council's Integrated Development Plan (IDP). This department is also responsible for the determination of tariffs and maintaining a cash budget. Actual expenditure to date is monitored monthly against Council's approved budget and reports are submitted monthly to all other departments informing them of their expenditure to date.

Key Targets 2011/2012

- Compiling & publishing budget time schedules;
- Establishing & publishing committees & consultation forums.
- Outreach programme provision to all wards.
- Review & preparation of:
 - Integrated Development Plan (IDP);
 - Service Delivery Agreements;
 - Delegations;
 - Budget Related Policies;
 - Operational & Capital Budget
- Determination of Rates & Tariffs.
- Consultation with established committees & forums
- Tabling of budget & supporting documents.
- Approved budget & supporting documents, and submission to:
 - National Treasury;
 - Provincial Treasury; and
 - Publishing on website
- Service Delivery & Budget Implementation Plan (SDBIP).

ACCOUNTING AND REPORTING

Key Targets 2011/2012

As an accounting and reporting function the following reporting is required:

- Daily & monthly updating of accounting records.
- MFMA required reporting to: National Treasury; Provincial Treasury; Accounting Officer; Executive Committee; and the Municipal Council.
- Monthly reconciliation of supporting registers:
 - Funds;
 - Loans;
 - Assets;

- Banks;
- Investments;
- Debtors;
- Creditors; and
- Income & Expenditure.
- Compilation of annual financial statements.
- Compilation of annual report for Department: Budget & Treasury Service.
- Implementation of the Municipal Finance Management Act, No 56 of 2003 requirements related to Accounting and Reporting.

Issues/Challenges

All required reports in terms of the MFMA have been submitted timeously as required. These include standard monthly, quarterly and mid-year reports as legislated by Provincial and National Treasury and the Auditor General, in terms of the MFMA.

INFORMATION TECHNOLOGY

This function is situated in Lady Grey from where all computer hard- and software used at all three administrative units is supported and maintained. The IT unit/division is headed by an IT Manager currently the unit /division is not fully staffed.

Key Targets 2011/2012

- Development of IT policies. Development of IT policies.
- Ensuring the Updating of Valuation information (by co – ordinating with IT & GIS (PMU Unit)
- Daily & monthly processing of records when required by other departments.
- Maintenance and upgrade of computer hard and software
- Secure computer hard and software services
- Training to all staff in utilizing IT systems effectively
- Development & maintenance of the municipal Website.
- Assisting with asset management

Assets and Stores

The existing manual assets register as well as the inventory lists are now in the process of being computerized by means of bar-coding all movable assets.

Key Targets 2011/2012

- Recording & Marking (Bar-coding) of all assets.
- Updating & maintaining a comprehensive assets register
- Compiling, updating & maintaining of inventories.
- Revaluing the fixed assets.

- GRAP conversion

MOTOR VEHICLE LICENSING

Apart from the road worthy's, driver's licenses and the like, performed at the Grade A Traffic Test Station situated in Barkly East, the NATIS motor vehicle registration facility service is also rendered by Council on an agency basis for the Department of Transport in Lady Grey and Barkly East. Business Plans have been submitted as far back as the 9/10 financial year to Department of Transport to extend these facilities to the Sterkspruit administrative unit.

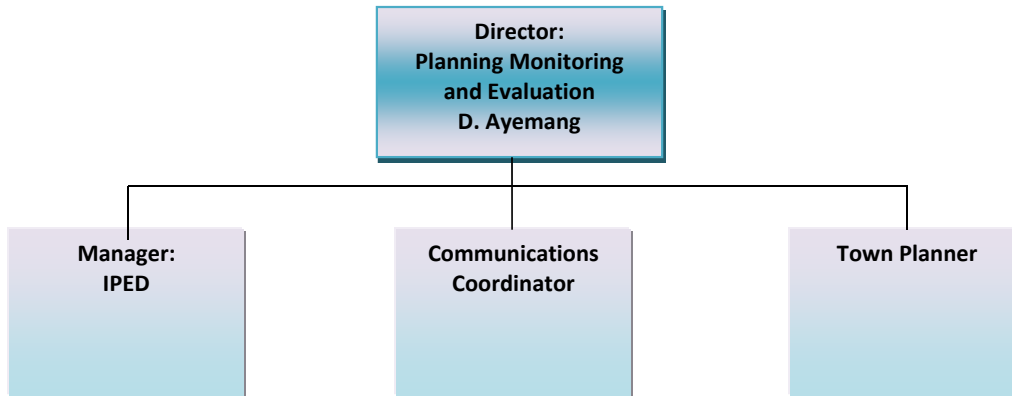
Key Targets 2011/2012

- Available facilities for the licensing of motor vehicles.
- Maintain and perform National Traffic Information System (NaTIS) on behalf of the Department of Transport
- Establish Motor Vehicle Registration facility in Sterkspruit – Awaiting approval form Department of Transport
- Train staff to operate the Natis System.

IMPROVED PAYMENT LEVELS OF ACCOUNTS

The target for the payment levels of accounts is 89.9% which indicates that the target of 90% was not achieved (Variance of 0 .1%). Correspondingly, outstanding debt has increased by % annually rather than having reduced. This is clearly an issue that needs to be an area of focus for the new financial year

E.6 INTEGRATED PLANNING MONITORING AND EVALUATION DIRECTORATE



The IPME Manager was appointed to the newly formed directorate on 1 August 2010. As a new directorate, it is noted that many challenges were experienced and these related mostly to the available human and financial capacity within the directorate and the need for adequate and experienced resources to perform and meet the required functions.

Functional Areas:

- Communications
- Town Planning (Land Use Management, Housing and Building Control)
- LED (Tourism, SMME and Poverty Development)

Key Targets 2011/2012 (Directorate)

- Development of the Communications Strategy
- Improved internal and external communication
- Launching of Local Communication Forum
- Development of SDBIP
- PMS Implementation
- Local Economic Development
- Mainstreaming of Women, Youth and Disabled
- Tourism activities
- Job Creation Projects
- Implementation of Greening Projects
- Land Management
- Housing Sector Plan approved
- Building plans approved
- Land Audit conducted
- Building and Town Planning approval
- Deed transfers conducted
- Policies reviewed
- Fixed Assets Managed

COMMUNICATION

- Internal Communication
- External Communication

Issues and Challenges

It is noted that great strides were made in respect of communication.

- The Communications Strategy was developed and reviewed in consultation with and in partnership with CDW's, Ward Committee Representatives and Community members.
- The Local Communications Strategy was updated, presented to Exco and submitted to Council for adoption.
- Media coverage was received from local and national newspapers and from local radio stations and the SABC.

The challenge remains to ensure that updating and regular reporting occurs.

- Events management is well provided for all important events;
- The External newsletter is provided to communities quarterly;
- The Internal newsletter is discontinued and the challenge will be to revive this, and
- The municipal website is fully functional and updated monthly with all public documents such as tender documents, policies, by-laws, and issues of interest.

TOWN PLANNING

- Estates
- Land Use Management
- Housing
- Building Control

Issues and Challenges

Some of the greatest challenges facing town planning relate to the different land legislations currently applicable within different parts of Senqu Municipality.

This remains a huge challenge as Bantustan legislation still applies to the urban areas who are experiencing huge growth. In other areas repealed legislation is still being applied (e.g. issuing of Permission to Occupy Certificates), and this "informal land administration system" is posing to be a major challenge to Senqu Municipality.

These issues coupled with poor disposable income have resulted in insufficient development and maintenance of infrastructure, which in turn affects road infrastructure and linkages between rural settlement areas and the main economic centre of Sterkspruit.

Building and zoning plans 2011/2012

Applications outstanding 1 July 2011	Category	Number of new applications received	Total value of applications received	Applications outstanding 30 June 2012
		June 2011	Rand	
0	Residential new	620 RDP Houses	R55706.00 Each	0
0	Residential additions	28	R3562220	0
0	Commercial	3	R1724537	0
0	Industrial	6	R1720 000	0
0	Other (specify) rezoning for church	2 Churches	R1.500000	0

Local Economic Development

- Tourism
- SMME
- Poverty alleviation

LED (TOURISM, SMME AND POVERTY ALLEVIATION)

Issues and Challenges

It is noted that the LED Strategy was developed in August 2007. Although the LED Unit has been established, this unit is severely challenged in respect of capacity, funding and experience and currently very little activity has occurred within this area as a result.

As resources, the LED Manager has been appointed together with the Tourism Officer, an Enterprise Development Officer and a Poverty Alleviation Officer. Overall, although efforts are being made to engage with tourists, progress is not as advanced as required.

Progress within the agricultural projects is reflected as follows:

- the Department of Agriculture donated funds to revive the VukaniMangwa project (additional funding for fencing is required),
- the Lady Grey commonages were selling fodder and this has resulted in shortages of land for livestock,
- the Masithembane Poultry Project is progressing well;
- the Cooperatives Project requires additional funding; and
- the LRAD farmers project resulted in farm land being bought and a tractor and equipment being given to the farmers.

INSTITUTIONAL PERFORMANCE

- IDP
- SDBIP
- PMS

IDP, SDBIP'S AND PMS

Issues and Challenges

These issues have been reported on mostly under the Municipal Management section as these issues were traditionally accommodated for most of the time within this section.

- The IDP must be formally drafted according to the Directorates are required to populate these targets more effectively using the SMART principles;
- Quarterly PMS assessments and reporting must be done with direct and accurate input from responsible parties
- Quarterly reporting and consolidated reporting must be done for the SDBIPS with direct and accurate input from responsible parties;
- Performance (Institutional Performance Reporting) is facilitated;
- Performance management must be formally applied in terms of the Performance Cycle

The organogram is required to be updated to accommodate these issues and to reflect them within the correct areas.

SPECIAL PROJECTS

- Mainstreaming
- HIV/Aids

SPECIAL PROJECTS

NOTE: Refer to the MM/Mayor's office. Although the SPU, PMS, IDP and SDBIP related issues reside now within the IPME Directorate they have always traditionally been housed in the MM/Mayor's office and due to their strategic nature there is a dotted reporting line with ultimate accountability at the MM/Mayor's level. Changes to the organogram are required to reflect these changes.

**CHAPTER
3**

**SERVICE DELIVERY
PERFORMANCE**

PERFORMANCE REPORT PART 1

CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

The Integrated Development Plan (IDP) determines the strategic goals and objectives according to direct feedback and involvement from the community as part of the many public participation initiatives that are undertaken.

Capital project funding for 2011/2012 is reflected as follows to accommodate service delivery areas:

Council's MIG (Municipal Infrastructure Grant) allocation increased from R 19 209 000 to R 23 102 000 for the 2011/2012 financial year. It is anticipated that some of the MIG allocation would be used finance the following projects:

MIG FUNDED PROJECTS	
Project: Khwezi Storm Water (Phase II)	7 150 000.00
Constr Access Roads Wards 7,8,9&12 (Ph 4)	1 093 957.00
Project: Constr Roads Ward 1, 2 & 3 (Ph 1)	496 335.00
Project: Sterkspruit Taxi Rank	9 738 566.00
Khwezi Naledi Sport Field Lighting	2 918 071.00
Sterkspruit Solid Waste Site	124 070.00

An amount of R 41 057 664 Capital Expenditure Ex Revenue was budgeted to fund the following projects:

Total Capital Budget for Projects		
4103	Tools & Equipment	320 500.00
4104	Infrastructure	1 500 000.00
4105	Vehicles, Plant & Equipment	3 058 000.00
4106	Furniture & Office Equipm.	890 870.00
4107	Project: Khwezi Storm Water (Phase II)	12 604 194.00
4108	Project: Constr Roads Ward 1, 2 & 3	496 335.00
4110	Project: Surfaced Roads (Phase I)	3 761 756.00
4112	Constr Access Roads Wards 7,8,9&12 (Ph 4)	1 093 957.00
4118	Fleet Bay	450 000.00
4150	Project: Driver License Train Centre	1 800 000.00
4152	Community Halls	500 000.00
4153	Project: Internet / Communication	84 131.06
4157	Sterkspruit Taxi Rank (Phase 1)	11 455 780.00
4158	Project: Sterkspruit Solid Waste Site	124 070.00
4164	Khwezi Naledi Sport Field Lighting	2 918 071.00

It is anticipated that R 17 494 043 would go towards the completion of the following housing projects.

HOUSING PROJECTS	
Project: Housing - Lady Grey 1 000	1 618 897.34
Project: Housing - Herschel 700	7 094 313.68
Project: Housing - Hillside 1 000	8 780 832.00

Council further intends to take up a loan to finance the completion of the office complex. It is foreseen that R 281 615 during the 2011/2012 would be required.

Service provision remains a cornerstone of Senqu Municipality and is reflected in every aspect of its day to day functioning. Within this chapter, service delivery will examine the many areas where service delivery

has been well achieved and additionally reflect on areas that have been and/or remain a challenge. Challenges that affect service delivery will be highlighted in order that these receive required priority and attention when planning for all future service delivery initiatives.

Reporting on service provision is detailed as follows for the 2011/2012 period with specific reference to the s46 Performance Report for the same period:

3.1. **Water Services**

3.1.1 **Water Services Delivery Strategy and Main Role-players:**

- Water and Sanitation Services are to be provided only in the urban areas, as Senqu Municipality is a Water Services Provider (contractor) appointed until 31 July 2012 by Joe Gqabi District Municipality (as the Water Services Authority);
- All water and capital sanitation projects fall under Joe Gqabi District Municipality. Services provision within the Senqu areas and powers and functions are done by application only.

3.1.2 **Levels and Standards in Water Services**

It must be noted that for the most part, the level of services provided within the Water Services Provider area, is mostly of an extremely high quality with connections to the yard and the house itself. It is noted that the highest quality /standard of water is to be found in Sterkspruit and Rhodes. This is then followed by Barkly East and Lady Grey. While water is available 24 hours per day in this area of jurisdiction, many lengthy outages are experienced in the rural areas.

3.1.3 **Annual Performance as per Key Performance Indicators in Water Services**

Indicator Name	Total Number of household/ customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the Financial Year under review (actual numbers)	Numbers of Households/ customers reached during the Financial Year	Percentage of achievement during the year
Percentage of households with access to potable water	100%	0 13 869 H/Hs (Rural)	O – Done on request WSA (Rural)	6922 (Urban) WSA (Rural)	100% (Urban) WSA (Rural)
Percentage of indigent households with access to free basic potable water	100% (urban) 32% (Rural)	0 13 869 H/Hs (Rural)	All services H/Hs receive 6kl free	6922 (Urban) WSA (Rural)	100% (Urban) WSA (Rural)
Percentage of clinics with access to potable water	100% (Urban) WSA (Rural)	0 WSA (Rural)	All clinics within jurisdiction receive potable water	3 (Urban) WSA (Rural)	100% (Urban) WSA (Rural)
Percentage of schools with access to potable water	100% (Urban) WSA (Rural)	0 (Urban) WSA (Rural)	All schools within the area of jurisdiction have potable water	9 (Urban) WSA (Rural)	100% (Urban) WSA (Rural)
Percentage of households using buckets	Estimated at 6 % (informal areas)	2 013	WSA	2013 WSA Capital project	0%

Rural data can be obtained from the Joe Gqabi District Municipality but the estimated backlog is around 14 000 H/Hs (Estimated cost per H/H is R 2 500= R 35 000 000, excluding treatment)

Additionally, the following achievements are noted:

- Water purified 1 368 262 Kl (1.4 Ml) on available metering
- Pumping power usage= 427 727 Kwh
- Water faults reported and attended to: 916
- Water meters replaced/serviced: 10
- New water connections: 7
- Water breaks attended: 533 (of which 317 occurred in Barkly East)

- Ongoing maintenance occurs
- Senqu Municipality was officially appointed as the Water Services Provider (contractor) by the Water Services Authority (Joe Gqabi District Municipality) until 30 June 2012.
- Plans were put into place for the upgrading of the Lady Grey WTW by the WSA
- Damage to the Lady Grey Dam was repaired and the dam safety brought up to standard.(Due to vandalism)
- Safety inspections were done on the Lady Grey and Witfontein dams.

3.1.4 Major challenges in water services and remedial actions

Challenges are many and are reflected as follows:

- A permanent Water Treatment Works is required in Barkly East and Joe Gqabi District Municipality will be required to budget and implement.
- Lady Grey's Water Treatment Works is urgently in need of an upgrade and this is currently within the planning phase.
- The Lady Grey Bulk Water Supply was required to be implemented as a matter of urgency.
- Every effort is required to be made to capacitate staff through increased training efforts to ensure that competent staff are employed;
- Backlogs in water are required to be addressed and funding is required to be obtained to legalize illegal connections;
- While improvements in procurement turn-around time have occurred Supply Chain Management practices have proven to be impractical and detrimental to facilitating service delivery, especially where the availability of service providers is concerned.
- Funding for infrastructure development within the Barkly East and Rhodes reticulation networks is required.
- Section and bulk metering is required to be urgently installed and soon as it possible in order to achieve accurate water balancing;
- Vehicles are required to be budgeted for and provided by Joe Gqabi District Municipality in order to ensure required service delivery;
- Efforts and budget are to be made available to investigate the long-term efficiency of bulk water supply. Rossouw is experiencing severe water shortages,
- Similarly efforts are to be made to rehabilitate the bulk water supply in Rhodes and more specifically, investigation is required to be conducted into the Bell River extraction point in order to examine the possibility of raising the weir, in order to compensate for drought conditions, anti-silting measures and installation of centrifugal pump stations.
- The Lady Grey Dam has a weir that urgently requires clearing of silt, so as to prevent additional silt entering into the Dam and to increase the lifespan of the Dam – Additionally, this presents an ideal job creation project and opportunity.
- There are an insufficient number of fire hydrants throughout the towns of Sterkspruit, Lady Grey, Barkly East, Rhodes, Rossouw and Herschel in order to reduce potential disaster and risk. Suitably situated fire hydrants are required.
- Water pressure and storage problems exist in Lady Grey and this may only be alleviated if a reservoir (of at least 1.5m) is erected below the Water Treatment Works to ensure a sufficient water reserve and to reduce pressure problems in higher parts of town.
- The lack of movement in the Orange River Macro Water Scheme has resulted in the need for Joe Gqabi District Municipality to allocate a political and administrative champion to facilitate funding for this project;
- Water pressure problems in Rhodes have resulted in the need to create a ring main pipe to increase pressure in Rhodes at higher points;
- The lack of capital funding for network extensions needs to be addressed by Joe Gqabi District Municipality (as this is retarding local development)
- Capital funding is required for spares purchases and is required to be budgeted for at a local level in order to purchase spare pumps, motors, meters and the like;
- Dams are required to be fenced and water sources protected in order to protect water supplies from contamination and safety. This will be required to include signage and also has the potential for job creation. Effectively access to water sources by people and livestock is required to be formalised.
- Land issues in Sterkspruit regarding reservoir construction encroachment needs to be resolved by the WSA and agreement as to the way forward achieved. (which may include a land swap).
- WSP and WSA contracts are required to be revised in order to accommodate proposed changes in the Joe Gqabi bulk services takeover. This proposed takeover raises a number of issues which include:
 - It is felt that the entire service (not just bulk) should be run in its entirety by either WSA or WSP as a split function is impractical.
 - A review of the organogram to accommodate the municipality becoming the WSA (as they are currently approached re – all issues and complaints by communities
 - The proposed takeover of bulk services to be addressed in the Service Level Agreement (Transfer Agreement)

- Improved communication between the WSA and WSP, so as to avoid duplications, and unnecessary overlaps in functions. All correspondence to be forwarded to WSP from WSA.

3.2 **Electricity Services**

3.2.1 **Electricity Services Delivery Strategy and Main Role-players**

In terms of Senqu Municipality's licence agreement with the National Energy Regulator of South Africa, it is responsible to supply electricity to Sterkspruit, Lady Grey and Barkley East.

3.2.2 **Level of standards in Electricity Services**

Within this licenced area, the level of service supplied is very high and consumers all have a minimum of a 60A single phase supply. The standard of service is at present mediocre but is improving annually.

It is noted that the rural areas (including Rhodes and Herschel) are supplied by ESKOM. Rossouw is provided with electrical supply with the exception of the SAPS.

3.2.3 **Annual performance as per Key Performance Indicators in Electricity Services**

Rural data may be obtained from Eskom but estimated backlog is at 12 000 H/Hs (estimated cost of R 4000/H/H = R 48 M required. Rural Free Basic Services = 11 498. (32%)

Annual Performance for 2011/2012 as per Key Performance Indicators in Electricity Services as per powers and functions

Indicator Name	Total Number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the Financial Year under review (actual numbers)	Numbers of Households/customers reached during the Financial Year	% of achieved during the year
% of households with access to electricity services	Est 95% in urban Est 68% in rural	923 in urban (new housing projects) Estimated 11 500	0 367	400 new connections 385 (Rural)	100%
Percentage of indigent households with access to basic electricity services	100% of applicants (Urban) 100% of applicants (Rural – 22.5%)	0 11 498(Rural)	847 (47% of total consumers- Urban)	847 (Urban) 11498 (Rural)	100%
Percentage of indigent households with access to free alternative energy sources	1% (Urban – Rossouw pilot Project (Paraffin & candles)	0	85	85	100%

Rural data may be obtained from Eskom but estimated backlog is at 12 000 H/Hs (estimated cost of R 4000/H/H = R 48 M required. Rural Free Basic Services = 11 498. (32%)

ELECTRICITY BACKLOGS

Electricity backlogs (50KWH/Month)	30 June 2011			30 June 2012		
	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlogs to be eliminated (No. Households not receiving the minimum standard service)	0 (Urban) Eskom Rural (Estimated at 12 000)	0 4 570(Rural)	0	7 300 (urban)	0 (urban) 6736 (Rural)	0 (urban) 4 340 (Rural – Eskom)
Backlogs to be eliminated (% total households identified as backlog/total number of households in the municipality)	0	0	0	2.5% of urban (housing projects recently completed) Est at 35% in rural	0 (Application to be made in new year)	0
Spending on new infrastructure to eliminate backlogs (R000)	0	0	0	0	0	0
Spending on renewal of existing infrastructure to eliminate backlog (R000)	27 000 (Urban)	4 100 (Urban)	4 355 (Urban)	12 000	1513 (Urban)	752 (Urban)
Total spending to eliminate backlogs (R000)	0	0	0	12 000	1513 (Urban)	752 (Urban)
Spending on maintenance to ensure no new backlogs (R000)	25 000 (Urban)	22 523 (Urban)	18 887 (Urban)	30 000 Rural – Eskom-Unknown	30 977 (Urban) Rural-Eskom - Unknown	24 286 (Urban) Rural-Eskom-Unknown

In terms of achievements, the following issues are noted:

- 6000 solar geysers were installed in indigent housing projects in 2010/2011
- Free basic energy reaching rural households is estimated at 35%;
- There is free basic energy provided in Rossouw with 65 households receiving 20 L of paraffin, and 12 candles per month;
- 367 new rural connections were completed
- There are 1280 Domestic consumers, 239 Commercial consumers; 27 Institutional consumers and 12 other consumers. A total of 1558 consumers of electricity.
- 694 Urban consumers receive FBS (*50 kwh);
- 33 new connections were conducted;
- 454 meters were serviced;
- 653 street lights were repaired;
- Electricity bulk purchases from Eskom amounted to 25 179 866 kwh (25.1MWh);
- Electricity sold amounted to 20 378 797 kwh;
- 217 faults were attended to;
- 1st year of Electrical Loss Plan is proving successful and Electrical losses dropped. Electricity losses have dropped to 14.91 (Taking into account 10% Technical Losses). Cost of units lost are considered to be fruitless expenditure and amounts to R 742 700;
- 377 consumers were disconnected; and

- 7 illegal connections dealt with.

3.2.4 Major Challenges in Electricity Services and Remedial Actions

Challenges and remedial actions required are detailed as follows:

- Electricity losses are extreme and can be attributed to poor metering, poor networks and incorrect accounts. In an effort to remedy these issues a 3-year plan is to be implemented in order to reduce electricity losses to 10% within the next 2 years. Ageing infrastructure remains a huge challenge and clearly adds to these issues of concern.
- Council is required to increase its maintenance budget;
- Eskom is addressing electricity backlogs in the rural areas far too slowly (especially in non-grid areas) and increased funding is required to resolve these issues faster;
- Lack of funding has resulted in the inability to appoint a full staff complement;
- Supply chain processes have impeded service delivery, and the appointment of suitable service providers in keeping with rural challenges;
- Performance Management is required to be cascaded to all levels to improve levels of functioning; and
- Staff shortages are exacerbated by the scarce skills issue.

3.3 Sanitation

3.3.1 Sanitation Services Delivery Strategy and Main Role-Players

Senqu Municipality fulfills the function of a Water Services Provider in the urban areas of Sterkspruit, Lady Grey, Barkly East and Sterkspruit. Senqu Municipality has been appointed as such until 30 June 2012 by the Joe Gqabi District Municipality, who are the Water Services Authority.

3.3.2 Level and Standards in Sanitation Services

The level of services provided in the WSP area is mostly of high level (water borne) in the urban areas but there are still VIPs and buckets to be found within the informal areas. It is to be noted that the standard of the service is mediocre due to constant plant down time.

3.3.3 Annual Performance as per Key Performance Indicators in Sanitation Services

Annual performance in terms of the key performance indicators within the sewerage services in the WSP authorised areas is detailed as follows in terms of powers and functions:

- Ongoing Operation and Maintenance
- Complaints reported and attended to
- Sewer blockages attended to
- New connections completed
- Conservancy tanks emptied
- Informal buckets removed
- Bacterial inoculant purchased and utilized
- Water borne sewer reticulation is being installed in Kwezi Naledi by the Joe Gqabi DM, and
- An ongoing programme has been implemented by the Joe Gqabi District Municipality to ensure all rural households receive VIPs'.

More specifically:

Operation and Maintenance	2011/2012
• Complaints reported and attended to	1116
• New Connections	8
• Conservancy tanks emptied	711 (3200)kl
• Informal buckets removed	5 223

Annual Performance as per Key Performance Indicators in Sanitation Services (in authorised area in terms of powers and functions)

Sanitation Services Performance is formally reflected for 2011/12 as follows:

	Indicator Name	Total Number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the Financial Year under review (actual numbers)	Numbers of Households/customers reached during the Financial Year	% of achievement during the year
	Percentage of households with access to sanitation services	100% (Urban) 47%(Rural)	0 (Urban) 19 080 H/H (Rural)	0 (Urban) WSA (Rural-Unknown)	2345 (Urban) WSA (Rural)	100% (Urban) WSA (Rural-Unknown)
	Percentage of indigent households with access to basic sanitation services	100% (Urban) WSA - 47%(Rural)	0 (Urban) WSA19 080 (Rural)	0 (Urban) WSA (Rural Unknown)	446 (Urban) WSA (Rural)	100% (Urban) WSA (Rural)
	Percentage of clinics with access to sanitation services	3(Urban) WSA (Rural-Unknown)	0(Urban) WSA (Rural)-Unknown	0(Urban) WSA (Rural-Unknown)	3(Urban) WSA (Rural-Unknown)	100% (Urban) WSA (Rural-Unknown)
	Percentage of schools with access to sanitation services	100% (Urban) WSA (Rural-Unknown)	0 (Urban) WSA (Rural-Unknown)	0(Urban) WSA (Rural-Unknown)	8 (Urban) WSA (Rural-Unknown)	100% (Urban) WSA (Rural-Unknown)

Rural data may be obtained from the Joe Gqabi District Municipality but backlogs are estimated at 19 080 H/Hs. (Est Cost & R 7 000 ea = R 143 100 000)

BASIC SERVICE DELIVERY BACKLOGS: SANITATION						
Sanitation backlogs	30 June 2011			30 June 2012		
Backlogs	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlogs to be eliminated (No. Households not receiving the minimum standard service)	0 – urban 500 informal & 16920 rural WSA	WSA- Unknown	WSA- Unkno wn	3 750 – Semi Formal WSA	WSA- Unknown	WSA- Unknow n
Backlogs to be eliminated (% total households identified as backlog/total number of households in the municipality)	WSA _Est 1.5% on informal urban and 47% rural	WSA	WSA	WSA	WSA	WSA
Spending on new infrastructure to eliminate backlogs (R000)	WSA- Unknown	WSA Unknown	WSA Unkno wn	WSA Unknown	WSA Unknown	WSA Unknow n
Spending on renewal of existing infrastructure to eliminate backlog (R000)	WSA Unknown	WSA Unknown	WSA Unkno wn	WSA Unknown	WSA Unknown	WSA Unknow n
Total spending to eliminate backlogs	WSA Unknown	WSA Unknown	WSA Unkno wn	WSA Unknown	WSA Unknown	WSA Unknow n
Spending on maintenance to ensure no new backlogs (R000)	8 500(Urba n) WSA (Rural- Unknown)	8 479(Urban) WSA (Rural- Unknown)	7 569 WSA (Rural- Unkno wn)	9 000 (Urban) WSA (Rural- Unknown)	9 922 (Urban) WSA (Rural- Unknown)	8 872 (Urban) WSA (Rural- Unknow n)

3.3.4 Major Challenges in Sanitation Services and Remedial Actions

Major challenges are listed as follows:

- Bucket eradication in un-formalized areas:
These areas need to be formalized and registered as housing projects.
- Sanitation ponds are urgently required within the rural areas.
This will require funding within the future in order to facilitate shorter distances for the disposal of sewerage from conservancy tanks.
- Tractor/trailer replacements are urgently required & LDVs' are required in order to fulfill maintenance needs. These are required to be budgeted for as a matter of great urgency.
- Supply Chain Management is at times impractical. It is recommended that senior management re-look at these processes and systems in order to revise these regulations so that they are more suited to rural circumstances, where service providers are few and far away, resulting in funds that could benefit the local community leaving the already indigent area.
- Old ponds in Barkly East require upgrading. The Joe Gqabi District Municipality is required to budget for this as a matter of urgency.
- Old ponds in Lady Grey require upgrading and Joe Gqabi District Municipality needs to budget for this as a matter of urgency.
- Urgent upgrades of the disposal works in Sterkspruit are required
The Joe Gqabi District Municipality is required to budget for this as a matter of great urgency.
- No measuring flumes have been installed
The Joe Gqabi District Municipality needs to budget for this as a matter of urgency.
- Upgrade of old ponds in Barkly East.
The Joe Gqabi District Municipality is required to budget for this as a matter of urgency.
- Sufficient ground is required for irrigation of effluent in Sterkspruit.
The Joe Gqabi District Municipality is required to investigate and fund this as soon as possible.
- The WSP/WSA contract is required to be redefined in respect of bulk service takeover by the Joe Gqabi Municipality (as in Water). To be addressed urgently.
- Safety & security upgrade at all WWTW (As in Water) to be addressed formally moving forward.

3.4 Road Maintenance

3.4.1 Road Maintenance Services Delivery Strategy and Main Role-players

Senqu Municipality is responsible for all access and municipal roads and it is noted that the balance of roads falls under the powers and functions of the Department of Roads and Public Works (DoRPW).

3.4.2 Level and Standards in Road Maintenance Services

Due to insufficient resources it is acknowledged that the level of road services in rural areas is low. In essence gravel roads prevail with the exception of the Mokhesi Taxi Route (surfaced) and the Musong Road (currently being surfaced) – funded by DoRPW. The department is responsible for maintenance on all roads that are numbered (in respect of provincial and district roads).

In an effort to resolve these challenges, the Ward Councillor has identified the roads within the Ward requiring attention and has detailed a programme for the Roads Team of 3 months, incorporating a rotational work programme.

3.4.3 Annual Performance as per Key Performance Indicators in Road Maintenance Services

Annual Performance for 2011/2012 as per Key Performance Indicators in Road Maintenance Services as per powers and functions:

Indicator Name	Total Number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the Financial Year under review (actual numbers)	Numbers of Household s/ customers reached during the Financial Year	% of achievement during the year
% of households without access to gravel or graded roads	Estimated at 76%	27232 H/Hs	24 km (Est 2000 H/Hs)	33.5 Km (1675 H/H)	100%+
% of road infrastructure requiring upgrade	Est 76%	522 km	24km	33.5 Km (1675 H/H)	100%+
% of planned new road infrastructure actually constructed	100%+	562km	24km	33.5 Km (1675 H/H)	100%+
% of capital budget reserved for road upgrading and maintenance effectively used	100% (Construction) 100% (Maintenance)	R7 066 utilised (Construction) (100%) R388 394 (97%) utilized (Maint.)	R7 062 (Construction) R400 000 available (Maintenance)	1675 H/Hs	100%+

Further information on provincial roads is available from the Department of Roads & Public Works. Gravel roads backlog in Senqu is 522 km (Estimated cost km for gravel is R 500 000 = R 261 000 000 and excludes escalation)

Further information on provincial roads is available from the Department of Roads & Public Works. Gravel roads backlog in Senqu is 562 km (Estimated cost km- for gravel is R 350 000 = R 196 700 000 and excludes escalation)

ROADS MAINTENANCE BACKLOGS

Road Maintenance Backlogs	30 June 2011			30 June 2012		
	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlogs to be eliminated (no. households not receiving the minimum standard service)	32 684	2 000	2 664	261 000	7 062	7 066
Backlogs to be eliminated (% total households identified as backlog/total number of households in the municipality)	87%	6%	8%	83%	5%	5%
Spending on new infrastructure to eliminate backlogs (R000)	197 700	30 200	25 216	261 000	7 062	7 066
Spending on renewal of existing infrastructure to eliminate backlog (R000)	Estimated at R 55 000	0	0	58 000	400	389
Total spending to eliminate backlogs (R000)	197 700	38 808		58 000	400	389
Spending on maintenance to ensure no new backlogs (R000)	25 000	4 087	3 373	58 000	400	389

A certain amount of success has been achieved within this Division and this is detailed as follows:

- Achieved 605 km gravel Road in Kwezi Naledi and 71 Relief staff were hired in order to achieve this;
- Achieved the required construction of Roads & Stormwater targets in Sterkspruit;
- 127 m of new stormwater crossings were installed in rural areas;
- 43 km of side drains were maintained;
- 123 catch pits were cleaned;
- 1456 potholes were repaired and thus over achieving on this target; and
- 19 km of Senqu internal Roads were rehabilitated & maintained; and
- Backlog targets were fully achieved. Contractors are required to complete minor defects (as per snag list)

3.4.4 Major Challenges in Road Maintenance Services and Remedial Actions

Many challenges are apparent and these are detailed more specifically as follows:

- Insufficient funds to address all the roads backlog resulting in the need for additional conditional grant funding (MIG).
- The need to resurface Department of Transport roads within towns is ensuring appropriate allocation of DoRPW funding.
- The tremendous challenges imposed by the manner in which procurement (SCM) is handled and efforts to address its limitations are to be made;
- The need to develop and implement an Assets Maintenance Strategy that is integrated with DoRPW. Funding to be obtained and Service Level Agreement entered into;
- The issue of insufficient plant/operators must be addressed through the provision of adequate training to contract labour with the intention to provide employment opportunities to fill the gaps; and
- Funding constraints only allowed the erection of 24 signs as opposed to the planned erection of 36 signs.

Storm Water (considered as part of roads)

a. Stormwater Maintenance Services Delivery Strategy and Main Role-players

Senqu Municipality is responsible for the installation of storm water systems within the area.

b. Level and Standards in Stormwater Services

The level and standard of service for storm water removal is very low with most being of un-lined nature, due to cost.

c. Annual Performance as per Key Performance Indicators in Stormwater Services as per powers and functions

- Achieved the required construction of Roads & Stormwater targets in Sterkspruit;
- 127 m of new stormwater crossings were installed in rural areas;
- 43 km of side drains were maintained;
- 123 catch pits were cleaned;
- 1456 potholes were repaired and thus over achieving on this target; and
- 19 km of Senqu internal Roads were rehabilitated & maintained; and
- Backlog targets were fully achieved. Contractors are required to complete minor defects (as per snag list)

d. Major challenges in the roads department re stormwater issues and remedial actions:

- A Stormwater Master Plan for the entire Senqu Municipal area is required to be developed.
Accordingly funds are required to be made available to investigate the entire area (villages & towns) in order to obtain a sustainable long term implementation plan.
- Kwezi Naledi still has an internal storm water problem requiring further funding due to development.
A further MIG project is required to be registered in order to complete this project.
- The Nkululeko requires a storm water upgrade as does Fairview.
MIG projects are required to be registered in order to address these areas.
- Lady Grey as the town has a large storm water challenge.
The Council is required to address this matter through the Job Creation project but this will require further funding for capital and professional services.
- Supply Chain Management impractical
Management is required to re-look at this urgently and revise the regulations in order that they are to be more suited to rural circumstances i.e. to cater for situations where service providers are few and spread out. Efforts to be made to secure funds for job creation/ capacity building that could benefit the local community who are currently leaving the already indigent area.
- Urban renewal
All sidewalks are required to be paved creating storm water control and job creation.
- Unlined storm water channels are not sustainable
It is to be noted that storm water channels are required to be lined or stone pitched, in order to be sustainable, and thereby creating efficiency and jobs

Water Services and Backlogs for 2011/2012 are reflected as follows:

Indicator Name	Total Number of household/ customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the Financial Year under review (actual numbers)	Numbers of Households/ customers reached during the Financial Year	% of achievement during the year
Percentage of households with access to potable water	73%- 26 280 (Rural)	9720 H/Hs(Rural)	O – Done on request WSA(Rural)	8651 (Urban) WSA (Rural)	100% (Urban) WSA (Rural)
Percentage of indigent households with access to free basic potable water	100% (urban) 73% (Rural)	0 9720 H/Hs(Rural)	All services H/Hs receive 6kl free	8651 (Urban) WSA (Rural)	100% (Urban) WSA (Rural)
Percentage of clinics with access to potable water	100% (Urban) WSA (Rural)	0 WSA (Rural-Unknown)	All clinics within jurisdiction receive potable water	3 (Urban) WSA (Rural-Unknown)	100% (Urban) WSA (Rural-Unknown)
Percentage of schools with access to potable water	100% (Urban) WSA (Rural-Unknown)	0 (Urban) WSA (Rural-Unknown)	All schools within the area of jurisdiction have potable water	9 (Urban) WSA (Rural-Unknown)	100% (Urban) WSA (Rural-Unknown)
Percentage of households using buckets	Estimated at 6 % (informal areas)	2 013	WSA	2013 WSA Capital project	0%

WATER SERVICES BACKLOGS

BASIC SERVICE DELIVERY BACKLOGS: WATER SERVICES						
Basic Service Delivery Area	30 June 2011			30 June 2012		
Water backlogs (6KL/month)	Required	Budgeted	Actual	Required	Budgeted	Actual
Backlogs to be eliminated (No. HH not receiving the minimum standard service)	WSA (9720)	WSA	WSA	WSA	WSA	WSA
Backlogs to be eliminated (% total household identified as backlog/total number households in the municipality)	WSA(27%)	WSA	WSA	WSA	WSA	WSA
Spending on new infrastructure to eliminate backlog (R000)	WSA Unknown	WSA	WSA	WSA	WSA	WSA
Total spending to eliminate backlogs (R000)	0 (Urban) WSA Unknown	WSA	WSA	WSA	WSA	WSA
Spending on maintenance to ensure no new backlogs (R000)	7 595 (Urban) WSA (Rural)	7 595(Urban) WSA (Rural)	6 415 (Urban) WSA (Rural)	9000 (Urban) WSA (Rural)(20 0M+)	8 685 (Urban) WSA (Rural)	8 080 (Urban) WSA (Rural)

3.5Waste Management

The municipality experiences a number of waste management challenges, particularly in respect of the management of waste sites. This is particularly evident in Sterkspruit which generates the largest amount of waste.

Consultants have recommended that Rhodes and Rossouw should become transfer stations (Jeffares and Green consultants as per appointment by the National Department of Environmental Affairs). Notwithstanding, our particular challenge is the fact that these two settlements are too far from the nearest waste site and the roads are not in the best condition. As a result this would render this process ineffective in terms of cost, as vehicles are currently not suitable to carry waste for these long distances.

Additionally, the Sterkspruit waste site project has been delayed due to delays experienced in obtaining land from the rural areas (due to the serious land tenure problems).

Illegal dumping is experienced, particularly in the townships. In an effort to manage this issue and following the appointment of the Waste Management Officer, Senqu Municipality has embarked on Waste Management Programmes, with the view to changing the mind-set and behavioural practices of all the communities.

Participation has occurred within the district, provincial and national competitions which are related to maintaining the environment and it is noted that during the year under review Senqu Municipality was placed first in the district and third in the provincial competition, despite the challenges that were faced at that point in time.

3.5.1.Waste Management Services Delivery Strategy and Main Role-Players

Senqu Municipality adopted an integrated Waste Management Plan originally in 2005 this is expected to be updated within the next financial year, although budget provisioning is required to appoint service providers to develop a new plan.

3.5.2.Level and Standards in Waste Management Services)

The municipality offers a high level access to waste in Sterkspruit, Barkly East, Lady Grey and Rhodes, where waste is collected from households weekly and businesses weekly or when requested during festive season. Rossouw and Herschel are not receiving any service except for the provision of exposure to cleaning campaigns. During the next financial year it is hoped that the organogram would make provision to include personnel for these two settlements (particularly Herschel which is fast growing). In the absence of personnel temporary workers are utilized to attend to litter.

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 Financial Year under review (actual numbers)	Numbers of Households/ customers reached during the Financial Year	% of achievement during the year
% of households without access to refuse removal services	46.7	31 155	4613	4613	100%

3.5.3. Major Challenges in Waste Management Services and Remedial Actions

A number of challenges relating to waste management are currently experienced. These may be summarized as follows:

- Equipment and infrastructure is ageing and this is required to be replaced. Plans to purchase vehicles and equipment are to be phased in over a 5-year period. Within this financial year a small tip truck for each of the major towns has been purchased (i.e. for Sterkspruit, Lady Grey, Barkly East and a TLB for the management of the waste site). It is acknowledged that the TLB is not entirely suited for this environment and tires are frequently punctured at the waste site and very high costs are incurred in an effort to fix these and to purchase additional tyres.
- An inadequate staff complement with a shortage of staff and specialized personnel to deal with waste and environmental issues remains a challenge. Most of these personnel have no basic education, and it is required that they be sent to basic ABET to facilitate further training (in the best practices of handling waste).
- Absenteeism is unusually high due to illnesses which may to a large degree be attributed to HIV/Aids.
- Currently, only two waste sites are functional. However it is noticed that these are not correctly managed due to lack of equipment and the level of education of staff.
- EIA not approved for new solid waste sites. It is recommended that this target be re-defined and that funding be channelled elsewhere. As highlighted within the AFS: the fact that the municipality does not have a permit or license for all of the landfill sites currently, could result in liability for a penalty in terms of section 24G of the Environmental Conservation Act.
- Funding constraints have prevented the Waste Awareness Campaign from being launched; the recycling project in Sterkspruit and Barkly East being implemented; and the Rhodes Compost Project being implemented.

3.6. Housing and Town Planning

3.6.1. Housing and Town Planning Services Delivery Strategy and Main Role-Players

Senqu Municipality is not currently a credited housing provider. As such, the role of the municipality in respect of housing delivery is simply to forward any applications received from the community to the Department of Human Settlement and to co-ordinate the process by acting as a liaison between the municipal residents and the Department.

The housing unit forms part of the newly instituted IPME department. This unit was formerly part of the Technical Services Department. This unit currently has three staff members, comprising: two (2) housing clerks and one (1) project manager.

It is to be noted that housing needs and future projects are determined by the Housing Sector Plan which was developed by the Department of Human Settlement in 2007. It must be noted that the municipality never formally adopted this plan, as it was felt that information on which it was based was not an accurate reflection of the needs at that time.

With regard to town planning services it must be noted that the municipality has no town planning post available. Notwithstanding, the municipality's newly appointed Director of IPME is a registered Town Planner and as a short

term solution, he provides assistance to the municipality in this regard. Moving forward, it must be noted that there are plans to create a combined Town Planning / Building Inspector's post.

Building plans and town planning applications are received in the various urban area offices of Senqu i.e. Barkly East, Lady Grey and Sterkspruit and these applications are then forwarded to the office of the Director in order to be processed. All of the major urban areas in Senqu have zoning schemes.

3.6.2. Level of Standards in Housing and Town Planning Services

As the municipality is not an accredited Housing Service Provider, no performance measures are set for the provision of housing. Instead the focus is on the performance of staff and how well they provide their role of co-ordination and liaison between the community and the Department of Human Settlements. Reporting is well conducted and in accordance with all prescriptions and the beneficiaries list is well maintained.

The municipality monitors the implementation of housing projects and reports any badly built or inappropriate structures to the Department for rectification. The performance of building contractors is also assessed and reported on monthly.

3.6.3. Annual performance as per key performance indicators in housing and in town planning services

Building and zoning plans 2011/2012

Applications outstanding 1 July 2010	Category	Number of new applications received	Total value of applications received	Applications outstanding 30 June 2012
		June 2011	Rand	
0	Residential new	620 RDP Houses	R55706.00 Each	0
0	Residential additions	28	R3562220	0
0	Commercial	3	R1724537	0
0	Industrial	6	R1720 000	0
0	Other (specify) rezoning for church	2 Churches	R1.500000	0

Town planning functions are provided to a limited degree by the municipalities newly appointed Director of IPME (who is also a registered Town Planner – a short term solution to the lack of a town planner within this post. Services are driven by need and applications are assessed and approved accordingly.

In terms of performance targets achieved for 2011/2012 the following statistics apply:

Indicator Name	Total Number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the Financial Year under review (actual numbers)	Numbers of Households/customers reached during the Financial Year	% of achievement during the year
30% of households living in informal settlements	1596	30.000	1896	250	5%
Percentage of informal settlements that have been provided with basic services	20%				
Percentage of households informal housing that conforms to the minimum building standards for residential houses	40%				

3.6.4. Major challenges in housing and town planning services and remedial actions

There are many challenges experienced in the delivery of housing. One of the major challenges is the lack of understanding surrounding the various types of housing subsidies available. At present only a few of the options are being utilised within the municipality. This is due to a lack of understanding regarding the various types of housing subsidies available and this in turn may be attributed to the highly technical nature of the literature which is not easily understood by all departmental staff. As a direct result, the municipality does not always receive the appropriate type of housing for the presenting situational needs.

Due to the remoteness of the area and the limited supply of jobs, a high rate of migration away from this area occurs on a seasonal basis, which in turn makes it difficult to track housing beneficiaries. Many hours of official time are utilised in this manner, to the municipality's detriment and this causes many project delays as a result.

Another area of concern relates to the limited skills of the sub-contractors. Many of these sub-contractors have limited knowledge regarding "job – costing" and lack of required practical experience which facilitates the **timeous delivery** of a "quality product". In order to remedy this situation, a consolidated effort is required from the departments concerned together with structured SMME development, in order to work with the municipality to capacitate these sub-contractors.

At this point, the prime stumbling block to development in the area (especially the urban area of Sterkspruit), is lack of access to freehold land. Much of the land available for development is now in communal land tenure areas, which in turn creates tension between the traditional and municipal authorities over land administration. As a direct result of the confusion and disputes about who has the right to administer land, many persons take advantage and "land invasions" occur on a regular basis. The municipality is then required to spend large amounts on legal fees in efforts to prevent this from successfully occurring and resources are then diverted from areas which would be more beneficial to the municipality. This remains a "burning issue" and one which the municipality is not able to resolve without the intervention of national and provincial governance.

The lack of town planning and housing staff in all urban areas results in a situation where many by - laws are ignored or circumvented. Consequently the municipality often finds itself trying to rectify events after they have occurred. It is acknowledged that the only real solution would be to educate residents on the by-laws and encourage adherence or reporting of offenders. It is strongly suggested that all municipal staff should be trained on these by- laws in order to equip them with much needed knowledge to be able to report offenders to the IPME Department for the necessary action to be taken. Town planning services are provided on a need basis and applications are assessed and approved accordingly.

3.7. Spatial Planning

Senqu local municipality is predominantly rural, with a large proportion of people residing in traditional villages and traditional homes.

The prevalence of extensive farming in the district historically, resulted in the formation of service centres – as evidenced within Barkly East and Lady Grey (along the main transport routes). These urban centres offer services and retail facilities to the surrounding rural hinterland. Sterkspruit is a rural service centre serving the surrounding rural area and also some residents from Lesotho.

With urban settlement growth comes the need to improve the central business districts of these areas so that they can facilitate growth (usually retail and manufacturing).

There is also a demand for housing (low cost and middle income) in these areas. The past five years have only resulted in housing being provided for lower income communities and there is a significant shortage of middle income housing, especially in the secondary towns.

The existing urban areas and rural/peri-urban settlements in Senqu are typically, spatially fragmented in nature. This spatial fragmentation creates a costly and inefficient settlement pattern, particularly in the urban areas, where levels of services are commonly of a higher order.

A key challenge is to maintain the balance of urban development with the rural development, in order to reduce the pressure on urban areas and ensure that productive agricultural land is utilised.

Urban areas have been divided into the following urban nodes:

Sterkspruit - High order service centre and retail node. Sterkspruit serves both the urban centre and the surrounding rural communities. Good linkages between rural settlements and Sterkspruit are important. Approximately 93% of the municipal population live in the Sterkspruit area.

Lady Grey - Administrative node, small service node and tourism node

The base of the Senqu Municipal offices, this town is distanced from major industrial and/or commercial urban centres as well as major inter-provincial road linkages. Its locational disadvantage has resulted in an inability to attract much industrial investment or any significant regional urbanisation focus. The town retains its historical function as a service node secondary to Aliwal North, within a largely rural sub-region.

Barkly East - Tourism node, minor commercial service centre and administrative node.

With scenic beauty and niche tourism opportunities, this is the home of some small commercial businesses and financial service institutions and the headquarters of the Joe Gqabi District Municipality.

Rhodes - Minor service centre and tourism node.

This provides a service centre to the surrounding hinterland and gateway to the Drakensberg

Rossouw - Minor service node

This provides a service centre to the rural hinterland.

Preparation and approval process of SDF

The Senqu SDF was reviewed and adopted in May 2009. The review of the strategies and objectives of the SDF occurred in December 2011. Reporting is conducted relatively efficiently and monthly urban inspection reports are compiled and provided as required.

The main thrust of the SDF is reflected as follows:

Within the rural settlement areas, focus is required to be placed on creating a programme of local planning, which should inform the establishment of appropriate institutional arrangements that would oversee and manage land use decisions in these areas. The overall objective is to minimise settlement sprawl and to ensure wise land use practices to prevent further land degradation within these areas.

From a spatial perspective, Sterkspruit must be regarded as a priority, due to its proximity to the densest areas of settlement within the municipality. The functioning and performance of the Sterkspruit urban area must be enhanced in order to encourage further commercial activities. The spatial development emphasis in this regard should be placed on: -

- (i) Ensuring an efficient urban form and the consolidation of the fragmented settlement pattern prevailing in Sterkspruit in the medium term; and

- (ii) Ensuring adequate linkages between the main settlement components of Sterkspruit, Herschel, Qoboshane/ Palmietfontein, Majuba - A, Hillside - E and Upper Telle - A and surrounding rural settlement areas.

The fragmented and sprawling nature of land use that characterises the rural settlement areas in the former Transkei elements of the Senqu area represent a major challenge to appropriate land use management. The nature of the land use arrangements in these areas is complicated by the historically complex tenure arrangements there, and the lack of appropriate planning, which reflects the livelihood needs of the residents of these areas.

Senqu is attempting to implement the SDF objectives by focussing the greater share of its budget on improving the infrastructure in Sterkspruit such as roads, waste management, water and sanitation treatment works.

3.8. Land Use Management

In an effort to curtail land invasions and to facilitate the effective use of land, it was required that workshops and meetings be conducted with stakeholders by October 2011. This target was not achieved and is an issue that must be treated as a priority moving forward.

3.8.1. Major challenges in spatial planning services and remedial actions

Severe challenges are created by the differing land legislation which is currently applicable within the various areas of Senqu Municipality. This poses a major burden for land administration in that certain Bantustan legislation still applies to the urban areas which are experiencing major growth. In addition it is noted that certain departments which used to administer some repealed legislation (such as the issuing of Permission to Occupy – PTO Certificates) have continued with this function. This has been repealed in respect of residential and business sites. This “informal” land administration system poses a major challenge to Senqu Municipality, which is assigned the function of managing land use in such areas. These issues cannot be resolved by Senqu Municipality itself and the assistance of national and provincial departments and politicians are urgently required.

There are generally low levels of disposable income. This translates into low levels of affordability in terms of service provision, as well as poor road infrastructure and linkages between the rural settlement areas and the main economic centre of Sterkspruit. Additionally the unequal distribution of resources in the past has resulted in infrastructural backlogs in the former homeland areas and this in turn has resulted in insufficient development and maintenance of existing infrastructure in the former RSA areas.

Land invasions have not been curtailed as already indicated.

Reviewed policies were not reviewed and tabled to Council as required (budget and capacity issues)

3.8.3. Indigent Policy Implementation

Preparation and approval process of the indigent policy

S74 of the Municipal Systems Act requires Council to adopt and implement a Tariff Policy that takes into account the extent of subsidization of tariffs for poor households. Accordingly, Senqu Municipality has developed and approved a Free Basic Services and Indigent Subsidy Support Policy which is reviewed annually on-going. In this regard it is required that:

Basic Services are provided to the community in a sustainable manner within the financial and administrative capacity of Council;

Procedures and guidelines are developed in order to provide direction on the manner in which basic service charges to indigent households will be subsidized.

3.8.4. Implementation of the policy

All households who qualify for the Indigent Subsidy are encouraged to register on the Indigent Database Register. Once this data is verified those qualifying households will receive the benefits associated with these subsidies.

In reality perhaps the greatest challenge relates to the maintenance and monthly update of this register and in ensuring that the data captured remains valid and up to date. Verification will always be an issue and reliance is placed on the householder to advise the municipality of any changes to their qualifying status. Clearly this calls the accuracy of the data into question.

Additionally it is questioned whether some members of the community aren't perhaps disadvantaged through lack of knowledge surrounding this subsidy and as a result have not registered or benefitted from this subsidy (due in part to the extensive rural nature of the area and the rather large geographical spread). Data cleansing and verification remains a constant challenge.

Free Basic Service Provision was provided as follows:

- Water : 3670 beneficiaries
- Electricity (Municipal jurisdiction): 571 beneficiaries
- Electricity for Eskom jurisdiction: 11 000 beneficiaries
- Sanitation : 3776 beneficiaries
- Refuse : 3483 beneficiaries
- Alternative energy: 65 beneficiaries

3.9. Municipal Infrastructure Grant Expenditure for 2011/12 (Conditional)

A detailed account of the Municipal Infrastructure Grant Expenditure is detailed below as follows:

MIG 2011/2012

RECEIVED	EXPENDITURE	% SPENT	DELAYED FUNDS
23 102 000	23 278 831	100%	0

In terms of the MIG funding, no material difficulties were experienced other than internet slowness which contributed to the slowness in reporting at times.

Compliance of conditions was 100% and no material problems experienced with the exception of internet access on occasion and slowness thereof for MIS reporting requirements.

CAPITAL PROJECT MEDIUM TERM EXPENDITURE FRAMEWORK – 2010/11/12/13
Completed and current projects are reflected as follows:

Project Name	Status	Total value	Comments
MIG			
Construction of access roads - Wards 7,8,9 & 12 (Phase 3)	100%	14 500 000	Completed
Construction of access roads- Wards 1, 2 & 3 (Phase 1)	100%	12 000 000	Completed
Sterkspruit Taxi Rank	5%	14 000 000	Design Complete & construction Tender awarded
Sterkspruit Solid Waste Site	5%	2 700 000	EIA holding up implementation
Upgrading & lighting of Sportsfield - Kwezi Naledi	5%	3 500 000	Design Complete
Project Management Unit	Ongoing	960 450	Completed- Ongoing
SENQU PROJECTS			
Electrical rehabilitation	33%	14 000 000	Ongoing - This was 1st of 3 year plan- 1 year losses dropped from 43% to 23%
Construction of offices (Ph 3) in Lady Grey	100%	20 029 569	Completed
Senqu Plastics Industry	12%	54 000 000	No further funding available - political intervention required
Surfacing roads - Sterkspruit	5%	4 000 000	Under expenditure due to funds used on previous years contract shortages and rectified at Budget Adjustment (Time shortage) - Tender Awarded

Project Name	Status	Total value	Comments
MIG			
Storm Water control in Kwezi Naledi (Ph3)	5%	7 150 000	Under expenditure due to funds used on previous years contract shortages and rectified at Budget Adjustment (Time shortage)- Tender Awarded
Call Centre	20%	180 000	Re-advertised - No staff appointed
Mass Job Creation	100%	3 500 000	Completed - Saving of R 480 000 - 1436 Jobs created (Target 751)
Other Projects (Senqu Project Management)			
Surfacing of Musong Road	55%	28 900 000	Ongoing - Expected completion of current contract is October/November 2011

FUTURE PLANNED PROJECTS

FUTURE PLANNED PROJECTS	Status	Total value	Comments
MIG			
Construction of access roads- Wards 7,8,9 & 12 (Phase 4)	0%	15 000 000	Planned for: 2012/13 to 14 Year
Construction of Access Roads- Wards 4,5 and 6	0%	7 500 000	Planned for: 2012/13 to 14 Year
Solid Waste Site-Sterkspruit	10%	2 736 000	2 250 000
Increase height & Width of Transwilger bridge	0%	2 500 000	Planned for: 2012/13

FUTURE PLANNED PROJECTS	Status	Total value	Comments
MIG			
Upgrading of Sport Facilities in Barkly East	0%	3 500 000	Planned for: 2012/13 to 14 Year
Cemeteries (Ph2)	0%	29 158 210	Planned for next 6 years
Upgrading of Sport Facilities in Sterkspruit	0%	3 568 656	Planned for: 2012/13 to 14 Year
Upgrading & lighting of Sportsfield - Kwezi Naledi	5%	3 000 000	Construction
Construction of 4 Community Halls	0%	4 000 000	Planned for 2014
Construction of Solid Waste Site (Rossouw)	0%	1 250 580	Planned for 2014

Project Name	Status	Total value	Comments
MIG			
Construction of Solid Waste Site (Rhodes)	0%	1 250 580	Planned for 2014
Construction of Solid Waste Site (Herschel)	0%	3 294 600	Planned for: 2012/13 to 14 Year
Project Management Unit	Ongoing	1 155 100	Ongoing
SENQU PROJECTS			
Surfacing roads – Sterkspruit	5%	4 000 000	Construction
Storm Water control in Kwezi Naledi (Ph3)	5%	7 150 000	Construction
Sterkspruit Taxi Rank	5%	14 000 000	Construction
Purchase of plant	5%	2 150 000	To be purchased
Other Projects (Senqu Project Management)			
Surfacing of Musong Road	55%	28 900 000	Construction
Surfacing of Mlamli Hospital Road		40 000 000	Budget confirmation
Surfacing of HoloHlhatsi Dam Road			Budget confirmation
Surfacing completion of Musong Road		15 000 000	To be applied for
Surfacing of T 606 to Rhodes & Barkly East		60 000 000	To be applied for
Surfacing of Manxeba Road		25 000 000	To be applied for

The following issues relating to the above table/s are reflected as follows:

- The Sterkspruit Taxi Rank Project was able to begin and progress due to savings on the MIG Roads projects and a change on the capital MTERF (by bringing forward the approved Phase 2 of the project in order to achieve project completion and meet the approved tender).
- Both the Sterkspruit Roads & Storm Water Project and the Kwezi - Naledi Roads & Storm Water (Phase 4) project could only be implemented after the budget adjustment, as the funding originally allocated was required to be used on the completion of projects from the previous year (i.e. the Barkly East & Kwezi - Naledi Roads & Storm Water projects). The allocated funding was required to be used in this manner as the budget had already been adopted by Council and consultants and contractors had assured the municipality that the projects would be completed by 30 June 2011. These projects could not be completed as planned

due to poor performance of the contractor during the 2010/2011 financial year, resulting in delays for the current year and the use of the allocated funding. This was required to be done in terms of s1 & s19 of the MFMA.

The table above reflects the future planned projects. It should however be noted that these issues are evaluated yearly and may change depending on circumstances.

NOTE: Some community services projects appear on the above list due to the fact that they are funded by the Municipal Infrastructure Grant (MIG).
Projects need to be re-evaluated ongoing with regards to costing, due to escalations in price for various reasons.

MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK

BRIEF PRESENTATION OF LED STRATEGY /PLAN

Senqu Municipality's Local Economic Development (LED) strategy was developed in August 2007. It has four (4) strategic priority focus areas or strategic development thrusts as indicated below:

Strategic Development Thrusts	Unpacking Thrusts
<p>Local Area Development</p>	<p>Developing the physical area of Senqu to be an attractive destination to <i>invest-in, do business, visit, work and live in!</i></p>
<p>Institutional Development</p>	<p>Developing the appropriate institutional capacity to <i>lead LED, facilitate LED, executive economic improvement initiatives and support LED!</i></p>
<p>Enterprise Development</p>	<p>Supporting <i>existing businesses</i> to improve their profitability (competitiveness) and increase the number and viability of <i>new business start-ups</i> of all kinds!</p>
<p>Economic Diversification</p>	<p>Supporting existing <i>tourism and agriculture businesses</i> to improve their profitability (competitiveness) and increase the establishment of <i>new viable enterprises</i> in these priority sectors.</p>

In order to ensure successful implementation of this strategy, a well capacitated LED unit and related structures (such as an LED Steering Committee) need to be in place. Additionally a vehicle for delivery such as a development agency would be required to ensure successful outcomes.

In summary, Senqu Municipality is able to lay claim to the following:

- The LED unit has been established;
- The LED Manager has been appointed as well as a Tourism Officer, an Enterprise Development Officer and a Poverty Alleviation Officer.

Although the LED forum is established this does not function as well as expected. This is largely due to the fact that some members of the forum do not fully understand the role that the LED forum is required to play and some re-training is required to occur in order to resolve and minimize this issue.

Progress towards achieving the LED key objectives through project implementation.

It is to be noted that 2011/2012 has not been particularly successful in as far as LED is concerned. Feedback on LED projects is provided as follows:

- The Waste Awareness Campaign was not launched as was planned due to the lack of funding;
- The Recycling Project in Sterkspruit and Barkly East could not be achieved due to lack of funding;
- The Rhodes Compost Project could not be implemented due to the lack of funds.
- Of the monies received for the "Greenest Municipality Award" it is noted that the R300 000 received has been spent in terms of the required conditions;
- Monies have been utilized in the review of the LED Strategy and a draft LED Strategy was completed. Unfortunately this was not accepted but insufficient funding prevented this from being finalized and approved;
- No grants or subsidies were available to assist with tourism.

Improve public and market confidence

The municipality continues to focus its efforts on promoting and implementing town planning and building applications. It is to be noted that greater effort will be expended in the future to decrease the "turnaround" time for approval of applications. Additionally, the location of the licensing of businesses is required to be reviewed as this currently and illogically resides within Community Services.

Areas of focus include:

- Provision and maintenance of quality and reliable infrastructure: Roads, ITC; market places
- Disaster management within the context of conducive environment for economic development (policy/framework adoption and implementation)

Exploit comparative and competitive advantage for industrial activities

The municipality has a competitive advantage in terms of Alpine Tourism. As a result the Joe Gqabi District Municipality obtained ThinaSinakho funding to develop an Alpine Tourism Strategy. This strategy is currently in draft but clearly indicates the need to amalgamate the smaller tourism associations within the area into one larger organisation. Studies have indicated that this industry does have the potential for growth.

Sterkspruit is the largest urban area in the municipality and while it is busy expanding on the one hand, business owners wishing to invest in the town are struggling to acquire land. This is due in part to former lax control of building and town planning regulations and the lack of freehold land. In an effort to remedy this situation, the municipality is attempting to expand the boundaries of the town by incorporating all surrounding villages under the Neighbourhood Grant Programme.

Intensify Enterprise support and business development

CBO's have been assisted to apply for lottery funding to assist with the continuation of their projects. Currently no positive feedback has been received.

Meetings have also been held with emerging building contractors to ensure that they are registered on the Department of Human Settlements Database and that they fully understand the process of procurement followed by the department. However it is noted that most contractors still struggle with the correct pricing for contracts and either under or over quote for jobs.

Tourism and craft SMME's have been assisted to market their products at various expos and at festivals such as the Grahamstown Arts Festival. In an effort to market the municipality's tourism potential, advertisements were placed in national magazines and in local newspapers to promote local events, such as the Lady Grey Passion Play.

Lady Grey came second in the Eastern Cape for the category "Best Town of the Year" award and through the efforts of municipal officials and the public Lady Grey received enormous publicity coverage.

Additionally, projects to improve the look and accessibility of towns have been implemented and these include greening projects and the erection of street names in Lady Grey.

The Expanded Public Works Programme

Progress in respect of the Expanded Public Works Programme funded by the Department of Public Works is not able to be provided. Statistics in this regard are required to be confirmed by the Technical Services section.

A budget of R3 500 000.00 was allocated for job creation and it is envisaged that 1049 jobs were created. All internal and MIG projects were registered with EPWP and these resulted in a total income of R 1 625 000.00 in terms of the Labour Rebate Program. More specifically and while acknowledging that statistics have still to be verified, the following information is provided:

PROJECT	BUDGET	ESTIMATED NO. OF JOBS
Sterkspruit Taxi Rank	R 13 522 945 .27	21
Upgrading lighting sportsfields Kwezi Naledi	R 3 500 000.00	5
Stormwater Kwezi Naledi	R 11 500 000.00	25
Road surfacing in Sterkspruit	R 3 200.000.00	24
Musong Road	R 27 000 000.00	74
Job creation program	R 3 500 000.00	168
Senqu Roads Maintenance	R 550 000.00	25

Support Social Investment Programme

The Sustainable Developmental Community/Social Development Programme (SDCIP) is all about moving beyond project-based community economic development. It is rather a much more empowering approach, utilising innovative methodologies to systematically build community competence and capacity. The municipality under this section is therefore expected to present its plan to create the conditions required for the second economy through community based organisations and informal business associations. The type of information expected includes: number of cooperatives, small business associations and women/youth associations, develop and maintain unemployment data base.

Annual Performance as per key performance indicators in LED

Indicator Name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
Percentage of LED budget spent on LED related activities	100 %	100 %	100 %
Number of LED stakeholder forums held	4	4	100 %
Percentage of SMME that have benefited from a SMME support programme	1 Sustainable Developmental Community/Social Development Programme/Plan (SDCIP)	Not determined	% Not determined
Number of job opportunities created through EPWP	No fixed Target /dependant on funding	1040	100 %
Number of job opportunities created through PPP	None	None	0%

Challenges regarding LED strategy implementation

Challenges within the LED function continue and these are due mainly to a lack of funding and capacity issues. These and their potential solutions are reflected as follows:

- The municipality lacks functioning business structures which can work together to promote and attract investment. This business structure will also form a link whereby the municipality can interact with private businesses and develop the necessary and appropriate infrastructure and policies to attract and maintain investment.
- The formation of a vehicle for investment such as a development agency has been delayed until sufficient funding and support can be obtained.
- Understanding and knowledge of the strategy and the national LED framework is limited and more effort must be extended by the LED Unit in order to expand the knowledge of ordinary citizens and influential stakeholders. This will result in a more co-ordinated and unified approach to the implementation of LED.

**Annexure
A**

**SECTION 46
PERFORMANCE REPORT**



Senqu Municipality

Draft Section 46 Performance Report

2011/2012

MUNICIPAL MANAGERS STATEMENT

In terms of Section 46 (1) of the Municipal Systems Act of 2000, as amended, a municipality must prepare for each financial year a performance report reflecting:

- i) the performance of the municipality and of each external service provider during that financial year;
- ii) a comparison of the performances referred to paragraph (i) with targets set for and performances in the previous financial year; and
- iii) measures taken to improve performance

An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.

I certify that this performance report has been prepared in accordance with Section 46 (1) of the Municipal Systems Act 32 of 2000 as amended. I further certify that to my knowledge the information contained within the report is a true reflection of the performance of the municipality during the 2011/2012 financial year. This information is based on the performance of the municipality as per 2011/2012 SDBIP developed in house as approved by the Mayor in June 2011.

INTRODUCTION AND LEGISLATIVE REQUIREMENTS

Performance measurement, assessment and management remains an integral part of the day-to-day operational functioning and reporting required by all organizations in order to compete successfully within business today. Notwithstanding the obvious operational benefits these activities are also prescribed within local government legislation. This Annual Performance Report for 2011/2012 is presented not only in terms of prescribed legislation but also in terms of best practice principles associated with effective management and reporting of performance.

The following references to legislation detail the mechanisms, processes and reporting required to assess and manage performance and set the tone for this s46 performance report:

Municipal Systems Act of 2000

S40

Municipalities are required to establish mechanisms in order to monitor and review their Performance Management System (PMS) in order to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels;

S35

It is required that the Integrated Development Plan (IDP) is reviewed annually and that during this period the related Key Performance Areas, Key Performance Indicators and Performance Targets are reviewed and aligned. These in turn forms the basis of the review of the organisational Performance Management System and would form the basis of the performance contracts for senior managers.

Municipal Planning and Performance Management Regulations (2001)

Chapter 3, s7

These regulations stipulate that the municipality's performance management system must entail a framework that both describes and represents the manner in which the municipality's performance management cycle will function. This requires that all detail regarding the cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement are to be provided and includes the manner in which the roles of the different role-players are to be determined.

More specifically s46 of the Municipal Systems Act, Act 32 of 2000 (which informs this report directly), requires that:

- The Annual Performance Report will form part of the municipality's Annual Report as per Chapter 12, of the Municipal Finance Management Act, and
- The Annual Performance Report is required to reflect :

- The performance of the municipality and of all external service providers utilized during the current financial year;
- A comparison of all performance referred to above detailing performance targets and actual performance for the previous financial year; and
- Detail regarding all measures taken to improve performance.

The report which follows will take these prescriptions into account and will detail qualitative and quantitative reporting within these areas based on the information provided through municipal assessments and records.

NOTE: As the first draft of this report we are well aware that this information has not been fully verified and is still required to be formally audited. The information is thus being presented with the full knowledge that certain of the detail provided might not reflect the required levels of accuracy. These will be amended in the subsequent draft after the auditing of the financial statements and the Annual Report. It is further noted that every effort has been made to align reporting to the information contained within other strategic and reporting documents.

This report will detail the manner in which performance is assessed (institutionally and individually) and will examine performance in terms of the detail and prescriptions required by the related legislation. Comparisons with performance for the previous year will be made in all instances where this detail has been provided.

PERFORMANCE OVERVIEW

Within Senqu Municipality five (5) key performance indicators for local government have been used to measure performance and these are reflected within most areas of performance reporting and assessment.

More specifically, these are detailed as:

- Municipal Institutional Development and Transformation
- Financial Viability and Infrastructure
- Local Economic Development
- Good Governance and Public Participation
- Service Delivery

The s46 report will detail the manner in which performance has been achieved within each of these key performance areas, while making comparisons between the 2010/2011 and 2011/2012 financial years where this is possible.

While a brief narrative and overall summary of performance follows, the attached performance tables provide a more detailed account of progress in respect of each performance target, for each Key Performance Area.

In summary, the following comments are provided by way of overview. The attached performance tables must be considered for a more in depth understanding of progress.

1. Municipal Institutional Development and Transformation

It must be noted that within this Key Performance Area a great deal of progress has been achieved, more specifically it is noted that:

- The Workplace Skills Plan was developed and approved and training implemented in terms of the WSP. A total of 189 staff benefitted from training itself.
- Within these departments it is noted that 14 interns were provided with structured work experience as part of the learnership programme.
- Project Management certificate training was provided for disabled learners.
- From an administrative and transformational perspective it is noted that while policies may be reviewed – their implementation remains a challenge and every effort is required to ensure that these are undertaken in the manner required.
- Employment Equity has been addressed in that:
 - The EE Plan was revised, updated and reported on regularly.
 - Capacity constraints have affected the development of the EE Plan and resulted in the re-submission of the EE Report to the Department of Labour following a Compliance Order instruction;
- The EE targets within the 3 highest levels of management have been achieved, although it is acknowledged that this will not always be possible due to the availability of staff and scarce skills challenges.

- The organogram was reviewed but this process was delayed due to the appointment of the new Council.
- In respect of Communication it is noted that while a Communication Strategy was developed by December 2011 as required, full implementation thereof was not achieved. In this regard it is noted that newsletters were completed but not distributed and funding issues have impeded progress generally.
- Records of meetings/resolutions were not kept efficiently. Record keeping is an issue to be addressed moving forward.
- Telephone monitoring and management is expected to improve and the intention is to introduce a new monitoring and control mechanism for this purpose.
- Occupational Health and Safety is not managed effectively. Service Providers were appointed to train OHS Committee members but this has not improved the effectiveness of required levels of functioning.
- Labour relations have been well managed and reporting is conducted regularly as required.

It is clear that while there are areas to be addressed, although it is acknowledged that overall this area is well achieved.

2. Financial Viability

Overall it is clear the Senqu Municipality is functioning well in terms of its financial management. While emphasis of matter have been raised and issues relating to Supply Chain Management and reporting have been cause for concern it is clear that these issues are to be addressed formally. Progress is evident in respect of the Auditor General's Report, the municipality's response to this and in terms of the Audit Action Plan and related implementation plans.

Having received an unqualified audit report for the last two consecutive years, Senqu Municipality clearly displays sound management systems and controls.

3. Local Economic Development

As can be seen and as is reflected within the s46 reporting tables, LED remains an area of challenge and this is primarily due to capacity, infrastructure and resource limitations that were experienced. In summary, it is clear that the Tourism Sector Plan (developed) needs to be implemented although finances and capacity pose a challenge.

Spatial Planning is required to be addressed through the implementation of the Spatial Development Framework. Infrastructure development is carefully evaluated in order to ensure that it develops carefully and correctly – as a well constructed plan.

The facilitation of Housing projects is well achieved under the circumstances although challenges are experienced with donor funding and project managers.

Efforts are required to improve in respect of the Town Planning functions – and the limited capacity remains the greatest challenge in the short-term together with the identification and availability of land in the long-term.

4. Good Governance and Public Participation

For the most part it is noted that the issues relating to good governance and public participation have been well achieved institutionally. The SDBIP was developed in-house and alignment issues in respect of this and the Budget to the IDP have caused difficulties in the development of performance targets. These have been addressed within the new financial year. The PMS has only been applied to the s56 managers and roll out is planned for the following year.

Formal performance assessment for the s56 managers have not been well achieved in that they have not been conducted strictly in line with policy. Notwithstanding, the quarterly SDBIP and compliance reporting prescriptions have been well handled.

From an audit and verification perspective it is noted that the Audit Committee and MPAC functions were well achieved and the Audit Committee has reviewed the performance information every quarter as required.

The IDP was reviewed, adopted and approved 31 May 2012. This achieved accolades from the MEC and a high level of credibility was achieved for the second year in a row. Public Participation initiatives were undertaken in order to ensure that the community had input into this document and all related governance issues.

All Human Resource staff establishment targets were well achieved and it must be noted that during 2011/2012, 97.68% of the funded vacancies were successfully filled.

5. Service Delivery

Throughout the organisation and especially in respect of service delivery issues it is to be noted that the greatest difficulties experienced within all areas relate to poor /ageing infrastructure, financial constraints and lack of staff and/or capacity. These issues are evident within all aspects of service delivery as detailed within the s46 report attached. All achievements and challenges are detailed. Overall service delivery is well achieved, especially when considering these challenges.

4. **CONCLUDING REMARKS**

This s46 report is concluded with reference to the financial performance report (detailing performance relating to the "Financial Viability" performance indicator) and the SDBIP report. The SDBIP report incorporates both the institutional and individual performance assessments as part of an integrated performance assessment function and as such, supplies an extremely comprehensive summary of all performance for both the 2010/2011 and 2011/2012 periods.

A number of extremely difficult challenges presented themselves when compiling this report and these need to be taken into account and acknowledged as having impacted on what is **clearly a draft of the s46 report**. More specifically these are reflected as follows:

- The information contained within this report is based on the information supplied **by certain of the directorates**. Not all directorates supplied the required information and where this was supplied, in certain instances very **limited information** was submitted. In other instances the information was very comprehensively provided.
- Of great concern is the degree of accuracy pertaining to all information submitted and used. This information has not been audited and thus verified and this will only have occurred after the auditing of the Annual Financial Statements and the Annual Report. Until such time that this occurs it is very possible that inconsistencies/inaccuracies may be present and these will be required to be adjusted within the final submission of this report..
- It is a great matter of concern that certain officials/directorates do not regard the process of performance management as a very necessary and as a valuable management tool. Until this mindset is changed and until all parties understand the role of performance management within the organization and of each directorate, this process will not be effectively applied. It is highly recommended that extensive training be undertaken in this regard in order to ensure "buy in and commitment to this process" and to ensure that all staff are fully capacitated to be able to apply this system effectively.
- Further to this, it is imperative that there is complete understanding and commitment to the role of the IPME directorate --- that of gathering and facilitating this process with strict emphasis being placed on their administrative and facilitative role. All directorates are to provide the required reporting and take appropriate action to manage performance effectively within their own directorates.
- Performance management must be regarded as a day to day management activity (which is in essence exactly what it is) and yet it is the most neglected activity. Directorates must collect, record and assess information in all instances in order to effectively manage performance and to ensure the achievement of performance goals and objectives. The audit action plan stresses the need for policies, systems and controls that are applied and monitored. This must be done.
- While the accolades regarding the IDP and the unqualified audit are to be commended and noted, **it does not take away the "attention to detail" that is required to be placed on the other performance documents**. As a case in point it is to be noted that the **SDBIP for 2011/2012** has not been well constructed and there is little /no alignment with the IDP. Performance indicators are poorly phrased, important indicators

are not present, targets are placed in illogical performance areas and generally the SDBIP does not fully comply with the requirements for the SDBIP. In effect this means that all the effort that has been put into the development of the IDP will be "diluted" and this will impact negatively on the manner in which the budget, SDBIP, performance scorecards and all performance related reporting will be undertaken ---ultimately affecting organizational performance.

Performance management must be regarded as a priority moving forward. Once systems and processes are put into place and PMS is running effectively the rewards will be felt throughout the organization. Aside from the issues of obvious compliance and the ability to meet these, effective performance management provides a very conducive climate for work and greater opportunities for all. It is certainly that this can be strived for and a culture of performance optimization developed and instilled within the organization.


PMS & SDBIP : 2011/2012



Key: Snap assessment on likelihood of achieving annual	
	Target exceeded
	Proceeding well, annual target will be met
	Meeting Target
	Under achieving target, more work is required
	On hold/ No funding
	Assessment not possible to determine at this stage
	Target under construction
	Target to be revised and/or target reviewed (motivation to be provided in general comments)


KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION

Objective: To ensure a responsive, accountable, effective and efficient local government system

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason / Comments	Snapshot
						Actual		Actual		
Performance Management (PMS): Developing & implementing an appropriate & Effective Performance Management system (MTAS)	PMS system implemented / PMS Framework and PMS policy (Implemented Organization wide)	Effective tools & techniques to plan & regularly, monitor, measure and review performance of the municipality as well as individual employees in the municipality	Improved accountability & Responsive and accountable local government	PMS system implemented / PMS Framework and review of PMS policy /Policy adopted	Review of PMS policy /Policy adopted by 31 July 2011	Achieved	PMS Policy & framework completed by 31 January 2013 /circulation /consultation with Management /LLF by 28 February 2013 / & framework (reviewed) tabled to Exco /Council by 31 March 2013 /Monitor awareness of PMS & distribution of finalized Policy to Senqu LM (councillors staff)	In progress	Ongoing review required / Planned to review existing framework in the 2012/2013 FY:	


KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION (Cont.)

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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason / Comments	Snapshot
						Actual		Actual		
Performance Management (PMS): Developing & implementing an appropriate & Effective Performance Management system (MTAS)	PMS only implemented for S 57 Managers. PMS Framework adopted	Developing & implementing an appropriate & Effective Performance Management system: PMS s57	Improved accountability & Responsive and accountable local government	PMS agreements entered into /scorecards developed & submitted to Mayor & Council for information /submission compliance to province	s57 PMS agreements entered into /scorecards developed & submitted to Mayor & Council for information /submission compliance to province by 31 July 2011	Submissions Achieved /submissions not achieved by 31 July 2011	s57 PMS agreements entered into /scorecards developed & submitted to Mayor & Council for information /submission compliance to province by 31 July 2012	Achieved in Quarter 1 by August 2012	Agreements / scorecards Developed & signed Target of 31 July for submission to MEC achieved late Submission to MEC/Province (August 2012) Noted : (date of submission to MEC not prescribed	


KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION (Cont.)

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						Actual		Actual		
Performance Management (PMS): Developing & implementing an appropriate & Effective Performance Management system (MTAS)	PMS quarterly reporting functioning at a basic level / reporting not consolidated /formal assessment performed for Q 1 & Q 2 i.t.o s72 performance report /Q 4 formal assessment Conducted & tabled to council / PMS not consistently managed & /monitored through monthly & quarterly reporting	Plan & regularly, monitor, measure and review performance at a Strategic level of the municipality(s56 Managers - individual pms) / Performance Management Implemented at s56 level	Improved accountability & Responsive and accountable local government/Enhanced employee work performance & productivity /Structured PMS System & Implementation of a performance managed organization	Applications of PMS as per PMS Policy s56 managers Quarterly /Annual assessments	Quarterly S56 PMS Reports, Informal 1st quarter Assessments of s56 Managers /development of POE's to validate performance for the 1st quarter /Assessment & report tabled to council for information /PMS Audit	Not Achieved / informally managed /monitored through monthly & quarterly reporting	Quarterly S56 PMS Reports, 2 Informal assessment & 2 formal assessment (1 st & 3 rd Quarter/Formal assessment 2 nd & 4 th quarter Assessments of s56 Managers /development of Poe's to validate /2 nd & 4 th quarter Assessment & report tabled to council for information /PMS Audit	Partially Achieved /Not fully compliant: formal assessment performed for Q 1 & Q 2 i.t.o s72 performance report / formal assessment & report to council for Q 4 assessment 11/12 conducted after approval of AR 11/12 (April 2013)	Capacity constraints /constraints impeding progress required to be addressed & resolved in order to achieve compliance /formal Plans (human capital & funding) to be put in place to achieve progress	


KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION (Cont.)

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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason / Comments	Snapshot
						Actual		Actual		
Performance Management (PMS): Developing & implementing an appropriate & Effective Performance Management system (MTAS)	No roll out of PMS /Performance Management not institutionally applied - only functioning at s57 level	Develop a strategic approach to provide a set of tools and techniques to plan regularly, monitor, measure and review performance of the municipality as well as individual employees in the municipality	Improved accountability & Responsive and accountable local government	Performance Management institutionally applied as per PMS policy and roll-out plan	Develop a roll out plan	Roll out incorporated in policy / formal plan not implemented therefore Not Achieved	Report on progress with roll out plan & implementation	In progress Roll out over 3 years /Budgeted for to commence 1 July 2013 – 10 middle management post by 31 July 2013	The roll out has been challenged due to lack of insufficient funds and human capital capacity. The roll out has been planned to commence July 2012 (phased in over the next 3 years)	


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						Actual		Actual		
Performance Management (PMS): Developing & implementing an appropriate & Effective Performance Management system (MTAS)	No performance agreements/or scorecards established at middle management level	Plan & regularly, monitor, measure and review performance at Middle level (individual pms)	Improved accountability & Responsive and accountable local government	Performance agreement entered into at middle management level /scorecards developed	Performance agreement entered into at middle management level /scorecards developed by July 2011	Performance agreements not yet established & signed/ scorecards not developed.	Performance agreement entered into at middle management level /scorecards developed 10 middle management positions by July 2013	In progress /target reviewed due to constraints & will be achieved by July 2013	Capacity constraints /constraints impeding progress required to be addressed & resolved in order to achieve compliance /formal Plans (human capital & funding) to be put in place to achieve progress (ongoing for the past 2008/2009 Financial year)	


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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason / Comments	Snapshot
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Performance Management (PMS): Developing & implementing an appropriate & Effective Performance Management system (MTAS)	PMS not functioning at middle management level (only functional at s57 level /no regularly, monitoring, measuring and review performance other than informally through monthly and quarterly divisional reporting	S 57 monitoring of middle management compliance	Improved accountability & Responsive and accountable local government	Assessment of staff based on quarterly reports	Appoint Assessments panel / Quarterly Assessment of staff /quarterly assessment & assessment report	Not Achieved / informally managed /monitored through monthly & quarterly reporting	Performance management system cascaded to middle Management level /1 formal Assessment & report planned for the FY (by 31 July 2013)	In progress /target reviewed due to constraints & will be achieved by July 2013	Capacity constraints /constraints impeding progress in progress of being addressed & resolved in order to achieve compliance /formal Plans (human capital & funding) are being planned so as to achieve progress	

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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/Impact/Quality	KPI	Target/Timeframe	30 June 2011	Target/Timeframe	30 June 2012	Variance/ Reason/Comments	Snapshot
						Actual		Actual		
Effective and efficient Human Capital /Resources (structure and personnel) (MTAS)	Unaligned corporate Structure to resources / Annual review postponed due to new incoming council / Structure review in progress	Organizational Structure that conforms /fits in with roles, powers and functions assigned to municipalities by annual review and Design of the organizational structure /Organizational Structure reworked & reviewed	Appropriate organizational design /Organogram that conforms /fits in with roles, powers and functions assigned to municipalities by annual review and Design of the organizational structure	Organizational Structure reworked & reviewed annually in line with IDP/(Organizational /Inputs and consultation/progress reports /Organizational Structure approved by council	Organizational Structure reworked & reviewed by July 2011	On hold /Annual review postponed due to new incoming council	Organizational Structure reworked & reviewed/Appoint a SP	SP appointed mid December 2011/to be completed by March 2012 (due to new incoming council)	Target/ Timeframe revised to March 2012 / notwithstanding the Organogram Exco / Council approval there are still a few Technical Challenges in respect of functional changes in Directorates	


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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason / Comments	Snapshot
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Effective and efficient Human Capital /Resources (structure and personnel) (MTAS)	Unaligned corporate Structure to resources / Annual review postponed due to new incoming council / Structure review in progress	80% of critical vacant positions filled within the organisation	Effective and efficient Human Capital aligned Structure to resources	% of critical <u>funded</u> vacant positions filled within the organisation /Staff movement register /statistics/ reports	80% of critical vacant positions filled within the organisation by June 2012 /20% of critical vacant funded positions filled per quarter	Achieved 92.59% of <u>funded vacant</u> positions filled) 309 positions on the organogram /200 post /16 funded post remained vacant during 2010/11 FY / 93 are unfunded & vacant = 30.09% (overall % of funded and unfunded post represents a % = 64.72% filled	80% of critical funded vacant positions filled per quarter	97.68% Achieved /target over achieved According to HR records there are 309 post on the staff establishment /93 are unfunded and vacant /216 posts are funded and vacant / 211 are filled / 5 post remain vacant	The review of the organogram was postponed due to new political leadership and review was completed in March 2012 /only identified positions will be funded / there will however be positions that are not critical that will remain unfunded * The Actual % percentage will have to be established & verified	★


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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason / Comments	Snapshot
						Actual		Actual		
Management /Monitoring & evaluation of Organizational reporting (Effective "performance" monitoring of Departmental Reporting)	Manage & Monitor Departmental / Line Monthly & quarterly reporting done / Level of reporting/report writing requires improvement	Line Depts. Management & Supervisory staff submit Monthly, Quarterly & Annual reports per required standard reporting formats and per legislated dates	Productive, accountable & performance orientated organisation/ Fulfillment of oversight role (M & E)/Improving integrated Planning processes and outcomes and compliance with reporting /improving on Performance & communication/Ef fective monitoring of progress	Submission of Monthly, Quarterly & Annual reports per required standard reporting formats and per legislated dates	Line Depts. Management & Supervisory staff submit Monthly, Quarterly & Annual reports per required standard reporting formats and per legislated dates	Report submitted to various structures of council (Monthly reports submitted to SC/EXCO)/quarterly to Council	Line Depts. Management & Supervisory staff submit Monthly, Quarterly & Annual reports per required standard reporting formats and per legislated dates	Report submitted to various structures of council (Monthly reports submitted to SC/EXCO)/quarterly to Council	Notwithstanding the receipt of the required reports / the level and quality of reporting remains an issue that requires improvement	


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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason / Comments	Snapshot
						Actual		Actual		
Compliance with MFMA : S46 Performance Report	Compliance achieved / all legislated Timeframes applicable to 2010/2011 AR met /S46 provided to AG by 31 Aug 2011 /reporting template requires to be restructured /targets poorly constructed & require review /reporting requires more detailed input from dept. HOD's/11/12 provide to AG by 31 Aug 2012	Consolidated Organizational reporting - inclusive Financial performance & service providers reporting (progress per service provider plus service providers progress & project performance and project payment progress) /approved by MM & presented to the office of the AG by 31 August 2012 (11/12) For inclusion in Annual Report 1st draft report required by AG 31 October 2012	Compliance with MFMA/Public Audit Act	Compilation & Submission of draft s46 Report 10/11 FY to AG by 31 August 2011 Submission inputs from Dept. s57 Managers /report to be consolidated	Department al contributions consolidated/ development of s46 performance report /1st draft 31 August 2011 for AG Office	Achieved (Included in 1s Draft of Annual Report presented to AG on 31 August 2011	Departmental contributions consolidated/ development of s46 performance report 11/12 FY /1st draft submission to AG by 31 August 2012	Achieved Draft s46 Performance report 11/12 FY submitted to AG by 31 Aug 2012	s46 Report 10/11 preceding FY is as per Public Audit Act due 31 Aug 2012 /	


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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
MFMA Legislative compliance reporting : Annual Report (circular 11)	Compliance achieved / reporting requires more detail form dept. HOD' s/time frame submissions from Dept.'s not always adhered to/all legislated Timeframes applicable to 2010/2011 AR met to this point (1st draft tabled by 31 Jan 2012)	Consolidated Annual report (10/11 FY) from provision of input from s57 Departmental Heads / Planning for Consolidated Annual report (11/12 FY)	Inspire sound governance / compliance comply with the legislative requirements of the MFMA (circular 11)	Development of consolidated AR from provision of input from s57 Dept. Heads	1st Draft 10/11 AR presented to AG by 31 October 2011 / Planning Annual Report contribution provision to MM by 30 Nov 2012/1st Draft Annual report tabled to council 31 January 2013 / Final draft Annual report & oversight report tabled & approved by council 31 March 2013	Report completed /Late Timeframes in tabling the report	1st Draft 11/12 AR presented to AG by 31 October 2012 / Planning Annual Report contribution provision to MM by 30 Nov 2012/1st Draft Annual report tabled to council 31 January 2013 / Final draft Annual report & oversight report tabled & approved by council 31 March 2013	In progress 1st Draft AR will be presented to AG by 31 October 2012	Reports for the preceding FY fall due in the following FY) Reports in this respect of Annual performance reports s46 performance report will be included in the overall AR	


KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION (Cont.)

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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
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Compliance with Municipal legislation /MFMA : Annual report ; Establishment of MPAC Committee / Workshop MPAC Committee / deliberate on Audit findings & AR/ Adoption of Oversight Report	Compliance achieved in preceding FY /In progress for 11/12 and	Oversight & final Annual Report Tabled to council for adoption/ 100%/ compliance reporting /submission	Compliance with Municipal legislation /MFMA	Establishment of a Functional MPAC /workshop committee (if deemed necessary) oversight committee established / Deliberation on AG outcomes & AR by MPAC / Oversight Committee/table & adoption of Oversight report	MPAC Committee established & workshopped by December 2011/Deliberation on AG outcomes & AR by MPAC / Oversight Committee/table & adoption of Oversight report by 31 March 2012	MPAC Committee work shopped in Nov 2011 / (target set in Q3)meetings planned February 2012 MPAC Committee deliberate on Audit report findings & Annual Report / Draft a Oversight report & table same with final Annual Report to council for adoption 31 March 2012	Deliberation on AG outcomes & AR by MPAC / Oversight Committee/table & adoption of Oversight report by 31 March 2013	Target will be met as legislated	MPAC Committee deliberate on Audit report findings & Annual Report / Draft a Oversight report & table same with final Annual Report to council for adoption 31 March 2013	


KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION (Cont.)

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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Promote effective governance and the efficiency /Improved standards of communication, transparency and openness	Delegations in place / Delegations in progress of being reviewed / Compliance with delegations register	Delegation of authority to promote effective and efficient decision making	Promote effective and efficient decision making/ Compliant Delegation Framework	Delegations in place /Compliance with delegations register / record & issue letters of delegation & monitor implementation/ Review Delegations	Review Delegation framework by June 2012 / Compliance with delegations register / record & issue letters of delegation & monitor implementation	In progress delegations under review	Ongoing Review of delegations / Monitor Compliance with delegations	Delegation framework reviewed and tabled by 30 June 2012	Review of Delegation Framework - Management tabled & approved by 30 June 2012	



KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION (Cont.)

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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
IDP /Budget Process	The IDP for 2011/16 has been adopted by the outgoing Council	Budget & IDP process plan/Adopted reviewed IDP	Deepening of democracy/ Stakeholder Consultation & Participation	IDP and budget Representative forum meeting /Minutes of forum / Review IDP Process & develop IDP /budget process Plan/table budget schedule to council by 31 August /Develop & adopt budget preparation & financial guidelines/Develop budget & IDP process plan adopted	1 IDP and budget Representative forum meeting /Minutes of forum / Review IDP Process & develop IDP /budget process Plan/table budget schedule to council by 31 August Develop budget & IDP process plan adopted by 31 Aug 2010	Achieved / Budget & IDP process plan achieved by 31 July 2011 / IDP process plan adopted 30 Aug 2011	1 IDP and budget Representative forum meeting /Minutes of forum / Review IDP Process & develop IDP /budget process Plan/table budget schedule to council by 31 August Develop budget & IDP process plan adopted by 31 Aug 2012	In progress	IDP Process & develop IDP /budget process Plan/table budget schedule to council by 31 August 2011	

KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION (Cont.)

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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
IDP /Budget Process	The IDP for 2011/16 has been adopted by the outgoing Council	Budget & IDP process plan/Adopted reviewed IDP	Deepening of democracy/ Stakeholder Consultation & Participation	Draft IDP /Budget adopted by 31 March 2012	Draft IDP /Budget tabled and adopted by 31 March 2011	Achieved	Draft IDP /Budget tabled and adopted by 31 March 2012	Achieved	Draft IDP /Budget adopted by 31 March 2012	
				Final IDP (Reviewed IDP) /Budget adopted 31 May 2012	Final IDP (Reviewed IDP) /Budget tabled and adopted 31 May 2011	Achieved	Final IDP (Reviewed IDP) /Budget tabled and adopted 31 May 2012	Achieved	Final IDP (Reviewed IDP) /Budget adopted 31 May 2012	


A: GOOD GOVERNANCE & PUBLIC PARTICIPATION (Cont.)

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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Stakeholder Consultation and community participation	Ward participation Ward Committee Structures in place & operating	Ward Committee structures/Items from WC to be tabled at SC Meetings /Ward committees meetings	Ward Committee Structures functional & operating/ Compliance with Ward Committees established as required and in terms of Gazette No. 1405, Notice no. 209 of 9/12/2005.& published By-Laws	Ward Committee participation in council : Support provision Ward committee meetings/ Items from WC to be tabled at SC meetings / Reporting	Ward Committee participation in council : Support provision Ward committee meetings quarterly /Reporting Quarterly/ Items from WC to be tabled at SC meetings	Ward Committee structures functional /WC Items tabled at SC Meetings /Ward committees meetings Support provision Ward committee meetings	Ward Committee participation in council : Support provision Ward committee meetings quarterly /Reporting Quarterly/ Items from WC to be tabled at SC meetings	Ward committees functional /WC meetings held quarterly	WC structures require Support provision and co – ordination /This area to managed & receive priority i.e. measures to be put in place to schedule WC Meetings and Plan accordingly WCM paid "out of pocket expense" R 1500 for the financial year. Notwithstanding the stipend - Not all the Ward Committees are meeting as regularly as required	👍



KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION (Cont.)

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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Stakeholder Consultation and community participation	Developed public participation strategy	Public participation strategy	Reviewed PPS/Improved public participation/Effective governance at ward & community level /Compliance with prescribed legislative framework	Reviewed PPS by 30 Set 2011 / Adopted PPS strategy by 31 Dec 2011	Reviewed PPS by 30 Set 2011 / Public Participation strategy adopted 31 Dec 2011	Achieved / Reviewed PPS by 30 Set 2011	Public Participation strategy adopted 31 Dec 2011	Achieved / Public participation strategy adopted by 31 Dec 2011	Public participation in 19 wards	


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Public participation/ Public liaison /customer care	Presidential Hotline queries/ Reports submitted to Province (Bhisho)/PH constraints	Presidential hotline : Public liaison /customer care established /Manage the Presidential Hotline queries/ Reports submitted	Improving communication & Developing of an institution with effective delivery with sound good governance	Manage the Presidential Hotline queries/ Reports submitted to Province (Bhisho)	PH Reports submitted to Bhisho	Achieved reports submitted to Province (Bhisho) /constraints with PH	PH Reports submitted to Province (Bhisho)	Achieved reports submitted to Province (Bhisho) /constraints with PH	PH constraints (reporting not always achieved weekly)	
IGR	DIMAFO Meetings attended	MM, Mayor / DIMAFO, Munimec and PCF meetings	Co - ordinated & Improved service delivery /improve IGR structures /improve co - ordination of government programmes	DIMAFO Meetings attended	DIMAFO Meetings attended Quarterly/develop & implement a framework	DIMAFO Meetings attended	Quarterly MM, Mayor meetings/develop & implement a framework	DIMAFO Meetings attended/discussions with District in progress re framework as the District (JQDM) is utilized as a platform for IGR		


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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
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Legal and Contract Management (MTAS)	Legal and Contract Management (MTAS)	All Contacts /SLA lodged & filed in Corporate Services	Established contract management data base /efficient management of contracts and agreements, leases/Dispense timely (legal requirement)reduced audit queries	Establish contract data base / Manage & reporting on Legal & Contract Management (Manage contracts & agreements, leases/Dispense timely legal opinions/provision of Legal Support for transfers & acquisitions / Provision of support for rezoning and subdivision.	Report quarterly on Legal Management of contracts; agreements, leases/legal opinions/Legal Support for transfers & acquisitions / support for rezoning and subdivision. Provide Legal Support for transfers, acquisitions and alienation of fixed properties.	In progress target will be fully achieved by Q 4	Maintain data base / Report quarterly on Legal Management of contracts; agreements, leases/legal opinions/Legal Support for transfers & acquisitions / support for rezoning & subdivision.Provide Legal Support for transfers,acquisitions & alienation of fixed properties.	In progress target will be fully achieved by Q 4	All contract centralized with Exception with SCM documents (signed and completed) /project lodged with the SCM unit for audit purposes	


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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
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Legal and Contract Management / SCM	Interest register maintained / Standard SP contract not all developed /SP SLA`s maintained & monitored /noncompliance with SCM prescriptions /performance monitored & managed / reports for suppliers / vendors in progress	Interest register maintained /Contracts/performance reports for suppliers / vendors.(Compliance with Supply Chain Management Policy and regulations /MFMA & MSA)	(Compliance with Supply Chain Management Policy and regulations /MFMA & MSA)	Interest register maintained /Contracts/performance reports for suppliers / vendors	Interest register maintained / Standard SP contract developed /SP SLA`s maintained & monitored /performance monitored & managed / reports for suppliers / vendors/performance reports for suppliers / vendors quarterly	Interest register maintained by MM's Office. In progress with development of standard SLA / standard performance monitoring system & performance reports for suppliers / vendors.	Interest register maintained /Contracts maintained & monitored /performance reports for suppliers / vendors quarterly	In progress with performance reports for suppliers / vendors.	Depts. are responsible to monitor & evaluate SP within their Depts./ reports are provided to SCM Division for consolidation /a system to manage SP to be implemented so as to effectively manage SP performance / a post has been created on the new organogram so as to ensure intervention /address this shortcoming	

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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
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Compliance with legislative requirements of the MFMA: compliance with Supply Chain Management Policy and regulations	Compliance with reporting / identified areas of noncompliance of SCM policy (emphasis of matter)	Compliance with Supply Chain Management Policy and regulations	MFMA Compliance /(SCM Compliance)	Monthly / Quarterly & Annual SCM report /service providers reports	Compile and submit monthly SCM Reports to the MM /Submission of report to Mayor 10 days of each quarter /within 30 days of the end of each financial year submit a report on the implementation of SCM Policy to the council	Achieved	Compile and submit monthly SCM Reports to the MM /Submission of report to Mayor 10 days of each quarter /within 30 days of the end of each financial year submit a report on the implementation of SCM Policy to the council /review SCM policy by March 2012	Achieved	Noted :Noted : Target of 12 reports to be achieved by Q4 /X3 Monthly reports are required to be provided in quarter & should no tenders be awarded during a respective month in a quarter a report is required to reflect that no tenders were issued / adjudicated during such At the end of each financial year submits a report on the implementation of SCM Policy to the council to be reviewed by March 2012 Q 3	


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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Promote effective governance / Manage /monitor/evaluate compliance environment /compliance calendar is adhered to	Compliance calendar & checklist implemented /compliance deadlines monitored and evaluated /reporting at meetings monthly	Compile calendar /Legislation/reporting /auditing	Effective governance	Implement a compliance calendar & checklist of compliance deadlines /monitor and evaluate compliance deadlines / Compliance reports at management meetings	Compliance reports tabled at monthly management meetings	Achieved	Monitor and evaluate compliance deadlines / Compliance reports tabled at monthly management meetings	Achieved		


KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION (Cont.)

Objective: To ensure a responsive, accountable, effective and efficient local government system

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
	Functioning Audit Unit /Risk Management Report in place	Management of audit unit to achieve clean audits received Audit reports Investor confidence improved Development of Risk Management Report	Effective governance	Audit committee meetings /Audit committee reports / Internal audit Programme, audit meetings quarterly / Risk based Audit Plan & Audit Reports /risk management inputs in S 57 Depts. /Departmental Risk plan Reports submitted quarterly	Audit committee meetings /Audit committee reports x 1 Internal audit Programme, managers to attend 1 meetings per quarter / Risk based Audit Plan & Audit Reports	Achieved	Audit committee meetings /Audit committee reports x 1 Internal audit Programme, managers to attend 1 meetings per quarter / Risk based Audit Plan & Audit Reports	Achieved		




KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION (Cont.)

Objective: To ensure a responsive, accountable, effective and efficient local government system

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Internal Audit	Annual Audit Plan / Audit Action plan developed. Improved capacity of unit	Internal Audit staff/Improved audit capacity internally	Improved governance measures	Create & fund post when reviewing organizational structure	Motivate Funding post Chief Internal Audit Executive when reviewing organizational structure & Engage Chief Internal Audit Executive (CIAE)- 30 Sept 2011	Not Achieved Review of structure postponed new in coming council /Appointment delayed, no suitable candidates that met minimum requirements of the post / post evaluated low on TASK , reviewing the organogram & remuneration structures , service outsourced to augment capacity constraints	Plan to Engage Chief Internal Audit Executive on completion of the structure & benchmarking /fund post by 1 July 2012 & post to be filled by 31 Dec 2012	In progress critical post will be funded by 1 July 2012		


KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION (Cont.)

Objective: To ensure a responsive, accountable, effective and efficient local government system

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Internal Audit	Annual Audit Plan / Audit Action plan developed. Improved capacity of unit	Audit action plan/Improved AG outcomes	Improved public confidence	Develop Audit action plan	Develop Audit action plan	Audit action plan completed by 20 Dec 2011	Audit action plan completed by 31 Dec 2011	In progress awaiting AG audit report for		
		Audit annual plan/Improved internal controls and systems	Improved governance	Audit annual plan developed & presented to Audit Committee	Presented to Audit committee by 30 September 2011	Achieved	Audit annual plan developed & presented to Audit Committee by 30 September 2012	In progress awaiting AG audit report		
		Audit committee/Additional members to conduct performance audits	Improved performance information	Audit committee review on performance reports	Audit Committee bi annually reviews on performance reports/ audit committee report	Achieved performance audited by PWC	Audit committee review on performance reports	Achieved performance audited by PWC		

KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION (Cont.)

Objective: To ensure a responsive, accountable, effective and efficient local government system

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Policies : Organizational Policy Reviews (across all Departments / Directorates) (MTAS)	Existing policies require review/Staff have received some training on the code of conduct and policies/poor implementation of policies /staff not educated on policy implementation /corruption identified (MTAS)	Organizational Policy Reviews (across all Departments / Directorates) : Delegation framework, Rules of order, PAI manual, fraud prevention and corruption/Polici es work shopped and adopted	Promote effective governance and the efficiency of the Politicians educated Clrs and staff on policies and by laws/ departments/ Improved standards of communication, transparency and openness/Decre ase in corruption	Establish a training programme to workshop Management / staff & councillors programme/ Policies workshopped/ monitor implementation & monitor /Code of Conduct was signed by all Councillors and staff./monitor implementatio n and monitor /evaluate % decrease in corruption cases	Policies reviewed /establish training programme to workshop Management / staff & councillors programme Policies workshopped/ monitor implementation & monitor /Code of Conduct signed by all Councillors and staff./evaluate % decrease in corruption cases/(20% decrease in corruption cases)	In progress (ongoing)/poli cies reviewed / Code of Conduct was signed by all Councillors and staff./% decrease in corruption cases not established	Workshops held for internal staff and councillors December 2011.	Achieved	Note : Policies to be approved and implemented Q3 /monitoring & evaluation on implementation Q4 /establish /monitor & evaluate % decrease in corruption (statistics)/worksh ops held with management /staff /snr line staff Q3	


KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION (Cont.)

Objective: To ensure a responsive, accountable, effective and efficient local government system

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
HR Strategy (MTAS)	Staff are not adequately informed about the HR strategy	HR Strategy / management /staff /councillors /education programme (workshopping)	More effectively functioning HR	HR Strategy developed & approved / Workshop all employees and council on the HR strategy	HR Strategy reviewed and approved by Council on 30 September 2011. Staff/ management /councillors workshopped on HR Strategy by Dec 2011	Not determined	HR Strategy to undergo review to be customized to suit the needs of Senqu	In progress	HR Strategy developed and in place but requires to be reviewed	?


KPA: GOOD GOVERNANCE & PUBLIC PARTICIPATION (Cont.)

Objective: To ensure a responsive, accountable, effective and efficient local government system

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Document management Control & System	Limited document management system	Staff training to implement a standard filing plan	Improved document management	Staff training	Plan & commence Staff training to implement a standard filing plan /% decrease in audit queries on inadequate documentation by 30 Sept 2011	P3 project training by SALGA started to improve document management /20% decrease in audit queries on inadequate documentation	Ongoing M&E of the document management system	Ongoing		

KPA: MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT

Objective: To ensure that the municipality has the most effective structure and human resources to deliver services

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Capacity building : capacity building programme implemented	Skills audit and or Training Needs Analysis not consistently done / Dept. do not co - operate (submissions not received) /Training Committee not fully functional (use of LLF/ WSP training not consistently monitored /evaluated & implemented	Departmental training needs identified(needs analysis)/WSP Plan Implementation reporting	Proper WSDP developed and implemented / Capacitated & productive staff /Effective and functioning organisation	Identify departmental training needs in line with IDP objectives/ Skills audit and or Training Needs Analysis submitted to Depts. annually / co - ordinated by SDF /WSP Plan developed /training compliance per WSP /monitor & evaluate implementation /implementation reports 30 Sept 2011	Skills audit and or Training Needs Analysis submitted to Depts. annually / co - ordinated by SDF /WSP Plan developed /training compliance per WSP /monitor & evaluate implementation /implementation reports 30 Sept 2011	Skills audit and or Training Needs Analysis submitted to Depts. annually / co - ordinated by SDF / WSP Plan developed /training compliance per WSP /WSP Implementation reports	Training compliance per WSP/monitor & evaluate implementation / Implementation reports	Training / facilitate in the training committee	Note : WSP Plan developed by 30 June 2011/implement measures to monitor & evaluate training implemented	



KPA: MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT

Objective: To ensure that the municipality has the most effective structure and human resources to deliver services

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Skills development :% percentage of budget expenditure on training implementation (MPPR)	Compliance / Target of 80% achieved (training budget spent on WSP implementation)	Training Budget monitor expenditure spent per quarter	Approved WSP 80% of training budget spent on WSP implementation	Adopted WSP / WSP Planned training /workshops attendance & 80% of training budget spent on implementation of WSP	Approved WSP 80% of training budget spent on WSP implementation /Report on % percentage of training budget expenditure on training implementation	100% of training budget expenditure on training Allocated Skills Budget Total training budget R 760 874.00 Total Levy paid 2010/2011 - R 186 437.00 Mandatory Grants/reimbursements for 2010/2011- R 33 428.00 Total spent 2010/11- R 104 312.00/ 201 beneficiaries	Approved WSP 80% of training budget spent on WSP /Report on % percentage of training budget expenditure on training implementation	100% of training budget expenditure on training implementation municipal training budget spent R 345796.58 Discretionary grant funds R 16000 =total spent R 361 796. 58 /actual level R 593 633. 48 189 beneficiaries	% of expenditure to be verified & reported on AND WSP requires to be audited as statistics and figures consistently differ from report to report R 50 000 LGWSETA funds utilized for a learnership of the unemployed disabled project management Learnership	?


KPA: MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT (CONT.)

Objective: To ensure that the municipality has the most effective structure and human resources to deliver services

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/Impact/Quality	KPI	Target/Timeframe	30 June 2011	Target/Timeframe	30 June 2012	Variance/ Reason/Comments	Snapshot
						Actual		Actual		
Capacity Building / Promotion of governance / functional ward committees / Ensure legal compliance with Organizational Policy /enforcing policies and procedures (MTAS) Insufficient communication /Ward Committee and Councillor training	Insufficient communication /Ward Committee and Councillor training notwithstanding that Ward committees have been trained	Training programme/functional ward committees Organizational Policy / procedures	Improved governance/ functional & capacitated ward committees / legal compliance with Organizational Policy /enforcing policies and procedures /capacitated councillors/ward members to fulfill oversight roles	Training programme developed	Training programme developed by 30 Sept 2011	Achieved	No target documented	No target documented		
				Training programme implemented / Training register attendance lists developed/main tained (March 2012)	Commence with implementation of training programme / Training register attendance lists developed/main tained /monitor /report	In progress	Ongoing Training programme implemented / Training register attendance lists developed/main tained /monitor /report	Achieved /ongoing	Inception of a new Council May 2012 - one month prior to the close of the FY	


KPA: MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT (CONT.)

Objective: To ensure that the municipality has the most effective structure and human resources to deliver services

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Promote effective governance / Create a conducive working environment /promote internal communication	Institutional meetings held as scheduled for s57 Managers	s 57 management /meetings / minutes /resolutions of meeting	Effective governance/effective decision making /Create a conducive working environment /promote internal communication	Convene & chair monthly meetings held as scheduled for s57 Managers inclusive of budget meetings	Convene & chair monthly meetings (3 per quarter)	Achieved	Convene & chair Attendance at least 2 (planned institutional meetings per quarter - inclusive of strategic sessions /budget meetings and the like)/Proof in POE	Achieved	Evidence to validate meetings /Formal minutes to be kept /resolutions /actions /reports /follow up	


KPA: MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT (CONT.)

Objective: To ensure that the municipality has the most effective structure and human resources to deliver services

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Promote governance / promote internal communication	Snr line Staff /meetings (monthly)	Staff meeting schedule	Improved staff morale /effective decision making /Create a conducive working environment /promote internal communication	Snr line Staff meetings / minutes/resolutions /actions followed /reports from Line staff	Monthly Snr line Staff meetings / minutes/resolutions /actions followed /reports from Line staff	Regular meetings with staff are now held.	Monthly Snr line Staff meetings / minutes/resolutions /actions followed /reports from Line staff	Regular meetings with staff are now held.	Noted not all depts. HOD's are not keeping evidence to validate meetings /Formal minutes to be kept /resolutions /actions /reports /follow up	


KPA: MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT (Cont.)

Objective: To ensure that the municipality has the most effective structure and human resources to deliver services

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Telephone management : Manage, control & maintain telephone infrastructure by controlling & monitoring cost effective usage of telephone	Telephone bill not been contained at acceptable levels; comparatively high.(As at June 11 the costs stood at R 509 369.00) As at April 2012 cost are standing at R 759 585 --- represents a increase of R 250 216 - 49.1% increase (Telephone expenditure continues & currently exceeds 25%	Manage / monitor /evaluate and train staff on telephone management	Better utilization of resources/Decrease in telephone abuse and cost	Reduce telephone bill /Telephone register /Monthly reports on telephone expenditure /telephone printouts /Staff recovery of private calls 25% Decrease in telephone abuse and cost	Reduce telephone bill by 25 % verify calls against Telephone register /Monthly reports telephone expenditure /telephone printouts /ensure Staff pay for private calls /In progress /reduction in abuse managed/ phone pins introduced / cell calls barred from certain telephones /time limits to be introduced on outside telephone calls / % reduction to monitored & reported on	Not fully Achieved /reduction in abuse managed/ phone pins introduced / cell calls barred from certain telephones /time limits to be introduced on outside telephone calls / % reduction to monitored & reported on	Ongoing monitoring of telephone usage /Reduce telephone bill by 25 % verify calls against Telephone register /Monthly reports on telephone expenditure /telephone printouts /ensure Staff pay for private calls	Not Achieved (As at June 11 the costs stood at R 509 369.00) represents a increase of R 250 216 - 49.1% increase (Telephone expenditure continues & currently exceeds 25%	Ongoing controlling & monitoring mechanism employed to manage cost & effective usage of telephone	


KPA: MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT (Cont.)

Objective: To ensure that the municipality has the most effective structure and human resources to deliver services

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Management of Labour relations : Discipline structures/ procedures to enhance maintenance of discipline (MTAS)	Managers not enforcing disciplinary procedures / Management not exercising supervisory line authority /lack of capacity	Management & implementation of Disciplinary processes/ capacity of line supervisors enhanced	Line managers /supervisors capacitated /enhance maintenance of discipline	Management & implementation of Disciplinary processes by line/supervisory staff /discipline statistics submitted to SC by CSD / line/supervisory staff Trained in managing of Discipline	Management & implementation of Disciplinary processes by line/supervisory staff /discipline statistics submitted to SC by CSD monthly / Identify & arrange training (phase in over a year) for line/supervisory staff in managing of Discipline (June 2011)	Achieved but not all line supervisory staff were trained /line supervisory staff do not follow through or manage discipline within their Directorates	Management & implementation of Disciplinary processes by line/supervisory staff /discipline statistics submitted to SC by CSD monthly / Identify & arrange training (phase in over a year) for line/supervisory staff in managing of Discipline (June 2012)	Achieved	Ongoing capacitation to occur Labour Relations and Disciplinary issues not being handled as required due to lack of capacity	


KPA: MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT CONT

Objective: To ensure that the municipality has the most effective structure and human resources to deliver services

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Management of Labour relations Labour relations	Official labour relations structures have not been operating efficiently	LLF Meeting schedule /Dispute resolution at meetings	Enhance relationship between employer and employee leading to greater staff morale	Quarterly (4) LLF meetings /Minutes of Meetings	1 meeting per quarter / LLF Meeting/minutes	The Local Labour Forum is effective and meetings are sitting quarterly as per schedule.	1 meeting per quarter / LLF Meeting/minutes	Achieved	Meetings are on occasions postponed to take place on alternate dates in the quarters other than the scheduled dates due to unavailability of councillors that are represented on this forum (target of 2 meetings met)	

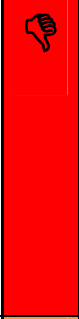

KPA: MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT (Cont.)

Objective: To ensure that the municipality has the most effective structure and human resources to deliver services

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Promote effective governance / Ensure legal compliance Organizational Policy Reviews (MTAS)	Management not enforcing policies and procedures/ capacity constraints	Workshop & educate Managers (policy/ procedures/by laws)	Adherence to policies and procedures /Increased productivity	Plan and implement Workshops to educate Managers /monitor & evaluate implementation of policies /monitor % increase in disciplinary procedures for non-compliance/ report quarterly on progress	Plan and implement Workshops to educate Managers (25%) by 30 Sept 2011	Not Achieved	Implement Workshops to educate Managers (25%) by Dec 2011	Not fully achieved		



KPA: MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT (Cont.)

Objective: To ensure that the municipality has the most effective structure and human resources to deliver services

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Occupational health & safety	OHS is not adequately implemented in the municipality/Challenges with effective functioning of the OHS Committee./OHS not fully compliant	OHS Committee & Meeting schedule	Compliance with health & safety in the workplace	OHS Committee established as per Sect 19 of OHS Act 85 of 1993. by 30 Sept 2011/OHS/4 OHS Meeting/ meetings to sit as scheduled	1 OHS Meeting/OHS Committee established as per Sect 19 of OHS Act 85 of 1993. by 30 Sept 2011	Achieved /OHS Meeting/OHS Committee established as per Sect 19 of OHS Act 85 of 1993. by 30 Sept 2011	Quarterly meetings / Reports on progress with compliance on OHSA /safety inspections by appointed Dept. reps / report	Not fully achieved / in progress	Challenges with budget for the effective functioning of the OHS Committee.	
		OHS Training : Trained OHS Reps	Compliance with health & safety in the workplace	Training of OHS Committee /reps and first aiders and incident officers	Training of OHS Committee /reps and first aiders and incident officers	Difficulties in procuring Service providers for First Aid training. The new OHS committee trained during October 2011.	No target	No target		


KPA: MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT (Cont.)

Objective: To ensure that the municipality has the most effective structure and human resources to deliver services

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Legal compliance (EEA, LRA, etc.)/Management of Employment Equity :EE Plan compliance	EE Plan requires revision (5 year Plan) /poor EE Plan no management and reporting /lack of capacity /compliance order issued by Dept. of Labour	EE Plan /LLF/EE committee/ target set	Legislated compliance /% Increase employment in the under represented groups	Management of Employment Equity :EE Plan compliance /Development of EE Plan /EE Consultation with EE Committee/LLF / Completion of EE report /table to council for information	Review Development of EE Plan /establish EE Consultation structures x1 Meeting x 1 report	Not Achieved	EE Consultation with EE Committee x1 Meeting x 1 report	Not Achieved	Lack of capacity / Steps to implement capacity building re EE / Monitoring mechanism to be put in place	
Legal compliance (EEA, LRA, etc.)	EE report submission compliance achieved to EE Registry /Dept. Labour	EE legislated templates /submission proof	Legislated compliance	EE compliance submission to EE reporting to EE Registry/Dept. Labour	In progress reporting template populated / completed by 30 Sept 2011 /submitted to MM	Target to be met in Q2 by 1 October 2011(as legislated)	EE Report submission to Dept. Labour / submission confirmation by 1 October OR first working day of October 2012 /Implementation of EE Plan	Employment Equity Report to be submitted on 01 October 2012 as per Sec 19 of EE Act 55 of 1998.	Submission timeframes adhered to , Notwithstanding the poor quality of the submission	



KPA: MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT (Cont.)

Objective: To ensure that the municipality has the most effective structure and human resources to deliver services

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Legal compliance (EEA, LRA, etc.)	Updated annually Scarcity of skills challenges Equity achieved in top 3 structures/ employees per EE categories appear to be categorized incorrectly (compliance order issued i.t.o EE form Dept. Labour	EE Plan /LLF/EE committee/ target set	Updated annually Scarcity of skills challenges Equity achieved in top 3 structures	Report on the number and % Achievement of EE target in the first three levels (Top Management /Senior Management & Professionally qualified & experienced specialist & mid management)	Report on number and % Achievement of EE target in the first three levels (Top Management /Senior Management & Professionally qualified & experienced specialist & mid management)	Gender Distribution (entire staff complement (Excluding Councillors) Females represent 28% & Males 72% Top Management 1BM /Senior Management :1 AM /1 CF/2WF / 1FN/Professionally qualified & experienced specialist & mid management/ 24 (10 AM /1 CM/8 FM/2 WF/3 WM	Report on % Achievement of EE target in the first three levels (Top Management /Senior Management & Professionally qualified & experienced specialist & mid management)	According to the reporting information the statistics have not changed since June 2011	Equity achieved in top 3 structures/ under representation in category of disabled (Determined by availability of suitably qualified candidates (designated / targeted groups to the labour market)Review of the Placement of employees per EE categories appear to be categorized incorrectly (compliance order issued i.t.o EE form Dept. Labour	



KPA: MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT (Cont.)

Objective: To ensure that the municipality has the most effective structure and human resources to deliver services

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Effective (external & Internal) Communication (MTAS)	Communications Un co – ordinated & inadequate with stakeholders Developed Communications Strategy not well implemented	Applied Communication Plan and Strategy	Well marketed and good internal and external communication	Develop a Plan to implement Communications Strategy by Dec 2011/report on progress	Develop a Plan to implement Communications Strategy by Dec 2011/report on progress	Achieved	Implementation of the Plan/ Strategy by /report on progress	Not fully Achieved		
Effective Internal Communication (MTAS)	Newsletter not completed and not distributed	Newsletter /contributions from staff Communications Officer	Facilitate good internal communication /participation of staff	Quarterly Newsletter	Develop & distribute quarterly newsletters	Not Achieved Newsletter completed but not distributed due to lack of equipment and funding	Develop & distribute quarterly newsletters	Not Achieved		


KPA: MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT (Cont.)

Objective: To ensure that the municipality has the most effective structure and human resources to deliver services

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Institutional meetings held in manner required in terms of legislative compliance	Meetings held according to Planned schedule re: /EXCO / Council /Special Council	S57 Management /Public /Mayor /Speaker Councillors /Items/Agendas	Facilitate communication & ensure Effective Governance/ oversight /Required by legislation	Quarterly (4) council meetings held 1 per quarter/EXCO Monthly as scheduled / provision of Meeting Agenda and Minutes/Monthly	Attendance at Council meetings held 1 per quarter/EXCO held Monthly	Achieved	Attendance at Council meetings held 1 per quarter/EXCO held Monthly	Achieved		
Institutional meetings held in manner required in terms of legislative compliance	Meetings held according to Planned schedule re: SC Committee	SC Portfolio Head /relevant Dept. Manager /SC Items	Effective Governance /Required by legislation	Standing Committee meetings held once a month excluding December and January	Attendance at SC Committee meetings held 3 per quarter	Achieved	Attendance at SC Committee meetings held 3 per quarter/meetings	Achieved	Noted that some Directors are not achieving annual targets in respect of attendance at SC Committee meetings /to be addressed in order to achieve compliance	


KPA: MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT (Cont.)

Objective: To ensure that the municipality has the most effective structure and human resources to deliver services

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Council Resolutions	Resolutions not always timeously effected	Directors /Items/ Improved operational efficiency	Good governance and administrative functioning	Council resolutions to be effected within 30 days or appropriate action taken to remedy situation	Council resolutions to be effected within 30 days	Achieved (ongoing) resolution register implemented & implementation signed off	Council resolutions to be effected within 30 days situation/council resolution register implemented	Achieved (ongoing resolution register implemented & follow done) /implementation signed off	CSD co-ordinates items received from Depts / Depts are responsible to follow up on items that are required to be placed on council agendas late submissions of items / measures to be put in place to manage timeous submission items & agendas	


KPA: MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT (Cont.)

Objective: To ensure that the municipality has the most effective structure and human resources to deliver services

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Item submissions to Institutional meetings	Poorly structured items /no quality control	Directors /line /items	Legal Compliance. Accurate reference material (reporting)	Directors to implement quality control measures prior to submission of items by checking item submitted /;ensure report is well structured & information is correctly captured in item	Directors to ensure items are well structured and checked prior to items submission /Items timeously to CSD	Not fully Achieved	Directors to ensure items are well structured and checked prior to submission to CSD/items submitted timeously to CSD	Not fully Achieved	New format developed for items development and late submissions of items / measures to be put in place to manage timeous submission items & agendas submissions /	


KPA: MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT (Cont.)

Objective: To ensure that cost effective, appropriate and efficient services are delivered

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Instil a culture of customer care : To ensure that all council's documents, speeches etc. are published timely on council's website	Website requires to be updated & compliance achieved with placement of all required legislated documentation on website i.to section 21 a Municipal Systems Act	Website administrator / Updated municipal website	Effective & functional website /effective communication & marketing tool Reliable website info//legislated (section 21 a Municipal Systems Act)	Maintain Website & place legislated documentation on website i.to section 21 a Municipal Systems Act)	Monthly reports that the website is maintained and a list of documents published	Not Achieved	Monthly reports that the website is maintained and a list of documents published	Not fully Achieved / Maintained outdated documentation /In progress will be achieved by the end of the financial year	Interventions have been put in place to manage and update the website this will be addressed in 2012/2013 FY	


KPA:SERVICE DELIVERY & INFRASTRUCTURE

Objective: To ensure that cost effective, appropriate and efficient services are delivered

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Compliance with prescribed legislative framework and accounting standard (legislative requirements of the MFMA): Provision of efficient supply chain management services /Bid committees	Delays occur in the bid processes delaying the appointment of contactors	Bid committee / Bid documents/timeously engaged service providers/SLA's	Improved service delivery	Turnaround time in awarding of bids /decrease in time / bids awarded 90 days after bid advertisement has appeared/bid reports	Turnaround time in awarding of bids	Bid committees sit as per schedule/Tender committee meetings are held monthly.	Bid meetings held as scheduled / bids awarded 90 days after bid advertisement has appeared/bid reports /SP appointments /SLA's	Bid committees sit	Bid processes /adjudicated are completed within 90 days of notice been given / monthly adjudication reports /submitted to the Municipal Manager (x 3 monthly reports)(Target of 12 monthly reports to be achieved by Q 4)	


KPA:SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

Objective: To ensure that cost effective, appropriate and efficient services are delivered

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Scarce skills policy	Scarce skills policy in place TOR established for score skills committee / not implemented & driven as required /processes not followed / categories of scarce skills require ongoing review	Scarce skills policy/s57 management (corporate Services)	Retention strategy / attraction of scare skills categories	Identify scarcest skill posts / Implement as required in recruitment & selection processes (approval of committee /MM/ Manage and monitor implementation of policy / committee sittings /reports /minutes report on meetings per quarter of the committee /progress with implementation	Implementation of policy /Manage and monitor implementation of policy / committee sittings /reports /minutes report on meetings per quarter of the committee /progress with implementation	Not fully Achieved	Implementation of policy /Manage and monitor implementation of policy / committee sittings /reports /minutes report on meetings per quarter of the committee /progress with implementation	Not fully Achieved	Target requires reconstruction /review for correct implementation / Monitoring and review of policy required /categories of scarcest skills require ongoing review/committee to sit by annually	

KPA:SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

Objective: To ensure that cost effective, appropriate and efficient services are delivered

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Fleet Management / Policy /Fleet Bay	Fleet control function not fully operational	Fleet control policy / Fleet control officer/fleet bay	Fleet bay managed internally	Fleet management policy established / Fleet Management Officer was recruited /Sourcing appropriate land to house the fleet of the municipality. Advertise tender / appoint SP	Fleet management policy established / Fleet Management Officer was recruited /Sourcing appropriate land to house the fleet of the municipality	In progress /Fleet Management Officer was recruited and employed as of 1 August 2011 The Fleet Management Policy was approved by Council and is being implemented	Advertise tender / appoint SP /Completed Fleet Bay/monitor implementation of policy	Tender was awarded for purchase of land for fleet bay.		


KPA:SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

Objective: To ensure that cost effective, appropriate and efficient services are delivered

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Housing	Lack of co-ordinated and planned housing delivery in the municipality	Dept. of Human settlement funding/Housing sector plan	Structured housing delivery in the area	Housing development progress reports/identify and update beneficiary list	Housing development progress reports Monthly / Keep Council informed of housing development progress quarterly /identify and update beneficiary list	Achieved / completed	Housing development progress reports Monthly / Keep Council informed of housing development progress quarterly /identify and update beneficiary list	Achieved / completed	Noted: Department of Human Settlement reneges on payment schedule	



KPA: SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

Objective: To ensure that cost effective, appropriate and efficient services are delivered

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
FBS : To ensure the delivery of FBS \ (MTAS)	Free Basic Services and Indigent Subsidy Support Policy which is reviewed annually on-going	Free Basic Services and Indigent Subsidy Support Policy/Applications form indigents /data base	Legal compliance/ Basic Services provided to the indigent community in a sustainable manner within the financial and administrative capacity of Council/ Reduce gaps in FBS/ Increase living standards	Provision of Free Basic Services and Indigent Subsidy Support to households earning less than R 1600 per month/Update SLA	No or % of households earning less than R 1600 per month with access to free basic services/Update SLA	2904 indigents provided with free basic services / Budgeted R 9 192 886.00 R 11 412 120.00 went directly to provide services to indigent (on application basis)	% of households earning less than R 1600 per month with access to free basic services/Update SLA	Budgeted R 11 933 506.00 / R 13 605 676.00 actually went directly to provide services to indigent (on application basis FBS Water : 3670 FBS Electricity: Mum jurisdiction 571 FBS Electricity: Eskom jurisdiction 11 000 FBS Sanitation: 3776 FBS:" Refuse: 3483 FBS: Alternative Energy : 65	Strategy to be developed to reduce gaps identified /FBS Strategy to be formulated & implemented./to be tabled to Comm ./Meeting DM/ Challenge relates to the maintenance & monthly update of register and in ensuring data captured remains valid & up to date. Verification an issue & reliance is placed on the householder to advise the municipality of any changes to their qualifying status. Accuracy of the data into question. Water & Sanitation issues forwarded to JGDM Held up by transfer agreement finalization	


KPA: SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

Objective: To ensure that cost effective, appropriate and efficient services are delivered

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
FBS : Alternative Energy	No geysers available for indigent	indigent /alternative energy	Hot water to indigent/ Improved Service Delivery	Undertake solar geyser installation in all indigent housing projects /SP's identified	Implementation /installation of 6000 solar geysers(indigent housing projects)	Appointment of SP/ Revert to MM/ authority to Appoint new service provider.	Installation of 6000 solar geysers in indigent housing projects Implementation	Free basic energy reaching rural households is estimated to be at 35% / free basic energy in Rossouw with 65 households receiving 20 L of paraffin and x 12 candles a months		
Provision of adequate cost effective sustainable basic services	Poor or insufficient infrastructure /Existing DORA	Electrification of rural areas/Improved Service Delivery	Electrification of rural areas/ Improved Service Delivery	Electrification of rural areas	Electrification of rural areas	In progress INEP started in Ward 10/ awaiting confirmation form Dept. /Correspondence to Dept.	Electrification of rural areas /progress report	367 new rural connections		

KPA: SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

Objective: To ensure that cost effective, appropriate and efficient services are delivered

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Provision of adequate cost effective sustainable basic services	National Energy Regulator of SA supply electricity to Sterkspruit, Lady Grey & Barkley East. Within this licensed area, level of service supplied is high & consumers have a minimum of 60A single phase supply.	TS Director /Electro Technical Controller Electricity : Allocated Budget (CAPEX allocated to infrastructural projects)	Improved network /enhanced service delivery to the community - Improved access to basic sanitation at minimum acceptable levels	Reporting on no of New connections (no of application) /no of new meters installed/changed serviced /repaired & no new conductors replaced /networks changed reporting inclusive of actual statistics per category & expenditure	Quarterly reporting on no of New connections (no of application) /no of new meters installed/changed serviced /repaired & no new conductors replaced /networks changed reporting inclusive of actual statistics per category & expenditure	1 783 consumers (Urban)/ 17 new connections /Conventional electricity meters serviced/replaced - 616 / Electricity bulk purchases amounted to R 12 494 708 (actual) during the 2010/2011 FY. Budgeted (13,655,670) variance of R 1,160,962 /456 Electricity faults reported and dealt with.	Quarterly reporting on no of New connections (no of application) /no of new meters installed/changed serviced /repaired & no new conductors replaced /networks changed reporting inclusive of actual statistics per category & expenditure	Domestic consumers : 1280 Commercial 239 Institutional 27 Other consumers 12 Total consumers 1558 694 Urban consumers receiving FBS (*50 kwh)/33 new connections/454 meters serviced /653 street lights repaired / Electricity bulk purchases form Eskom 25 179 866 kwh (25.1MWh) /electricity sold 20 378 797 kwh /217 faults attended to	Sterkspruit currently experiences a 28.69% loss; Lady Grey 26.12% and Barkly East a loss of 16.33%. Challenges with a Ageing infrastructure /theft, poor and metering/Financial Constrains with regards to electricity funding	

KPA: SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

Objective: To ensure that cost effective, appropriate and efficient services are delivered

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Service Delivery Backlogs	No data available on school back logs	Limited information	Service delivery to schools	Source Available on school back logs//Request councillors to submit info	Request councillors to submit info / Improved Service Delivery	Not Achieved / no input from Councillors received /Request councillors to submit info	Source Available on school back logs//Request councillors to submit info	Not Achieved	Info may be available at Stats SA/Not Senqu P & F	
Municipal Road and storm water maintenance	Poor or insufficient infrastructure	Existing roads	Implement MIG road projects	Implement MIG road projects	Implementation of MTERF/1- Tender dependent	Achieved Tender awarded by Sept 2011	Implementation of MTERF/	Achieved /605 km gravel Road in Kwezi Naledi /71 Relief staff hired/		
		Existing storm water	Public and infrastructure safety and protection	Maintain and construct storm water channels	Maintain and construct storm water channels /2-Tender dependent	Not Achieved Tenders were awarded by Sept 2011	Maintain and construct storm water channels	Achieved /construction of Roads & stromwater Sterkspruit 127 m of new stromwater crossings installed in rural areas / 43 km side drains maintained /123 catch pits cleaned		

KPA:SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

Objective: To ensure that cost effective, appropriate and efficient services are delivered

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Municipal Road and storm water maintenance	Poor or insufficient infrastructure	Prioritization of Existing roads	Public safety/Ensure smooth riding surface	Identify all roads in need of upgrades Implement of IDP/MIG road projects : Repair potholes on surfaced roads (180)	Repair potholes on surfaced roads (180) (45) per quarter	Repair potholes on surfaced roads 180	Repair potholes on surfaced roads (180) (45) per quarter	Over Achieved 1456 potholes repaired		★
Municipal Road and storm water maintenance	Poor or insufficient infrastructure/ 24 km -- target set during the preceding FY /27232 H/Hs -- without access to Gravel /graded roads	Prioritization of Existing roads	Public safety/Increase infrastructure lifespan	Identify all roads in need of upgrades Implement of IDP/MIG road projects	Re gravelling /patching/ shaping & Grading of roads / streets 24 km by June 2011 in Lady Grey ,Hershel , Rhodes, Rossouw and Barkly East	Over Achieved by 9.5 km = 33.5 km graded /Senqu Internal Roads Team, 6 km upgraded at various locations due to voting and funded DHLG, Relief staff hired = 371	Re gravelling /patching/ shaping & Grading of roads / streets 20 km by June 2011 in Lady Grey ,Hershel , Rhodes, Rossouw and Barkly East	19 km of Senqu internal Roads rehabilitated & maintain /605 km gravel Road in Kwezi Naledi /71 Relief staff hired	69% of capital projects reserved for road upgrading & maintenance /Costs estimates & strategy on various future projects done (MTEF) these were however changed by the BSC /variance of 1 km Senqu internal Roads	👍


KPA: SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

Objective: To ensure that cost effective, appropriate and efficient services are delivered

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Backlogs Roads	24 km -- target set during the preceding FY /27232 H/Hs -- without access to Gravel /graded roads /estimated backlog road infrastructure 522 km (90% achieved delay in Musong Road project)	Prioritization of Existing roads	Maintained infrastructure & Increased grant allocation and improved quality of roads/accessibility to communities	To upgrade and maintain current infrastructure :Roads (Musong Road)	Implement MIG road projects/ upgrade and maintain current infrastructure :Roads (Musong Road)	Completed after FY in the preceding FY (November 2011) due to SCM issues (delayed 3 months)/ 25 M of Musong Rd surfaced R 2 ,000 000.00 /Signed SLA between Senqu and the DRPW for surfacing of Musong road. / Musong Road (Surfacing) (project carried over from the preceding FY currently being surfaced) – funded by DoRPW.	Planned target set for the FY under review /53.4 km (Est. 2264 H/Hs) reached during the FY 100 % achieved during the Year	1675 h/h reached during the FY/33.5 km/ contractors require completion of minor defects (as per snag list)		



KPA: SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Electricity infrastructure Reduce electricity losses over 3 years to be at loss of 10%	Financial loss	Existing networks	Reduction in losses will result in curbing Fruitless and wasteful expenditure & audit queries (Improved infrastructure (electrical network)/heightened controls	Reduce losses over 3 years by June 2013	Implementation of 3 year plan/Improved Service Delivery/reduction of losses / Limit audit qualification / reduction to 20%	Losses Reduced from 45% to 23, 89% (as per audited AFS) meters replaced. 8849 m conductor replaced /additionally	Facilitate the Implementation strategy/ plan with heightened controls & monitoring to curb electricity losses over 3 years by 20%	Electricity losses have dropped to 14.91 (Taking into account 10% Technical Losses)Cost of units lost considered fruitless expenditure R 742 700 377 consumers disconnected 7 illegal connections dealt with	14.91% declared in the AFS is to be verified on completion of audited AFS Challenges theft/illegal connections /poor metering, ageing infrastructure and incorrect accounts /In an effort to remedy these issues a 3-year plan is to be implemented in order to reduce electricity losses to 10% within the next 2 years.	



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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Municipal Road maintenance	Poor or insufficient infrastructure	Existing signage	Public safety	Renew/ replace signs where needed Tender placed / target set at 36	Renew/ replace signs where needed	In progress Tender placed	Renew / replace signs /36 Signs purchased & signs erected	24 Signs purchased & signs erected	Funding constraints only 24 signs could be purchased	
In service training	No in service training programme and policy exist as well as an internship and mentorship programme	Policy and programme development/Internship programme and policy/In service training programme & policy	Capacity building / A community with greater skills	To develop an in service training programme and policy for students/Implement Internship programme /commence with recruitment processes / appoint interns	Implement Internship programme /commence with recruitment processes / appoint interns	17 Interns were recruited as per the EPWP job creation Business Plan in an effort to create jobs within the area.	Ongoing Implementation of Internship programme /report on progress	17 Interns were recruited / contracts for interns extended for a further six months to December 2011. An advert will be placed for new recruits in November 2011 to start in January 2012.	2 New intern recruits appointed February 2012.(to be confirmed)	


KPA: SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

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						Actual		Actual		
Management of refuse collection as per scheduled Waste Management Plan	Operations plan /schedule in place regular collection as scheduled for Urban /business / informal settlements collected from an informal communal point	Operations schedule / plan for waste /management and control of Waste	Management and control of Waste Management legislative compliance /	Refuse collection as per schedule Waste Management Plan	Refuse collection as per scheduled Waste Management programme	Waste collected as scheduled / Monthly reporting from CSSM	Refuse collection as per schedule Waste Management Plan	Waste collected as scheduled / Monthly reporting from CSSM	Refuse collected as per schedule but required to obtain clarity re- figures reported - advice from DEDEA to be obtained	
LED (MTAS)	LED Strategy adopted in LED is unco-ordinated and underfunded (MTAS)2007/	Departmental budget (DLG &TA /Revised strategy	Co-ordinated LED delivery	Revised LED strategy	Review an LED strategy 1	In progress	Review an LED strategy 1 completed by Dec 2011	Draft LED Strategy completed /not accepted / Insufficient funds to complete	Insufficient funds to complete	


KPA: SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Waste Management, Solid Waste Landfill sites	Need to restore landfill sites /Rehabilitate existing solid waste site/ EIA not approved	Maintained & functional landfill sites restoration of landfill sites /Rehabilitation of existing waste site	Improved management and control of Waste Management legislative compliance	Establishment of solid waste sites at Sterkspruit, Rhodes, Rossouw - EIA to be conducted by Service Provider./ Sterkspruit disposal site - DEDEA to assist	solid waste sites at Sterkspruit, Rhodes, Rossouw	Not Achieved /EIA not approved	EIA to be conducted by Service Provider./ Sterkspruit disposal site	Not Achieved /EIA not approved	Channel funding to other identified project/review target Declared in NOTE 53 of the AFS The municipality does not have a permit or license for all of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.	


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						Actual		Actual		
Maintenance and upgrade of parks, sidewalks and open spaces & cemeteries	Ongoing maintenance / lack of funding /resources	Facilities/budget /schedules /support staff	Improved facilities /Improved Service Delivery /Clean maintained & neat cemeteries/ parks, sidewalks and open spaces	Compliance with maintenance schedules for parks, sidewalks and open spaces Cemetery maintenance as per maintenance schedule and plan	Cemetery maintenance as per maintenance schedule and plan	All reports on maintenance and cleaning campaigns provided monthly. Maintenance Schedule Monthly Implementation Reports /Cemetery maintenance as per maintenance schedule and plan	Compliance with maintenance schedules for parks, sidewalks and open spaces Cemetery maintenance as per maintenance schedule and plan an electronic cemetery register established	All reports on maintenance and cleaning campaigns provided monthly. Maintenance Schedule Monthly Implementation Reports /Cemetery maintenance as per maintenance schedule and plan	No funding for establishment of electronic cemetery register /the information is being captured into a excel spreadsheet	

KPA: SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

Objective: To ensure that cost effective, appropriate and efficient services are delivered

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Halls	Halls renovated and upgraded as per Halls Maintenance Programme	Halls Maintenance Programme/policies and procedures /funding	Improved running and administration of MPPC's and Community Halls and Schools	Halls renovated and upgraded as per Halls Maintenance Programme	Buildings Upgraded (Nkuleleko Hall and Fairview Hall), Schools and facilities	Report on location and condition of existing halls, pre-schools and MPPC's. Policies and procedures for schools, MPPC's and halls not achieved (community consultation still underway).36 out of 72 agreements for schools and centres, and none required for halls. Water not yet obtained for halls from WSA.	Nkuleleko Hall renovated and upgraded as per Halls Maintenance Programme /Reports and Progress	Halls renovated and upgraded as per Halls Maintenance Programme (Nkululeko Hall)	Policies and procedures regards halls usage nor enforced required to be addresses/ non implementation	


KPA: SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

Objective: To ensure that cost effective, appropriate and efficient services are delivered

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Current infrastructure does not support tourism (MTAS)	No tourism sector plan exists to guide tourism development	Service provider	Tourism sector plan / Co-ordinated planning based on tourism sector plan	Develop tourism sector plan/Adopt tourism sector plan	Develop tourism sector plan/Adopt tourism sector plan by March 2012/engage stakeholders	Poor co-operation of stakeholders/ Bid Committees delay the appointment	Tourism sector plan/Adopted tourism sector plan by March 2012/engage stakeholders	No reporting information unable to assess		?
	Current tourism structures are not operating effectively	Tourism	Marketing & Functioning & integrated tourism structures	Tourism Brochure developed by 30 Sept 2011	Tourism Brochure developed	Achieved	Tourism Brochure distributed	Achieved		👍
		Training & awareness campaigns		Expo attendance	Attendance at Expo's (4)	Achieved / Attendance at Expo's (1)	Attendance of expos (Oct 2011)	Achieved / Attendance at Expo's (1)		👍
			Revived and functioning LTO's	3 LTO's established /meetings held for the launch of the LTO	Establish LTO/ meetings held for the launch of the LTO	Establish launch of the LTO	2 meetings held for the launch of the LTO/1 LTO established	Resistance experienced /Slow progress /lack of funding	👍	


KPA:SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

Objective: To ensure that cost effective, appropriate and efficient services are delivered

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
						Business forums and co-operative development		No Hawkers Association		
LED forum not functional	LED Forum	LED Forum	capacitated LED unit and related structures	Improve profitability (competitiveness) /increase the establishment of new viable enterprises in priority sectors.	LED Forum functional /LED forum meetings 4 meetings (1 per quarter) / reporting /minutes	Not Achieved	LED Forum functional /LED forum meeting 1 per quarter) / reporting /minutes	Not Achieved	Poor functioning LED Unit / No formal reporting /LED forum established not functional. Largely due to some members of the forum not fully understanding the role of LED & re-training must occur in order to resolve & minimize this issue.	

KPA:SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

Objective: To ensure that cost effective, appropriate and efficient services are delivered

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Small town regeneration	No economic development plans exist for the urban areas of Senqu	Regeneration plans / Consolidated Sterkspruit town	Economic regeneration / Increased revenue base	Develop economic regeneration plans for Barkly East by Dec 2011	1 small towns regeneration plan developed	Develop economic regeneration plans for Barkly East by Dec 2011/Tender TOR Developed /advertised / Service provider appointed	Develop economic regeneration plans for Barkly East by Dec 2011,	Tender delayed in Bid Committees	Insufficient funds	
		Neighbourhood Development grant	Economic regeneration	Khwezi Naledi linked to the main town of Lady Grey Greening, surveying, walkway, Taxi slipway & pedestrian bridge in Khwezi Naledi	Khwezi Naledi greening (Design & tender for greening & implementation as per project plans) by March 2012	No documented target	Design & tender for greening & implementation as per project plans) by March 2012	No reporting information unable to assess	Project design complete /and waiting for service provider report on NDGP funding/Reliance on Funding - CG funding reduced - 3 year / Construction to start in LG in 2011/12	?





KPA: SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

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IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
EPWP; Focusing on efforts enabling economic growth based on identified sectoral development potential & addressing poverty through poverty alleviation initiatives in collaboration with other spheres of government	EPWP has been implemented in the municipality	participation in EPWP - environmental upliftment project /projects approved by Dept. Public works	Increased employment/Increased revenue base	Capital projects complying with EPWP : road projects and budget of R 3 500 000 / Report on participation / no of participants appointed / (monthly progress and quarterly reporting)/job creation programmes /Ensure ongoing participation in EPWP - environmental upliftment project (projects approved by Dept. Public works)	Report on participation / no of participants appointed / (monthly progress and quarterly reporting)/job creation programmes /Ensure ongoing participation in EPWP - environmental upliftment project (projects approved by Dept. Public works)	1320 temporary road jobs created with EPWP(44 FTE)	Report on participation / no of participants appointed / (monthly progress and quarterly reporting)/job creation programmes /Ensure ongoing participation in EPWP - environmental upliftment project (projects approved by Dept. Public works)	Unable to assess statistics require to be confirmed Technical Services information provision Budget R 3 500 000.00 Allocated for job creation 1049 jobs created / all internal and MIG projects registered with EPWP resulted in a total income of R 1 625 000.00 under the labour rebate program	Statistics to be verified EPWP report (PMU Unit) Sterkspruit Taxi Rank Budget R 13 522 945 .27 & estimated jobs 21 Upgrading lighting sportsfields Kwezi Naledi Budget R 3 500 000.00 estimated jobs 5 /Stormwater Kwezi Naledi Budget R 11 5 00 .000.00 Estimated jobs 25 /Road surfacing in Sterkspruit Budget R 3 200.000.00 estimated jobs 24 Musong Road Budget R 27 000 000.00 estimated jobs 74 Job creation programs R 3 500 000.00 estimated jobs 168 Senqu Roads Maintenance R 550 000.00 estimated jobs 25	?



KPA: SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

Objective: To ensure land is developed in accordance with SDF and planning administration

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Land administration and spatial development	The SDF has been reviewed. Land legislation has not been enforced particularly in the former Transkei and this has led to continuous land invasions	Adherence to Town & regional planning norms and standards	Well-coordinated development / Efficient an effective co-coherent development	development applications	Approval of development applications/reporting Quarterly/statistics for TP	Achieved	Approval of development applications/reporting TP statistics	Achieved		
		SDF review		Urban inspection reports	Monthly Urban inspection reports	Achieved / Completed	Monthly Urban inspection reports	Achieved / Completed		
				Reviewed SDF	Reviewed SDF July 2011	Not Achieved /50 % - delay in IDP process	Review of Strategies & objectives by Dec 2011	Achieved		
	Land Use Control / Control of Land invasion and illegal structures	Effective utilization of land/Decrease in uncontrolled urbanization	Conduct workshop/meetings with stakeholders	Conduct workshop/ meetings with stakeholders /Traditional leadership by Oct 2011	No Target	Conduct workshop/meetings with stakeholders by Oct 2011	Not Achieved			


KPA: SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

Objective: To ensure land is developed in accordance with SDF and planning administration

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Land administration and spatial development	Land invasion and illegal structures	legal services	Decrease in uncontrolled urbanization / Effective utilization of land	To identify problem areas Land invasion and illegal structures and develop and enforce policies and procedures	Reviewed policies /tabled to council by Dec 2011	No Target Documented	Reviewed policies /tabled to council by Dec 2011	Not Achieved		
Commonage management	Poor management of commonages / Limited Budget/commonage management plan not in place /camps not fenced /stock not rotated /Commonage Management Plan is in place	Poor management of commonages / Limited Budget/commonage management plan not in place /camps not fenced /stock not rotated	Commonage management & control / Effective utilization of land	Review Commonage management policy /camps fenced by Dec 2011	Review Commonage management policy	Reviewed but rejected	Fenced camp	Not Achieved		



KPA: SERVICE DELIVERY & INFRASTRUCTURE (Cont.)

Objective: To ensure land is developed in accordance with SDF and planning administration

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Municipal/Town Planning	Absence of a Town Planner but Director of IPME is a registered Town Planner and as a short term solution, he provides assistance to the municipality in this regard.	TP /building applications ,plans	Provision to ensure applications are passed and areas are zoned appropriately & are processed according to legislation	Building Plans and Town Planning approval / Transfer of deeds and town registers are processed according to legislation/ Building inspection carried / Quarterly & Monthly statistics / progress reports	TP functions are reported on Quarterly & Monthly statistics / progress reports Reviewal of quarterly reports	Achieved /Residential new : 1 Residential additions : 1 Commercial : 0 Industrial : 0 Other Churches /rezonings : 1	Building Plans and Town Planning approval / Transfer of deeds and town registers are processed according to legislation/ Quarterly & Monthly statistics / building inspections are carried progress reports	Achieved /Residential new : 620 RDP houses Residential additions : 28 Commercial : 3 Industrial : 6 Other Churches /rezonings : 2 (churches)	Building plans and town planning applications are received in the various urban area offices of Senqu i.e. Barkly East, Lady Grey and Sterkspruit and these applications are then forwarded to the office of the Director in order to be processed. All of the major urban areas in Senqu have zoning schemes.	



KPA: LOCAL ECONOMIC DEVELOPMENT

Objective: To ensure that conditions are created which stimulate the growth of the local economy

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Sound financial management	Improve departmental adherence to SCM policies and procedures	SCM policy	Improved accountability	Decrease in deviations in SCM policy /Quarterly deviation reports	Decrease in deviations in SCM by 90 % /Quarterly deviation reports	Two deviations from SCM procedures. Warning are issued for non-adherence to the SCM policy (R 1,568,252)	Decrease in deviations in SCM by 90 % /Quarterly deviation reports	There has been a significant improvement in managing deviations in SCM /No irregular expenditure recorded in the AFS	Note 46.7 No non-compliance with the Supply Chain Management Regulations were identified during the financial year	
Capital MTERF: Draw up Capital plan for MTERF	MTERF Infrastructure Plan in place	Capital MTERF Plan	Improved governance	Alignment of Council's priorities for sustainable development MTERF Plan approved	MTERF Plan approved	Achieved / approved by Council and Implementation 2010/2011	MTERF Plan approved/ approved by Council and Implementation 2011/2012	Achieved / approved by Council and Implementation 2011/2012		


KPA: LOCAL ECONOMIC DEVELOPMENT (Cont.)

Objective: To ensure that conditions are created which stimulate the growth of the local economy

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Waste Awareness	Awareness Campaign not launched		Improved Service Delivery and public awareness and Waste Management legislative compliance	Waste Awareness Campaign to be launched	Waste Awareness Campaign to be launched	Not Achieved	Waste Awareness Campaign /report on progress	Not Achieved	Lack of funds	
Waste Awareness	Recycling Project in Sterkspruit /lack of funds		Improved Service Delivery and public awareness and Waste Management legislative compliance	Recycling Project in Sterkspruit and Barkly East to be implemented as per plan	Recycling Project in Sterkspruit and Barkly East to be implemented as per plan	Partially Achieved/project not adequately regulated	Recycling Project in Sterkspruit and Barkly East /report on progress	Not Achieved	Lack of funds	


KPA: LOCAL ECONOMIC DEVELOPMENT (Cont.)

Objective: To ensure that conditions are created which stimulate the growth of the local economy

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Waste Awareness	Not functional/ Lack of funds		Improved Service Delivery and public awareness and Waste Management legislative compliance	Approval of Rhodes Compost Project and implementation as per plan (linked to Garden Project in Lady Grey)	Rhodes Compost Project and implementation as per plan (linked to Garden Project in Lady Grey)	Not Achieved	Rhodes Compost Project and implementation as per plan	Not Achieved	Not functional/ Lack of funds	


KPA: LOCAL ECONOMIC DEVELOPMENT (Cont.)

Objective: To ensure that conditions are created which stimulate the growth of the local economy

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
HDI participation in LED / Small and Micro Enterprise Development (promotion of BBBEE, preferential procurement)	30 % of tenders awarded to HDI's	Quarterly report SCM: Tenders and Bid Reports/service providers reports /SLA's /responsive tenders that meet SCM requirements /Compliance Report	Promotion of BBEEE by creating a enabling environment for local economic development (local businesses benefitting from procurement / bid award opportunities/ maximize economic opportunities	40 % tenders awarded to HDI's/BBBEE	Report on % Tenders awarded to HDI's /BBBEE to achieve 40% by Q4	76.49% of tenders have been awarded to HDI's/BBBEE companies during 2010/11 financial year./ Tenders between R 30 000 to R 200 000 – 76.49% Tenders between R 30 000 to R 500 000 – 23.51% Tenders R 10 million plus - 63.21% / Tenders R 10 million plus - 63.21%	Report on 30% Tenders awarded to HDI/BBBEE	30% of tenders have been awarded to HDI's		



KPA: FINANCIAL VIABILITY

Objective: To ensure the financial viability of the municipality by implementation of good financial management

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Sound financial management	Improve departmental adherence to SCM policies and procedures	SCM policy	Improved accountability	Decrease in deviations in SCM policy /Quarterly deviation reports	Decrease in deviations in SCM by 90 % /Quarterly deviation reports	During first quarter there were two deviations from SCM procedures. Warning are issued for non-adherence to the SCM policy	Decrease in deviations in SCM by 90 % /Quarterly deviation reports	Achieved Warning are issued for non-adherence to the SCM policy	Invitations for competitive bidding advertised as per the requirements of supply chain management (SCM) regulation 22(1), 22(2). All tenders above 10 Million advertised for 30 Days/Implement controls implemented to prevent , irregular and unauthorised expenditure and ensure that all supporting documentation accompanying payments are complete and valid and comply with applicable legislation section 62(1)(d) of the MFMA	


KPA: FINANCIAL VIABILITY

Objective: To ensure the financial viability of the municipality by implementation of good financial management

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Payment of creditors	Creditors must be paid within 30 days	Invoices/creditors paid within 30 days of invoice	Compliance with legislation	Creditors paid within 30 days of invoice	Creditors paid within 30 days of invoice	Creditors paid within 30 days of invoice	Creditors paid within 30 days of invoice	All creditors paid within 30 days.	Departments don't submit invoices timeously	
Annual Financial Statements	Annual Submission compliance achieved as legislated	AFS	Legal compliance (MFMA)	Annual Financial Statements compiled & submission dates adherence (31 Aug)	AFS complied and submitted to AG/NT by 31 Aug 2011	Achieved	AFS complied and submitted to AG/NT by 31 Aug 2012	Achieved		


KPA: FINANCIAL VIABILITY (Cont.)

Objective: To ensure the financial viability of the municipality by implementation of good financial management

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Asset Management Compliance	As a medium capacity municipality - Senqu Municipality recognized by National Treasury for being one of the first Municipality in the province to be GRAP compliant.	loose assets accounted / Compiling, updating Assets inventory lists /Various Depts co -operation	Maintenance & Control of assets All assets marked & accounted for /comprehensive assets register /compliance	Asset Management Policy reviewed / placed on Municipal Website Management & maintenance & Control of assets / Assets movable & immovable	Assets movable & immovable are recorded in the assets register /assets bar-coded/Register updated monthly / New assets purchased by Depts. are recorded & updated monthly	Achieved	Assets movable & immovable are recorded in the assets register /assets bar-coded/Register updated monthly / New assets purchased by Depts. are recorded & updated monthly	Achieved /Compliance in respect of Asset Management fully achieved.	All inventories list updated / moveable (loose) assets and re-valuing of assets; Compliance with all Asset Management & Insurance Policies / assets are being recorded and bar-coded as prescribed.	

KPA: FINANCIAL VIABILITY (Cont.)

Objective: To ensure the financial viability of the municipality by implementation of good financial management

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Asset Manage Compliance with Disposal of Assets in terms of s 14 (5) MFMA by annually identifying & assessing assets for disposal ment/	Disposal of Assets (per assets management policy stipulations)/ assets register update / Annual disposal Plan /Public auction / council resolution	updating Assets inventory lists /Various Depts/ Identify & asses assets to be disposed	Maintenance & Control of assets All assets/ Compliance with Disposal of Assets in terms of s 14 (5) MFMA	Compliance with Disposal of Assets in terms of s 14 (5) MFMA by annually identifying & assessing assets for disposal	All Dept. s57 Managers to Identify & asses assets to be disposed /submission to CFO for tabling an item to Finance Develop Disposal Plan / approval from council SC/ Dispose of assets per stipulated assets management policy processes and or by arranging public auction / Update assets management register	Not fully Achieved	Identify & asses assets to be disposed/ Update assets management register	Achieved		


KPA: FINANCIAL VIABILITY (Cont.)

Objective: To ensure the financial viability of the municipality by implementation of good financial management

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Financial Viability: To create an environment of effective, accountable and viable financial management with reliable information technology and accurate database.	Full compliance achieved	S71 Reporting	MFMA requirements relating to accounting and reporting	Implement MFMA requirements Submission of s71 reports monthly (12)	Submit s71 reports monthly to NT X3 per quarter reports	Achieved / In progress	Submit s71 reports monthly to NT X3 reports per quarter	Achieved		


KPA: FINANCIAL VIABILITY (Cont.)

Objective: To ensure the financial viability of the municipality by implementation of good financial management

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Bank reconciliations	Full compliance achieved	Monthly reconciled bank statements	Implement MFMA requirement/ Implement monthly bank reconciliations /Good financial practices	Submit monthly Full compliance achieved /12 Implement MFMA requirements	monthly bank reconciliations submitted x3	Achieved / In progress	monthly bank reconciliations submitted x3	Achieved / In progress		

KPA: FINANCIAL VIABILITY (Cont.)

Objective: To ensure the financial viability of the municipality by implementation of good financial management

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Mid-year Performance (Financial performance component)	compliance achieved /report not consolidated with other performance information from other Directorates / poorly consolidated reporting	Mid-year Performance information (financial and institutional consolidated	MFMA requirements relating to accounting and reporting	Mid-year Performance report to Municipal Manager, Exco, Full Council, Provincial and National Treasury and AG provided in terms of MFMA	Mid-year Performance report inclusive of NT Schedule C report tabled to council by 25 January 2011 sent to NT by 28 February 2011	Not Achieved	Mid-year Performance report inclusive of NT Schedule C report tabled to council by 25 January 2012 sent to NT by 28 February 2012	Achieved	Mid Year Performance report 12/13 to be tabled 25 Jan 2013/ Contributions from Depts. performance reporting and finance Dept. for contribution (Financial performance component) for consolidation of mid-year report to Municipal Manager, Exco, Full Council, Provincial and National Treasury and AG	


KPA: FINANCIAL VIABILITY (Cont.)

Objective: To ensure the financial viability of the municipality by implementation of good financial management

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
SDBIP/ alignment of budget and SDBIP to IDP, and accuracy of financials	Not fully aligned	SDBIP reporting /s57 managers	Establishing sound financial management practices / MFMA requirement	Alignment of budget and SDBIP to IDP, and accuracy of financials	Consolidated SDBIP 2010 / 2011 /Aligned to IDP & Financial plan aligned /SDBIP approved by the mayor (within 28 days of the adoption of the budget) by 30 June 2011 adoption of final SDBIP	Achieved but requires greater alignment & review in terms of targets & No /structured reporting on target achievement CFO ensures alignment of budget and SDBIP to IDP, and accuracy of financials	Alignment of budget and SDBIP to IDP, and accuracy of financials	Achieved but requires greater alignment & review in terms of targets & No /structured reporting on target achievement CFO ensures alignment of budget and SDBIP to IDP, and accuracy of financials	Notwithstanding SDBIP submission in 11/12 it requires greater Alignment of budget and SDBIP to IDP, and accuracy of financials to be achieved / area that requires attention /reporting not consolidated	


KPA: FINANCIAL VIABILITY (Cont.)

Objective: To ensure the financial viability of the municipality by implementation of good financial management

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Credit control, debt collection and sound financial management	Payment level is 82,5%	Credit control policy implementation control outstanding debt	Maintain & Increased revenue / /promoting culture of payment	Improved payment levels of accounts to 90%	Improved payment levels of accounts to 90%	Not Achieved/ Debtors as Dec 2011 amounts to R 21.6 Mill /Debtors more than 365 days amounts to R 12.5 Mill (579.%) of total debtors book/ratio of outstanding debtors to revenue is 20.6%	Improved payment levels of accounts to 90%	<p>R 19.6 million of which</p> <p>R 11.7 million pertains to debt older than 365 days, which is 59.69 % of the total debt book. The debtors analysis per category</p> <p>Households: 13.7 million;</p> <p>Business: R 5,3 million;</p> <p>Government: R 0.28</p> <p>Other: R 0,23 million. Ratio of outstanding debtors' to revenue is 12.61%.</p>		


KPA: FINANCIAL VIABILITY (Cont.)

Objective: To ensure the financial viability of the municipality by implementation of good financial management

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Management of Credit control and debt collection policy/reports on Service debtors to revenue (Reporting requirements in terms of s46 MSA)	Service Debtors during the preceding FY amounted to R 21.6 Mill /Debtors more than 365 days amounts to R 12.5 Mill (579.% of total debtors book/ratio of outstanding debtors to revenue is 20.6%	Service Debtors coverage to total operating revenue/operating grant /outstanding service debtors to revenue / payments received in the FY (A represent outstanding service debtors to revenue /B represents outstanding service debtors/C represent annual revenue actually received during the FY (A = B divided by C)	Enhanced financial viability /Legal Compliance - effective service delivery patterns and objectives	Report on the Municipality 's Financial ability expressed as per regulation 10(g) report quarterly on Service debtors to revenue (NKPI) (Service Debtors to revenue) % net debtors to annual income	Report on service debtors / net debtors to annual income (NKPI) (Service Debtors to revenue) target set to at 80% net service debtors to annual income	14%	Report on service debtors / net debtors to annual income (NKPI) (Service Debtors to revenue) target set to at 80% net service debtors to annual income	12.61% rounded to 13%		


KPA: FINANCIAL VIABILITY (Cont.)

Objective: To ensure the financial viability of the municipality by implementation of good financial management

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Financial Viability: creating an environment of effective, accountable and viable financial management /expand & protect municipal revenue base	cost coverage ratio in the preceding FY 2:1	Cost coverage (A represent cost coverage /B represents all available cash at a particular time/C represent investments /D represents monthly fixed operating expenditure (A = B + C divided by D)	Enhanced financial viability /Legal Compliance - Increase revenue base	Report on the Municipality's Financial ability expressed as per regulation 10(g) report quarterly on the cost coverage ratio (NKPI) (Service Debtors to revenue) (Reporting requirements in terms of s46 MSA)	Report on cost coverage ratio target 2.:1	2.13:1	Report on cost coverage ratio target 2.:1	2.08:1		


KPA: FINANCIAL VIABILITY (Cont.)

Objective: To ensure the financial viability of the municipality by implementation of good financial management

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Management of Credit control and debt collection policy / reports on the debt coverage ratio (Reporting requirements in terms of s46 MSA)	Debt coverage ratio during the preceding FY was 4:1	Debt coverage to total operating revenue/operating grant /debt service payment due in the FY (A represent debt coverage /B represents revenue received/C represent operating grant /D represents debt service payments due in the FY (A = B - C divided by D)	Enhanced financial viability /Legal Compliance - Increase revenue base	Report on the Municipality's Financial ability expressed as per regulation 10(g) report quarterly on the debt coverage ratio (NKPI) (Debt coverage)	Report on debt coverage ratio (NKPI) (Debt coverage ratios) target set at 4:1	10.01	Report on debt coverage ratio (NKPI) (Debt coverage ratios) target set at 4:1	9.45 :1		


KPA: FINANCIAL VIABILITY (Cont.)

Objective: To ensure the financial viability of the municipality by implementation of good financial management

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Financial Viability: creating an environment of effective, accountable and viable financial management /expand & protect municipal revenue base	Underspent by 26%.	OPEX / expenditure reporting / Reporting Compliance / PM 13's / s71 reports /Municipal Manager / CFO/all s56 Directors	Budget & revenue is managed effectively /appropriate financial controls and systems in place putting in place /compliance with MFMA/MPPR	% OPEX Operating budget spent year to date excluding staff costs / 95% of Operating budget spent year to date excluding staff costs Total operating budget Total Salaries	(Quarterly Reports /Reporting Compliance) (within 5% variance)	10/11 FY was underspent by 26%. Due to circumstances beyond the Municipalities control due to the functionalization of the Healthy function nationally, which has now been moved to province. R 41,895.00	% OPEX Operating budget spent year to date excluding staff costs / 95% of Operating budget spent year to date excluding staff costs (Quarterly Reports /Reporting Compliance) (within 5% variance)	11/12 FY 10 % variance for staff against budget ed amount and 2% variance against budget amount for councillors underspent by 12% mainly due to not filling all vacant funded positions Total operating budget R 164,316 116 Total Salaries R 54, 025 255.	OPEX increased by 9.07% in 2011/2012 /The current personnel expenditure is pitched at 37.27%.	


KPA: FINANCIAL VIABILITY (Cont.)

Objective: To ensure the financial viability of the municipality by implementation of good financial management

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Financial Viability: creating an environment of effective, accountable and viable financial management /expand & protect municipal revenue base	underspent by 29%	CAPEX /expenditure reporting / Reporting Compliance / PM 13's / s71 reports /Municipal Manager / CFO/all s56 Directors	Financial resources effectively managed financial controls and systems in place putting in place /compliance with MFMA/MPPR	% allocated CAPEX / capital budget spent year to date / 95 % Capital budget spent year to date / (within 5% variance)	(Quarterly Reports /Reporting Compliance) (within 5% variance)	10/11 FY underspent by 29%. Occurred as a direct result of the non implementation of the Housing project in Hershel, due to the delays in receiving the NDGP Grant.	(Quarterly Reports /Reporting Compliance) (within 5% variance)	11/12 FY CAPEX expenditure R 38.223 million 93.09 % of the approved budget of 41,057 million for the 2011/12 financial year.	Variance of 1.1% of the set Target of 95%	



COMPULSORY CORE MANAGEMENT COMPETENCIES

CMC 1: Financial Management

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome /Impact /Quality	KPI	Target/	30 June 2011	Target/	30 June 2012	Variance/ Reason /Comments	Snapshot
					Timeframe	Actual	Timeframe	Actual		
Effective, accountable and viable financial management	Annually completed	Capital /operational budget /efficient, effective and economical monetary management for a health financial position;/Ensuring effective expenditure /MFMA Compliance (MPPR)	Improved financial management	Financial resources are effectively managed and 98% of the operational and capital budgets spent per annum	Monitor Budget expenditure /report on % expenditure in quarters	Ongoing measurement/Monthly reports submitted to Budget & Treasury Standing & Executive Committees. All Directors have access to the Financial System to ensure that they can control their operational & capital budgets.	Monitor Budget expenditure /report on % expenditure in quarters	Ongoing measurement/Monthly reports submitted to Budget & Treasury Standing & Executive Committees. All Directors have access to the Financial System / 60% expenditure on CAPITAL by Q 2I By Q 4 CAPEX expenditure R 38.223 million 93.09 % of the approved budget of 41,057 million for the 2011/12 financial year		

COMPULSORY CORE MANAGEMENT COMPETENCIES

CMC 1: Financial Management (Cont.)

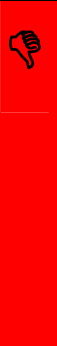

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/Impact /Quality	KPI	Target/Timeframe	30 June 2011	Target/Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Creates an environment of effective, accountable and viable financial management	Monthly printouts Exception reports	SDBIP/Spent budget/expenditure reporting Spent budget / effective use of financial resources/budget /expenditure reports	good financial management	Resources managed effectively & over/under expenditure managed within Budget Monitor budget expenditure /100% (Var. 2%) by Q 4	Reporting and analysis monthly	Achieved/Monthly reports submitted to Budget & Treasury Standing & Executive Committees.	Reporting and analysis monthly	Achieved		
		SCM policy	Service delivery	Complies with all prescriptions of SCM Policy re: procurement	Procurement Reports/SP/ project progress /performance monitored /quarterly	Not fully Achieved	Procurement Reports/SP/ project progress /performance monitored /quarterly	Not fully Achieved	SCM bid reports available SP/ not all SP progress /performance not monitored & measured	

COMPULSORY CORE MANAGEMENT COMPETENCIES


CMC 1: Financial Management (Cont.)

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Effective, accountable and viable financial management	Issues to be addressed annually in the Audit Action Plan	Completed audit action plan	Reporting quarterly on implementation of Audit Action Plan	progress to 70% attainment of a clean audit through applying steps to measure the issues raised	Reporting quarterly on implementation of Audit Action Plan 70%	Attendance at audit meetings & Reporting quarterly on implementation of Audit Action	Reporting quarterly on progress with implementation of Audit Action	Attendance at audit meetings & Reporting quarterly on implementation of Audit Action		👍



CMC 2: People Management and Empowerment

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Effective management of People, and encouragement to optimize goals/ Services delivered effectively and efficiently in the spirit of Batho Pele	Discipline not managed at line level / Disciplinary procedures not enforced	LR (collective agreement) and service conditions updates	Improved labour relations	Applies labour and employment regulations consistently. Provisions of LR Statistics Staff workshopped on LR (collective agreement) and service conditions updates	Provisions of LR Statistics Staff workshopped on LR (collective agreement) and service conditions updates	Partially Achieved	Provisions of LR Statistics Staff workshopped on LR (collective agreement) and service conditions updates	Partially Achieved	Discipline not managed at line level to be addressed / Provisions of LR Statistics to management /SC to be implemented Qauterly	
Effective management of People, and encouragement to optimize goals	WSP Training Plan and Training implemented/Implementation reports	WSP not adhered to	Capacitated staff	Annual training plan for Corporate Services developed and applied annually/Management of implementation of WSP	WSP Training Plan and Training implemented/Implementation reports	Achieved	Training as per WSP Plan /WSP implemented/Implementation reports	Achieved		

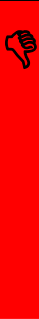

CMC 2: People Management and Empowerment (Cont.)

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Policy Reviews and Updates & compliance	Reviewed and approved policies - Policy workshop	Reviewed policies	Policies are reviewed and updated annually /Staff workshopped on policy updates - checking compliance	25% Planned Review / Staff workshopped on policy updates -	Planned Review / Staff workshopped on policy updates -	In progress	Review of policies / Staff workshopped on policy updates	Achieved		


CMC 3: Client orientation and Customer Focus

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Services delivered effectively and efficiently in the spirit of Batho Pele/SCM policy and staff/SCM updates provided to staff and placed on intranet /SCM workshop/ presentation	Ongoing	SCM policy and staff/SCM updates provided to staff and placed on intranet /SCM workshop/ presentation	Improved service delivery	Provision of assistance and support to staff in applying SCM policy and procedure	SCM policy and staff/SCM updates provided to staff and placed on intranet /SCM workshop/ presentation 100% support provision	Achieved	Ongoing updates SCM workshop/ presentation 100% support provision	Achieved		
	In progress			Workshop/ Advise staff on budget and SDBIP preparation	Workshop/ Advise staff on budget and SDBIP preparation	Not Achieved	Workshops/ Documentat ion	No reported on unable to assess to be verified		

CMC 3: Client orientation and Customer Focus (Cont.)

IDP Focus Area	Baseline	Input (Effectiveness) & Output	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Building an institution capable of effective delivery with sound administration	SDBIP Good governance submissions per Department no consolidation of SDBIP reporting /lack of detail	SDBIP/S57 Managers	Good governance /Facilitates PMS /service delivery	SDBIP Qauterly reporting 100%/consolidated report and presented to MM/Exco and council	SDBIP Consolidate report from Dept. inputs Qauterly reporting 100%/ presented to MM/Exco and council	Partially Achieved /SDBIP reporting poor/no consolidated reporting /lack detail	SDBIP Consolidate report from Dept. inputs Qauterly reporting 100%/ presented to MM/Exco and council	Partially Achieved /SDBIP reporting poor/no consolidated reporting /lack of detailed reporting detail	Notwithstanding the quarterly reporting /reporting is not consolidated poorly formatted /Capacity / resources	
Building an institution capable of effective delivery with sound administration	Cluster meeting minutes and action plans Quarterly progress reporting	Meetings attended	Good governance/ Public participation	Attendance of cluster meetings as scheduled in order to ascertain community needs and to develop the manner in which to address these	Attendance of cluster meetings as scheduled minutes and action plans Quarterly progress reporting /	Achieved	Attendance of cluster meetings as scheduled minutes and action plans Quarterly progress reporting /	Achieved		

CMC 3: Client orientation and Customer Focus (Cont.)

IDP Focus Area	Baseline	Input (Effectiveness) & Output (Impact /Quality)	Outcome/ Impact /Quality	KPI	Target/ Timeframe	30 June 2011	Target/ Timeframe	30 June 2012	Variance/ Reason /Comments	Snapshot
						Actual		Actual		
Services delivered effectively and efficiently in the spirit of Batho Pele	Telephone system not effectively implemented	Switch board operator /telephone system	effective telephone infrastructure system	Telephone management system effectively applied/ Less than 5% downtime on system that is within control/Telephone management	Monitor telephone management system/ Less than 5% downtime/ Monthly reports	Achieved	Monitor telephone management system/ Less than 5% downtime/ Monthly reports	Achieved	Telephone system to be installed by Telkom	

**Annexure
B**

**SERVICE PROVIDERS
REPORT**

BID/SERVICE PROVIDERS REPORTING 2011/2012

<p>Total number of times that the Tender Committee met during 2011/2012</p> <p>Evaluation Committee : 11 Times</p> <p>Adjudication Committee: 5 times</p>	
<p>Total number of times that the Tender Committee met during 2011/2012</p> <p>Evaluation Committee : 12 Times</p> <p>Adjudication Committee: 6 times</p>	
<p>Total number of tenders considered 2011/2012 - 38</p>	
<p>Total number of tenders considered 2010/2011 - 61</p>	
<p>Total number of tenders approved 2011/2012 – 27</p>	
<p>Total number of tenders approved 2010/2011 - 37</p>	
<p>Average time taken from tender advertisement to award of tender 2011/2012 : +/- 2 Months VS</p>	
<p>Average time taken from tender advertisement to award of tender 2010/2011 : +/- 2 Months</p>	

BID Committee Membership		
Bid Specification Committee Members	Bid Evaluation Committee Members	Bid Adjudication Committee Members
CR Venter (CFO)	CR Venter (CFO)	MM Yawa (MM)
P Brooks (PMU Manager)	P Brooks (PMU Manager)	C R Crozier (Director Tech Serv)
K Fourie (BTO)	K Fourie (BTO)	C LN Gologolo(Director Community Serv)
D Oertel (Manager IT)	D Oertel (Manager IT)	ML Theron (Director Corp Serv)
NV Languza (SCM Demand & Acquisition)	NV Languza (SCM Demand & Acquisition)	C N Sbukwana (Acting SCM Manager)
Head of Department of the Advertised tender		NV Languza (Demand & Acquisition Officer : SCM)

PPPFA GOALS OUTCOME

Notice No	Description	Price	BBBEE Points	No Franchise < 94	Women	Disability	Senqu	Joe Gqabi	Eastern Cape	Total
1st QUARTER - July, August & September 2011										
65/2011	Renovations to Barkly East Traffic Test Station	90.00		-	2.00	-	2.00	2.00	1.00	97.00
79/2011	Motor Grader	90.00		0.55	0.13	-	-	-	1.00	91.68
80/2011	Diesel Trailer (Bowser)	80.00		-	-	-	2.00	2.00	1.00	85.00
81/2011	Backhoe Loader	90.00		-	-	-	-	-	1.00	91.00
82/2011	Khwezi-Naledi Community Hall	80.00		-	4.00	-	4.00	4.00	2.00	94.00
83/2011	Tip Truck (1.2 - 2Ton)	90.00		0.08	0.05	-	-	2.00	1.00	93.13
84/2011	Furniture & Equipment	Re-Advertisement: Specifications								
85/2011	Khwezi-Naledi Sport Fields Lighting	90.00		0.52	0.26	-	-	-	-	90.78
91/2011	Tourism Sector Plan	Re-Advertisement: Specifications								
92/2011	Review, Update & Development of By-Laws	Re-Advertisement: Specifications								
93/2011	Senqu Branded Diaries & Calendars 2012	80.00		4.00	4.00	-	-	-	-	88.00

PPPFA GOALS OUTCOME (Cont.)										
Notice No	Description	Price	BBBEE Points	No Franchise < 94	Women	Disability	Senqu	Joe Gqabi	Eastern Cape	Total
2nd QUARTER - October, November & December 2011										
98/2011	32 Ton Coldmix Asphalt	80.00		1.04	2.12	-	-	-	-	83.16
99/2011	Tip Truck	90.00		1.00	-	-	-	-	-	91.00
108/2011	Legal Services	90.00		-	-	-	-	-	1.00	91.00
109/2011	Expression of Interest - Land	Not evaluated in terms of PPPFA goals.								
110/2011	Office Furniture - BTO	Re-Advertisement: All tenders Non-Responsive								
111/2011	Pressure Sealer	80.00		1.14	0.67	-	-	-	-	81.81
112/2011	Network Tidy-Up	80.00		-	-	-	-	4.00	2.00	86.00
2nd QUARTER - October, November & December 2011 (cont.)										
113/2011	Office Furniture - Community Services	Re-Advertisement: All tenders Non-Responsive								
114/2011	Section 57 Manager's Evaluation 2010/11	80.00		-	4.00	-	-	-	1.00	85.00
115/2011	Turnkey - Municipal Residence	Not Evaluated - Inadequate Funds								
116/2011	Development Organizational Structure	90.00		-	2.00	-	-	-	1.00	93.00
91/2011	Tourism Sector Plan	80.00		-	-	-	-	-	1.00	81.00
57/2011	2010/11 Annual Report	80.00		-	4.00	-	-	-	2.00	86.00
	Travel Agency Services	90.00		4.00	4.00	-	-	-	1.00	99.00

PPPFA GOALS OUTCOME (Cont.)										
Notice No	Description	Price	BBBEE Points	No Franchise < 94	Women	Disability	Senqu	Joe Gqabi	Eastern Cape	Total
3rd QUARTER - January, February & March 2012										
02/2012	Local Economic Strategy	80.00		4.00	-	-	-	-	2.00	86.00
03/2012	Protective Clothing	Not Evaluated - Inadequate Funds								
04/2012	Office Furniture - BTO	80.00		1.14	0.67	-	-	-	-	81.81
05/2012	Office Furniture - Community Services	80.00		-	-	-	-	4.00	2.00	86.00
06/2012	Legal Services	Re-Advertisement: No tenders received								
14/2012	68 Ton Cold Asphalt	80.00		-	-	-	-	-	2.00	82.00
V/O	Upgrading Existing Offices Traffic Test Station	Variation Order								-
17/2012	Khwezi-Naledi Node Development	90.00							4.00	94.00
23/2012	Disposal of Capital Assets	Highest Bidder								-
24/2012	Rental of Municipal Commonage	Highest Bidder								-
31/2012	Construction Gravel Roads Ward 7	80.00	16.00							96.00
35/2012	Design Documentation Supervision Bridge & Acces Road Transwilger	80.00	16.00							96.00
47/2012	Electrical Cables Accessories & 9 Pillar Boxes	Re-Advertisement: Inadequate Funding								

Total value of Tenders Awarded: 2011/ 2012: R 19,344,965.93

Service provider Progress

MUNICIPAL NOTICE NUMBER	DESCRIPTION	SERVICE PROVIDER APPOINTED	%SERVICE PROVIDERS PROGRESS/ PERFORMANCE	VARIANCE/ COMMENTS
57/2011	2010/2011 Annual Report + Professional Design & Layout	Charmaine van Schalkwyk Consulting, East London	100%	0%
65/2011	Renovations to Barkly East Traffic Test Station	Mhatti Architects, Lady Grey		
79/2011	Motor Grader	Bell Equipment, East London	100%	0%
80/2011	Diesel Trailer (Bowser)	JC Cloete/IC Marketing, Lady Grey	100%	0%
81/2011	Backhoe Loader	Komatsu SA (Pty), East London	100%	0%
82/2011	Khwezi-Naledi Community Hall	Mhatti Architects, Lady Grey	100%	0%
83/2011	Tip Truck (1.2 - 2Ton)	Re-Advertisement: Specifications	0%	0%
84/2011	Furniture & Equipment	Re-Advertisement: Specifications	0%	0%
85/2011	Khwezi-Naledi Sport Fields Lighting	RAM Electrical, Bloemfontein	90%	10%
91/2011	Tourism Sector Plan	Re-Advertisement: Over Budget	0%	0%
92/2011	Review, Update & Development of By-Laws	Re-Advertisement: Specifications	0%	0%
93/2011	Senqu Branded Diaries & Calendars 2012	Hazyhill Group, Bloemfontein	100%	0%
98/2011	32 Ton Coldmix Asphalt	Roadmix Pty Ltd, George	100%	0%
108/2011	Legal Services	Le Roux Attorneys (Inc)		
99/2011	Tip Truck	Shorts Cargo, Georger	100%	0%
109/2011	Expression of Interest - Land	Jan A V Miller	100%	0%
110/2011	Office Furniture - BTO	Re-Advertisement: All tender non-responsive	0%	0%
111/2011	Pressure Sealer	Lithotec, Bloemfontein	100%	0%
112/2011	Network Tidy-Up	First Wave, Aliwal North	100%	0%
113/2011	Office Furniture - Community Services	Re-Advertisement: All tender non-responsive	0%	0%
114/2011	Section 57 Manager's Evaluation 2010/11	Charmaine van Schalkwyk Consulting, East London	100%	0%
115/2011	Turnkey - Municipal Residence	Not Evaluated - Inadequate Funds	0%	0%
116/2011	Development Organizational Structure + Benchmarking and Job Descriptions ,HR Strategy	Charmaine van Schalkwyk Consulting, East London	75%	25% Project HR Strategy not started (placed on hold)

Service provider Progress (Cont.)

MUNICIPAL NOTICE NUMBER	DESCRIPTION	SERVICE PROVIDER APPOINTED	%SERVICE PROVIDERS PROGRESS/ PERFORMANCE	VARIANCE/ COMMENTS
91/2011	Tourism Sector Plan	Urban Econ, Port Elizabeth	100%	0%
	Travel Agency Services	Bassie Travel & Tours, East London		
02/2012	Local Economic Strategy	3Sixty Group, East London	100%	0%
03/2012	Protective Clothing	Not Evaluated - Inadequate Funds	0%	0%
04/2012	Office Furniture - BTO	CN Business Furniture	100%	0%
05/2012	Office Furniture - Community Services	Izwe Lakowethu Trading CC	100%	0%
06/2012	Legal Services	Re-Advertisement: No tenders received	0%	0%
14/2012	68 Ton Cold Asphalt	Burwana Asphalt, Port Elizabeth	100%	0%
V/O	Upgrading Existing Offices Traffic Test Station			
17/2012	Khwezi-Naledi Node Development	Ngelethu Construction		
23/2012	Disposal of Capital Assets	Highest Bidder		
24/2012	Rental of Municipal Commonage	Highest Bidder		
31/2012	Construction Gravel Roads Ward 7	Mandarina / Sphamandla JV		
35/2012	Design Documentation Supervision Bridge & Acces Road Transwilger	Sinakho Consulting		
47/2012	Electrical Cables Accessories & 9 Pillar Boxes	Re-Advertisement: Inadequate Funding	0%	0%



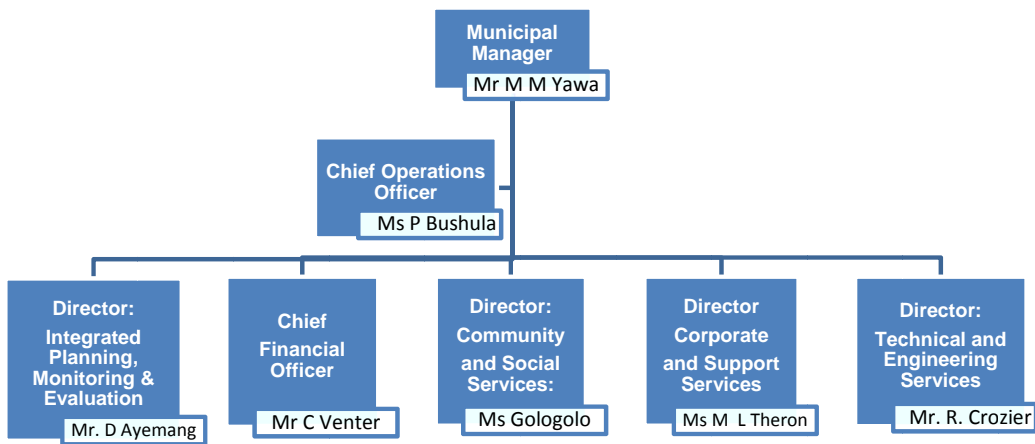
**CHAPTER
4**

**ORGANISATIONAL
DEVELOPMENT
PERFORMANCE**

PERFORMANCE REPORT PART 2

COMPONENT A: INTRODUCTION TO THE MUNICIPAL WORKFORCE

STAFF ESTABLISHMENT



NOTE: Reference is made to Appendix C (Third Tier Administrative Structure) which provides the detailed organogram for Senqu Municipality for 2011/2012.

Staff Establishment Figures

The table below details the approved, filled and vacant funded posts within Senqu Municipality for 2011/2012:

Approved and Funded Posts in the entire Institution	Number of Employment Contracts and Performance Agreements	Filled Posts	Total Number of Vacant funded posts in the Entire Institution	Total Number of Vacant unfunded posts in the Entire Institution
309	6 (s57)	211	5	93

Comparisons between 2010/2011 and 2011/2012

2010/2011				2011/2012			
Total No. of Posts on Organogram	Filled Posts	Funded & Vacant	Unfunded & Vacant	Total No. of posts on organogram	Filled posts	Funded & Vacant	Unfunded & Vacant
309	200	16	93	309	211	5	93

Analysis and comparison between the currently approved organogram and current staff complement would indicate that:

- A total of 309 positions for the organization were approved for 2011/2012.
- The total number of approved but vacant positions is 16 as at 30 June 2012.
- There are 93 unfunded positions, of which 43 unfunded positions relate to the Water Services Authority (WSA) functions that will be transferred to the Joe Gqabi District Municipality once required agreements have been finalized.
- During 2011/2012, the following s57 managers were in possession of employment contracts and performance agreements:
 - Municipal Manager
 - Director: Corporate and Support Services
 - Chief Financial Officer
 - Director: Technical Services
 - Director: Community and Social Services
 - Director: Integrated Planning, Monitoring and Evaluation

As per legislative requirements all performance agreements and employment contracts for these posts were submitted to the Department of Housing, Local Government and Traditional Affairs within the prescribed timeframes.

At the end of this financial year and extending into the beginning of the new financial year, the contracts of the various s56 managers came to an end.

It must be noted that the contracts of the following directors were renewed for the next 5 year term:

- Municipal Manager
- Chief Financial Officer
- Director: Technical Services
- Director: Community and Social Services

The following s56 managers' contracts were not renewed and new appointments have been made which come into effect from the new financial year:

- Director: Corporate and Support Services
- Director: Integrated Planning, Monitoring & Evaluation.

Staff Complement:

The table below indicates the positions as reflected within the budget per category and level for 2011/2012:

Department / Function	Posts Filled	Posts Funded but vacant	Posts Unfunded	Total Number of Posts
Council and Executive	9	1	1	11
Corporate & Support Service	15	0	4	19
Budget & Treasury Service	29	0	3	32
Community & Social Service	70	0	37	107
Technical & Engineering Service	77	4	43	124
IPME	11	0	5	16
Total	211	5	93	309
Percentage				100.00%

Staff appointments during this time: 5 and staff terminations: 8

TABLE: GENDER / RACE ANALYSIS OF FILLED POSTS (PER FUNCTIONAL AREA)

Staff complement in the Technical Services (to be updated)

The staffs complement in the Technical Services: - 74 filled positions, 7 vacant unfunded positions

Technical Staff Registered with Professional Bodies

Technical Service (e.g. Water, Electricity etc.)	Total Number of Technical Service managers	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
Technical Services Manager	1	Nil	Unknown	Unknown
Water Operators	43	Unknown	Unknown	Unknown
Learnships (Water)	4			

Levels 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 professionals training
211	77	50	84

Trends on total budgeted personnel expenditure

FINANCIAL YEARS	TOTAL APPROVED OPERATING BUDGET	PERSONNEL EXPENDITURE (SALARY AND SALARY RELATED)	PERCENTAGE OF EXPENDITURE
2006-2007	52 589 227	18 008 309	34%
2007-2008	71 589 227	20 168 753	28%
2008 - 2009	76 525 928	25 909 676	34%
2009 - 2010	88 602 942	29 794 492 (re stated)	34%
2010 - 2011	174 294 902	43 121 392	25%
2011 – 2012	164 315 116	54 025 255	32.88 %

Senior Officials' wages and benefits (even if included in the financial statements)

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts.

REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	2012 R	2011 R
Remuneration of the Municipal Manager - MM Yawa		
Annual Remuneration	1 110 442	1 046 486
Bonus/Performance Bonuses	369 023	581 185
Car Allowance	82 800	82 800
Telephone allowance	-	18 000
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	1 563 763	1 729 969
Remuneration of the Director Technical Services - RN Crozier		
Annual Remuneration	910 330	887 306
Bonus/Performance Bonuses	323 994	507 991
Car Allowance	93 600	93 600
Telephone allowance	-	12 000
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	1 329 421	1 502 394

REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	2012	2011
	R	R
<i>Remuneration of Director Community & Social Services - CNL Gologolo</i>		
Annual Remuneration	757 822	705 840
Performance Bonuses	106 349	187 798
Car Allowance	48 000	48 000
Telephone allowance	-	12 000
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	913 668	955 136
<i>Remuneration of the Director Financial Services - Mr CR Venter</i>		
Annual Remuneration	1 074 658	1 013 067
Performance Bonuses	253 266	445 584
Telephone allowance	-	12 000
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	1 329 421	1 472 148
<i>Remuneration of Director Corporate and Support Services - ML Theron</i>		
Annual Remuneration	747 394	705 538
Bonus/Performance Bonuses	164 783	257 440
Telephone allowance	-	12 000
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	913 675	976 476
<i>Remuneration of Director IPME - DP Agyemang</i>		
Annual Remuneration	833 624	725 809
Bonus/Performance Bonuses (Housing)	158 668	24 731
Telephone allowance	-	11 000
Car Allowance	68 400	66 900
Housing Allowance	30 000	-
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	1 092 190	829 937

List of pension and medical aids (elected by employees) To be updated

The table below project number of employees who belong to medical aid and pension funds.

Names of Pension Funds	Number of Members	Names of Medical Aids	Number of Members
Cape Joint	146	Bonitas	82
SALA	32	Samwu Med	28
SAMWU Provident Fund	6	LA Health	2
		Munimed	1
		Keyhealth	0

Medical Aid Continued Membership

Noted: it is not compulsory for employees to become a member of a medical aid scheme

Senqu Municipality has five Continued Members on different Medical Aids for whom the municipality still pays a contribution. They are as follows:

- Mr Ramsay - Barkly East TLC
- Mr Du Toit - Lady Grey TLC and Senqu
- Mr Botha - Barkly East TLC and Senqu
- Mr Theron; and - Barkly East TLC and Senqu
- Mrs Cloete - Barkly East TLC

COMPONENT B: MUNICIPAL WORKFORCE LEVELS

B1: Key HR Statistics per functional area

Level	Approved Positions	Number of approved and budgeted posts per position	Filled Posts	Gender	Vacant Posts
Mayor	1	1	1	African Male	0
Speaker	1	1	1	African Male	0
Councillors	30	30	30	18 African Females, 1 White Female, 1 Coloured Male and 10 African Males	0
Top Management	1	1	1	Male	0
Senior Management	5	5	5	1 African Female, 1 African Male, 1 Coloured Female, 2 White Males	0
Professionally qualified and experienced specialists and Mid-management	25	25	25	4 African Males , 14 African Females, 1 Coloured male Males ;2 White Females ,4 white Males and 1 White Male	2 unfunded posts

B2:Municipal Manager/s57 and Line (Inclusive of Councillors)

	Indicator name	Total no. of people for 2011/2012	Achievement Level	Achievement Percentage	Comments on the Gap
	Vacancy rate for all approved and budgeted posts	5	5	100%	Funded vacant positions filled
	(Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	6	6	100%	
	Percentage of Section 57 Managers including Municipal Managers who attended at least one skill development training course within the Financial Year	6	5	83.33%	CFO was planned for but has not attended a skill development training course during the Financial year
	Percentage of Managers in Technical Services with a professional qualification	Nil	Nil	0%	
	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	211	211	100%	
6	Percentage of councillors who attended a skill development training within the current 5 year term	32%	32%	100%	
7	Percentage of female employees	57	57	28%	
8	Percentage of employees that are aged 35 or younger	31		44.64%	

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

C1: Staff Development Initiatives during the Financial Year

As required, the Workplace Skills Plan was compiled for the 2011/2012 financial year. This was adopted by Council (after having been signed off by SAMWU and IMATU).

Within both financial years it is noted that the SDF was appointed, the WSP was developed and approved, the training was implemented in terms of the WSP and it appears that progress was made in a number of areas.

2010/2011		
Training Budget	:	R760 874.00
Total Levy Paid	:	R186 437.00
Disbursements Grant Received	:	R33 428.00
Total Spent	:	R104 312.00

During 2010/2011 a total of 201 beneficiaries benefitted.

2011/2012		
Training Money Spent	:	R345 796.58
Total Levy Paid	:	R593 633.48
Disbursements Grant Received	:	R16 000.00
Total Spent	:	R361 796.58

During 2011/2012 a total of **189 staff members** benefitted from training.

In terms of other training provision for 2011/2012 the following information is noted:

- Internships

14 interns were given structured work experience within the following departments and the following areas:

NUMBER OF INTERNS	AREA OF EXPOSURE
5	LED/IDP/Urban Planning
2	Core Administration
5	Financial (Client Services)
1	Environmental Health
1	Housing
TOTAL NUMBER OF INTERNS: 14	

- Learnerships

3 unemployed learners were provided with the opportunity within Corporate Services to receive structured work within core administration within the Corporate Services field as part of a learnership.

- Community Training for Unemployed

An amount of R50 000 was spent on providing a Project Management Certificate Course for disabled learners.

- Training of Staff 2011/2012

The municipality used wherever possible accredited Training Providers to provide training to our staff during the financial year under review. Quality assurance regarding each training provider was ensured by obtaining an Accreditation Number for each training provider before they were approved. The table below reflects the training provided during the current year and the skills levels to which they have applied:

No. of Beneficiaries	Programme	Area/Course
3	Skills	Stormwater & Drainage
2	Learnership	Water Process Controllers
20	Skills	Property Valuation
20	Skills	Supply Chain Management
100	Skills	Ward Committees
1	Learnership	LED
80	Skills	Waste Management
98	Skills	Occupational Health & Safety
1	Learnership	Local Govt. & Admin
1	Learnership	Occup. Dev. Education Training and Development Practices
24	Skills	ABET

- Areas of training focus include:

- Office Administration
- Absenteeism & Leave Management
- Project Management
- Managing and Reporting
- Performance Information
- Labour Relations
- Supply Chain Management
- OHS
- Waste Management
- Exel
- Employment Equity
- Library Management
- Leadership Development
- Employment Equity, Labour Relations & Diversity
- Fraud & Risk Management

- Training Committee

The Training Committee met regularly (quarterly) to discuss and decide/approve training related issues. As a consultative forum this committee was comprised of the following representatives:

Skills Development Facilitator
Portfolio Head of Corporate Services (Chairperson)
Speaker
Corporate Services Manager
IDP Manager
HR Officer
Acting Superintendent
Accountant: Expenditure (Deputy Chair)
SAMWU Representative (90%)
Secretary
IMATU Representative (10%)
COO
SPU Officer

A TOTAL OF 189 PERSONS(138 MALES AND 51 FEMALES) WERE TRAINED DURING THE 2011/2012 PERIOD.

Note: Notwithstanding the apparent successes, the accuracy of the statistics and data reflected in all instances, are still to be validated and verified. Statistics and figures do not correspond between reports, so these are to be validated and verified.

COMPONENT D: MANAGING MUNICIPAL WORKFORCE EXPENDITURE

Workforce expenditure is strictly controlled and managed in terms of all recognized and accepted accounting practices and while ensuring that the payroll functions strictly within required parameters.

Reporting occurs in many forms not the least of which include:

- S71 reports
- Management reports and reports to Standing Committees, Exco and Council
- S72 Reports
- Monthly reconciliations
- Reporting in respect of Employee Benefit Administration

In this manner and with many internal control structures in place it is ensured that strict controls over all workforce related expenditure is ensured.

A decorative graphic consisting of two overlapping circles. The smaller circle on the left is dark olive green and contains the text 'CHAPTER 5'. The larger circle on the right is a lighter olive green and contains the text 'FINANCIAL PERFORMANCE REPORT'.

CHAPTER
5

FINANCIAL PERFORMANCE
REPORT

BUDGET AND TREASURY DIRECTORATE: REPORT

5. OPERATING AND CAPITAL BUDGET 2011/2012 FINANCIAL YEAR

5.1 2011/2012 Budget Report

The requirements for Municipal Budgets are clearly set out in Chapter 4 (Section 15 to 33) of the Municipal Finance Management Act; no 56 of 2003 (MFMA) and all steps were taken to ensure that the Municipality meets these requirements. The municipality has as far as possible compiled the 2011/2012 MTREF Budget in the format prescribed by National Treasury in terms of Circular 28 and the related regulations.

5.2.1 Capital Expenditure

Council's MIG (Municipal Infrastructure Grant) allocation increased from R 19 209 000 to R 23 102 000 for the 2011/2012 financial year. It is anticipated that some of the MIG allocation would be used finance the following projects:

Project: Khwezi Storm Water (Phase II)	7 150 000.00
Constr Access Roads Wards 7,8,9&12 (Ph 4)	1 093 957.00
Project: Constr Roads Ward 1, 2 & 3 (Ph 1)	496 335.00
Project: Sterkspruit Taxi Rank	9 738 566.00
Khwezi Naledi Sport Field Lighting	2 918 071.00
Sterkspruit Solid Waste Site	124 070.00

An amount of R 41 057 664 Capital Expenditure Ex Revenue was budgeted to fund the following projects:

Total Capital Budget for Projects

4103	Tools & Equipment	320 500.00
4104	Infrastructure	1 500 000.00
4105	Vehicles, Plant & Equipment	3 058 000.00
4106	Furniture & Office Equipm.	890 870.00
4107	Project: Khwezi Storm Water (Phase II)	12 604 194.00
4108	Project: Constr Roads Ward 1, 2 & 3	496 335.00
4110	Project: Surfaced Roads (Phase I)	3 761 756.00
4112	Constr Access Roads Wards 7,8,9&12 (Ph 4)	1 093 957.00
4118	Fleet Bay	450 000.00
4150	Project: Driver License Train Centre	1 800 000.00
4152	Community Halls	500 000.00
4153	Project: Internet / Communication	84 131.06
4157	Sterkspruit Taxi Rank (Phase 1)	11 455 780.00
4158	Project: Sterkspruit Solid Waste Site	124 070.00
4164	Khwezi Naledi Sport Field Lighting	2 918 071.00

It is anticipated that R 17 494 043 would go towards the completion of the following housing projects.

Project: Housing - Lady Grey 1 000	1 618 897.34
Project: Housing - Herschel 700	7 094 313.68
Project: Housing - Hillside 1 000	8 780 832.00

Council further intends to take up a loan to finance the completion of the office complex. It is foreseen that R 281 615 during the 2011/2012 would be required.

5.3 **Operational expenditure**

There is a need to highlight the following in council's operational budget:

- Councillors remuneration amounts to R 8 993 676 of which R 2 226 000 is financed by a special allocation to be received from the national government;
- Actual Personnel costs vs. total operational expenditure are 37.27%.

- 2898 Indigent consumers benefit from free basic services. R 11 933 506 was actually utilized (Budgeted R 13 605 676) will go **directly** to provide services to the (indigent) poorest of the poor as per council Free Basic Service and Indigent Subsidy Support Policy.

5.4. Rates and Tariffs

The following budget-related policies have also been reviewed during 2011/2012.

- Integrated Development Plan and Budget Policy;
- Free Basic Service and Indigent Subsidy Support Policy;
- Credit Control and Debt Collection Policy;
- Tariff Policy; and
- Rates Policy.

Increases in services tariffs are as follows:

Water	11 % Increase
Refuse	10 % Increase
Sanitation	11% Increase
Electricity	20.38% Increase
Rates	8 % Increase
Vacant Erven Rates Charged	1.08%

5.5. The Budget

Steps were taken to ensure that the requirements of the Municipal Finance Management Act, No 56 of 2003, especially Chapter 4 (section 15 to 33), as well as any MFMA Circulars from National Treasury, were met.

5.5.1. Executive Summary

As required the Budget Executive committee met in August 2011 during which council's previous years (2010 / 2011) budget process was evaluated through the BEC (Budget Evaluation Checklist).

At the same meeting the Schedule of Key Deadlines were compiled and the budget executive committee, budget technical committee, budget local consultation forum and budget technical consultation forum were established. The Schedule of Key Deadlines, as approved by council in August 2011, as well as an invitation to participate in budget local consultation forum were duly advertised and circulated.

During October to November 2011 the Budget Executive committee, with assistance from ward councillors and ward committees engaged into an outreach program to assess the needs of the community in the following wards:

Ward 1	15 November
Ward 2	16 November
Ward 3	16 November
Ward 4	17 November
Ward 5	1 November
Ward 6	4 November
Ward 7	2 November
Ward 8	15 November
Ward 9	2 November
Ward 11	3 November
Ward 12	4 November
Ward 13	3 November
Ward 14	9 November
Ward 15-16	2 November
Ward 10 –	meetings cancelled

All needs recorded were later prioritised and included in council's Integrated Development Plan.

The budget technical committee has in the in financial year addressed various issues required by the Municipal Finance Management Act:

- Reviewing the IDP objectives and strategies;
- Reviewing the Organisational structure;
- Reviewing the Delegation framework;
- Reviewing the Service Delivery and Budget Implementation Plan (SDBIP);
- Reviewing existing and considering new Service Delivery Agreements;
- Considering the establishment of Entities;
- Reviewing existing and compiling new Budget-related policies;
- Considering the Macro and micro economic climate and budget guidelines, requirements and growth parameters;
- Planning the implementation of GFS classifications;
- Considered proposed tariff increases;
- Compile a draft operational and capital budget;
- Prioritise community needs in the IDP.

During March 2011 the draft budget and supporting documents were tabled to the budget executive committee for consideration, discussion and approval.

5.5.2 Disclosure on Allocations Made by the Municipality

Council has entered into the following Service Delivery Agreements under the Budget & Treasury Office
Could not establish amounts in time

SEBATA	Municipal Finance Management Software & Support	R 207 408.00
CONLOG	Electricity Vending Unit& Software	R 170 913.82
Department of Transport	Registration and Licensing of motor vehicles	R 1 400 614

Grants allocations are attached as Appendix E of the Annual Financial Statements.

a. Disclosure on Salaries, Allowances and Benefits

All employee related costs is disclosed in Note 28 of the Annual Financial Statements and consists of the following

Employee related costs - Salaries and Wages	20 128 969
Employee related costs - Contributions for UIF, pensions and medical aids	4 009 645
Travel, motor car, telephone, assistance and other allowances	84 050
Bonuses	2 465 989
Housing Benefits and Allowances	17 539
Leave Reserve Fund	1 490 886
Overtime Payments	481 905
Workmens Compensation Contributions	348 508
Contribution to provision - Long Service Awards - Note 4	236 705
Contribution to provision - Post Retirement Medical - Note 4	1 528 836
Total Employee Related Costs	30 793 033

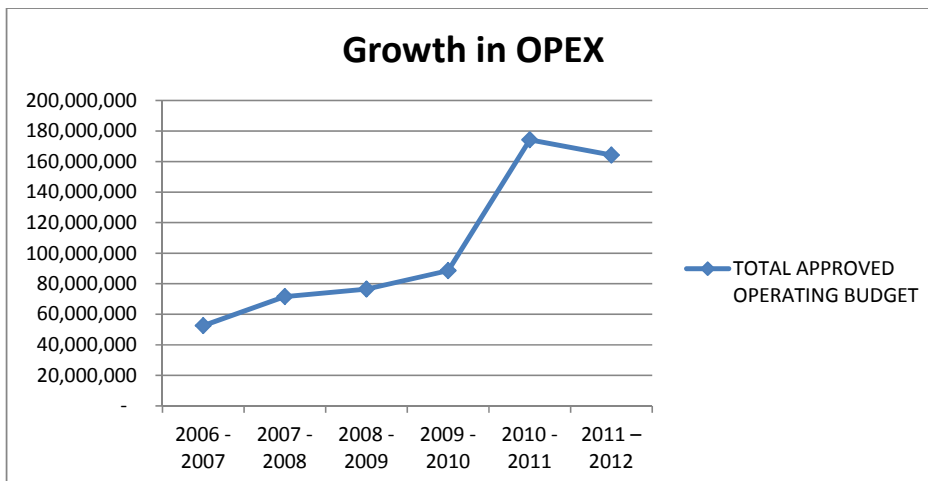
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

5.6. Operational Expenditure

Budgeted Operating Expenditure amounted to R 164 315 116 (R 205 372 780 less R 41 057 664 – capital expenditure ex revenue).

The Actual Opex Increased from the Previous Year by 9.07% and by

R 10 968 609 In monetary terms from the previous financial year.(R 131 905 060 – R 120 936 451)



Operational Expenditure Analysis:

Employee Related Costs	(40 775 916)	(45 460 099)	4 684 183	-10%
Remuneration of Councillors	(8 386 846)	(8 565 156)	178 310	-2%
Debt Impairment	(3 638 197)	(5 264 520)	1 626 323	-31%
Depreciation and Amortisation	(11 675 067)	(13 028 700)	1 353 633	-10%
Impairment	(116 766)		(116 766)	100%
Repairs and Maintenance	(3 597 561)	(3 101 953)	(495 608)	16%
Actuarial losses	(935 818)	(428 520)	(507 298)	118%
Finance Charges	(1 717 717)	(1 914 745)	197 028	-10%
Bulk Purchases	(15 130 377)	(17 303 100)	2 172 723	-13%
Grants and Subsidies Paid	(731 837)	(734 000)	2 163	0%
Other Operating Grant Expenditure	(26 240 396)	(46 678 843)	20 438 447	-44%
General Expenses	(18 873 280)	(21 835 480)	2 962 200	-14%
Loss on disposal of PPE/Investment Property	(85 282)	-	(85 282)	100%
Totals	(131 905 060)	(164 315 116)	32 495 337	-20%

5.6.1 Personnel Expenditure

The current personnel expenditure is pitched at 37.27%.

5.6.2 General Expenditure

The Actual General expenditure has increased by **27.82%**
R 14 765 959 to 18 873 280 which is **11.19%** of the total operating expenditure.

The following aims directly to address projects identified as priorities in Council's Integrated Development Plan:

	Budget Year 2011/12	Budget Year 2010/11	Budget Year 2009/10	Budget Year 2008/09
Total New Budgeted Assets	41 057 664.06	44 809 065.00	62 259 990.00	19 223 278.56
Infrastructure - Road transport	31 212 022.00	25 279 775.00	42 415 610.00	14 825 336.52
Infrastructure - Electricity	1 500 000.00	4 300 000.00	5 000 000.00	-
Infrastructure - Water	-	-	-	-
Infrastructure - Sanitation	-	-	-	-
Infrastructure - Other	124 070.00	250 000.00	-	233 147.75
Infrastructure	32 836 092.00	29 829 775.00	47 415 610.00	15 058 484.27
Community	3 418 071.00	514 960.00	11 470.00	564 227.73
Heritage assets		-	-	-
Investment properties		-	-	-
Other assets	4 719 370.00	14 380 200.00	14 832 910.00	3 403 081.08
Agricultural Assets		-	-	-
Biological assets		-	-	-
Intangibles	84 131.06	84 130.00	-	197 485.48

Free Basic Electricity would continue to be rolled out throughout the municipal area during the 2011/2012 financial year

Repairs & Maintenance

Repairs & Maintenance	
2011 - 2012 Budget Repairs & Maintenance	3 101 953
% Of Budget Spent	115.97%
R Amount Spent	3 597 561

5.6.3. Capital charges / loan commitments

No new / Additional External Loans were taken up during the **2011/2012** financial year.

5.6.4. Contributions to Capital Outlay

The R 41 057 664 (19.99% of total expenditure) was made available for Capital expenditure from Revenue would go directly towards projects identified in council's Integrated Development Plan and is 8.37% less than the previous year's allocation of R 44 809 065.

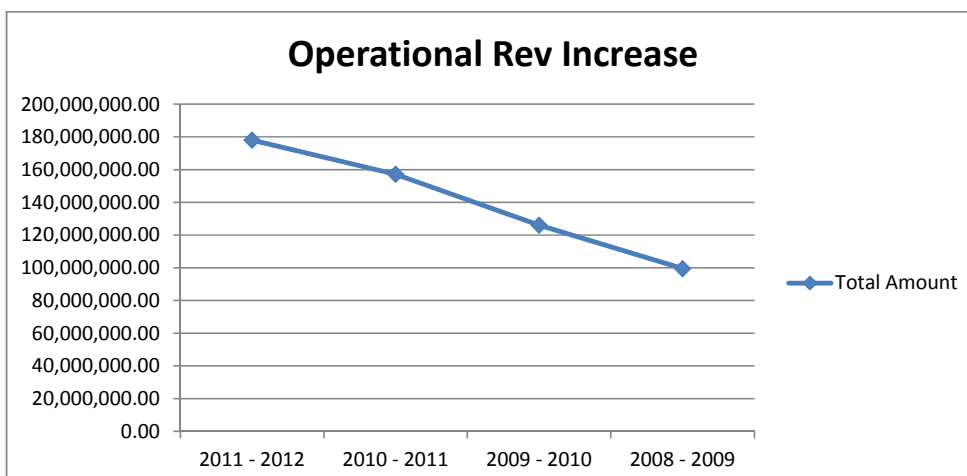
5.7 Operational Income

The realistic anticipated revenue of R 195 281 854 is 1.69 % (R 3 252 030) more than the previous financial year and resulted in an estimated net surplus of R 46 148 530. It includes all sources of income e.g. own revenue, grants, subsidies, agency receipts, donor funds, trust funds, etc.

Operational Income	2009/2010	2010/2011	2011/2012
Property taxes	3 937 597.02	4 197 252.44	4 001 011.16
Government Grants and Subsidies - Capital	34 378 128.30	41 478 065.89	22 106 014.23
Government Grants and Subsidies - Operating	60 284 382.41	76 493 758.66	107 758 386.27
Public Contributions and Donations			50 000.00
Fines	53 516.59	69 300.00	50 455.00
Service Charges	12 036 262.28	16 655 201.56	23 335 928.38
Water Services Authority Contribution	6 760 616.00	9 286 090.00	9 286 090.00
Rental of Facilities and Equipment	541 542.26	375 047.82	558 046.38
Interest Earned - external investments	5 087 335.36	4 915 084.11	6 790 249.46
Interest Earned - outstanding debtors	919 207.42	1 136 907.14	1 168 563.97
Licences and Permits	1 165 949.75	950 871.32	1 680 258.00
Agency Services	517 585.02	462 566.39	579 595.50
Other Income	361 125.12	499 824.14	688 992.23
Actuarial Gains		632 639.38	
Totals	<u>126 043 247.53</u>	<u>157 152 608.85</u>	<u>178 053 591</u>

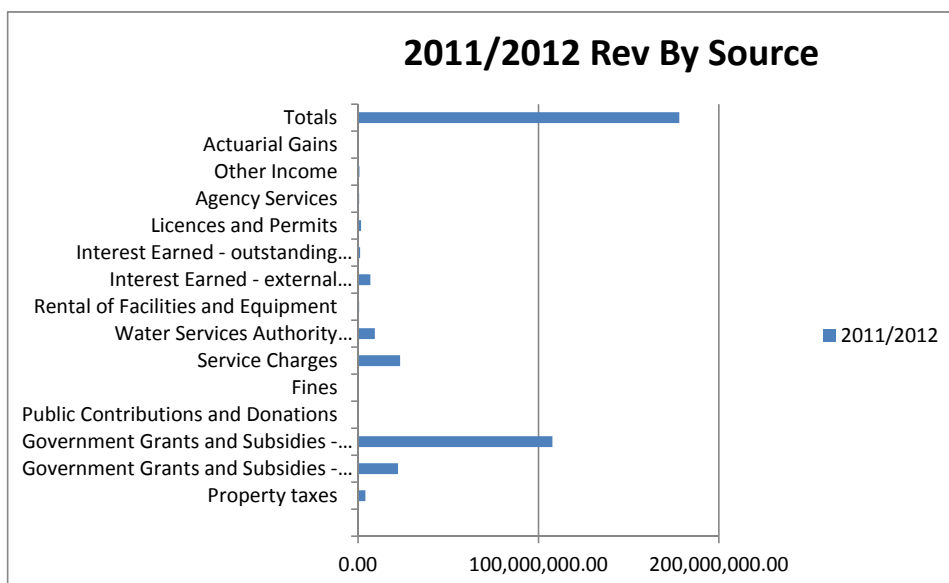
Growth in Operational Income

Financial Year	2011 - 2012	2010 - 2011	2009 - 2010	2008 - 2009
Total Amount	178 053 590.58	157 152 608.85	126 043 247.53	99 477 610.00
% Increase/decrease	13.30%	24.68%	27%	17.93%



An analysis of Council's revenue sources is as follows:

Operational Income	2009/2010	2010/2011	2011/2012
Property taxes	3 937 597.02	4 197 252.44	4 001 011.16
Government Grants and Subsidies - Capital	34 378 128.30	41 478 065.89	22 106 014.23
Government Grants and Subsidies - Operating	60 284 382.41	76 493 758.66	107 758 386.27
Public Contributions and Donations			50 000.00
Fines	53 516.59	69 300.00	50 455.00
Service Charges	12 036 262.28	16 655 201.56	23 335 928.38
Water Services Authority Contribution	6 760 616.00	9 286 090.00	9 286 090.00
Rental of Facilities and Equipment	541 542.26	375 047.82	558 046.38
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Licences and Permits	1 165 949.75	950 871.32	1 680 258.00
Agency Services	517 585.02	462 566.39	579 595.50
Other Income	361 125.12	499 824.14	688 992.23
Actuarial Gains		632 639.38	
	<u>126 043 247.53</u>	<u>157 152 608.85</u>	<u>178 053 591</u>



5.8. Equitable Share

Council's equitable share allocation increased by 19.10% (R 79 190 000) and remains Council's major source of income.

Growth in Equitable share allocation:

Equitable Share	2009/2010	2010/2011	2011/2012
Increases	54,621,205	66, 492,733	79 190 000
% Increase		11,871,528, 21% Increase	12 697 267 , 19.10% Increase

5.8.1. Other external income / grants / allocations

It is anticipated that the following external income / grants / allocations would be received during this financial year:

SENQU MUNICIPALITY

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2011 R	Contributions during the year R	Interest on Investments R	Operating Expenditure during the year transferred to revenue R	Capital Expenditure during the year transferred to Revenue R	Balance 30 Jun 2012 R
CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS						
<u>National Government Grants</u>						
Equitable Share	-	79 190 000	-	79 190 000	-	-
Municipal Finance Management	(54 422)	1 450 000	-	1 395 578	-	-
Municipal Infrastructure Grant	(267 146)	23 102 000	-	1 155 100	22 021 883	(342 129)
Municipal Systems Improvement	-	790 000	-	790 000	-	-
NDPG (Neighbourhood Development Partnership Grant)	7 196 397	2 900 000	-	1 931 571	-	8 164 825
EPWP (Expanded Public Works Program)	-	1 625 000	-	1 625 000	-	-
Total National Government Grants	6 874 828	109 057 000	-	86 087 249	22 021 883	7 822 696

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003/Cont.....

Provincial Government Grants							
Performance Agreements	-	-	-	-	-	-	-
Peach & Vegetable Processing	8 302	-	-	-	-	-	8 302
HoloHlahatsi Agricultural Project	104 517	-	-	-	-	-	104 517
Surveying / Land Audit	-	-	-	-	-	-	-
Heritage Management	229 912	229 912	-	-	-	-	-
Co-op's Development	2 993	-	-	-	-	-	2 993
ProvGov - Housing (Lady Grey)	1 984 417	-	-	-	365 520.11	-	1 618 897
ProvGov - Housing (Hillside)	446 773	-	10 440 679	-	9 606 620.39	-	1 280 832
Implementation Ownership	233 546	-	-	-	135 270	-	98 276
Traffic Test Station (Sterkspruit)	104 879	-	-	-	-	104 879	-
Rossouw Agricultural Project	92 811	-	-	-	-	-	92 811
Herschel People's Housing	6 774 561	-	-	319 752	-	-	7 094 314
Internet/Communication Systems	84 131	-	-	-	-	-	84 131
Plastic Products	1 410 047	-	-	-	241 367	962 600	206 080
Provincial Roads (Musong Road)	-	-	20 985 990	-	15 591 452	-	5 394 538
IEC Elections	-	-	750 000	-	750 000	-	-
Greenest Municipality	-	-	200 000	-	200 000	-	-
Small Town	-	-	100 489	-	-	-	100 489
Total Provincial Government Grants	11 476 889	229 912	32 477 158	319 752	26 890 229	1 067 479	16 086 181
District Municipality Grants							
Commonage Management Plan	59 781	-	-	-	1 725	-	58 056
Municipal Support Programme	83 650	-	-	-	21 792	-	61 858
Tourism	-	-	20 000	-	20 000	-	-
Joe Gqabi DM - District Call Centre	87 383	-	-	-	-	-	87 383
IDP	-	-	50 000	-	50 000	-	-
Libraries	-	-	660 000	-	660 000	-	-
Total District Municipality Grants	230 815	-	730 000	-	753 517	-	207 297
Total	12 103 399	229 912	128 946 891	319 752	116 904 346	1 067 479	23 168 306

5.8.2. Own income

Council's sound financial management since establishment during December 2000 has led to the stage where various activities and projects could be financed from its own income, reserve funds and accumulated surplus funds. Own income is based on the actual income received during the 2011/2012 financial year.

5.8.3 Occupational Income Analysis

Operational Income	2009/2010	2010/2011	2011/2012
Property taxes	3 937 597.02	4 197 252.44	4 001 011.16
Government Grants and Subsidies - Capital	34 378 128.30	41 478 065.89	22 106 014.23
Government Grants and Subsidies - Operating	60 284 382.41	76 493 758.66	107 758 386.27
Public Contributions and Donations			50 000.00
Fines	53 516.59	69 300.00	50 455.00
Service Charges	12 036 262.28	16 655 201.56	23 335 928.38
Water Services Authority Contribution	6 760 616.00	9 286 090.00	9 286 090.00
Rental of Facilities and Equipment	541 542.26	375 047.82	558 046.38
Interest Earned - external investments	5 087 335.36	4 915 084.11	6 790 249.46
Interest Earned - outstanding debtors	919 207.42	1 136 907.14	1 168 563.97
Licences and Permits	1 165 949.75	950 871.32	1 680 258.00
Agency Services	517 585.02	462 566.39	579 595.50
Other Income	361 125.12	499 824.14	688 992.23
Actuarial Gains		632 639.38	
Totals	<u>126 043 247.53</u>	<u>157 152 608.85</u>	<u>178 053 591</u>

Operational increase / Growth R 32 504 437

Financial Year	2011 - 2012	2010 - 2011	2009 - 2010	2008 - 2009
Total Amount	178 053 590.58	157 152 608.85	126 043 247.53	99 477 610.00
% Increase/decrease	13.30%	24.68%	27%	17.93%

5.9. Water Service Authority (WSA)

The estimated expenditure for rendering the water and sanitation services have been forwarded to the WSA: Joe Gqabi District Municipality. The tariffs were increased as follows:

Tariff Increased

Water - Increased by 11%

Sanitation - Increased by 11%

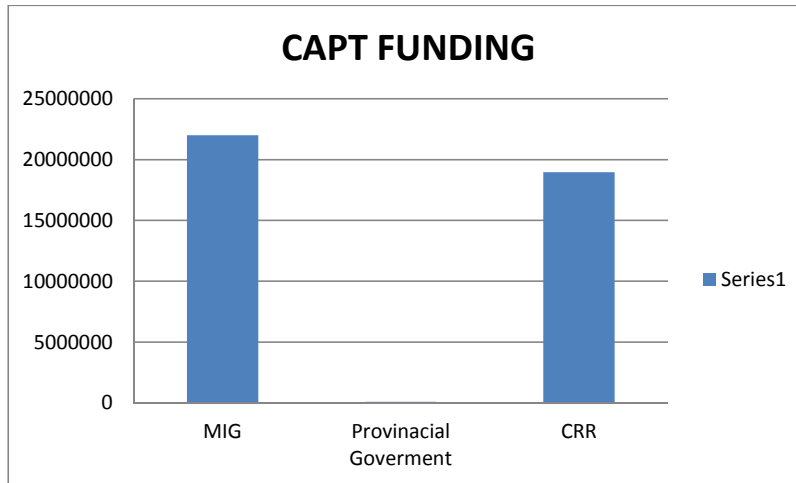
A new agreement was entered into, with effect from 1 July 2009, with the Joe Gqabi District Municipality whereby the municipality acts as a contractor for the delivering of the Water and Sewerage functions with risks and rewards being transferred to the municipality. Prior to that date the municipality acted as an agent for the Joe Gqabi District Municipality.

5.9.1. 2011/2012 Capital Budget

The capital budget R 41 057 664 is funded as follows:

22 006 900MIG
84 131 Provincial Government
18 966 633 Internally Generated Funds

The R 41 057 664 is funded as follows:



5.10. **2010/ 11 Financial Results**

5.10.1 **2011/2012 Financial Statements**

The Annual Financial Statements for the period ended 30 June 2012 was compiled and submitted to the Municipal Manager and the Audit Committee on the 30th August 2012 where after it was reviewed in terms of section 166(2)(b) by the audit committee. In September 2011 the statements will presented to, discussed and approved by the municipal council of Senqu Municipality. Signed approved copies were on the 31st August 2012 forwarded to the National Treasury, Provincial Treasury and Auditor General.

A copy of these statements is attached to the Annual Report as **Annexure**

5.10.2 **Operational results**

The Municipality estimated a revenue budget of R 195 281 854 million in the 2011/12 financial year. However, due to the global economic crisis and the ongoing implementation of improving the billing system together with the credit control policy, only 91.17% of the estimated budget was achieved. The provision for bad debts has increased to R 10 586 448. The Municipality only managed to spend 80.28% of its Operating expenditure Budget.

- **Employee Related costs**
A savings of 10.3 % of the employee related costs is due to funded vacant posts. The Municipality has experienced major difficulty in attracting suitable qualified personnel.
- **Repairs and maintenance**
In the financial year ending 2011/2012 the municipality has expensed 115.97% of its repairs and maintenance budget. An action plan has been drawn up to execute a well-planned programme for repairs and maintenance in the 2012/13 financial year. The municipality has embarked on a stringent maintenance campaign of its infrastructure assets.

Revenue	2011/2012 Budget	2011/2012 Actual	% Variance Actual to Budget	2009/2010 Actual
Total revenue	195 281 854	178 053 591	-9%	157 152 609
Total expenditure	164 315 116	131 905 060	-20%	121 004 806
Operating surplus	30 966 738	46 148 530		36 147 803

5.10.3 Operating Income Results

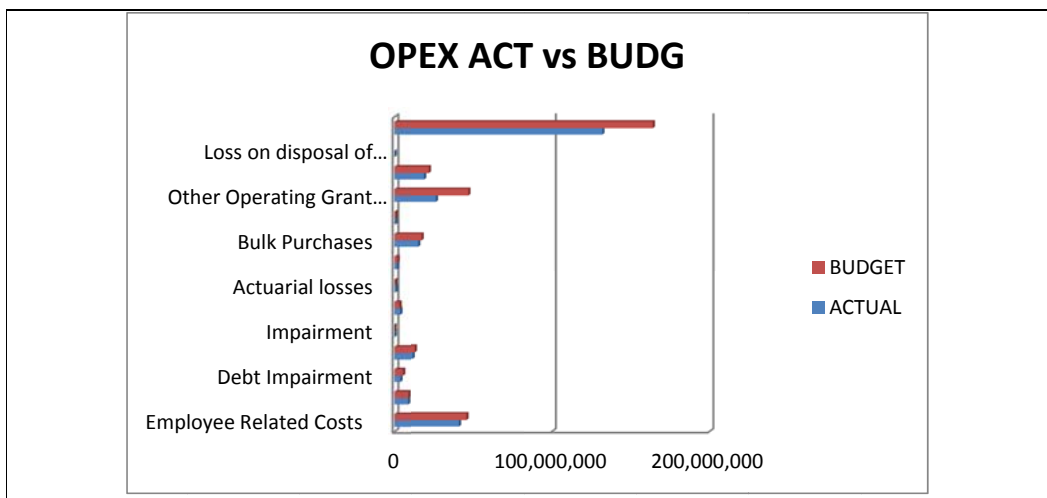
Analysis of Operating Revenue & Expenditure for year ended June 2012

Operating Revenue Results

Operational Income	2009/2010	2010/2011	2011/2012	Variances
Property taxes	3 937 597.02	4 197 252.44	4 001 011.16	-4%
Government Grants and Subsidies - Capital	34 378 128.30	41 478 065.89	22 106 014.23	0%
Government Grants and Subsidies - Operating	60 284 382.41	76 493 758.66	107 758 386.27	-14%
Public Contributions and Donations			50 000.00	0%
Fines	53 516.59	69 300.00	50 455.00	102%
Service Charges	12 036 262.28	16 655 201.56	23 335 928.38	-4%
Water Services Authority Contribution	6 760 616.00	9 286 090.00	9 286 090.00	-5%
Rental of Facilities and Equipment	541 542.26	375 047.82	558 046.38	109%
Interest Earned - external investments	5 087 335.36	4 915 084.11	6 790 249.46	6%
Interest Earned - outstanding debtors	919 207.42	1 136 907.14	1 168 563.97	37%
Licences and Permits	1 165 949.75	950 871.32	1 680 258.00	70%
Agency Services	517 585.02	462 566.39	579 595.50	41%
Other Income	361 125.12	499 824.14	688 992.23	3%
Actuarial Gains		632 639.38		
Totals	<u>126 043 247.53</u>	<u>157 152 608.85</u>	<u>178 053 591</u>	-9%

5.10.4 **Operating Expenditure Results**

Employee Related Costs	(40 775 916)	(45 460 099)	4 684 183	-10%
Remuneration of Councillors	(8 386 846)	(8 565 156)	178 310	-2%
Debt Impairment	(3 638 197)	(5 264 520)	1 626 323	-31%
Depreciation and Amortisation	(11 675 067)	(13 028 700)	1 353 633	-10%
Impairment	(116 766)		(116 766)	100%
Repairs and Maintenance	(3 597 561)	(3 101 953)	(495 608)	16%
Actuarial losses	(935 818)	(428 520)	(507 298)	118%
Finance Charges	(1 717 717)	(1 914 745)	197 028	-10%
Bulk Purchases	(15 130 377)	(17 303 100)	2 172 723	-13%
Grants and Subsidies Paid	(731 837)	(734 000)	2 163	0%
Other Operating Grant Expenditure	(26 240 396)	(46 678 843)	20 438 447	-44%
General Expenses	(18 873 280)	(21 835 480)	2 962 200	-14%
Loss on disposal of PPE/Investment Property	(85 282)	-	(85 282)	100%
Totals	(131 905 060)	(164 315 116)	32 495 337	-20%



5.10.5 Capital expenditure and financing

The expenditure on assets occurred during the financial year amounted to **R 38 223 475**, R 6 382 243 more than the previous year expenditure of R 31 841 232. The actual expenditure is 93.09% of what was budgeted for (R41 057 664) and consists of the following:

CAPITAL EXPENDITURE	(Actual)	(Budget)	(Variance)	(%)
Executive & Council	101 609	150 000	(48 391)	-32%
Planning & Development	39 126	55 870	(16 744)	-30%
Corporate Services	464 004	550 000	(85 996)	-16%
Housing			-	0%
Public Safety			-	0%
Budget & Treasury	459 688	534 131	(74 444)	-14%
Road Transport	31 296 180	33 302 022	(2 005 842)	-6%
Water			-	0%
Electricity	1 316 720	1 560 500	(243 780)	-16%
Community & Social Services	588 521	615 000	(26 479)	-4%
Sport & Recreation	2 837 721	2 918 071	(80 350)	-3%
Waste Management	1 119 906	1 372 070	(252 164)	-18%
TOTAL	<u>38 223 475</u>	<u>41 057 664</u>	<u>(2 834 189)</u>	<u>-7%</u>

R 6 213 391 the budgeted **R 7 500 000** for housing projects (**82.85%**) was spent on three housing projects currently in progress. The Department of Housing, Local Government and Traditional Affairs finance all three housing projects.

Investments & Cash	2011 - 2012
Standard Bank - Lady Grey Branch Account Number 28 063 130 8	
Cash book balance at beginning of year	2 275 326
Cash book balance at end of year	903 394
Bank statement balance at beginning of year	2 156 859
Bank statement balance at end of year	2 825 633

<u>Call Investment Deposits</u>	2011 - 2012
Call investment deposits consist out of the following accounts:	
Standard Bank 388489162/0	64 516 516
Standard Bank 388489731/0	54 019 271
Standard Bank 388486066/0	6 457 216
Totals	124 993 004

Investments are held at:

Standard Bank, Lady Grey; and

StanLIB, Queenstown.

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2011	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2012
ANNUITY LOANS							
DBSA loan	Floating	103126/1	2031	16 407 798	281 615	698 212	15 991 202
Total Annuity Loans				16 407 798	281 615	698 212	15 991 202
LEASE LIABILITY							
Finance Leases			2013	73 438	-	29 500	43 938
Total Lease Liabilities				73 438	-	29 500	43 938
TOTAL EXTERNAL LOANS				16 481 236	281 615	727 712	16 035 140

5.10.8 Long-term debtors

The Municipality has no long term Debtors at the end of the financial year 2011/2012:

Service Receivables / Consumer Debtors

The following trade debtors were due to council as at 30 June 2012

SERVICE RECEIVABLES	2011-2012	2010-2011
Electricity	6 923 785	3 777 618
Water	2 512 603	1 906 602
Housing Rentals	251 795	219 456
Refuse	3 059 131	2 471 194
Sewerage	2 238 134	1 813 583
Other Arrears	10 825 739	1 519 852
Gariep Municipality (R 700 000 Short-term operating loan including interest)	857 634	788 724
Joe Gqabi District Municipality (Water Services Authority)	9 286 090	-
Payments in advance	588 723	581 862
Other	93 291	149 266
Balance previously reported	-	-
3 year maintenance contract for Conlog transferred to Prepaid expense - Note 39.02	-	149 266
Total Service Receivables	25 811 187	11 708 303
Less: Allowance for Doubtful Debts	(10 586 448)	(7 082 635)
Net Service Receivables	<u>15 224 739</u>	<u>4 625 668</u>

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation:

Ageing of Receivables from Exchange Transactions

Ageing of Receivables from Exchange Transactions

Electricity (Ageing)

	2012 R	2011 R
Current (0 - 30 days)	2 602 875	1 890 074
31 - 60 Days	788 489	622 588
61 - 90 Days	491 711	283 935
+ 90 Days	3 444 629	1 395 260
Payment received in advance	(403 919)	(414 238)
Total	6 923 785	3 777 618

Water (Ageing)

Current (0 - 30 days)	387 518	5 311
31 - 60 Days	89 123	79 661
61 - 90 Days	74 711	52 780
+ 90 Days	2 047 407	601 339
Payment received in advance	(86 155)	(72 489)
Total	2 512 603	1 906 602

Housing Rentals (Ageing)

Current (0 - 30 days)	11 741	11 569
31 - 60 Days	11 206	6 445
61 - 90 Days	5 599	4 942
+ 90 Days	284 454	249 193
Payment received in advance	(61 205)	(52 693)
Total	251 795	219 456

Refuse(Ageing)

Current (0 - 30 days)	208 255	185 938
31 - 60 Days	97 296	85 673
61 - 90 Days	77 490	62 823
+ 90 Days	2 703 684	2 167 751
Payment received in advance	(27 593)	(30 991)
Total	3 059 131	2 471 194

Sewerage(Ageing)

Current (0 - 30 days)	99 454	90 195
31 - 60 Days	56 253	50 977
61 - 90 Days	47 728	37 026
+ 90 Days	2 044 550	1 646 836
Payment received in advance	(9 850)	(11 450)
Total	2 238 134	1 813 583

Others(Ageing)

Current (0 - 30 days)	588 723	581 862
+ 90 Days	857 634	188 724
Total	1 446 358	1 370 585

Reconciliation of Provision for Bad Debts

Balance at beginning of year	7 082 635	6 435 725
Contribution to provision	3 781 095	646 910
Bad Debts (written off)	(277 283)	-
Balance at end of year	10 586 448	7 082 635

Provision was also made for bad debt for the all consumer debt exceeding 90 days:

5.11 Provisions

At year-end the following provisions were made for expenditure that would incur during the 2011/2012 financial year:

Provision	
Current Portion of Rehabilitation of Landfill-sites - Note 5	6 497 749
Total Provisions	6 497 749

5.11.1. Trade creditors

An amount of R 1 440 284 had not been paid to various trade creditors at year-end.

5.11.2 Consumer deposits

An amount of **R 532 757** as at 30 June 2011 is held as deposits on water and electricity services rendered to consumers.

5.12. Audit Reports and Corrective Actions

The auditing of the financial statements for the period ended 30 June 2012 has commenced during August 2011 and the Report of the Auditor-General of Senqu Municipality for the Financial Year ended 30 June 2012 is enclosed in the Annual report pages ???

5.12.1 Corrective Actions

The Report of the Auditor-General is currently being dealt with by the Audit Committee.

5.13 Challenges

The following is seen as the challenges that need to be accomplished during the 2011/12 financial year:

- Ongoing Compliance and implementation of the **Municipal Finance Management Act (MFMA)**
- Full Compliance to GRAP , Senior financial staff continue to be sent for training on the implementation thereof and if needed the expertise of external service providers would be called upon to assist the department;
- Various new and existing **policies will be compiled/reviewed** and the all stakeholders will be consulted as required;
- **Training** of staff within the finance department would continue. Capacity building within the finance department is council's and management's first priority;
- Implementation of a comprehensive **Information Technology (IT) system** has been completed and further development so to enable council to be as independent as possible from external service providers;
- GRAP compliant Assets register in place
- Departmental SDBIP'S for 2011/2012 completed, monitor, evaluated and report on implementation during 2011/2012;
- To correct deficiencies in the risk management and internal controls - and the maintenance of effective, efficient and transparent systems of financial and risk management and internal control.
- Develop strategies /plans to address Audit Queries raised in the Budget & Treasury Directorate.
- Develop a strategy to deal with sound financial management and expenditure control and means to increase revenue and external funding

5.14. Concluding Remarks

The award of an unqualified audit report for two consecutive years illustrates the positive strides made towards ensuring that financial management remains a prioritized area of functioning and application within Senqu Municipality:

As per the legislative requirements and prescriptions every effort is being made to ensure that the following financial management strategic objectives and targets are prioritized:

- Annual overview on Risk Management and an Implementation Plan
- Monitoring of financial viability re- debt coverage and expenditure control.
- Implementation of Revenue Management Strategies to enhance Revenue.
- Efforts to facilitate full GRAP compliance.
- The development and ongoing review of all required Financial Policies.

C R VENTER

CHIEF FINANCIAL OFFICER

CHAPTER
6

AUDITOR GENERAL
AUDIT FINDINGS

COMPONENT A: PERFORMANCE ISSUES OF 2010/2011

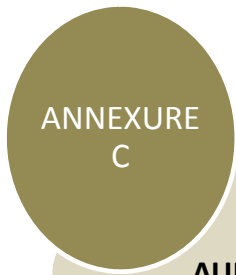
- ANNEXURE C: THE AUDITOR GENERAL'S REPORT FOR 2010/2011 IS DISCLOSED FOR REFERENCE.

COMPONENT B: ACTION TAKEN TO ADDRESS 2010/2011 ISSUES

- ANNEXURE D: AUDIT ACTION PLAN TO ADDRESS ISSUES RAISED

COMPONENT C: ISSUES OF AUDIT RELATING TO 2011/2012

- ANNEXURE E: THE AUDITOR GENERAL'S REPORT FOR 2011/2012
- ANNEXURE F: RESPONSE TO THE AUDITOR GENERAL'S REPORT 2011/2012
- ANNEXURE G: AUDIT COMMITTEE REPORT FOR 2011/2012
- ANNEXURE H: MPAC OVERSIGHT REPORT FOR 2011/2012



ANNEXURE
C



AUDITOR GENERAL'S REPORT

**REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL
LEGISLATURE AND THE COUNCIL ON SENQU MUNICIPALITY
REPORT ON THE FINANCIAL STATEMENTS**

Introduction

1. I have audited the accompanying financial statements of the Senqu Municipality, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, as set out on pages ... to

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 Standard of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act 2010 (Act No. 1 of 2010) and for such internal control as management determines 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. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence for 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.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Senqu Municipality as at 30 June 2011, and its financial performance and cash flows for the year then ended in accordance with GRAP and the requirements of the MFMA.

Emphasis of matters

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

Restatement of corresponding figures

8. As disclosed in note 37 to the financial statements, the corresponding amounts included in the financial statements for the financial year ended 30 June 2011 have been restated for the purposes of corrections of errors in the prior year. These corrections were mainly due as a result of Directive 4 no longer being applicable.

Material losses

9. As disclosed in note 43.4 to the financial statements, the municipality suffered an electricity loss of 5,6 million kilowatts in the current year (2010: 9,5 million kilowatts) amounting to R3 million (2010: R4,1million), respectively.

Unauthorised expenditure

10. Disclosed in notes 42.2 and 43.1 to the financial statements is unauthorised expenditure of R358 350 incurred during the current year as a result of overspending on waste management. The expenditure of R2 million incurred in the previous years was condoned by the council during the year, as set out in note 43.1 to the financial statements.

Additional matter

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

Unaudited supplementary schedules

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the material non-compliance with laws and regulations applicable to the municipality.

Predetermined objectives

Presentation of information

13. The following criteria are relevant to the findings below:
 - Performance against predetermined objective is to be reported using the National Treasury guideline.

Audit finding

14. Sufficient appropriate evidence in relation to the selected objectives for presentation could not be obtained from the municipality as the annual performance report was not aligned to SDBIP and IDP. There were no satisfactory audit procedures that we could perform to obtain the required assurance as to the validity, accuracy and completeness of the reported performance against predetermined objectives.

Usefulness of information

15. The following criteria are relevant to the findings below:

- Consistency: Objectives, indicators and targets are not consistent between planning and reporting documents.
- Measurability: Indicators are not well defined and/or verifiable and targets are not specific and/or time bound.

Audit findings

Reported indicators are not consistent when compared with the planned indicators (Consistency)

16. Reported performance against predetermined indicators is not consistent with the approved IDP.

Planned and reported indicators are not verifiable (Measurability)

17. For the selected programmes/objectives valid performance management processes and systems that produce actual performance against the planned indicators do not exist for 88% of the indicators, as indicators are shown as percentages without a base being given.

Reliability of information

18. The following criteria are relevant to the findings below:

- Validity: The validity of performance information could not be tested as actual outputs were not reported in the annual performance report.
- Accuracy: The accuracy of amounts, numbers and other data relating to actual performance could not be determined due to the fact that actual outputs have not been reported in the annual report.
- Completeness: We could not confirm if all actual results and events that should have been recorded have been included in the annual performance report as actual outputs were not reported.

Audit finding

19. Validity, accuracy and completeness of the performance information could not be audited as actual outputs were not available for inspection.

Compliance with laws and regulations

Included below are findings related to material non-compliance with the acts as indicated.

Strategic and performance management

20. The accounting officer of the municipality did not submit the results of the assessment on the performance of the municipality during the first half of the financial year to the mayor of the municipality, the National Treasury, and the provincial treasury as required by section 72(1)(b) of the MFMA.

Budget

21. The municipality incurred expenditure that was not budgeted for and incurred expenditure in excess of the limit of the amount provided for in the vote in the approved budget, in contravention of section 15 of the MFMA.

Annual financial statements, performance and annual report

22. The financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 122 of the MFMA. Material misstatements of expenditure and disclosure items identified by the auditors were

subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

23. The mayor did not table, in council, the 2009-10 annual report of the municipality, within seven months after the end of the financial year as required by section 127(2) of the MFMA.
24. The mayor did not submit a written explanation to the council setting out the reasons for the delay in the tabling of the 2009-10 annual report in council as required by section 127(3) of the MFMA.
25. The annual performance report did not contain a comparison of the performance of the municipality and of each external service provider with development priorities, objectives and performance indicators set out in its IDP as required by section 46 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Audit committees

26. The performance audit committee or another committee functioning as the performance audit committee did not review the municipality's performance management system and make recommendations in this regard to the council as required by Municipal Planning and Performance Management Regulation 14.

Procurement and contract management

27. Invitations for competitive bidding were not always advertised for a required minimum period of days as per the requirements of supply chain management (SCM) regulations 22(1) and 22(2).
28. Awards were made to providers who are persons in service of other state institutions or whose directors/principal shareholders are persons in service of other state institutions in contravention of the requirements of SCM regulation 44. Furthermore, the provider failed to declare that he/she is in the service of the state as required by SCM regulation 13(c).

Expenditure management

29. The accounting officer did not take reasonable steps to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Revenue management

30. Revenue received by the municipality was not always reconciled at least on a weekly basis, as required by section 64(2)(h) of the MFMA.

Asset management

31. The council did not approve the disposal of capital assets as required by municipal asset transfer regulation 5(b)(ii)/ 8(b)(ii)(GNR 878 of 22 August 2008) with a carrying value of R277 632. Furthermore, the asset management policy was not adhered to as it stipulates that every head of department shall ensure that any incident of loss, theft, destruction, or material impairment of any fixed asset controlled or used by the department in question is promptly reported in writing to the municipal manager, chief financial officer, to the internal auditor, and – in cases of suspected theft or malicious damage – also to the South African Police Service (SAPS).

INTERNAL CONTROL

32. In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Leadership

33. The accounting officer did not monitor the implementation of action plans to address internal control deficiencies in ensuring that a proper control system exists for assets in order to eliminate losses.

Financial and performance management

34. The accounting officer did not implement controls over daily and monthly processing and reconciling of transactions as interdepartmental expenses incurred were not eliminated. The framework for managing performance information has not been fully understood. There were inconsistencies between the planned and reported indicators (inconsistency between the IDP, SDBIP and annual report).

Governance

35. The audit committee did not effectively exercise oversight by reviewing annual performance reports to confirm accuracy, completeness and validity of the information relating to predetermined objectives before submission for audit purposes.

East London

30 November 2011



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



SENQU LOCAL MUNICIPALITY

AUDIT ACTION PLAN 2010/2011(Prevouis Fiancial Year)ANNEXURE: D

FINDINGS	CORRECTIVE ACTION	Responsible Person	Due Date	Status To Date
Performance against predetermined objective is to be reported using the National Treasury guideline.	Action is to utilise the national treasury guideline	D.P. Agyemang (IPME Director)	End of FY	Ongoing
Sufficient appropriate evidence in relation to the selected objectives for presentation could not be obtained from the municipality as the annual performance report was not aligned to SDBIP and IDP. There were no satisfactory audit procedures that we could perform to obtain the required assurance as to the validity, accuracy and completeness of the reported performance against predetermined objectives	The municipality is in the process of realigning the SDBIP and IDP to correct this problem in the next financila year	B. Viedge (IDP Officer)	31-Jan-12	Not Addressed
Consistency: Objectives, indicators and targets are not consistent between planning and reporting documents	Being addressed in new SDBIP	B. Viedge (IDP Officer)	31-Jan-12	Not Addressed
Measurability: Indicators are not well defined and/or verifiable and targets are not specific and/or time bound.	Being addressed in new SDBIP	B. Viedge (IDP Officer)	31-Jan-12	Not Addressed
Reported performance against predetermined indicators is not consistent with the approved IDP.	Being addressed in new SDBIP	B. Viedge (IDP officer)	31-Jan-12	Not Addressed
Validity, accuracy and completeness of the performance information could not be audited as actual outputs were not available for inspection.	Being addressed in new SDBIP	B. Viedge (IDP Officer)	31-Jan-12	Not Addressed

AUDIT ACTION PLAN 2010/2011 ANNEXURE: D (Cont.)

FINDINGS	CORRECTIVE ACTION	Responsible Person	Due Date	Status To Date
<p>The mayor did not table, in council, the 2009-10 annual report of the municipality, within seven months after the end of the financial year, as required by section 127(2) of the MFMA.</p>	<p>Being addressed in the new FY</p>	<p>D. P. Agyemang (IPME Director)</p>	<p>30-Jun-12</p>	<p>Addressed, the draft annual report was tabled on the Exco meeting on the 25 Jan 2012 and Special council – 31 Jan 2012.</p>
<p>The annual performance report did not contain a comparison of the performance of the municipality and of each external service provider with development priorities, objectives and performance indicators set out in its integrated development plan IDP as required by section 46 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).</p>	<p>Being addressed in the new FY</p>	<p>D. P. Agyemang (IPME Director)</p>	<p>30-Jun-12</p>	<p>Partially Addressed.</p>
<p>The municipality does not have reliable information systems for the recording and reporting of performance information as there were inconsistencies identified between the IDP, SDBIP and the annual report.</p>	<p>Inconsistencies being addressed</p>	<p>D. P. Agyemang (IPME Director)</p>	<p>30-May-12</p>	<p>Not Addressed, The service provider has been appointed and has reworked on the document to ensure that the alignment and consistency between IDP and SDBIP.</p>
<p>The performance audit committee or another committee functioning as the performance audit committee did not review the municipality's performance management system and make recommendations in this regard to the council as required by Municipal Planning and Performance Management Regulation 14.</p>	<p>The Audit Committee has already committed to reviewing all performance information every quarter</p>	<p>MM's Office</p>	<p>Already in progress</p>	<p>Addressed.</p>

AUDIT ACTION PLAN 2010/2011 ANNEXURE: D (Cont.)

FINDINGS	CORRECTIVE ACTION	Responsible Person	Due Date	Status To Date
The accounting officer did not monitor the implementation of action plans to address internal control deficiencies in ensuring that a proper control system exists for assets in order to eliminate losses.	Compliance register has already been drawn up for all legislation and policies governing the municipality	MM's Office	Already in progress	Addressed.
The audit committee did not effectively exercise oversight by reviewing annual performance reports to confirm accuracy, completeness and validity of the information relating to predetermined objectives before submission for audit purposes.	The Audit Committee has already committed to reviewing all performance information every quarter	MM's Office	Already in progress	Addressed
Management's philosophy is positive; however, oversight responsibilities over reporting, compliance with laws and regulations and internal control are not exercised and the accounting officer does not evaluate whether management has implemented effective internal controls, risk management and performance management.	Compliance register has already been drawn up for all legislation and policies governing the municipality, there is also a Management resolution chart to ensure implementation of resolutions	MM's Office	Already Done	Ongoing
The risk assessment on the SCM system was not done during the year under review.	already performed, annually reviewed	MM's Office	Already done	Addressed, Risk assessment on SCM system was done and annually reviewed.
The audit committee did not promote accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting as required by section 166(2) of the MFMA as the annual performance report was found to be unreliable and inadequate for audit purposes.	The Audit Committee has already committed to reviewing all performance information every quarter	MM's Office	Already done	Addressed.

AUDIT ACTION PLAN 2010/2011 ANNEXURE: D (Cont.)

FINDINGS	CORRECTIVE ACTION	Responsible Person	Due Date	Status To Date
Disclosed in notes 42.2 and 43.1 to the financial statements is unauthorised expenditure of R358 350 incurred during the current year as a result of overspending on waste management. The expenditure of R2 million incurred in the previous years was condoned by the council during the year as set out in note 43.1 to the financial statements.	Implement controls on the Financial System to prevent , fruitless and wasteful and irregular expenditure and ensure that all supporting documentation accompanying payments are complete and valid and agree with all applicable legislation	CFO	Monthly	Partially Addressed, The controls are put in place its up to the directors to adhere.
The municipality incurred expenditure that was not budgeted for and incurred expenditure in excess of the limit of the amount provided for in the vote in the approved budget, in contravention of section 15 of the MFMA.	Implement controls on the Financial System to prevent , irregular and unauthorised expenditure and ensure that all supporting documentation accompanying payments are complete and valid and agree with all applicable legislation and have been budgeted for and that sufficient money is available in selective vote	SCM Manager	Monthly	The controls is when the vote has insufficient funds the orders should not be issued AND On the Sebata system the warning sign appears that the vote is over spenden when processing the order.
The financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 122 of the MFMA. Material misstatements of expenditure and disclosure items identified by the auditors were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.	The financial statements will be submitted in accordance with the requirements of section 122 of the MFMA to prevent material misstatements of expenditure and disclosure items.	BTO	31-Aug-12	As Required.

AUDIT ACTION PLAN 2010/2011 ANNEXURE: D (Cont.)

FINDINGS	CORRECTIVE ACTION	Responsible Person	Due Date	Status To Date
<p>Invitations for competitive bidding were not always advertised for a required minimum period of days as per the requirements of supply chain management (SCM) regulation 22(1) and 22(2).</p>	<p>Invitations for competitive bidding will be advertised for a required minimum period of days as per the requirements of supply chain management (SCM) regulation 22(1) and 22(2). All tenders above 10 Million will now be advertised for 30 Days</p>	<p>SCM Manager</p>	<p>Monthly</p>	<p>Partially addressed, Finance Department indicated that this F/Y they have not yet issued a tender above R10 million but they are aware of that.</p>
<p>The accounting officer did not take reasonable steps to prevent unauthorised, irregular e expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA</p>	<p>Implement controls on the Financial System to prevent , irregular and unauthorised expenditure and ensure that all supporting documentation accompanying payments are complete and valid and agree with all applicable legislation and have been budgeted for and that sufficient money is available in selective vote to ensure compliance with section 62(1)(d) of the MFMA</p>	<p>CFO</p>	<p>Monthly</p>	<p>The controls are put in place its up to the directors to adhere.</p>
<p>Revenue received by the municipality was not always reconciled at least on a weekly basis, as required by section 64(2)(h) of the MFMA.</p>	<p>Revenue received by the municipality will be reconciled on a weekly basis, as required by section 64(2)(h) of the MFMA.</p>	<p>Revenue Manager</p>	<p>Weekly</p>	<p>Addressed.</p>

AUDIT ACTION PLAN 2010/2011 ANNEXURE: D (Cont.)

FINDINGS	CORRECTIVE ACTION	Responsible Person	Due Date	atus To Date
<p>The council did not approve the disposal of capital assets as required by municipal asset transfer regulation 5(b)(ii)/ 8(b)(ii)(GNR 878 of 22 August 2008) with a carrying value of R277 632. Furthermore, the asset management policy was not adhered too as it stipulates that every head of department shall ensure that any incident of loss, theft, destruction, or material impairment of any fixed asset controlled or used by the department in question is promptly reported in writing to the municipal manager (MM), chief financial officer (CFO), to the internal auditor, and – in cases of suspected theft or malicious damage – also to the South African Police Service (SAPS).</p>	<p>All assets to be disposed will be presented to council for approval according to by municipal asset transfer regulation 5(b)(ii)/ 8(b)(ii)(GNR 878 of 22 August 2008) All managers will ensure that any incident of loss, theft, destruction, or material impairment of any fixed asset controlled or used by the department in question is promptly reported in writing to the municipal manager (MM), chief financial officer (CFO), and to the internal auditor. In cases of suspected theft or malicious damage – it will also be reported to the South African Police Service (SAPS).</p>	SCM Manager	AS Required	Addressed
ACHIEVEMENT OF INTERNAL CONTROLS OBJECTIVES:				
Leadership:				
<p>The accounting officer did not monitor the implementation of action plans to address internal control deficiencies in ensuring that a proper control system exists for assets in order to eliminate losses.</p>	<p>Each department will implement an effective system of internal controls to mitigate losses and risks associated thereof</p>	MM's Office	As Required	Addressed

AUDIT ACTION PLAN 2010/2011 ANNEXURE: D (Cont.)

FINDINGS	CORRECTIVE ACTION	Responsible Person	Due Date	Status To Date
Procurement and Contract Management:				
Three quotations were not obtained from eight suppliers on procurement of goods and services worth more than R2 000 each, totalling to R46 506 as required by paragraph 12 of the SCM policy.	The SCM unit will ensure that three quotations are obtained for all goods and services procured worth more than R2 000 but less than R 30 000 as required by paragraph 12 of the SCM policy.	SCM Manager	AS Required	Partially addressed, the travelling agent has been appointed relating to accommodation issue, Catering the department have to select their own caterer.
The two tenders awarded to contractors amounting to R24,4 million were advertised for only 22 days. This is in contravention of SCM Regulation 22(1)(b), which requires the tenders worth more than R10 million to be advertised for at least 30 days.	Invitations for competitive bidding will be advertised for a required minimum period of days as per the requirements of supply chain management (SCM) regulation 22(1) and 22(2). All tenders above 10 Million will now be advertised for 30 Days	SCM Manager	AS Required	Partially addressed, Finance Department indicated that in this F/Y they have not yet issued a tender above R10 million.
One tender was awarded to a joint venture for an amount of R24,4 million in which the previous mayor is a related party to the transaction as his spouse is a director of one of the companies in the joint venture. This award was not disclosed in the financial statements as required by SCM Regulation 45.	MBD forms will be attached, and also will monitor and adhere to all the necessary requirements as per SCM regulations.	CFO	AS Required	Addressed.
The accounting officer does not publish the bid register on the municipality's website as required by SCM Regulations 23 (c) (iii) and (d) (iii).	The Bid Register will be published on the municipality's website as required by SCM Regulations 23 (c) (iii) and (d) (iii).	IT Manager	Monthly	Addressed, Bid Register is published on the municipality's website.

AUDIT ACTION PLAN 2010/2011 ANNEXURE: D (Cont.)

FINDINGS	CORRECTIVE ACTION	Responsible Person	Due Date	Status To Date
LEADERSHIP				
Oversight responsibility regarding reporting and compliance				
Management's philosophy is positive; however, oversight responsibilities over reporting, compliance with laws and regulations and internal control are not exercised and the accounting officer does not evaluate whether management has implemented effective internal controls, risk management and performance management.	Management will ensure that proper oversight over reporting and compliance with laws and regulations including internal control are exercised and the accounting officer evaluates the effectiveness over such internal controls, risk management and performance management issues.	MM's Office	Monthly	Compliance register and risk register are monitored every month.
Effective human resource management				
Actual processes and procedures implemented were not in accordance with the documented policies and procedures as leave days were not captured on the system and leave was approved after it had already been taken.	Going forward we will monitor the process and adhere to applicable procedures.	Corporate	Monthly	Addressed.
Implementation of policies and procedures				
The asset management policy was not fully implemented as there were asset losses for which there was no evidence of any investigations and reports to the MM, CFO and SAPS as per the policy.	The asset management policy will be fully implemented and investigations and reports to the MM, CFO and SAPS as per the policy will be done.	SCM Manager	AS Required	Addressed, the asset management & insurance policy was approved by the council on the 22 February 2012.

AUDIT ACTION PLAN 2010/2011 ANNEXURE: D (Cont.)


FINDINGS	CORRECTIVE ACTION	Responsible Person	Due Date	Status To Date
Establishment of an IT governance framework				
The disaster recovery plan used by the municipality is in a draft format, it has not been tested for effective operation and it has not been approved by the council.	The disaster recovery plan used by the municipality will be approved by council and be tested for effectiveness.	IT Manager	30-Jun-12	Addressed, was approved by the council on the 22 February 2012.
Controls over daily and monthly processing and reconciling of transactions				
Controls over daily and monthly processing and reconciling of transactions were not implemented as interdepartmental expenses incurred were not eliminated and the processing of revenue amounts to the general ledger were not appropriately accounted for monthly as the amounts were processed inclusive of VAT and a lump sum journal was processed at year-end to correct the error.	The Municipality will implement a system of internal control to ensure that interdepartmental expenses incurred are eliminated and the processing of revenue amounts to the general ledger are done in an accurate manner, appropriately accounted for on a monthly basis with monthly VAT recons being done	BTO	Daily	Vat reconciliation is done daily on the system and end of the month then reconciled.
Formal control over IT systems				
There are no controls in place over IT systems as all the ledger users have the function of adding and deleting suppliers on the supplier master file.	Access Controls will be placed on ledger users to ensure that only the IT Manager have the function of adding and deleting suppliers on the supplier master file.	IT Manager/CFO	AS required	Addressed.
Use of consultants for financial statement preparation				
The financial statements of the municipality were prepared by consultants however there appears to be no necessary skills transfers to the employees of the municipality as the municipality continually relies on the use of consultants each year.	Skills transfers will take place in the future and the municipality will ensure that the use of consultants are reduced as those skills transferred are absorbed	CFO	AS required	Partially addressed, Skills are transferred is taking place.

AUDIT ACTION PLAN 2010/2011 ANNEXURE: D (Cont.)

FINDINGS	CORRECTIVE ACTION	Responsible Person	Due Date	Status To Date
The municipality did not initially appropriately account for and disclose all the related-party transactions. This was subsequently corrected.	The municipality will appropriate an account for and disclose all the related-party transactions.	BTO	AS required	The appropriate account will be disclosed on this FY's financial statement.
GOVERNANCE				
Risk management				
The risk assessment on the SCM system was not done during the year under review.	The risk assessment on the SCM system will be done during the year under review.	SCM Manager	End January 2012	Addressed.



ANNEXURE
E



**AUDITOR GENERAL'S REPORT
2011/2012**

ANNEXURE
F

RESPONSE TO AUDITOR GENERAL'S
REPORT 2011/2012

ANNEXURE
G

AUDIT COMMITTEE REPORT
2011/2012

“DRAFT” REPORT OF THE AUDIT COMMITTEE TO THE EXECUTIVE COMMITTEE AND COUNCIL OF THE SENQU MUNICIPALITY

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

Audit Committee Members and Attendance

The Audit Committee was established during 2004 and consists of the following members:

Name of Member	Number of Meetings attended for the financial year ended 30 June 2012
Mr. D Du Plessis(Chairperson)	4
Mr. G De Jager	4
Mr. .J. Hattingh	4
Mr. Spofana	4

Audit Committee Responsibility

The Audit Committee reports that it has adopted appropriate formal terms of reference via the Audit Committee Charter, which have been approved by the Municipal Manager.

Evaluation of Annual Financial Statements

These financial statements are prepared in accordance with the basis of accounting determined by the National Treasury as set out in the accounting policy and in a manner required by the MFMA.

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and Council;
- Reviewed the Auditor-General report and management's response thereto;
- Reviewed the selection of accounting policies and practices;
- Reviewed the effectiveness of the internal control systems;
- Reviewed the effectiveness of internal audit;
- Reviewed the risk areas of the Municipality's operations to be covered in the scope of internal and external audits;
- Reviewed the adequacy, reliability and accuracy of financial information provided to management and other users of such information;
- Reviewed the accounting and auditing concerns identified as a result of internal and external audits;
- Reviewed the Municipality's compliance with legal and regulatory provisions;
- The activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations.

The Audit Committee concurs, accepts the Auditor General conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Performance Measurement

The Audit Committee notes an improvement in the method of reporting the performance of the Municipality.

Risk Management

Whilst progress has been made in respect of the establishment of the risk management structure and framework, a risk management function and process has also been established and implemented for the year under review. The Risk Committee is acknowledged to be the Audit Committee in which risk management reports have been tabled.

Facilitation of the strategic and operational risk assessments has been conducted. Notwithstanding, it is acknowledged that there are still areas where improvement in risk management is required and it is suggested that the Department conduct their own risk assessments and put in place the appropriate controls within which to mitigate risk.

Conclusion

The Committee recognizes the unqualified audit opinion received by Senqu Municipality and wishes to place on record their acknowledgement of this and the role that the Budget and Treasury Department played in this regard. Overall improvements were noted and it is appreciated that areas raised by the Auditor General under "emphasis of matter" will be addressed moving forward. The Audit Action plan represents a comprehensive list of all details that are required to be attended to within the new financial year. Ensuring that Senqu Municipality moves forward in the strategized manner in order to optimize financial efficiency and controls.



Mr. D Du Plessis
Chairperson of the Audit Committee

Annexure
H

MPAC/OVERSIGHT REPORT
2011/2012

CLOSING SUMMARY

From the detailed chapters in this Annual Report, Senqu Municipality was able to report on various aspects of organisational performance, by detailing Council priorities and goals and their ability as an organisation to achieve these, notwithstanding the highlighted challenges that prevail.

DISCLAIMER

The Annual Report is compiled from statistics received from the various directorates. In the event that statistics provided may be inaccurate, this will impact on statistics overall. It is the intention to take appropriate steps to ensure that any discrepancies are corrected are correctly reflected.

GLOSSARY

CBO	Community Based Organisation
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
DWAF	Department of Water Affairs and Forestry
GAMAP	Generally Accepted Municipal Accounting Practices
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practices
IDP	Integrated Development Plan
ILGM	Institute of Local Government Management of Southern Africa
IMPRO	Institute of Municipal Public Relations Officers
LED	Local Economic Development
LGWSETA	Local Government and Related Services SETA
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
NEPAD	New Partnership for Africa's Development
NGO	Non-Government Organisation
SALGA	South African Local Government Association
SMME	Small, Medium and Micro Enterprises
TLC	Transitional Local Council
JGDM	Joe Gqabi District Municipality

A graphic consisting of a dark olive green circle on the left containing the text 'APPENDIX A', and a larger, lighter olive green oval on the right containing the text 'Councillors, Committee Allocation and Council Attendance'.

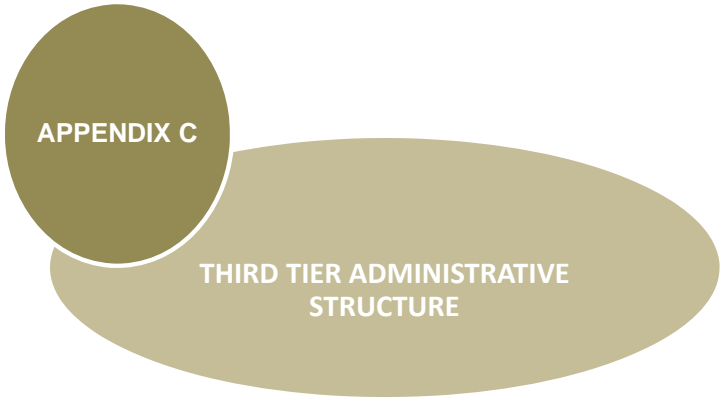
APPENDIX A

**Councillors, Committee Allocation
and Council Attendance**

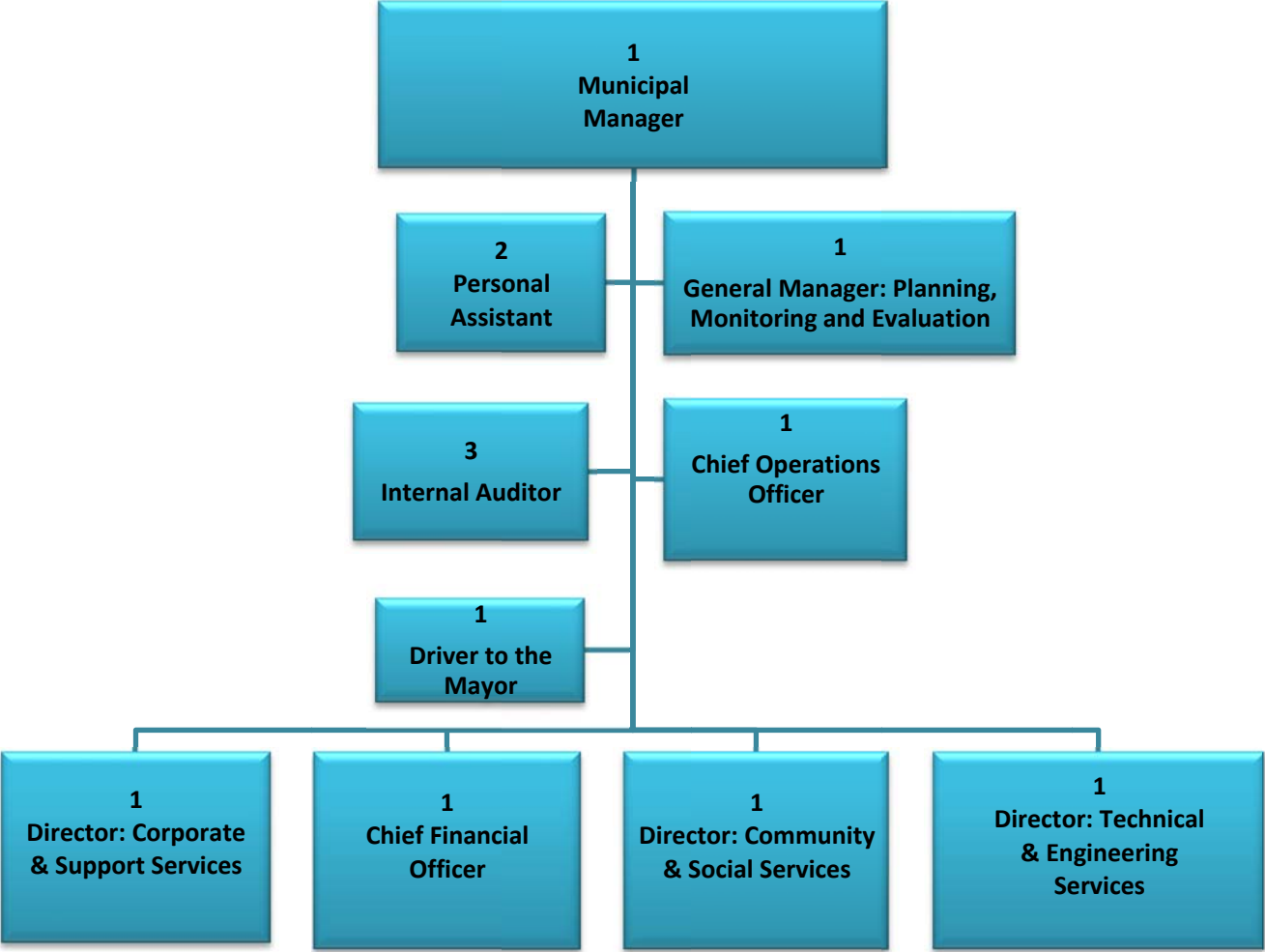
REFER TO CHAPTER 2, COMPONENT A (P17 - 27)

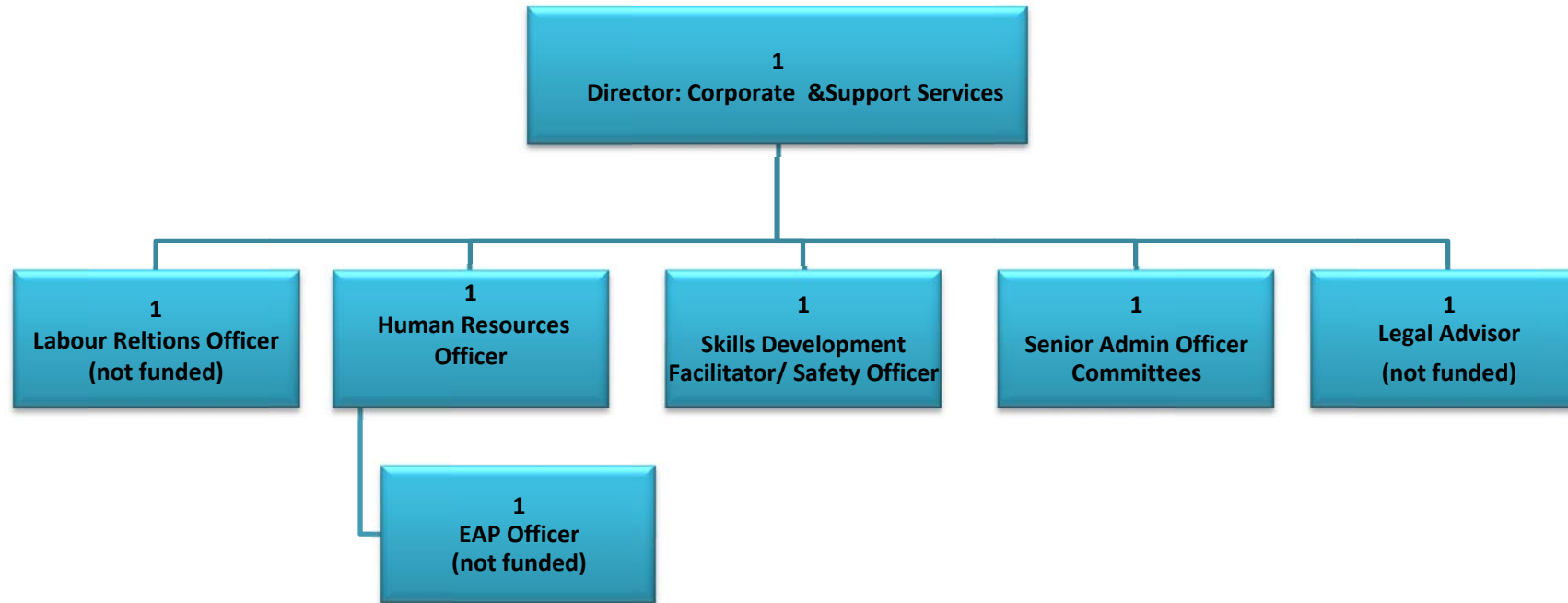


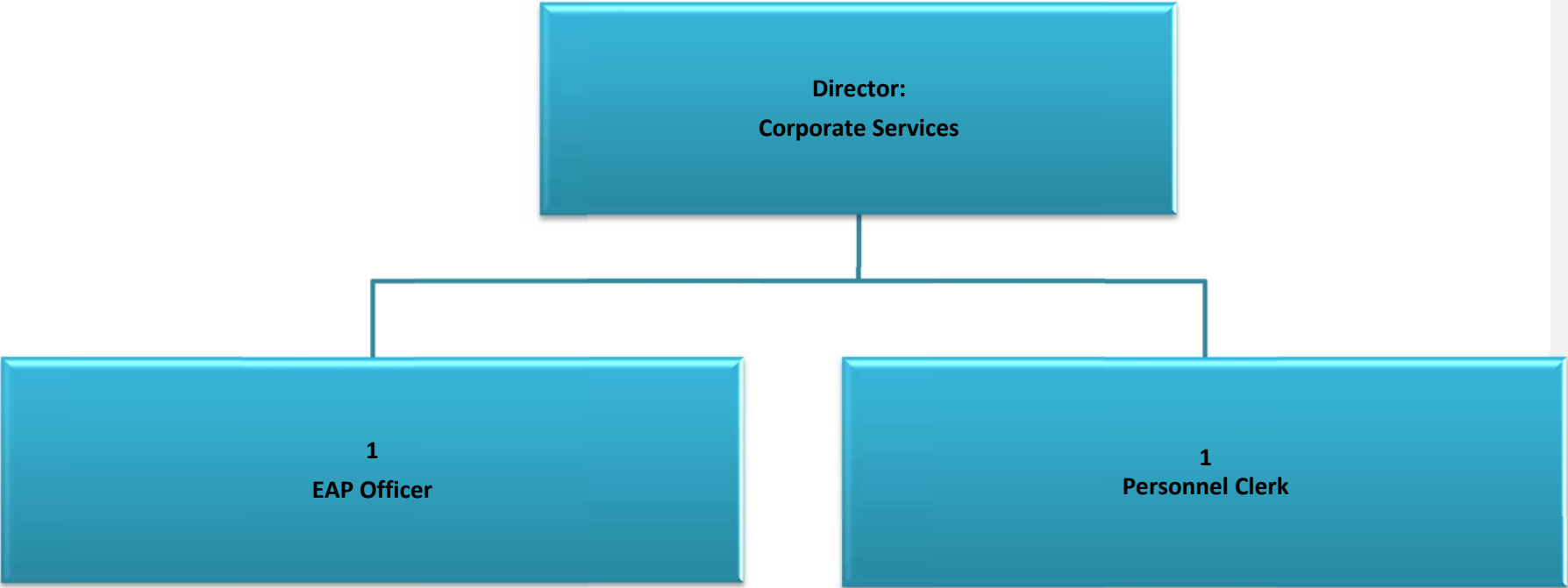
REFER TO CHAPTER 2, COMPONENT A (18-28)

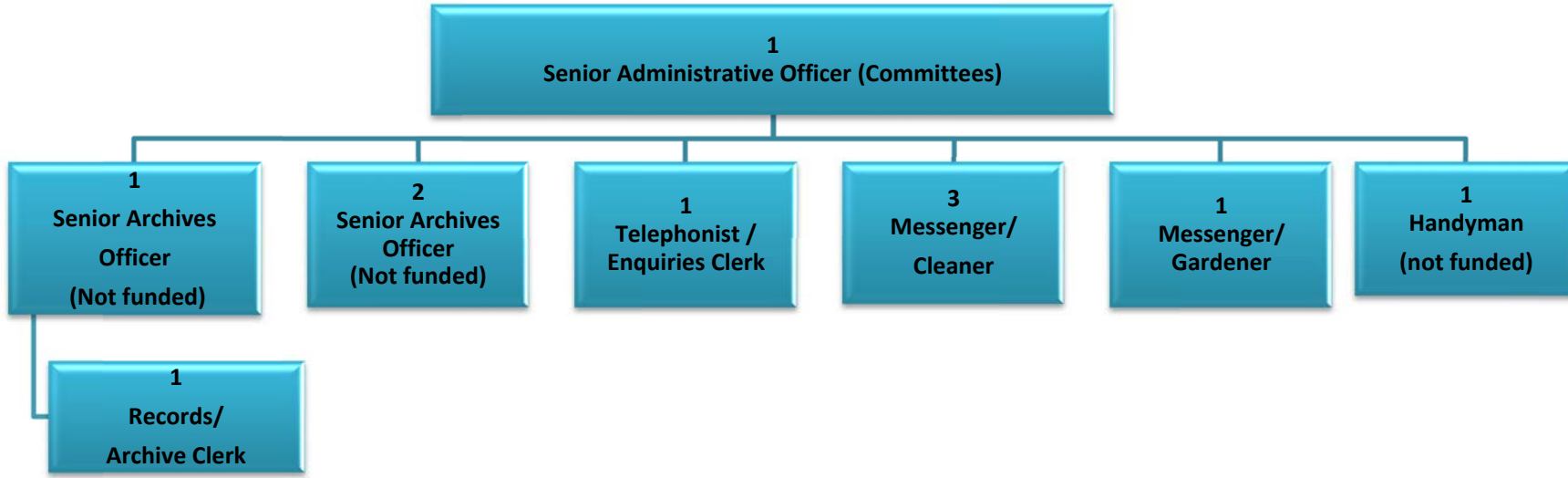


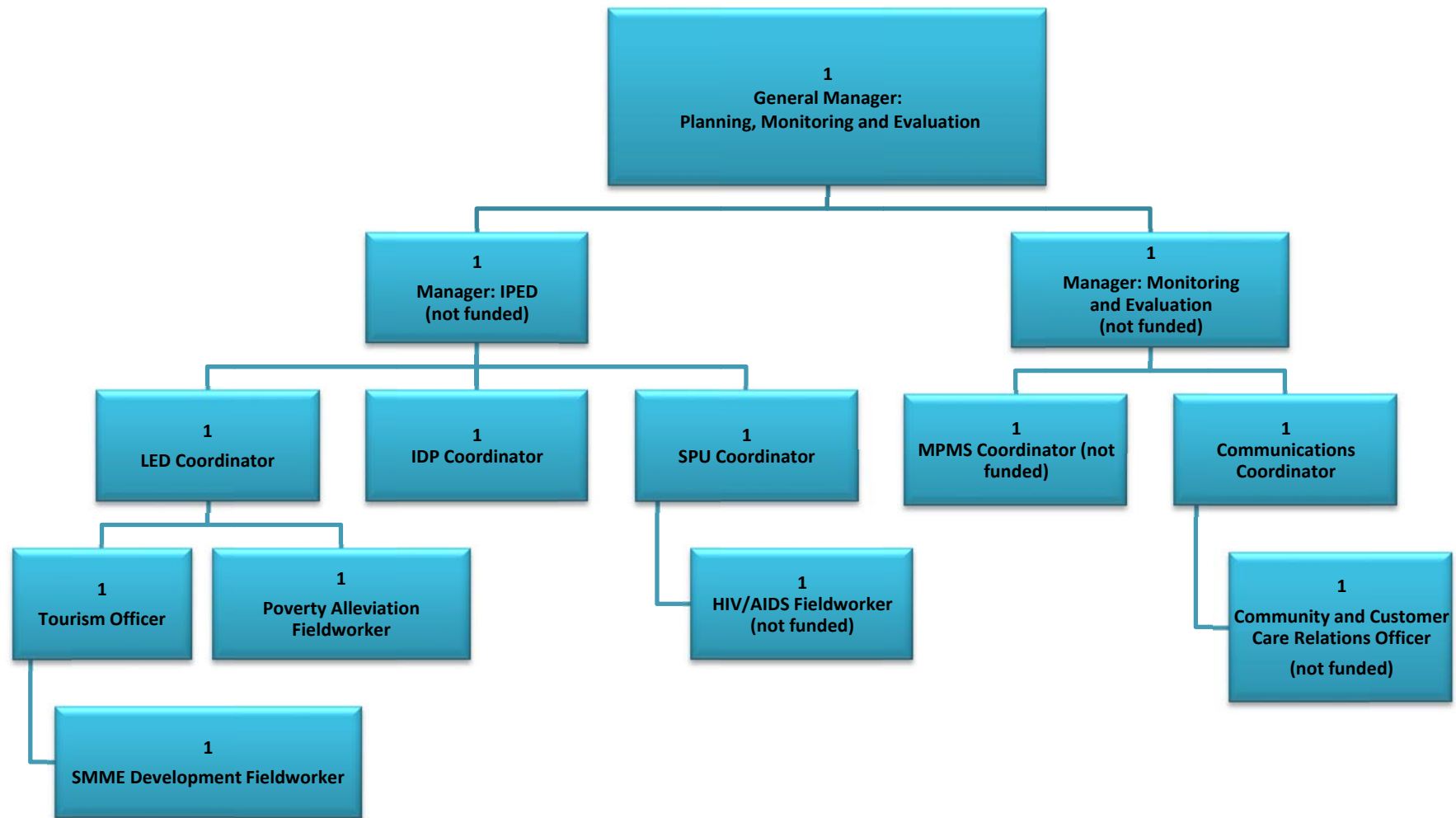
SENQU MUNICIPALITY ORGANOGRAM
2011 - 2012

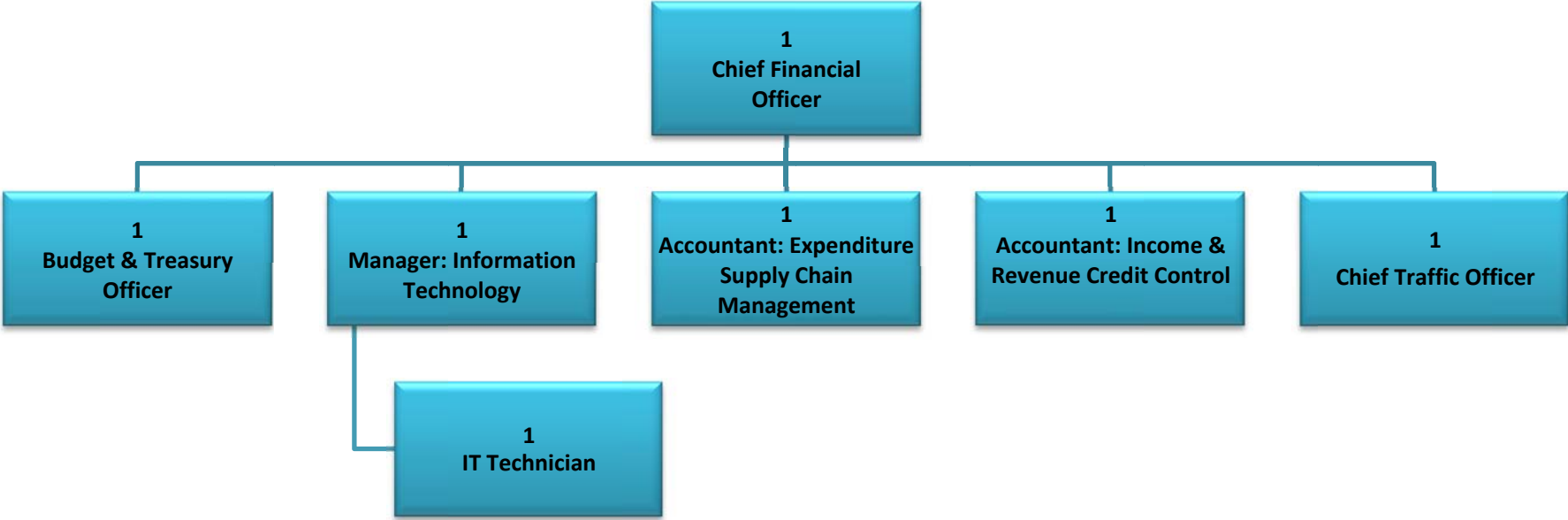






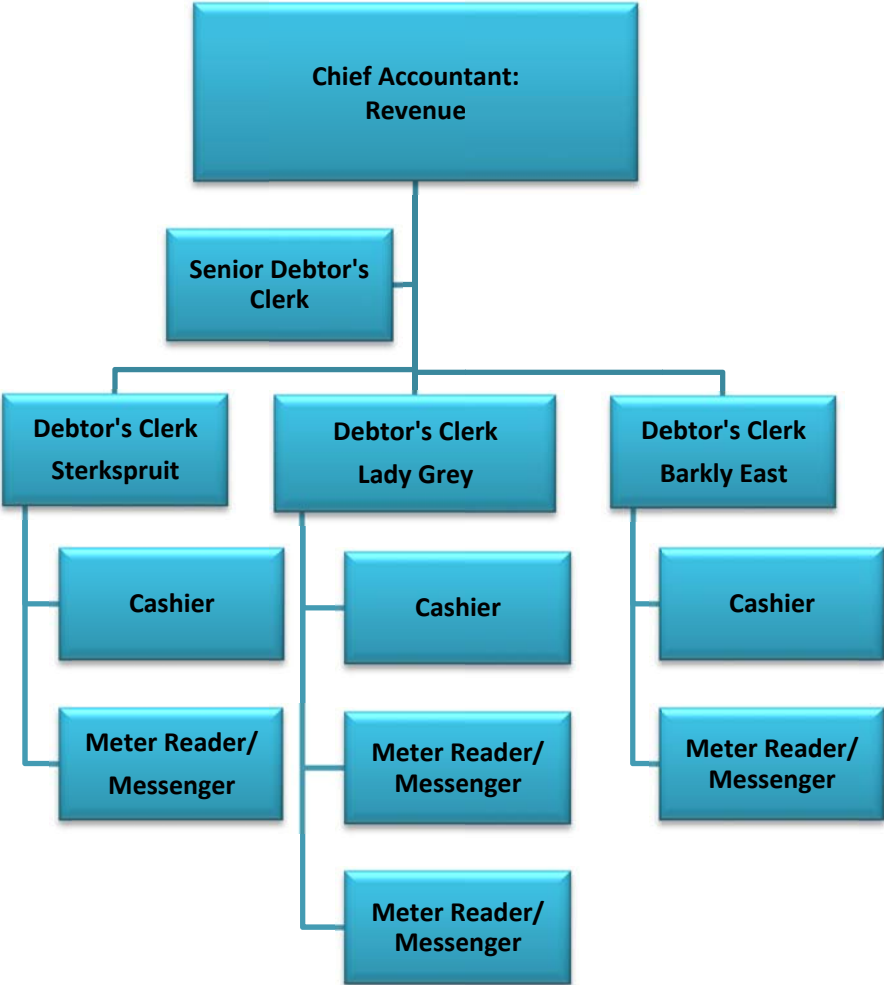


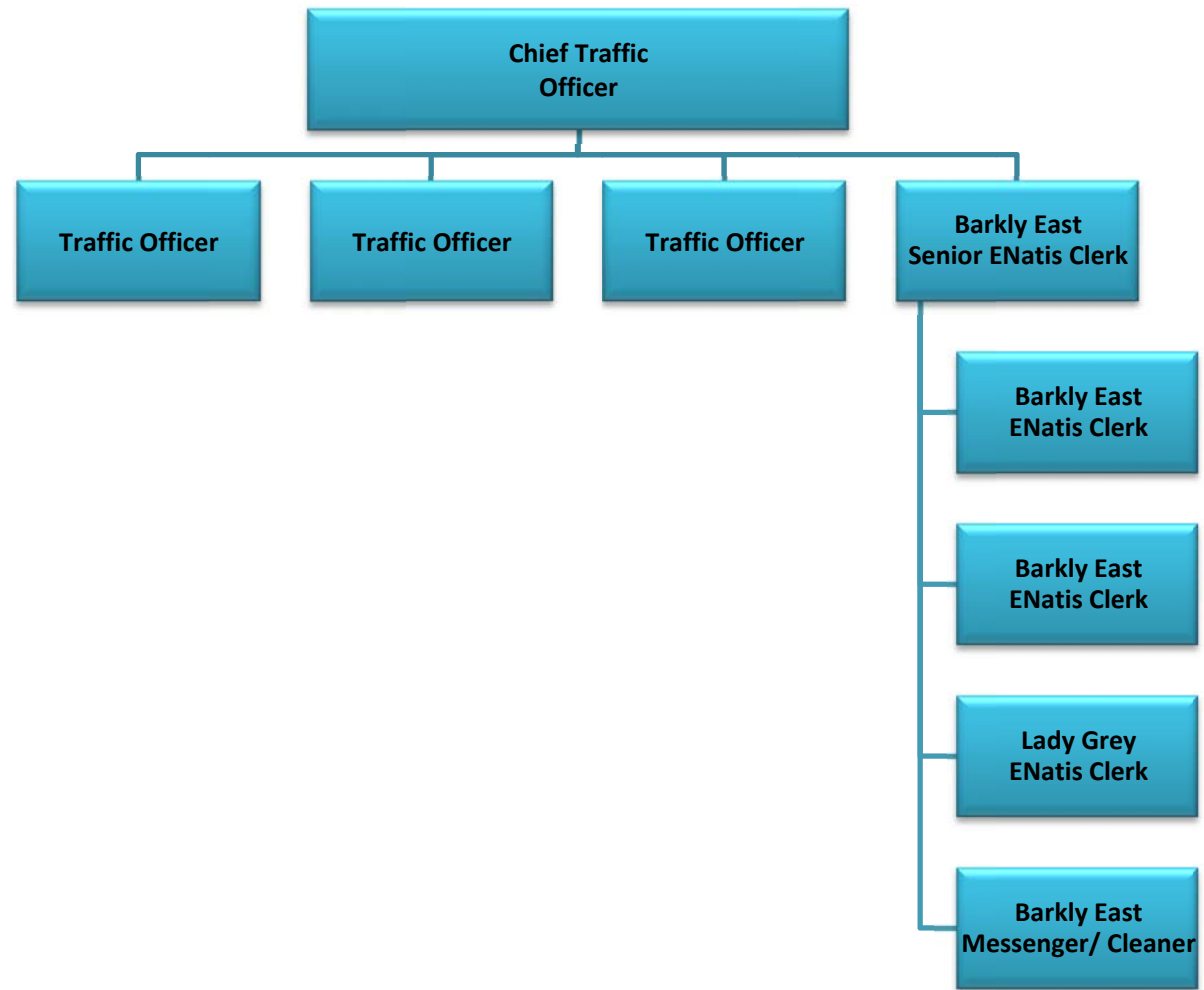


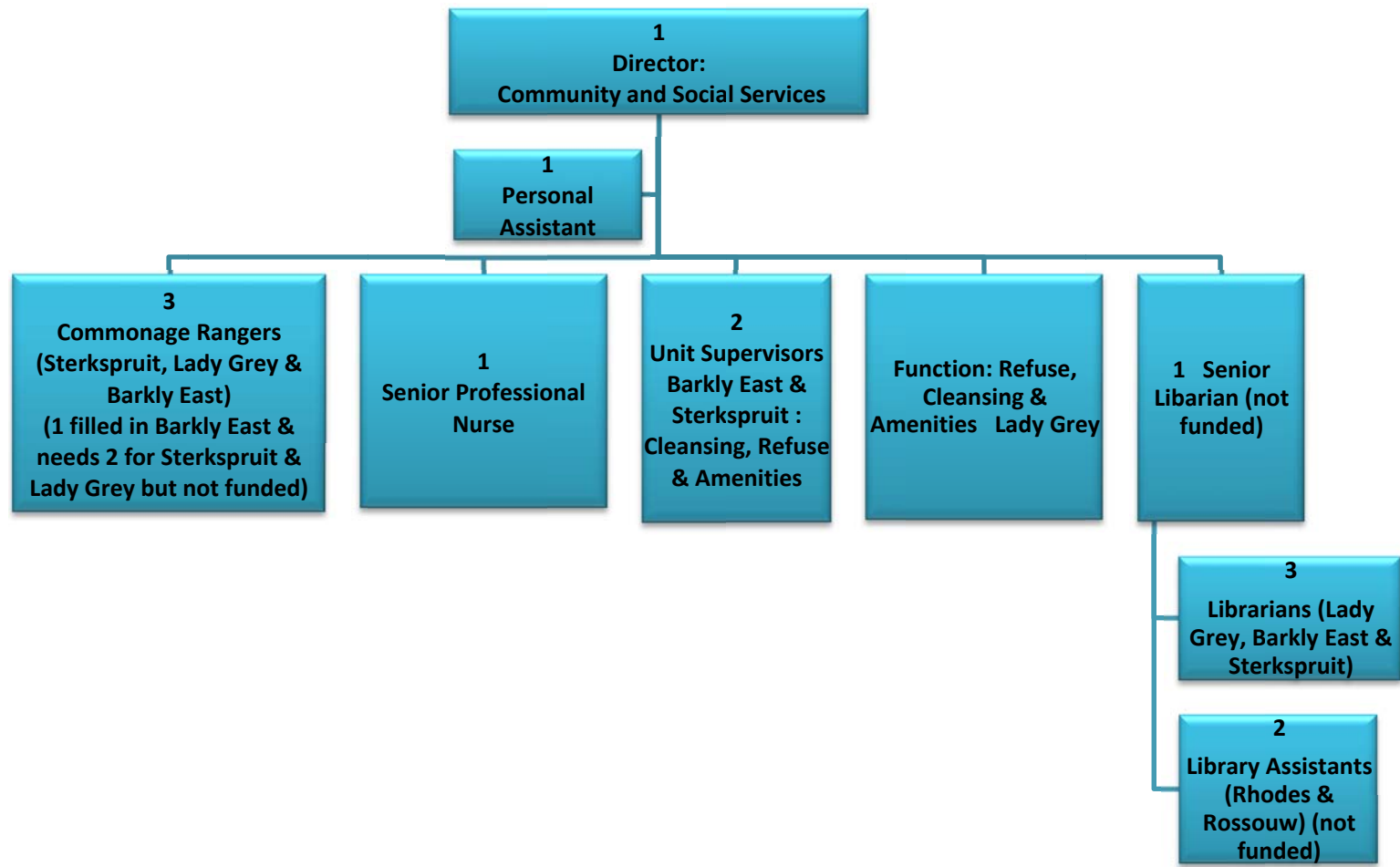




BUDGET & TREASURY DEPARTMENT

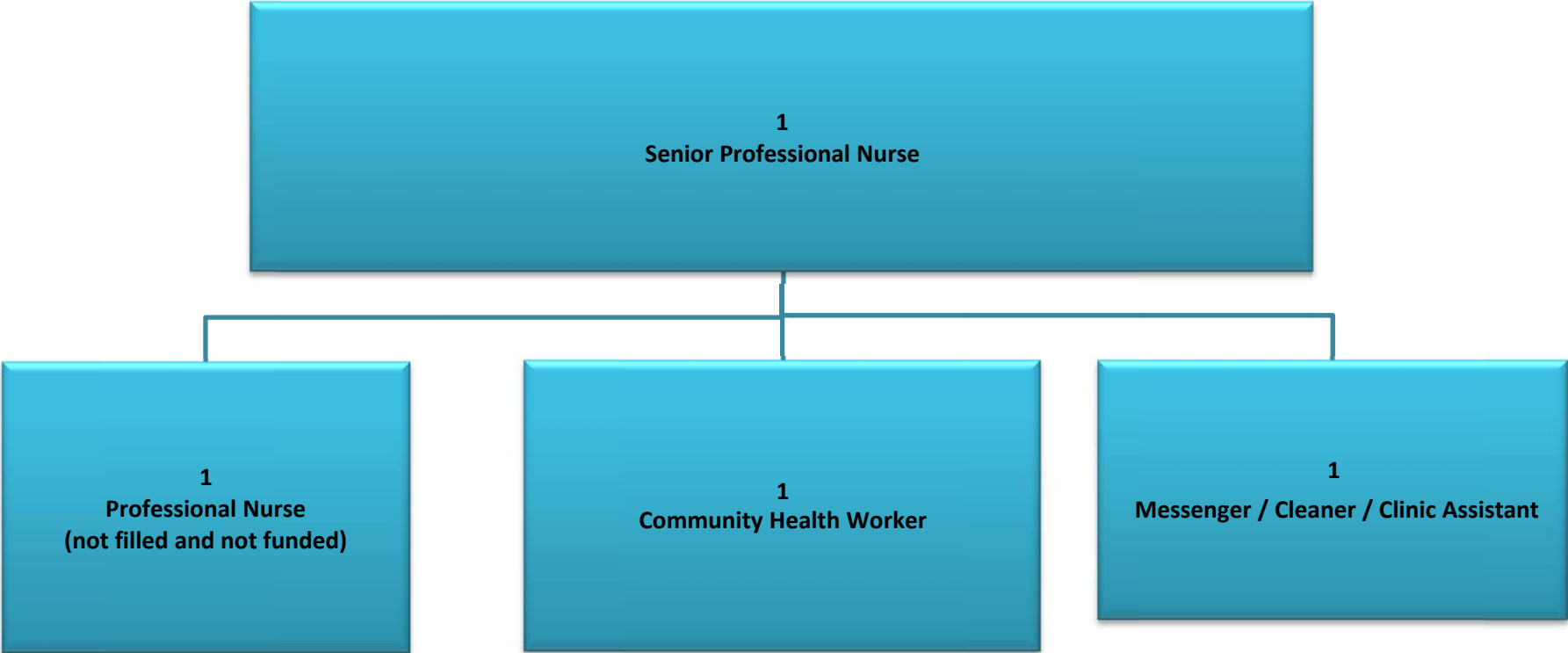




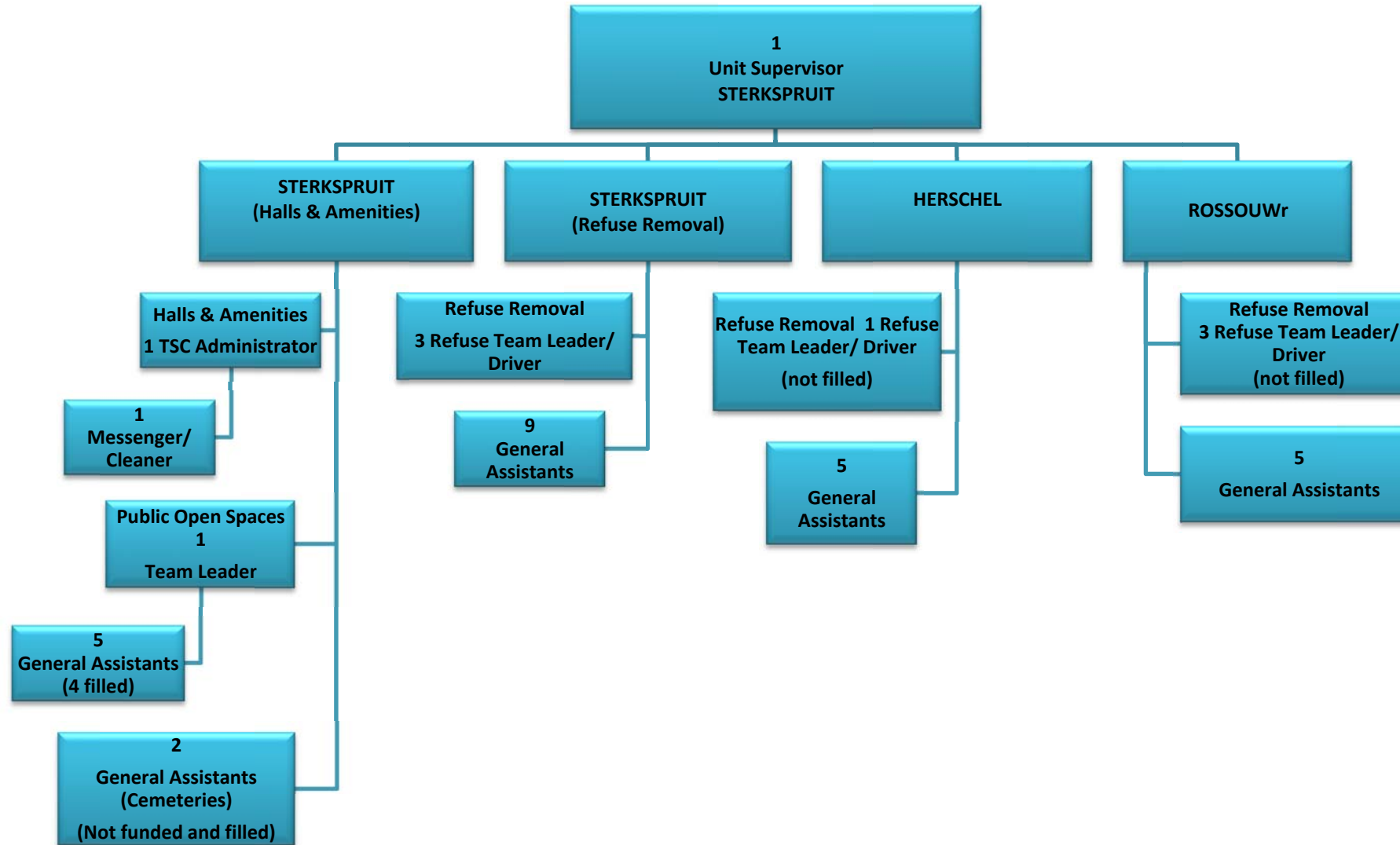


*Health Discontinued Service

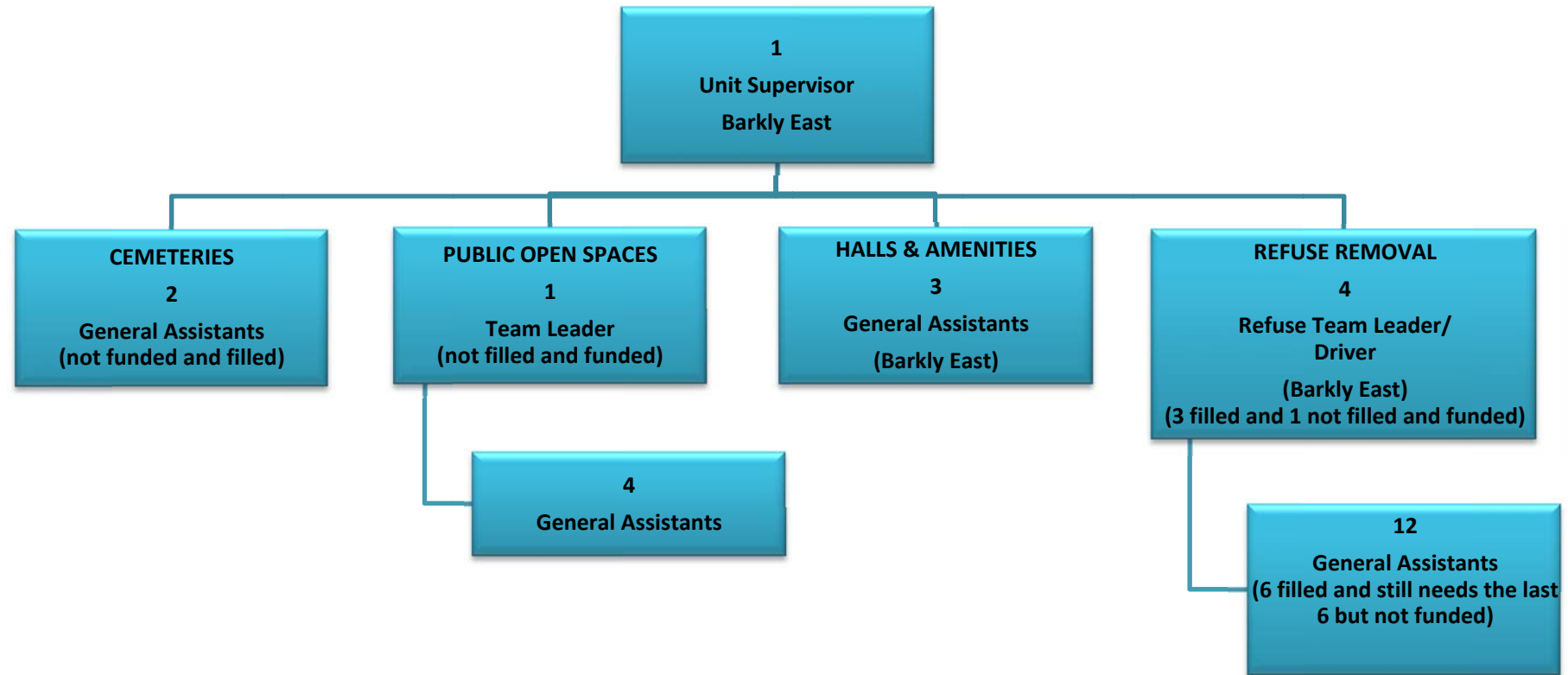
COMMUNITY & SOCIAL SERVICES: HEALTH (Discontinued Service)



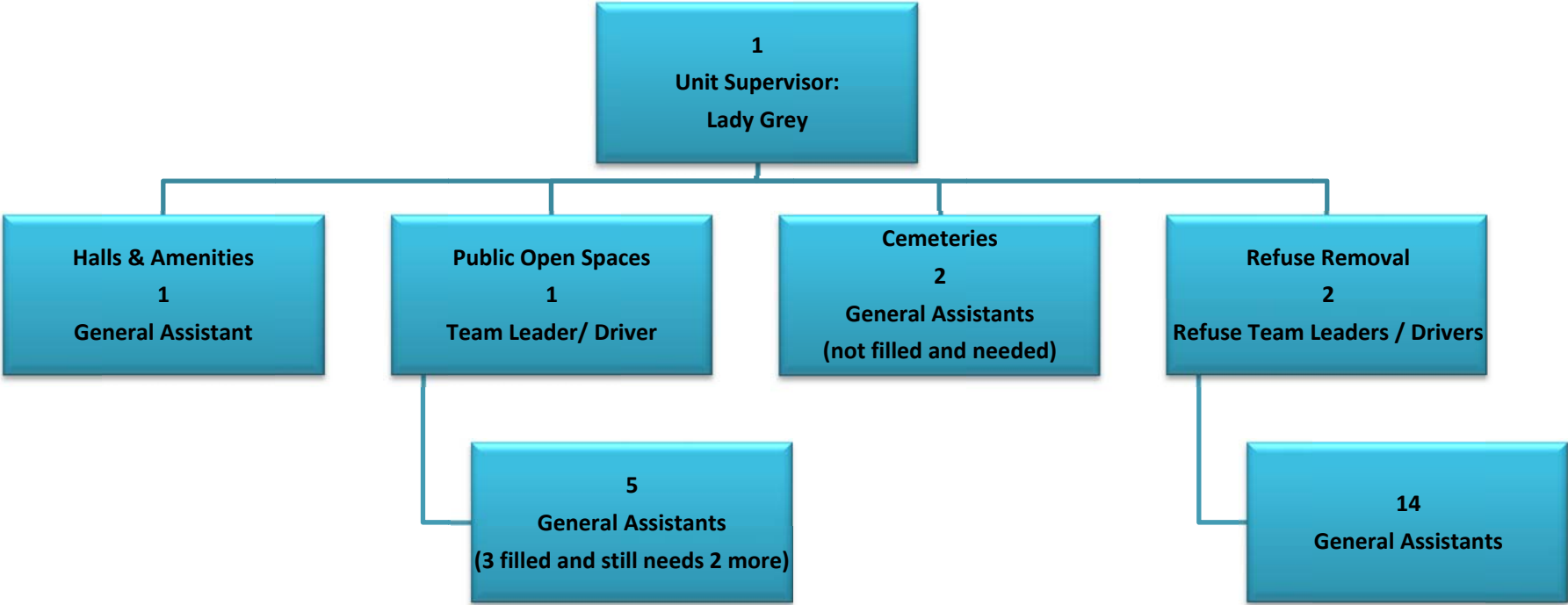
**COMMUNITY & SOCIAL SERVICES
CLEANSING, REFUSE REMOVAL & PUBLIC AMENITIES: STERKSPRUIT**



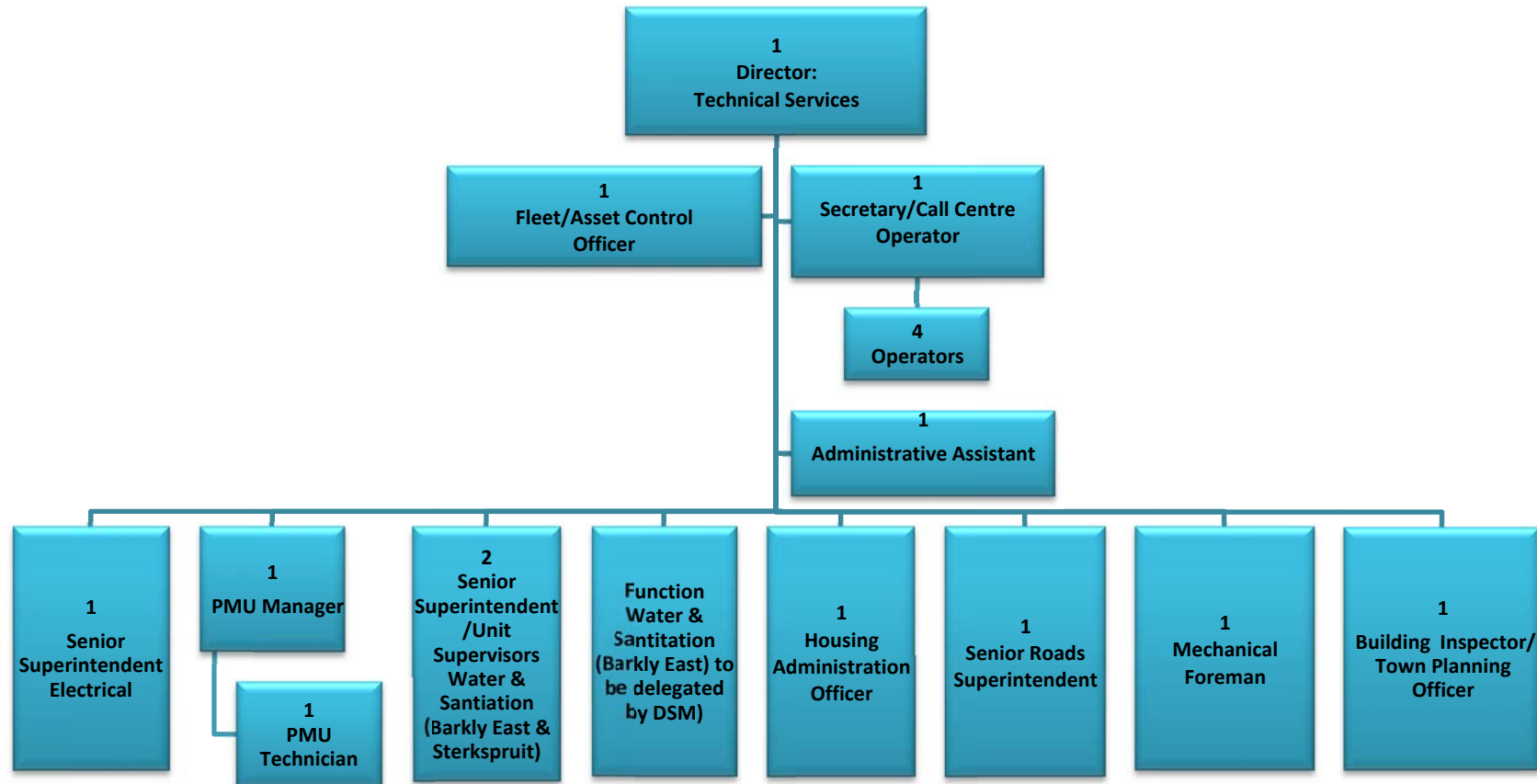
**COMMUNITY & SOCIAL SERVICES
CLEANSING, REFUSE REMOVAL & PUBLIC AMENITIES:
BARKLY EAST**



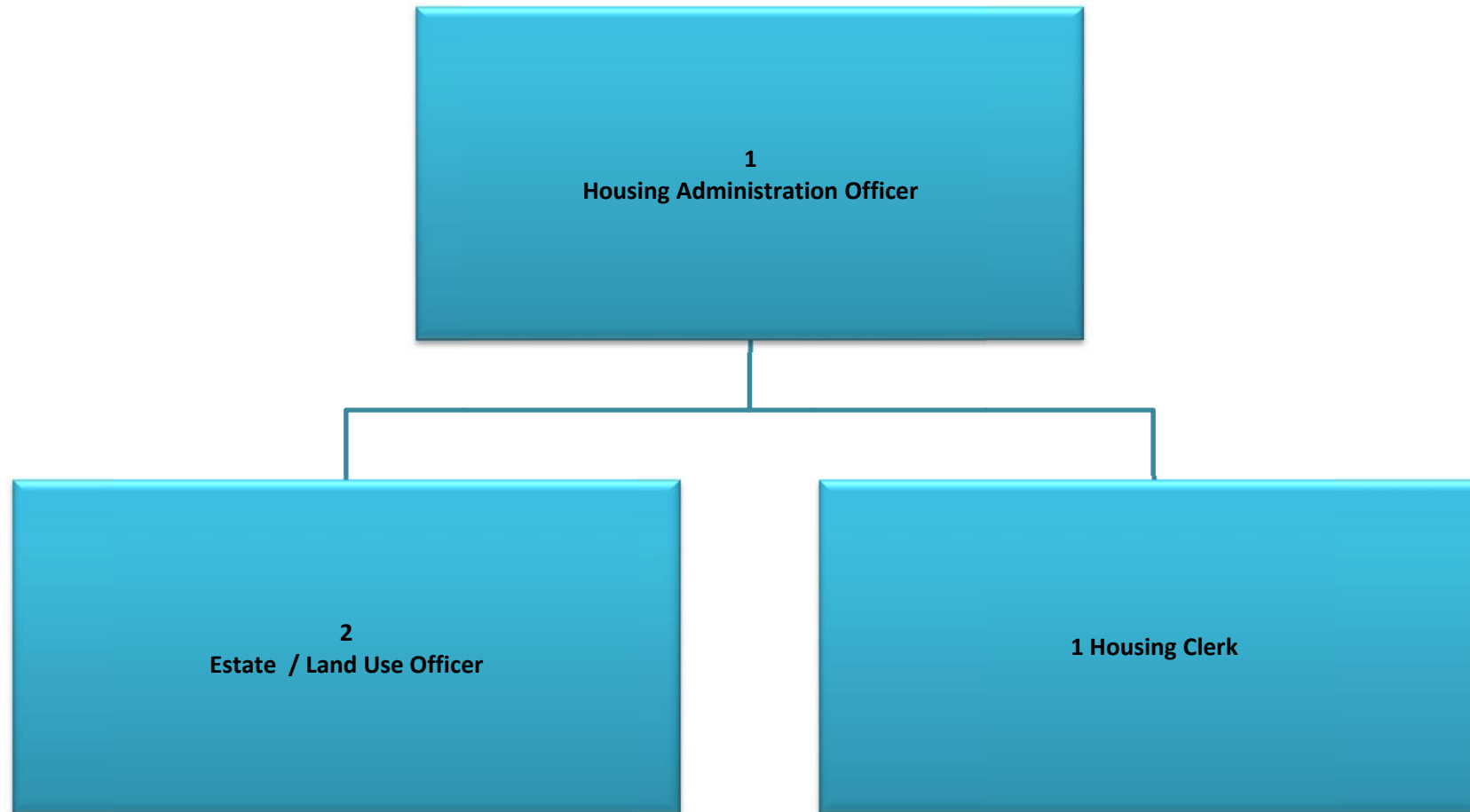
**COMMUNITY & SOCIAL SERVICES
CLEANSING, REFUSE REMOVAL & PUBLIC AMENITIES: LADY GREY**



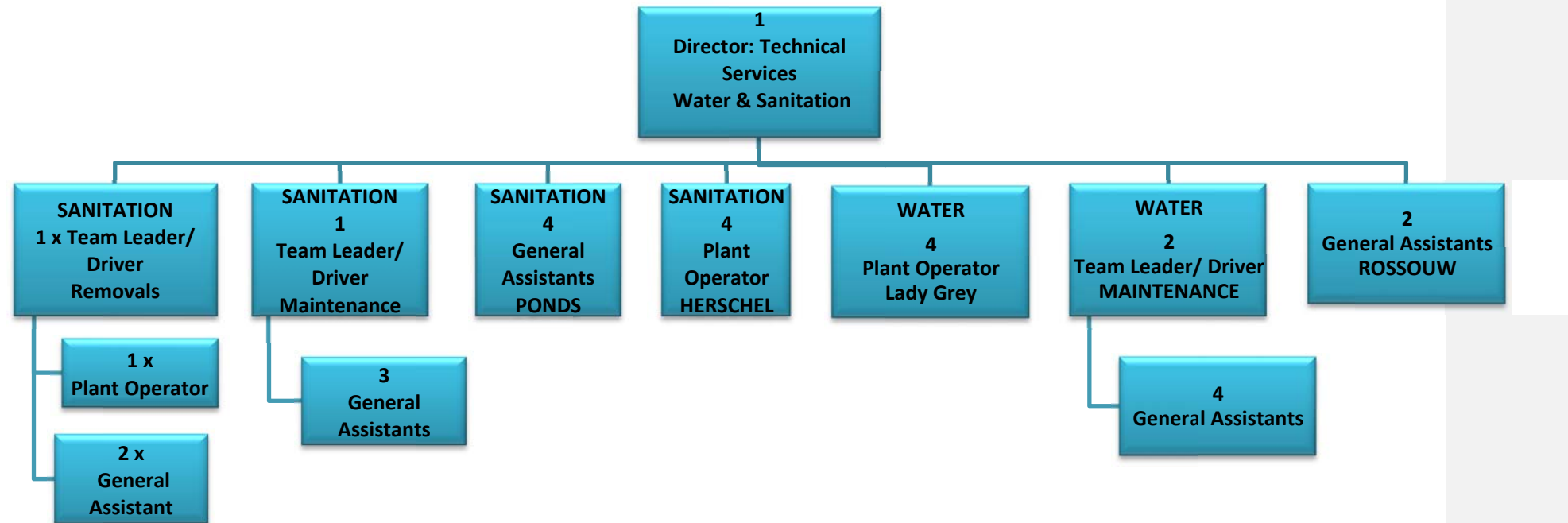
DIRECTOR: TECHNICAL SERVICES: ADMINISTRATION



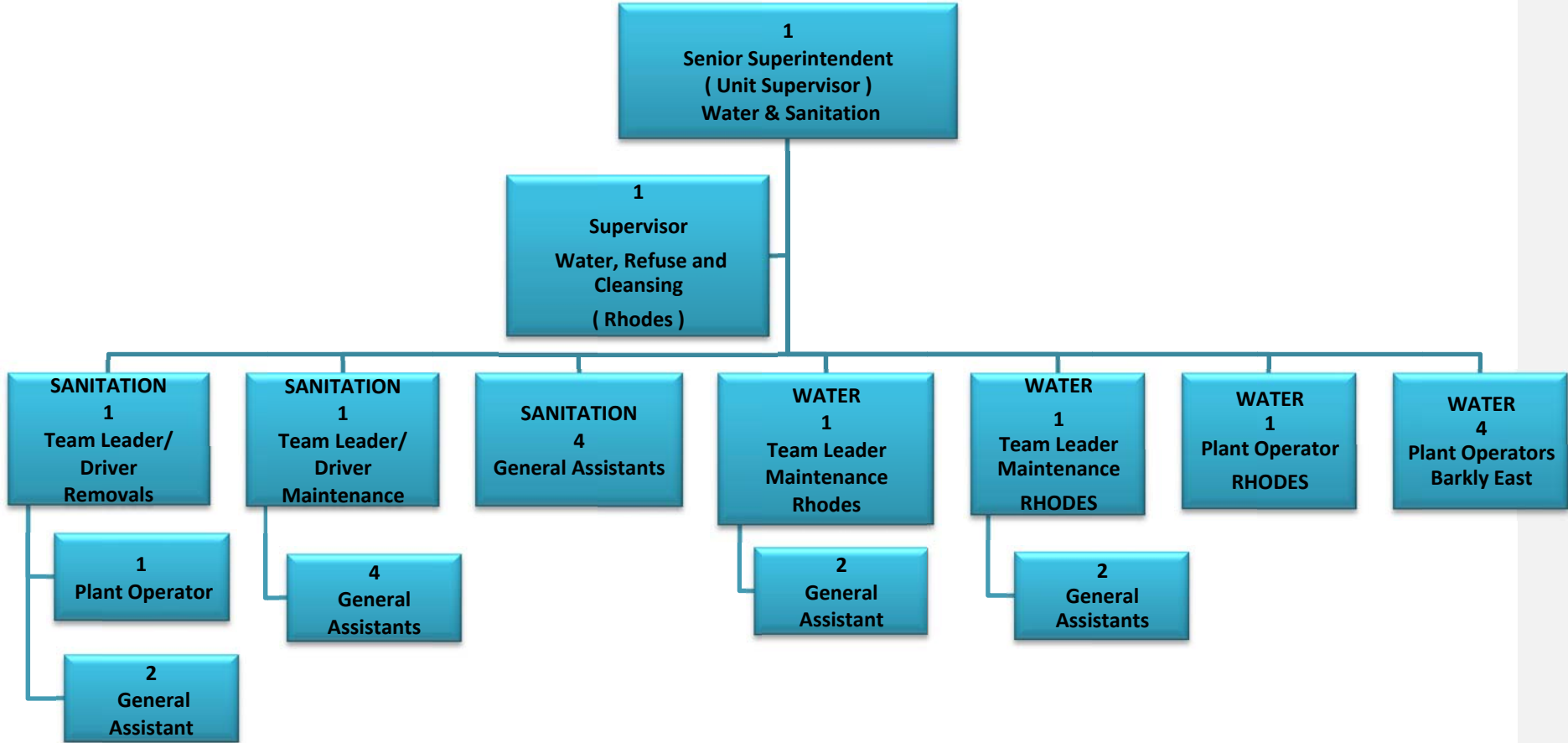
**TECHNICAL & ENGINEERING SERVICES:
HOUSING & ADMINISTRATION**



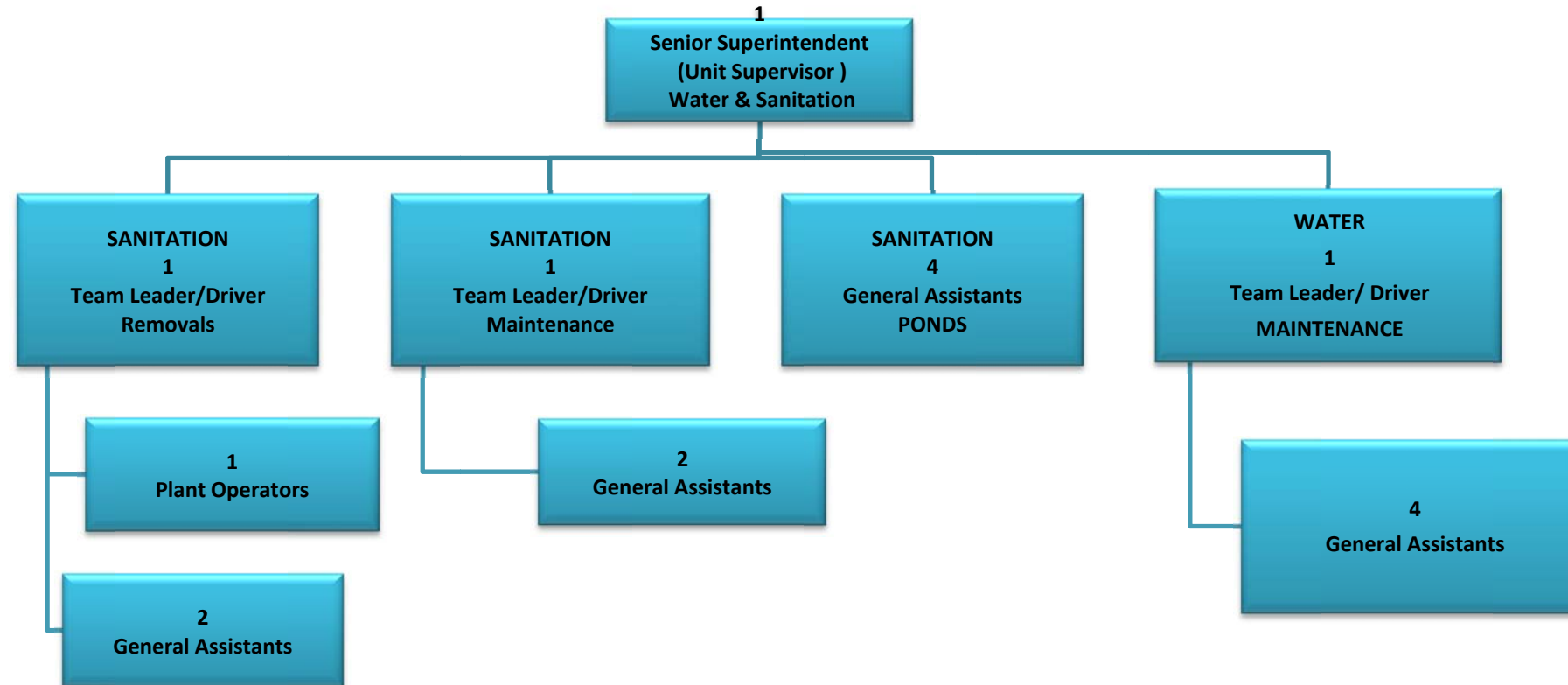
**TECHNICAL SERVICES:
WATER & SANITATION: LADY GREY**



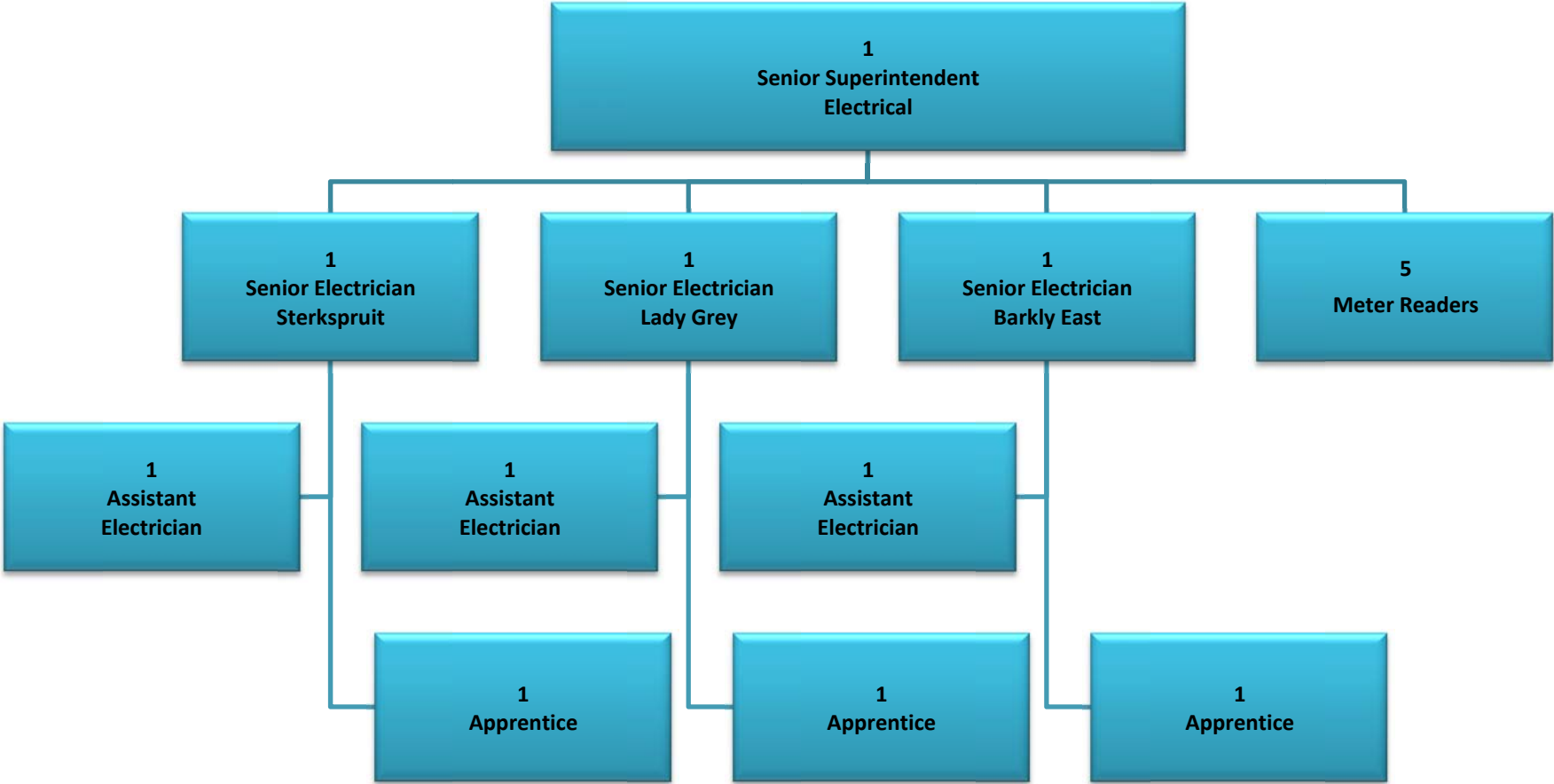
TECHNICAL SERVICES: BARKLY EAST WATER & SANITATION



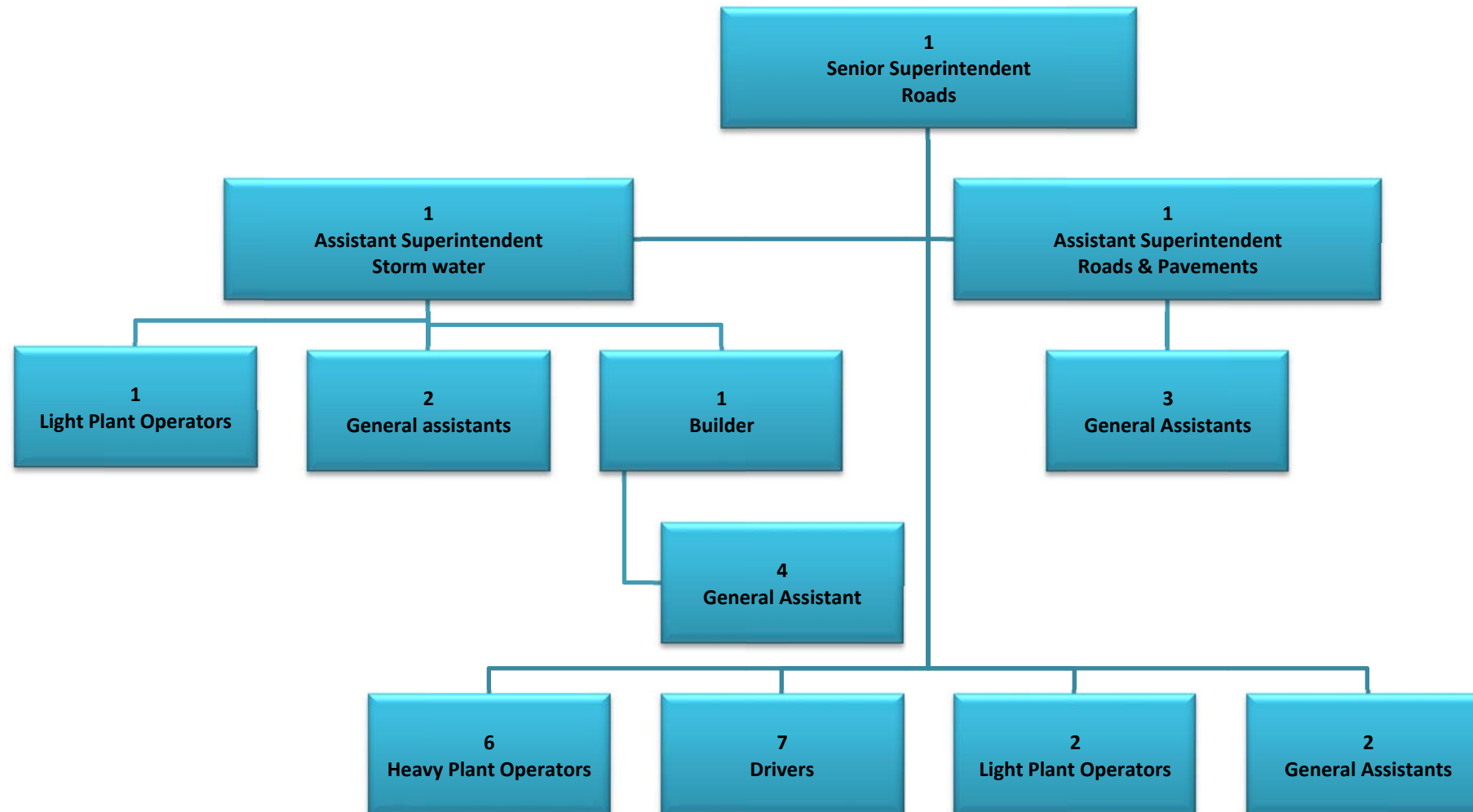
TECHNICAL SERVICES: STERKSPRUIT WATER& SANITATION



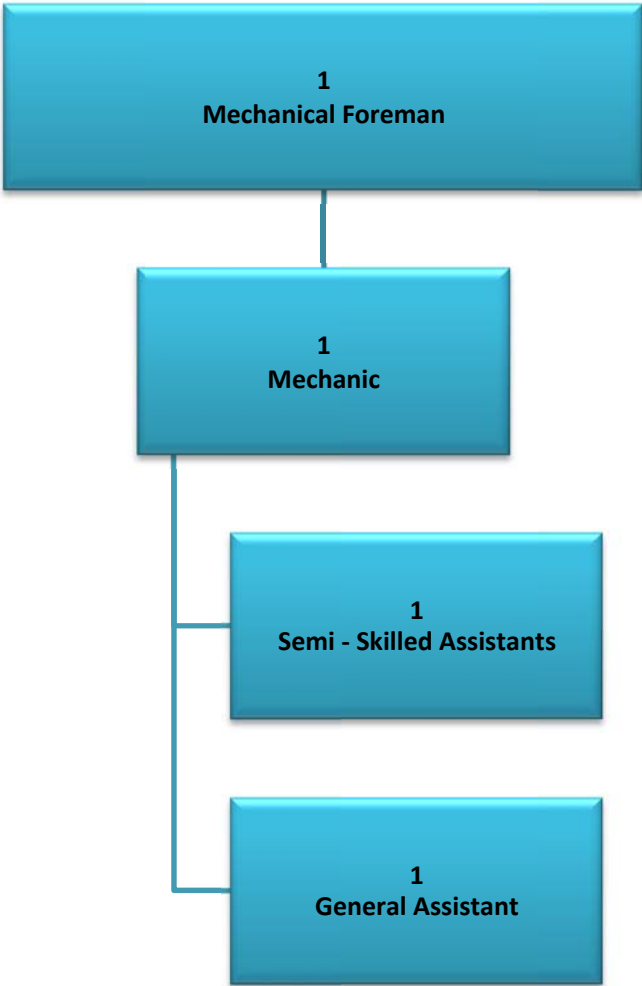
TECHNICAL SERVICES: ELECTRICITY

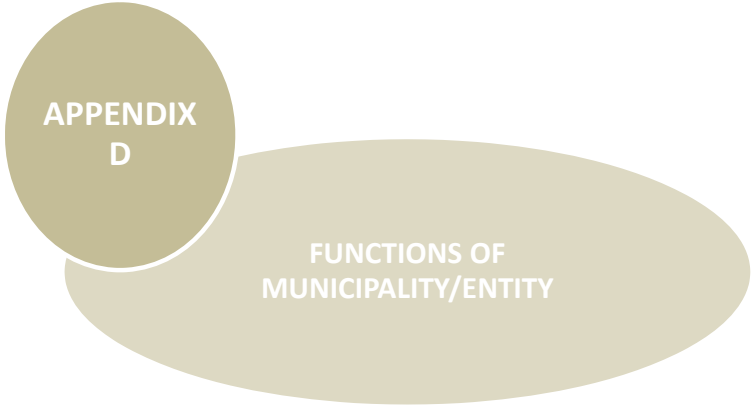


TECHNICAL SERVICES: ROADS



TECHNICAL SERVICES: MECHANICAL





REFER TO REFER TO CHAPTER 2, COMPONENT A, (P.18-28)

A graphic consisting of a circle on the left and a larger, rounded rectangle on the right, both in a muted olive green color. The circle overlaps the top-left corner of the rounded rectangle.

APPENDIX
E

WARD REPORTING

APPENDIX
F

WARD INFORMATION

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APPENDIX
G

RECOMMENDATIONS OF THE
MUNICIPAL AUDIT COMMITTEE

REFER: CHAPTER 6, ANNEXURE E

A graphic consisting of a circle on the left and a larger, horizontally-oriented oval on the right, both in a muted olive-green color. The circle overlaps the top-left corner of the oval.

APPENDIX
H

LONG TERM CONTRACTS AND
PUBLIC PRIVATE PARTNERSHIPS

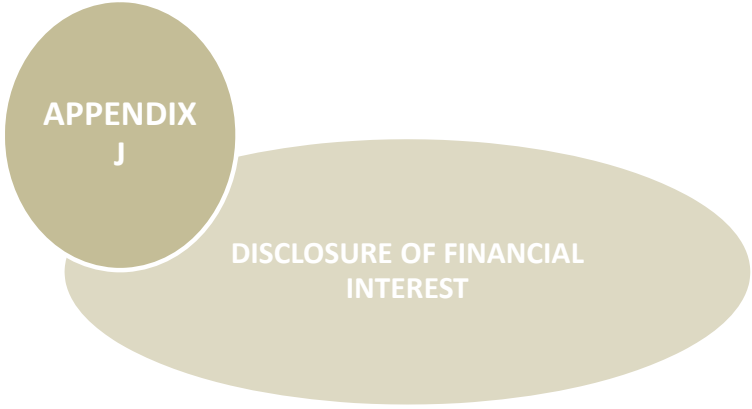
REFER CHAPTER 4, ANNEXURE B (P. 207-214)



APPENDIX
I

MUNICIPAL ENTITY/SERVICE
PROVIDER PERFORMANCE
SCHEDULE

REFER ANNEXURE B, CHAPTER 4, (P. 207)

A graphic consisting of a dark olive green circle on the left containing the text 'APPENDIX J', and a larger, light olive green oval on the right containing the text 'DISCLOSURE OF FINANCIAL INTEREST'.

APPENDIX
J

DISCLOSURE OF FINANCIAL
INTEREST

A graphic consisting of a circle on the left and a larger, rounded rectangle on the right, both in a muted olive green color. The circle contains the text 'APPENDIX K' and the rounded rectangle contains the text 'REVENUE COLLECTION PERFORMANCE'.

APPENDIX
K

REVENUE COLLECTION
PERFORMANCE

APPENDIX
K (i)

REVENUE COLLECTION
PERFORMANCE BY VOTE

REFER TO VOLUME 2 :ANNUAL FINANCIAL STATEMENTS



APPENDIX
K (ii)

REVENUE COLLECTION
PERFORMANCE BY VOTE

REFER TO VOLUME 2 :ANNUAL FINANCIAL STATEMENTS

APPENDIX
L

CONDITIONAL GRANTS RECEIVED:
EXCLUDING MIG

REFER TO CHAPTER 5, P.231

APPENDIX
M

CAPITAL EXPENDITURE - NEW &
UPGRADED/RENEWAL
PROGRAMMES: INCLUDING MIG

REFER CHAPTER 5, P. 232



**APPENDIX
M(i)**

**CAPITAL EXPENDITURE - NEW
ASSETS PROGRAMME**

REFER VOLUME 2: ANNUAL FINANCIAL STATEMENTS



**APPENDIX
M (II)**

**CAPITAL EXPENDITURE - UPGRADE
/RENEWAL PROGRAMME**

REFER VOLUME 2: ANNUAL FINANCIAL STATEMENTS



APPENDIX N

**CAPITAL PROGRAMME BY
PROJECT CURRENT YEAR**

REFER VOLUME 2: ANNUAL FINANCIAL STATEMENTS



APPENDIX
0

CAPITAL PROGRAMME BY PROJECT
BY WARD BY CURRENT YEAR

REFER VOLUME 2: ANNUAL FINANCIAL STATEMENTS

APPENDIX
P

SERVICE CONNECTION BACKLOGS
AT SCHOOLS AND CLINICS

APPENDIX
Q

SERVICE BACKLOGS EXPERIENCED
BY THE COMMUNITY WHERE
ANOTHER SPHERE OF
GOVERNMENT IS RESPONSIBLE FOR
SERVICE PROVISION

**APPENDIX
R**

**DECLARATION OF LOANS AND
GRANTS MADE BY THE
MUNICIPALITY**

REFER CHAPTER 5, P. 231

APPENDIX
S

DECLARATION OF RETURNS NOT
MADE IN DUE TIME UNDER MFMA
S71



APPENDIX
T

NATIONAL AND PROVINCIAL
OUTCOME FOR LOCAL
GOVERNMENT



VOLUME II



ANNUAL FINANCIAL STATEMENTS



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2012

SENQU MUNICIPALITY

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SENQU MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

GENERAL INFORMATION

NATURE OF BUSINESS

Senqu Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Senqu Municipality includes the following areas:

Lady Grey
Barkly East
Sterkspruit
Rhodes
Herschel
Rossouw

MEMBERS OF THE EXECUTIVE COMMITTEE

NY Mtyali
MW Mpelwane
GNMbonyana
NM Kwinana
S Mziki
M Mafilika
J Constable

MUNICIPAL MANAGER

M MYawa

CHIEF FINANCIAL OFFICER

C R Venter

REGISTERED OFFICE

P.O. Box 18
Lady Grey
9755

AUDITORS

Auditor-General
P O Box 13252
East London

PRINCIPLE BANKERS

Standard Bank

ATTORNEYS

Douglas & Botha

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

Basic Conditions of Employment Act (Act no 75 of 1997)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

SENQU MUNICIPALITY COUNCILLORS

WARD	COUNCILLOR
1	B.SMajodina
2	P.G. Key
3	N. Nombula
4	N. M. Kwinana
5	J Lamani
6	N.CMraji
7	N.AMkhontwana
8	M.G. Moeletsi
9	A.P April
10	S. Mfisa
11	M.NNgedane
12	M.PBingwa
13	L.MTokwe
14	M.JMjali
15	S.SNdzongana
16	M.MMafilika
17	P.N August
18	B. Ngogodo
19	N.CMotemekoane
Proportional	A. P. Kwinana
Proportional	A.HSobhuza
Proportional	G. Mbonyana
Proportional	G.SMvunyiswa
Proportional	I Mosisidi
Proportional	I. Elia
Proportional	H Van De Walt
Proportional	J. Constable
Proportional	M. A Moshasha
Proportional	M. Senoamali
Proportional	M.AMangali
Proportional	M.JSereba
Proportional	M.W. Mpelwane
Proportional	N.MNthako
Proportional	N.YMtyali
Proportional	R.MJoubert
Proportional	S. Mziki
Proportional	S.STindleni

I am responsible for the preparation of these annual financial statements year ended 30 June 2012, which are set out on pages 1 to 77 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2012 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



M MYawa
Municipal Manager

Date

**SENQU MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012**

	Notes	2012 R	2011 R
NET ASSETS AND LIABILITIES			
Net Assets	2	270 361 470	223 836 046
Capital Replacement Reserve	2	75 142 035	56 463 739
Revaluation Reserve	2	1 221 307	844 413
Employee Benefits Reserve	2	11 645 194	5 644 845
Valuation Roll Reserve		919 491	689 618
Accumulated Surplus/(Deficit)		181 433 443	160 193 430
Non-Current Liabilities		29 090 804	28 226 488
Long-term Liabilities	3	15 237 007	15 703 059
Employee benefits	4	10 726 761	9 429 630
Non-Current Provisions	5	3 127 036	3 093 799
Liabilities associated with Discontinued Operations	38.02	2 328 360	
Current Liabilities		33 196 581	37 835 526
Consumer Deposits	6	532 757	341 819
Current Employee benefits	7	4 899 112	5 213 040
Provisions	8	6 497 749	6 072 663
Payables from exchange transactions	9	3 148 381	1 936
Unspent Conditional Government Grants and Receipts	10	17 318 480	23 489 875
Taxes	11	-	-
Operating Lease Liability	21.1	1 970	3 865
Cash and Cash Equivalents	22	-	-
Current Portion of Long-term Liabilities	3	798 132	778 177
Total Net Assets and Liabilities		334 977 215	289 898 061
ASSETS			
Non-Current Assets		187 035 328	160 576 211
Property, Plant and Equipment	12	172 718 835	
Capitalised Restoration Cost	13	1 510 395	
Investment Property	15	12 548 500	
Intangible Assets	16	257 598	
Long-Term Receivables	17	-	
Non-Current Assets Held for Sale	14	84 851	33 694
Assets associated with Discontinued Operations	38.02	848 736	-
Current Assets		147 008 300	129 288 155
Inventory	18	4 310 567	5 153 854
Receivables from exchange transactions	19	14 687 943	4 625 668
Receivables from non-exchange transactions	20	599 419	942 838
Unpaid Conditional Government Grants and Receipts	10	342 129	321 568
Operating Lease Asset	21.2	45 800	33 327
Taxes	11	1 125 142	2 050 622
Current Portion of Long-term Receivables	17	-	13 695
Cash and Cash Equivalents	22	125 897 298	116 146 583
Total Assets		334 977 215	289 898 061

SENQU MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011	2011
		Restated - Note 37	Previously Reported
Notes	R	R	R
REVENUE			
Revenue from Non-exchange Transactions	133 965 867	122 871 016	122 871 016
Taxation Revenue	4 001 011	4 197 252	4 197 252
Property taxes	4 001 011	4 197 252	4 197 252
Transfer Revenue	129 914 401	117 971 825	117 971 825
Government Grants and Subsidies - Capital	22 106 014	41 478 066	41 478 066
Government Grants and Subsidies – Operating	107 758 386	76 493 759	76 493 759
Public Contributions and Donations	50 000	-	-
Other Revenue	50 455	701 939	701 939
Actuarial Gains	-	632 639	632 639
Fines	50 455	69 300	69 300
Revenue from Exchange Transactions	31 129 970	21 993 821	34 281 592
Service Charges	19 950 838	13 905 420	16 655 202
Water Services Authority Contribution	-	-	9 286 090
Rental of Facilities and Equipment	558 046	375 048	375 048
Interest Earned - external investments	6 790 249	4 915 084	4 915 084
Interest Earned - outstanding debtors	881 990	885 008	1 136 907
Licences and Permits	1 680 258	950 871	950 871
Agency Services	579 596	462 566	462 566
Other Income	688 992	499 824	499 824
Gain on disposal of Property, Plant and Equipment	-	-	-
Total Revenue	165 095 836	144 864 383	157 152 609
EXPENDITURE			
Employee related costs	30 793 033	26 260 794	34 732 945
Remuneration of Councillors	8 386 846	7 158 923	7 158 923
Debt Impairment	2 694 143	829 110	1 332 557
Depreciation and Amortisation	11 675 067	10 480 013	10 810 725
Impairment	116 766	-	-
Repairs and Maintenance	3 405 197	2 703 133	3 015 464
Actuarial losses	561 491	29 389	48 981
Finance Charges	1 717 717	1 566 307	1 570 656
Bulk Purchases	15 130 377	12 494 708	12 494 708
Grants and Subsidies Paid	731 837	798 812	798 812
Other Operating Grant Expenditure	26 240 396	33 748 293	33 748 293
General Expenses	17 209 501	13 115 301	14 765 959
Loss on disposal of PPE/Investment Property	85 282	446 900	458 428
Total Expenditure	118 747 653	109 631 682	120 936 451
NET SURPLUS/(DEFICIT) FOR THE YEAR - BEFORE DISCONTINUED OPERATIONS	46 348 183	35 233 155	36 216 157
Discontinued Operations (Health)	-	(68 355)	(68 355)
Discontinued Operations (Water and Sanitation)	(199 653)	1 223 260	-
NET SURPLUS/(DEFICIT) FOR THE YEAR - AFTER DISCONTINUED OPERATIONS	46 148 530	36 388 061	36 147 803

SENQU MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

	Capital Replacement Reserve	Revaluation Reserve	Employee Benefits Reserve	Valuation Roll Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R
Balance at 30 JUNE 2010	39 964 908	566 134	-	-	143 537 414	184 068 456
Correction of error - Note - 39.05	-	-	-	-	3 101 251	3 101 251
Restated Balance at 1 JULY 2010	39 964 908	566 134	-	-	146 638 664	187 169 706
Net Surplus/(Deficit) for the year	-	-	-	-	36 388 061	36 388 061
Transfer to CRR	16 498 831	-	-	-	(16 498 831)	-
Revaluation on Land and Buildings	-	278 279	-	-	-	278 279
Transfer to Valuation Roll Reserve in terms of Funding and Reserves Policy	-	-	-	689 618	(689 618)	-
Transfer to Employee Benefits Reserve in terms of Funding and Reserves Policy	-	-	5 644 845	-	(5 644 845)	-
Balance at 30 JUNE 2011	56 463 739	844 413	5 644 845	689 618	160 193 430	223 836 046
Net Surplus/(Deficit) for the year	-	-	-	-	46 148 530	46 148 530
Transfer to CRR	18 678 296	-	-	-	(18 678 296)	-
Revaluation on Land and Buildings	-	376 894	-	-	-	376 894
Transfer to Valuation Roll Reserve in terms of Funding and Reserves Policy	-	-	-	229 873	(229 873)	-
Transfer to Employee Benefits Reserve in terms of Funding and Reserves Policy	-	-	6 000 349	-	(6 000 349)	-
Balance at 30 JUNE 2012	75 142 035	1 221 307	11 645 194	919 491	181 433 443	270 361 470

SENQU MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 R	2011 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other - Restated 2011		28 625 958	46 976 466
Government - Restated 2011		123 672 445	129 266 644
Interest		6 790 249	4 915 084
Payments			
Suppliers and employees		(108 636 424)	(106 145 612)
Finance charges		(1 717 717)	(1 566 307)
Transfers and Grants		(731 837)	(798 812)
Cash generated by operations	40	48 002 675	72 647 463
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(38 155 123)	(31 595 704)
Proceeds on Disposal of Fixed Assets		212 979	764 417
Purchase of Intangible Assets		(68 352)	(81 758)
Decrease in Long-term Receivables		13 695	16 740
Net Cash from Investing Activities		(37 996 800)	(30 896 305)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		281 615	8 473 416
Loans repaid		(727 712)	(328 758)
Decrease in Consumer Deposits		190 938	(21 159)
Net Cash from Financing Activities		(255 159)	8 123 498
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		9 750 715	49 874 656
Cash and Cash Equivalents at the beginning of the year		116 146 583	66 271 927
Cash and Cash Equivalents at the end of the year	41	125 897 298	116 146 583
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		9 750 715	49 874 656

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE ANNUAL FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associate
GRAP 8	Interests in Joint Ventures
GRAP 101	Agricultural
GRAP 102	Intangible assets
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC102)	Income Taxes
SIC – 21 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC449)	Hedges in a Net Investment in a Foreign Operation

The municipality resolved to early adopt the following GRAP standards which have been issued but are not yet effective.

Standard	Description	Effective Date
GRAP 1 (Revised)	Presentation of Financial Statements	1 April 2011
GRAP 2 (Revised)	Cash Flow Statements	1 April 2011
GRAP 3 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2011
GRAP 4 (Revised)	The Effects of changes in Foreign Exchange Rates	1 April 2011
GRAP 9 (Revised)	Revenue from Exchange Transactions	1 April 2011
GRAP 10 (Revised)	Financial Reporting in Hyperinflationary Economics	1 April 2011
GRAP 11 (Revised)	Construction Contracts	1 April 2011
GRAP 12 (Revised)	Inventories	1 April 2011
GRAP 13 (Revised)	Leases	1 April 2011
GRAP 14 (Revised)	Events after the reporting date	1 April 2011
GRAP 16 (Revised)	Investment Property	1 April 2011
GRAP 17 (Revised)	Property, Plant and Equipment	1 April 2011
GRAP 19 (Revised)	Provisions, Contingent Liabilities and Contingent Assets	1 April 2011
GRAP 21	Impairment of non-cash-generating assets	1 April 2012
GRAP 23	Revenue from Non-Exchange Transactions	1 April 2012
GRAP 26	Impairment of cash-generating assets	1 April 2012
GRAP 100 (Revised)	Non-current Assets held for Sale and Discontinued Operations	1 April 2011

The municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not yet effective.

Standard	Description	Effective Date
GRAP 25	Employee Benefits	Unknown
GRAP 104	Financial Instruments	Unknown

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

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

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

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

If fair value at the measurement date cannot be determined for an item of property, plant and equipment, investment property or an intangible asset, an entity may estimate such fair value using depreciated replacement cost.

The cost for depreciated replacement cost is determined by using either one of the following:

- cost of items with a similar nature currently in the municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. PRESENTATION OF BUDGET INFORMATION

As noted, GRAP 24 is not yet effective, however budget information required in terms of GRAP 1 paragraph 14 to 18 have been disclosed in the financial statements. The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total expenditure.

1.7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

Standard	Description	Effective Date
GRAP 6 (Revised)	Consolidated and Separate Financial Statements No significant impact is expected as the municipality does not participate in such business transactions.	Unknown
GRAP 7 (Revised)	Investments in Associate No significant impact is expected as the municipality does not participate in such business transactions.	Unknown
GRAP 8 (Revised)	Interest in Joint Ventures No significant impact is expected as the municipality does not participate in such business transactions.	Unknown
GRAP 18	Segment Reporting Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 24	Presentation of Budget Information in Financial Statements Information to a large extent is already included in the notes to the annual financial statements.	1 April 2012

Standard	Description	Effective Date
GRAP 25	Employee Benefits Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 103	Heritage Assets No adjustments necessary as the municipality has no significant heritage assets.	1 April 2012
GRAP 104	Financial Instruments Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 105	Transfer of Functions Between Entities Under Common Control No significant impact is expected as the municipality does not participate in such business transactions.	Unknown
GRAP 106	Transfer of Functions Between Entities Not Under Common Control No significant impact is expected as the municipality does not participate in such business transactions.	Unknown
GRAP 107	Mergers No significant impact is expected as the municipality does not participate in such business transactions.	Unknown

These standards, amendments and interpretations will not have a significant impact on the municipality once implemented.

1.8. RESERVES

1.8.1 *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (deficit) are credited by a corresponding amount when the amounts in the CRR are utilised.

1.8.2 *Valuation Roll Reserve*

The aim of this reserve is to ensure sufficient cash resources are available for the future payment of the Valuation roll

1.8.3 *Employee Benefits Reserve*

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits. Contributions equal to the short term portion of employee benefits, plus 5% of the prior year closing balance of long term employee benefits is contributed to the reserve from accumulated surplus/(deficit).

1.8.4 *Revaluations Reserve*

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.9. LEASES

1.9.1 *Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at

the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

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

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

1.9.2 Municipality as Lessor

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

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

1.10. GOVERNMENT GRANTS AND RECEIPTS

1.10.1 Unspent Conditional Government Grants and Receipts

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants and subsidies.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.10.2 Unpaid Conditional Government Grants and Receipts

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grants as receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.11. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.12. PROVISIONS

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

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

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

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

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

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

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

1.13. EMPLOYEE BENEFITS

(a) *Post-Retirement Medical Obligations*

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded

as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

(d) Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

(e) Pension and Retirement Fund Obligations

The municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.14. BORROWING COSTS

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

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and

condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located. This includes the capitalised restoration cost of refuse tip sites.

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

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

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

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

1.15.2 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.

1.15.3 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.15.4 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	5 - 50	Buildings	100
Pedestrian Malls	20	Specialist vehicles	10 - 30
Electricity	15 - 50	Other vehicles	5 - 20
Water	15 - 20	Office equipment	5 - 10
Sewerage	10 - 50	Furniture and fittings	7 - 15
		Bins and containers	5 - 10
<u>Community</u>		Specialised plant and	
Buildings	100	Equipment	10 - 30
Recreational Facilities	20 - 30	Other plant and	

Security	5	Equipment	2 - 12
Halls	20 - 30	Landfill sites	25 - 30
Libraries	20 - 30		
Parks and gardens	15 - 20	Emergency equipment	10 - 30
Other assets	15 - 20	Computer equipment	5 - 10

Heritage Assets and Land

Heritage assets	50- Infinite
Land	Infinite

Finance lease assets

Office equipment	3
Other assets	5 - 6

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.15.5 De-recognition

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

1.15.6 Land and Buildings and Other Assets – Application of Deemed Cost (Directive 7)

The municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.16. INTANGIBLE ASSETS

1.16.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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 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, the deemed cost is the carrying amount of the asset(s) given up.

1.16.2 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.

1.16.3 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. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
Computer Software	5
Computer Software Licenses	5

1.16.4 De-recognition

Intangible assets are derecognised when the asset is disposed 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.

1.16.5 Application of deemed cost (Directive 7)

The municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.17. INVESTMENT PROPERTY

1.17.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.17.2 Subsequent Measurement – Fair Value Model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

1.17.3 De-recognition

Investment property is derecognised when it is disposed of or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.4 Application of deemed cost - Directive 7

The municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.18. NON-CURRENT ASSETS HELD FOR SALE

1.18.1 Initial Recognition

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

1.18.2 Subsequent Measurement

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

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

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

1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.19.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised

impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.19.2 Non-cash-generating assets

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

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciated replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.20. NON CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.21. INVENTORIES

1.21.1 Initial Recognition

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

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

1.21.2 Subsequent Measurement

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

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

In general, the basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs

1.22. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

1.22.1 Initial Recognition

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.22.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. , Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.22.2.1 Receivables

Receivables are classified as loans and receivables, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively

assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.22.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.22.2.3 Cash and Cash Equivalents

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

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

1.22.3 De-recognition of Financial Instruments

1.22.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.22.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.22.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.23. REVENUE

1.23.1 Revenue from Non-Exchange Transactions

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

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

Fine revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

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

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

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

After a period of twelve months all unclaimed deposits into the municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue.

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

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a 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 present 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 will be recognised as revenue.

1.23.2 Revenue from Exchange Transactions

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

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

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. An adjustment is made at year-end for unused units.

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

Interest revenue is recognized using the effective interest rate method.

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

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

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

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

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.23.3 Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.24. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

(a) Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

(b) Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.25. UNAUTHORISED EXPENDITURE

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

1.25. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 200), the Public Office Bearers Act, and (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.

1.23. FRUITLESS AND WASTEFUL EXPENDITURE

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

1.27. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-Retirement Medical Obligations and Long Service Awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality. In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the

actual results of prior periods. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Provision for Task Implementation and Back Pay

The provision at 30 June 2010 for Task Implementation represents the municipality's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading. The difference between these two packages was backdated to the implementation date of the TASK grading system.

The provision at 30 June 2011 for Back Pay represents the municipality's obligation towards Section 57 Directors as a result of an amendment in their employment contracts. The calculation was based actual remuneration paid versus the requirements of the amended packages.

Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by council.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

Componentisation of infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.29. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.30. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R				
2 NET ASSET RESERVES						
RESERVES	88 928 027	63 642 616				
Capital Replacement Reserve	75 142 035	56 463 739				
Employee Benefits Reserve	11 645 194	5 644 845				
Revaluations Reserve (Restated 2010)	1 221 307	844 413				
Valuation Roll Reserve	919 491	689 618				
Total Net asset Reserve and Liabilities	88 928 027	63 642 616				
3 LONG TERM LIABILITIES						
Annually Loans – At amortised cost	15 991 202	16 407 798				
Capitalised Lease Liability – At amortised cost	43 938	73 438				
	16 035 140	16 481 236				
Less: Current Portion transferred to Current Liabilities	798 132	778 177				
Annuity Loans – At amortised cost	765 704	748 677				
Capitalised Lease Liability – At amortised cost	32 429	29 500				
Total Long-Term Liabilities – At amortised cost using the effective interest rate method	15 237 007	15 703 059				
Development Bank Loan						
The fair value of Long-Term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions						
The obligations under annuity loans are scheduled below:						
Amounts payable under annuity loans:		Minimum Annuity Payments				
Payable within one year	1 969 561	1 988 898				
Payable within two to five years	7 372 124	7 449 473				
Payable after five years	18 515 413	19 813 481				
	27 857 098	29 251 852				
Less: Future finance Obligations	(11 865 896)	(12 844 054)				
Present value of annuity obligations	15 991 202	16 407 798				
The obligations under annuity loans are scheduled below:						
Amounts payable under finance leases:		Minimum Lease Payments				
Payable within one year	35 215	35 215				
Payable within two to five years	11 738	46 954				
	46 954	82 169				
Less: Future finance Obligations	(3 015)	(8 730)				
Present value of lease obligations	43 938	73 438				
Leases are secured by property, plant and equipment - Note 12						
	<u>Supplier</u>	<u>Description of Leased item</u>	<u>Effective Interest Rate</u>	<u>Annual Escalation</u>	<u>Lease Term</u>	<u>Maturity Date</u>
	NRB Risk Solutions	Telephone System	10%	0%	3 years	11/2013
4 EMPLOYEE BENEFITS						
Post-Retirement Benefits - Refer to Note 4.1					11 022 665	8 787 735
Long Service Awards - Refer to Note 4.2					841 146	641 895
Total Non-current Employee Benefit Liabilities					11 863 811	9429 630

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
<u>Post-Retirement Benefits</u>		
Balance 1 July	8 951 931	8 217 745
Contribution for the year	1 528 836	1 484 246
Expenditure for the year	(181 671)	(117 421)
Actuarial Loss/(Gain)	905 201	(632 639)
Total post retirements benefits 30 June	11 204 297	8 951 931
Less: Transfer of Current Portion - Note 7	(181 632)	(164 196)
Balance 30 June	11 022 665	8 787 735

<u>Long Service Awards</u>		
Balance 1 July	842 594	644 199
Contribution for the year	236 705	149 414
Expenditure for the year	(158 058)	-
Actuarial Loss/(Gain)	30 617	48 981
Total Long Service 30 June	951 858	842 594
Less: Transfer of Current Portion - Note 7	(110 712)	(200 699)
Balance 30 June	841 146	641 895

<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
Balance 1 July	9 794 525	8 861 944
Contribution for the year	1 765 541	1 633 660
Expenditure for the year	(339 729)	(117 421)
Actuarial Loss/(Gain)	935 818	(583 658)
Total employee benefits 30 June	12 156 155	9 794 525
Less: Transfer of Current Portion - Note 7	(292 344)	(364 895)
Balance 30 June	11 863 811	9 429 630
Attributable to:		
Continued Operations	10 726 761	9 429 630
Discontinued Operations	1 137 050	-
	11 863 811	9 429 630

4.1 Post-Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	96	93
Continuation members (e.g. Retirees, widows, orphans)	5	5
Total Members	101	98

The liability in respect of past service has been estimated to be as follows:

In-Service Members	8 584 474	6 567 923
Continuation members	2 619 823	2 384 008
Total Liability	11 204 297	8 951 931

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2010 R(millions)	2009 R(Millions)	2008 R(Millions)
Total Liability	8.217	6.758	5.706

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
 Discovery
 LA Health
 Key Health, and
 SAMWU Medical Aid

The Current-service Cost for the Continued operation for the ensuing year is estimated to be R 798 331, whereas the Interest Cost for the next year is estimated to be R 838 518. For Discontinued operations the Current-service Cost for the ensuing year is estimated to be R 94 239, whereas the Interest Cost for the next year is estimated to be R 85 564.

	2012	2011
	%	%
Key actuarial assumptions used:		
(i) Rate of Interest		
Discount Rate	8.31%	8.78%
Health Care Cost Inflation Rate	7.21%	7.35%
Net Effective Discount Rate	1.03%	1.33%
(ii) Mortality Rates		
The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.		
(iii) Normal Retirement Age		
It has been assumed that in-service members will retire at age 63 for males and 58 for females, which then implicitly allows for expected rates of early and ill-health retirement.		

The amounts recognised in the Statement of Financial Position are as follows:

	2012	2011
	R	R
Present value of fund obligations	11 204 297	8 951 931
Net liability/(asset)	11 204 297	8 951 931

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	8 951 931	8 217 745
Total Expenses	1 347 165	1 366 825
Current services cost	750 242	733 518
Interest Cost	778 594	750 728
Benefits Paid	(181 671)	(117 421)
Actuarial (gains)/losses	905 201	(632 639)
Present value of fund obligation at the end of the year	11 204 297	8 951 931
Less: Transfer of Current Portion - Note 7	(181 632)	(164 196)
Balance 30 June	11 022 665	8 787 735

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Sensitivity Analysis on the Accrued Liability	In-service members liability	Continuation members liability	Continuation members liability	% change	
	(Rm)	(Rm)	(Rm)		
Central Assumptions	8.584	2.62	11.204		
The effect of movements in the assumptions are as follows:					
Assumption	Change				
Health Care Inflation	1%	10.281	2.893	13.174	18%
Health Care Inflation	-1%	7.237	2.382	9.619	-14%
Post-retirement mortality	-1 year	8.879	2.724	11.603	4%
Average retirement age	- 1 year	9.396	2.620	12.016	7%
Withdrawal Rate	-50%	9.377	2.620	11.997	7%

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

	2012	2011
	177	176

On 1 July 2012, 32 employees will be transferred to Joe Gqabi District Municipality which will result in a transfer of a total liability of R107 841 for Long Service Bonuses.

The Current-service Cost for the Continued operation for the ensuing year is estimated to be R 159 778, whereas the Interest Cost for the next year is estimated to be R 49 355. For Discontinued operations the Current-service Cost for the ensuing year is estimated to be R 27 474, whereas the Interest Cost for the next year is estimated to be R 5 684.

Key actuarial assumptions used:

(i) Rate of Interest

	2012 %	2011 %
Discount Rate	6.13%	7.55%
General Salary Inflation (long-term)	6.03%	6.22%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.10%	1.26%

	2012 R	2011 R
	951 858	842 594
	951 858	842 594

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	951 858	842 594
Net Liability/(Asset)	951 858	842 594

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2010 R	2009 R	2008 R
Total Liability	644 199	586 437	541 843
Reconciliation of present value of fund obligation:			
Present value of fund obligation at the beginning of the year	842 594	644 199	
Total Expenses	78 647	149 414	
Current service cost	180 503	95 816	
Interest Cost	56 202	53 598	
Benefits Paid	(158 058)	-	
Actuarial (gains)/losses	30 617	48 981	
Present value of fund obligation at the end of the year	951 858	842 594	
Less: Transfer of Current Portion – Note 7	(110 712)	(20 699)	
Balance 30 June	841 146	641 895	

Sensitivity Analysis on changes to the Unfunded Accrued Liability

<u>Assumption</u>	<u>Change</u>	Liability (R)	% Change
Central Assumptions		0.952	
General Salary Inflation	1%	01.004	5%
General Salary Inflation	-1%	0.904	-5%
Average Retirement Age	-2 years	0.901	-5%
Average Retirement Age	2 years	1.066	12%
Withdrawal Rates	-50 years	1.117	17%

**SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

4.3 Retirement Funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in the principles of GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31..

CAPE JOINT PENSION FUND

**2012
R**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2011 revealed that the fund is in an sound financial position with a funding level of 98.10% (30 June 2010 - 100%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2011 financial year.

2 667 480

Contributions paid recognised in the Statement of Financial Performance

DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

SALA Pension Fund

561 018

SAMWU National Provident Fund

72 463

Liberty Life

2 832

636 313

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

5	NON-CURRENT PROVISIONS	2012 R	2011 R
	Provision for Rehabilitation of Landfill-sites	<hr/>	<hr/>
	Total Non-current Employee Benefit Liabilities	<hr/> <hr/>	<hr/> <hr/>
	<p>The municipality did not measure the rehabilitation costs of the refuse sites in the past in terms of Directive 4, issued by the Accounting Standards Board. Since the previous reporting period the municipality recognised the following non-current provisions:</p>		
	<u>Landfill Sites</u>		
	Balance 1 July	9 166 462	8 580 361
	Interest accrual	458 323	589 100
	Total Provision 30 June	9 624 785	9 166 462
	<u>Less:</u> Transfer of Current Portion to Current Provisions – Note 8	(6 497 749)	(6 072 663)
	Balance 30 June	3 127 036	3 093 799
		<hr/> <hr/>	<hr/> <hr/>
	6		
	<u>CONSUMER DEPOSITS</u>		
	Electricity	532 757	341 819
	Total Consumer Deposits	532 757	341 819
		<hr/> <hr/>	<hr/> <hr/>

Guarantees held in lieu of Electricity Deposits

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

Consumer deposits are paid by consumers on application for new and electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	R	R
7		
<u>CURRENT EMPLOYEE BENEFITS</u>		
Current Portion of Post-Retirement Benefits - Note 4	181 632	164 196
Current Portion of Long-Service Provisions - Note 4	110 712	200 699
Bonuses and Performance Bonuses	2 450 342	2 242 421
Compensation for injuries on duty contribution	405 517	795 319
Staff Leave	2 846 213	1 810 405
Total Current Employee Benefits	5 994 417	5 213 040
The movement in current employee benefits are reconciled as follows:		
Attributable to:		
Continued Operations	4 899 112	5 213 040
Discontinued Operations	1 095 305	-
	5 994 417	5 213 040
<u>Post-Retirement Benefits</u>		
Balance at beginning of year	164 196	147 072
Adjustment from non-current	17 736	17 124
Balance at end of year	181 632	164 196
<u>Long-Service Awards</u>		
Balance at beginning of year	200 699	78 766
Adjustment from non-current	(89 987)	121 933
Balance at end of year	110 712	200 699
<u>Bonuses and Performance Bonuses</u>		
Balance at beginning of year	2 242 421	2 190 272
Contribution to provision	1 319 072	1 851 139
Expenditure incurred	(1 111 151)	(1 798 990)
Balance at end of year	2 450 342	2 242 421
Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.		
<u>Task Implementation Backpay</u>		
Balance at beginning of year		
Expenditure incurred	-	80 901
Balance at end of year	-	(80 901)
	-	-
A new national grading system for municipalities was approved which includes back pay as from 01 October 2009 for qualifying post-levels. The provision is in respect of this back pay which was paid during July 2010.		
<u>Compensation for injuries on duty contribution</u>		
Balance at beginning of year	795 319	360 829
Contribution to provision	444 765	434 490
Expenditure incurred	(834 566)	-
	406 517	796 319

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Staff Leave

Balance at beginning of year	1 210 405	1 845 022
Contribution to provision	1 751 163	501 674
Expenditure incurred	(715 355)	(536 290)
Balance at end of year	2 846 213	1 810 405

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

8 PROVISIONS

Current Portion of Rehabilitation of Landfill-sites - Note 5	6 497 749	6 072 663
Total Provisions	6 497 749	6 072 663

9 PAYABLES FROM EXCHANGE TRANSACTIONS

Other Payables	440 284	578 241
Deposits – Other	3 700	8 787
Payments received in advance	830 365	717 890
Retentions	665 325	370 268
DBSA interest accrual	304 712	260 901
Total Trade Payable	3 244 387	1 936 088

Attributable to:

Continued Operations	3 148 381	
Discontinued Operations	96 006	
	3 244 387	-

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of payables approximates its fair value.

The arrear portion of long term liabilities originated as a result of the municipality not settling in full the current portion of the annuity loan as disclosed in note 3.1.

10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants	17 318 480	23 489 875
National Government Grants	8 164 825	7 196 397
Provisional Government Grants	9 107 599	16 086 181
District Municipality	46 056	207 297
Less: Unpaid Grants	342 129	321 568
National Government Grants	342 129	321 568
Total Conditional Grants and Receipts	16 976 351	23 168 306

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

11 TAXES

11.01 VAT PAYABLE

VAT Payable	1 353 620	805 153
Less: Contribution to provision for impairment of trade receivables from exchange transactions	(983 699)	(559 713)
Balance previously reported	-	-
Vat on Debt Impairment recovered from Vat provision - 1 July 2010 - Note 39.01	-	647 190
Vat on Debt Impairment recovered from Vat provision - 2010/2011 - Note 39.01	-	(87 478)
Total Vat payable	<u>369 654</u>	<u>245 440</u>

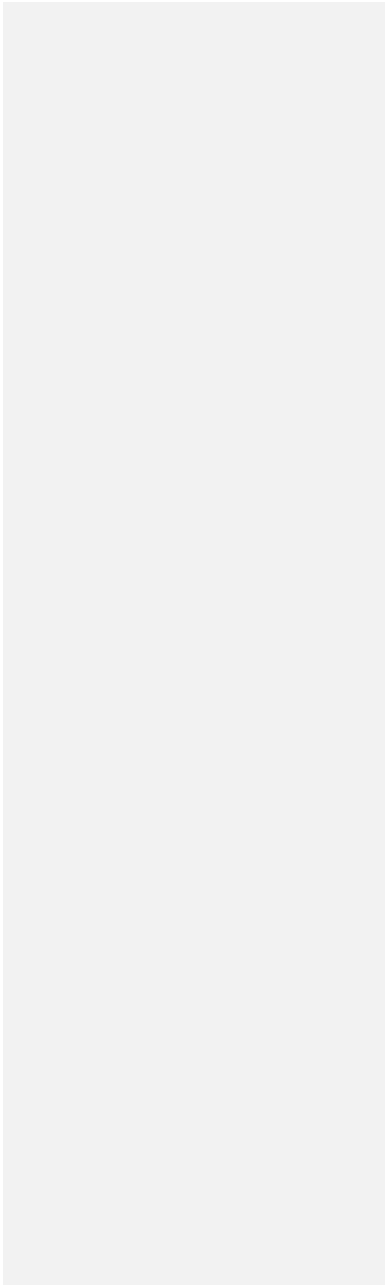
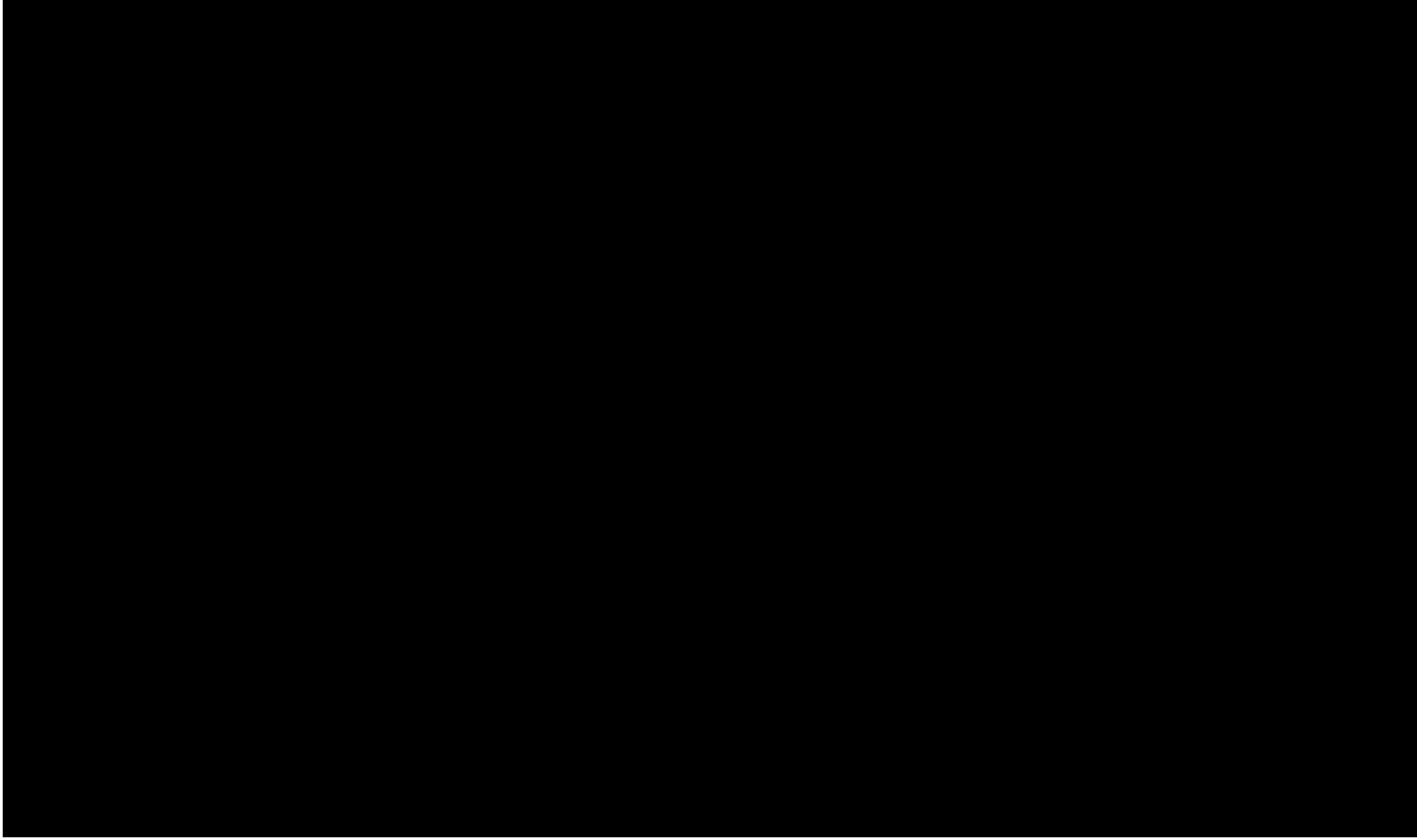
11.02 VAT RECEIVABLE

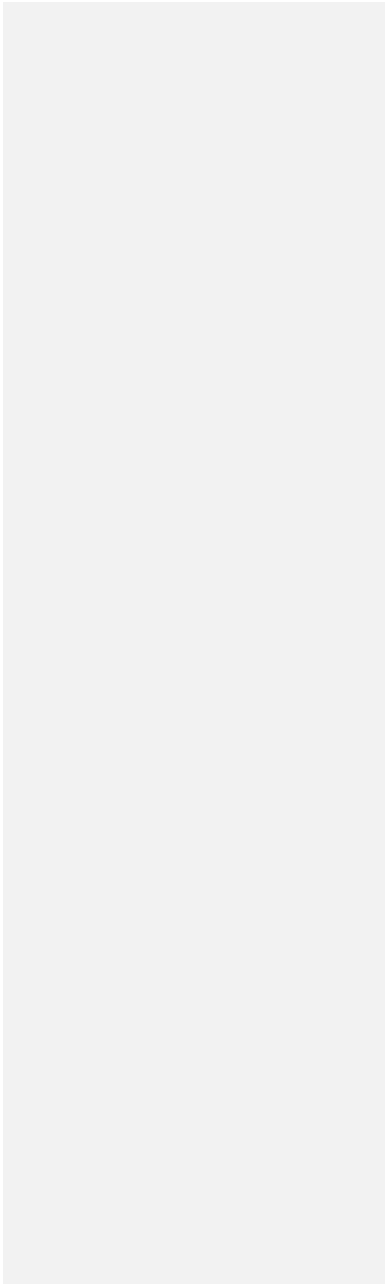
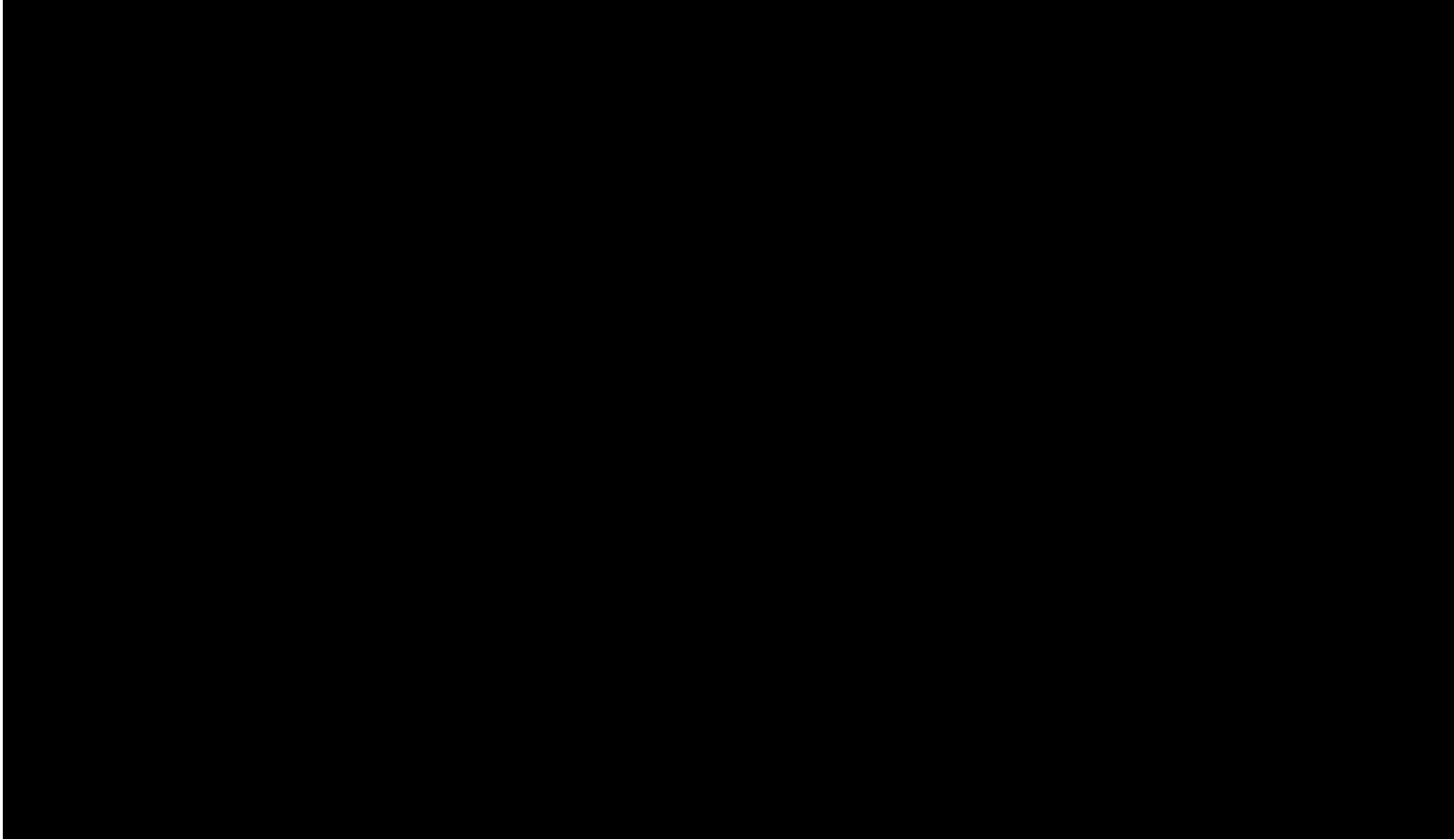
VAT Receivable	<u>1 806 736</u>	<u>2 296 063</u>
	<u>1 806 736</u>	<u>2 296 063</u>

11.03 NET VAT RECEIVABLE/(PAYABLE)

Attributable to:		
Continued Operations	1 125 142	2 050 622
Discontinued Operations	311 940	-
	<u>1 437 083</u>	<u>2 050 622</u>

VAT is payable/receivable on the cash basis.





SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

12	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	2012	2011
		R	R
	Carrying value of assets retired from active use and held for disposal:	130 671	53 215
	Cost		
	Other assets	130 671	53 215
	Accumulated depreciation	45 819	19 521
	Other assets	45 819	19 521
	Carrying value	84 851	33 694

Assets pledged as security:

No assets are pledged as security for Senqu Municipality

Impairment of property plant and equipment for the year

Impairment charges on Property, plant and equipment recognised in statement of financial performance

Infrastructure		70 359	-
		70 359	-

The main reasons for the Impairments above are the replacement of old electricity infrastructure as well as deterioration of gravel roads due to flooding.

Effect of changes in accounting estimates

The useful lives and the residual values of Property, Plant and Equipment have been reviewed at year end. The effect of the changes are shown below:

		2012	2013	2014
		R	R	R
Effect on Property, plant and equipment		804 574	804 574	804 574

13	<u>CAPITALISED RESTORATION COST</u>	2012	2011
		R	R
	Net Carrying amount at 1 July	1 637 299	1 717 797
	Cost	2 120 286	2 120 286
	Accumulated Depreciation	(482 987)	(402 489)
	Depreciation for the year	(80 498)	(80 498)
	Impairment	(46 407)	-
	Net Carrying amount at 30 June	1 510 395	1 637 299
	Cost	2 120 286	2 120 286
	Accumulated Depreciation	(563 484)	(482 987)
	Accumulated Impairments	(46 407)	-

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

14 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale at beginning of year - at book value	33 694	24 720
Additions for the year	349 419	1 111 092
	<u>383 113</u>	<u>1 135 812</u>
Non-current assets sold/written off during the year	(298 261)	(1 102 118)
Non-current assets held for sale at end of year - at book value	<u>84 851</u>	<u>33 694</u>

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

15 INVESTMENT PROPERTY

Net Carrying amount 1 July	12 548 500	12 548 500
Fair Value	12 548 500	12 548 500
Net Carrying amount at 30 June	12 548 500	12 548 500
Fair Value	12 548 500	12 548 500

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.:

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The municipality's registered valuer, Mr Hein McLeod, indicated that there were no significant changes in property values against that of the prior year.

16 INTANGIBLE ASSETS

Computer Software

	2012 R	2011 R
Net Carrying amount at 1 July	300 357	321 043
Cost	585 350	503 593
Balance previously reported	-	502 373
Correction of opening balance - 1 July 2010 - Note 39.04	-	1 220
Accumulated Amortisation	(284 993)	(182 550)
Balance previously reported	-	(181 988)
Balance Depreciation recognised for the first time – 1 July 2009 – Note d37.06	-	(562)
Acquisitions	68 352	81 758
Disposals	(536)	-
Amortisation	(110 576)	(102 444)
Balance previously reported	-	(102 240)
Correction of Depreciation on Intangible assets for 2010/2011 - Note 39.04	-	(203)
Net Carrying amount at 30 June	257 598	300 357
Cost	625 882	585 350
Accumulated Amortisation	(368 285)	(284 993)

No intangible assets were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

	2012	2011
	R	R
17 <u>LONG-TERM RECEIVABLES</u>		
Staff Housing Loans - At amortised cost	-	13 695
Less: Current portion transferred to current receivables	-	13 695
Staff Housing Loans – at amortised cost	-	13 695
	-	-
	-	-
HOUSING LOANS		
<p>Housing loans are not granted to officials of the municipality. The outstanding amount relates to prior years and is still collectable. Staff were entitled to housing loans which attract interest at 3-10% per annum and which are repayable over a maximum period of 20 years. These loans are repayable up to the year 2011.</p>		
18 <u>INVENTORY</u>		
Electricity Materials	1 077 667	1 920 954
Land held for sale	3 232 900	3 232 900
Total Inventory	4 310 567	5 153 854
<p>No inventory assets were pledged as security for liabilities.</p>		
19 <u>RECEIVABLES FROM EXCHANGE TRANSACTIONS</u>	2012	2011
	R	R
<i>Service Receivables</i>		
Electricity	3 923 785	3 777 618
Water	2 512 603	1 906 602
Housing Rentals	251 795	219 456
Refuse	3 059 131	2 471 194
Sewerage	2 238 134	1 813 583
Other Areas	10 825 739	1 519 852
Gariep Municipality (R 700 000 Short-term operating loan including interest)	857 634	788 724
Joe Gqabi District Municipality (Water Services Authority)	9 286 090	-
Payments in advance	588 723	581 862
Balance previously reported	93 291	149 266
3 year maintenance contract for Conlog transferred to Prepaid expense - Note 39.02	-	-
	-	149 266
Total Service Receivables	25 811 187	11 708 303
Less: Allowance for Doubtful Debts	(10 586 448)	(7 082 635)
Net Service Receivables	15 224 739	4 625 668
Net Service Receivables	15 224 739	4 625 668
Attributable to:		
Continued Operations	14 687 943	4 625 668
Discontinued Operations	536 796	-
	15 224 739	4 625 668

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

Ageing of Receivables from Exchange Transactions

Electricity (Ageing)

Current (0 - 30 days)	2 602 875	1 890 074
31 - 60 Days	788 489	622 588
61 - 90 Days	491 711	283 935
+ 90 Days	3 444 629	1 395 260
Payment received in advance	(403 919)	(414 238)
Total	<u>6 923 785</u>	<u>3 777 618</u>

Water (Ageing)

Current (0 - 30 days)	387 518	5 311
31 - 60 Days	89 123	79 661
61 - 90 Days	74 711	52 780
+ 90 Days	2 047 407	601 339
Payment received in advance	(86 155)	(72 489)
Total	<u>2 512 603</u>	<u>1 906 602</u>

Housing Rentals (Ageing)

Current (0 - 30 days)	11 741	11 569
31 - 60 Days	11 206	6 445
61 - 90 Days	5 599	4 942
+ 90 Days	284 454	249 193
Payment received in advance	(61 205)	(52 693)
Total	<u>251 795</u>	<u>219 456</u>

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

Refuse(Ageing)

Current (0 - 30 days)	208 255	185 938
31 - 60 Days	97 296	85 673
61 - 90 Days	77 490	62 823
+ 90 Days	2 703 684	2 167 751
Payment received in advance	(27 593)	(30 991)
Total	3 059 131	2 471 194

Sewerage(Ageing)

Current (0 - 30 days)	99 454	90 195
31 - 60 Days	56 253	50 977
61 - 90 Days	47 728	37 026
+ 90 Days	2 044 550	1 646 836
Payment received in advance	(9 850)	(11 450)
Total	2 238 134	1 813 583

Others(Ageing)

Current (0 - 30 days)	588 723	581 862
+ 90 Days	857 634	188 724
Total	1 446 358	1 370 585

Reconciliation of Provision for Bad Debts

Balance at beginning of year	7 082 635	6 435 725
Contribution to provision	3 781 095	646 910
Bad Debts (written off)	(277 283)	-
Balance at end of year	10 586 448	7 082 635

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

20	<u>RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</u>	2012 R	2011 R
	Service Receivables		
	Rates	4 642 380	4 871 371
	R/D Cheques	-	900
	Payments in advance	241 642	136 028
	Total Service Receivables	4 884 022	5 008 299
	Less: Allowance for Doubtful Debts	(4 284 602)	(4 065 461)
	Net Service Receivables	599 419	942 838
	Total Net Receivables from Non-Exchange Transactions	599 419	942 838

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

Refer to note for balances deferred beyond 12 months from year end.

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

	2012	2011
	R	R
Ageing of Receivables from Non-Exchange Transactions		
<u>Rates(Ageing)</u>		
Current (0 - 30 days)	36 432	61 077
31 - 60 Days	134 803	169 905
61 - 90 Days	110 428	144 454
+ 90 Days	4 602 360	4 631 963
Payment received in advance	(241 642)	(136 028)
Total	4 642 380	4 871 371

	Exchange Transactions	Non-Exchange Transactions	Total R's
	R	R	
The ageing of amounts past due but not impaired is as follows:			
2012			
1 month past due	489 666	22 035	511 701
2 + months past due	2 411 094	513 286	2 924 381
Total	2 900 761	535 321	3 436 082
2011			
1 month past due	506 863	30 830	537 693
2 + months past due	1 154 257	873 551	2 027 808
Total	1 661 120	904 381	2 565 501

All Non-Government debtors were either specifically impaired or subject to collective impairment.

<u>Trade and other receivables impaired</u>	Exchange Transactions	Non-exchange Transactions	Total R's
	R's	R's	
2012			
Total	10 586 448	4 284 602	14 871 050
2011			
Total	7 082 635	4 065 461	11 148 096

Debts are required to be settled after 30 days, interest is charged after this date at prime +1%. The fair value of trade and other receivables approximates their carrying amounts.

<u>Reconciliation of the Total doubtful debt provision</u>	2012	2011
	R	R
Balance at beginning of the year	4 065 641	3 379 814
Contributions to provision	281 356	685 647
	(62 215)	-
Balance at end of year	4 284 602	4 065 461

The entire provision for bad debts relates to the outstanding rates balance.

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors,

management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

**SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

21 OPERATING LEASE ARRANGEMENTS

21.1 The Municipality as Lessee

Balance at 1 July	3 865	7 658
Movement during the year	(1 894)	(3 793)
Balance on 30 June	1 970	3 865

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year	14 321	20 421
1 to 5 years	-	14 321
Total Operating Lease Agreements	14 321	34 742

21.2 Municipality as Lessor

Balance on 1 July	33 327	9 770
Operating Lease Asset for the current year	12 474	23 556
Balance on 30 June	45 800	33 327

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

	2012	2011
	R	R
Up to 1 Year	176 680	312 819
1 to 5 years	449 033	625 713
Total Operating Lease Agreements	625 713	938 531

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for previous ranging until 2016

22 CASH AND CASH EQUIVALENTS

Assets

Call and short-term investment deposits	124 993 004	113 870 357
Primary Bank Account	903 394	2 275 326
Cash Floats	900	900
Total Cash and Cash Equivalents - Assets	125 897 298	116 146 583

**SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

The municipality has the following bank account:	2012	2011
	R	R
<u>Current Accounts</u>		
Standard Bank - Lady Grey Branch - Account Number 28 063 130 8	<u>903 394</u>	<u>2 275 326</u>
	903 394	2 275 326
Standard Bank - Lady Grey Branch - Account Number 28 063 130 8		
Cash book balance at beginning of year	2 275 326	404 461
Cash book balance at end of year	<u>903 394</u>	<u>2 275 326</u>
Bank Statement balance at beginning of year	2 156 859	357 219
Bank Statement balance at end of year	<u>2 825 633</u>	<u>2 156 859</u>
<u>Call Investment Deposits</u>		
Call investment deposits consist out of the following accounts:		
Standard Bank 388489162/0	64 516 516	56 706 989
Standard Bank 388489731/0	54 019 271	51 024 339
Standard Bank 388486066/0	6 457 216	6 139 029
	<u>124 993 004</u>	<u>113 870 357</u>

**SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

	2012 R	2011 R
23 <u>PROPERTY RATES</u>		
<u>Actual</u>		
Rateable Land and Buildings	5 366 512	5 173 032
Residential Property	1 667 976	1 556 743
Commercial Property	797 036	725 983
Agricultural Purposes	1 908 503	1 736 561
State – National /Provincial Services	139 827	188 780
Vacant Property	853 172	964 965
<u>Less: Rebates</u>	(1 365 501)	(975 780)
Total Assessment Rates	4 001 011	4 197 252
 <u>Valuations – 1 JULY 2010</u>		
Rateable Land and Buildings	1 690 003 260	1 701 411 110
Residential Property	260 011 500	263 756 500
Commercial Property	103 538 000	103 005 000
Public Benefits Organisations	20 116 000	10 018 000
Agricultural Purposes	1 161 388 360	1 155 215 110
State-National/Provincial Services	26 459 000	31 781 000
Municipal Property	39 493 000	56 431 500
Vacant Property	78 997 400	81 204 000
Total Assessment Rates	1 690 003 260	1 701 411 110

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009.

Rates

Residential	0.6415c/R	0.594c/R
Commercial	0.7698c/R	0.7128c/R
Agricultural	0.1604c/R	0.1485c/R
State- National/Provincial Services	0.6415c/R	0.594c/R
Vacant Property	1.0800c/R	1.00c/R

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2009.

Rates are levied monthly and payable by the end of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

24 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants	79 190 000	66 492 733
Equitable Share – Refer to Note 24.01	79 190 000	66 492 733
Conditional Grants		
National Municipal Infrastructure Grant (MIG)	23 176 983	15 474 325
National Municipal Finance Management (MFMA)	1 395 578	1 688 258.55
National Municipal System Improvement Grant	790 000	713 680
National Neighbourhood Development Partnership Grant	1 931 571	3 803 603
National Expanded Public Works Programme	1 625 000	1 088 000
Peach & Vegetable Processing	8 302	-
HoloHlahatsi Agricultural Project	620	-
Co-op's Development	2 993	-
ProvGov - Housing (Lady Grey)	1 618 897	365 520
ProvGov - Housing (Hillside)	6 213 391	9 606 620
Implementation Ownership	45 060	135 270
Traffic Test Station (Sterkspruit)	-	104 879
Rossouw Agricultural Project	43 230	-
Internet/Communication Systems	84 131	-
I.E.C - Elections	-	750 000
Plastic Products	115 913	1 203 967
Provincial Roads (Musong Road)	2 085 399	15 591 452
Greenest Municipality	-	200 000
Small Town	97 218	-
Commonage Management Plan	12 000	1 725
Municipal Support Programme	61 858	21 792
Joe GqabiDM - District Call Centre	87 383	-
Joe GqabiDM - IDP	-	50 000
Tourism	-	20 000
Libraries	1 278 873	660 000
Total Government Grants and Subsidies	129 864 401	117 971 825
Government Grants and Subsidies – Capital	22 106 014	41 478 066
Government Grants and Subsidies – Operating	107 758 386	76 493 759
	129 864 401	117 971 825

Revenue recognised per vote as required by Section 123 (c) of the MFMA

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

24 GOVERNMENT GRANTS AND SUBSIDIES (cont.)

Equitable Share	79 190 000	66 492 733
Executive & Council	300 000	263 680
Budget & Treasury	2 031 567	2 160 051
Planning & Development	2 211 847	5 079 295
Community & Social Services	1 278 873	860 000
Housing	7 877 349	10 107 411
Sport & Recreation	3 306 137	-
Waste Management	133 567	128 192
Road Transport	33 535 060	32 880 463
	<u>129 864 400</u>	<u>117 971 825</u>

The municipality does not expect any significant changes to the level of grants. No grants had been withheld.

24.01 Equitable Share

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

24.02 National: Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	(267 146)	(1 821)
Current year receipts	23 102 000	15 209 000
Conditions met – transferred to current assets	<u>(23 176 983)</u>	<u>(15 474 325)</u>
Balance transferred to current (assets)/liabilities	<u>(342 129)</u>	<u>(267 146)</u>

Municipal Infrastructure grant was used to construct roads, pavement, community centres and stormwater channels in Senqu.

24.03 National: Municipal Finance Management (MFMA)

Balance unspent at beginning of year	(54 422)	433 836
Current Year receipts	1 450 000	1 200 000
Conditions met – transferred to revenue	<u>(1 395 578)</u>	<u>(1 688 259)</u>
Balance transferred to current (assets)/liabilities	<u>-</u>	<u>(54 422)-</u>

Municipal Finance Management grant was used to implement the reforms of the MFMA..

24.04 National: Municipal Systems Improvement Grant

Balance unspent at beginning of year	-	(36 320)
Current Year Receipts	790 000	750 000
Conditions met – transferred to revenue	<u>(790 000)</u>	<u>(713 680)</u>
Balance transferred to current liabilities	<u>-</u>	<u>-</u>

The MSIG was used to improve municipal systems in terms of ward committees and create a functional asset register.

24.05 National: Neighbourhood Development Partnership Grant

Balance unspent at beginning of year	7 196 397	-
Current year receipts	2 900 000	11 000 000
Conditions met - transferred to revenue	<u>(1 931 571)</u>	<u>(3 803 603)</u>
Balance transferred to current liabilities	<u>8 164 825</u>	<u>7 196 397</u>

The NDPG is received to attract private and community investment to unlock the social and economic potential within the Senqu area.

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

24 GOVERNMENT GRANTS AND SUBSIDIES (cont.)

24.06 National: Expanded Public Works Program

Balance unspent at beginning of year	-	-
Current year receipts	1 625 000	1 088 000
Conditions met - transferred to revenue	<u>(1 625 000)</u>	<u>(1 088 000)</u>
Balance transferred to current liabilities	<u>-</u>	<u>-</u>

The EPWP is received to provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities.

24.07 Peach & Vegetable Processing

Balance unspent at beginning of year	8 302	8 302
Conditions met - transferred to revenue	<u>(8 302)</u>	<u>-</u>
Balance transferred to current liabilities	<u>-</u>	<u>8 302</u>

Local Economic Development project for Peach and Vegetable processing..

24.08 HoloHlahatsi Agricultural Project

Balance unspent at beginning of year	104 517	104 517
Conditions met – transferred to revenue	<u>(620)</u>	<u>-</u>
Balance transferred to current liabilities	<u>103 897</u>	<u>104 517</u>

Local Economic Development project for HoloHlahatsi Agricultural project.

24.09 Heritage Management

Balance unspent at beginning of year	-	229 912
Transferred to Joe Gqabi District Municipality	<u>-</u>	<u>(229 912)</u>
Balance transferred to current liabilities	<u>-</u>	<u>-</u>

Local Economic Development Project for Heritage management

24.10 Co-op's Development

Balance unspent at beginning of year	2 993	2 993
Conditions met – transferred to revenue	<u>(2 993)</u>	<u>-</u>
Balance transferred to current liabilities	<u>-</u>	<u>2 993</u>

Local Economic Development project for Heritage management.

24.11 ProvGov (Lady Grey)

Balance unspent at beginning of year	1 618 897	1 984 417
Conditions met – transferred to revenue	<u>(1 618 897)</u>	<u>(365 520)</u>
Balance transferred to current liabilities	<u>-</u>	<u>1 618 897</u>

Grant received from Provincial government for housing projects

24.12 ProvGov - Housing (Hillside)

Balance unspent at beginning of year	1 280 832	446 773
Current year receipts	5 762 799	10 440 679
Conditions met – transferred to revenue	<u>(6 213 391)</u>	<u>(9 606 620)</u>
Balance transferred to current (assets)/liabilities	<u>830 240</u>	<u>1 280 832</u>

Grant received from Provincial Government for housing projects.

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

24 GOVERNMENT GRANTS AND SUBSIDIES (cont.)

24.13 Implementation Ownership

Balance unspent at beginning of year	96 276	233 546
Conditions met - transferred to revenue	(45 060)	(135 270)
Balance transferred to current liabilities	53 216	98 276

Grant was used to transfer ownership from council to owners. (Registering of title deeds.)

24.14 Traffic Test Station (Sterkspruit)

Balance unspent at beginning of year	-	104 879
Conditions met – transferred to revenue	-	(104 879)
Balance transferred to current (assets)/liabilities	-	-

Grant was used to establish a traffic station in Sterkspruit

24.15 Rossouw Agricultural Project

Balance unspent at beginning of year	92 811	92 811
Conditions met – transferred to revenue	(43 230)	-
Balance transferred to current liabilities	49 582	92 811

Local Economic Development project for Rossouw Agricultural Project

24.16 Herschel People's Housing

Balance unspent at beginning of year	7 094 314	6 774 561
Balance transferred to current liabilities	318 187	319 752
	7 412 501	7 094 314

Grant received from Provincial Government for housing projects

24.17 Internet/Communication Systems

Balance unspent at beginning of year	84 131	84 131
Conditions met – transferred to revenue	(84 131)	-
Balance transferred to current liabilities	-	84 131

Establish to comply with the MFMA with regards to all information technology requirements mentioned in the act.

24.18 I.E.C - Elections

Balance unspent at beginning of year	-	-
Current year receipts	-	750 000
Conditions met – transferred to revenue	-	(750 000)
Balance transferred to current (assets)/liabilities	-	-

Grant was used for I.E.C. elections

24.19 Plastic Products

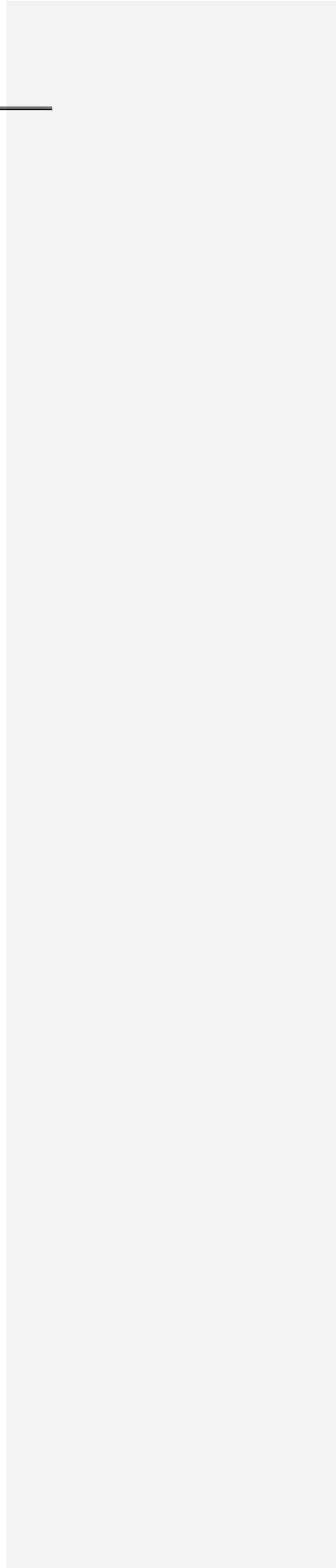
Balance unspent at beginning of year	206 080	1 410 047
Conditions met – transferred to revenue	(115 913)	(1 203 967)
Balance transferred to current (assets)/liabilities	90 167	206 080

Local Economic Development project for plastic products

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

24	GOVERNMENT GRANTS AND SUBSIDIES (cont.)	2012	2011
		R	R
24.20	Provincial Roads (Musong Road)		
	Balance unspent at beginning of year	5 394 538	-
	Current year receipts - interest	6 753 994	20 985 990
	Conditions met – transferred to revenue	(12 085 399)	(15 591 452)
	Balance transferred to current liabilities	<u>63 134</u>	<u>6 394 538</u>
	The grant was received to upgrade municipal roads in the area.		
24.21	Greenest Municipality		
	Balance unspent at beginning of year	-	-
	Current year receipts - interest	300 000	200 000
	Conditions met – transferred to revenue	-	(200 000)
	Balance transferred to current liabilities	<u>300 000</u>	<u>-</u>
	The grant is received for working towards the goal of 'greening' the environment as well as proactively preserving it for future generations.		
24.22	Second Economy Regeneration (LED Strategy)		
	Balance unspent at beginning of year	100 489	-
	Current year receipts	106 591	100 489
	Conditions met – transferred to revenue	(97 218)	-
	Balance transferred to current liabilities	<u>109 862</u>	<u>100 489</u>
	Grant is received to improve planning in the Senqu area.		
24.23	Clean Audit		
	Balance unspent at beginning of year	-	-
	Current year receipts	95 000	-
	Balance transferred to current liabilities	<u>95 000</u>	<u>-</u>
	Grant is received to target a clean audit report for Senqu Municipality		
24.24	Commonage Management		
	Balance unspent at beginning of year	58 058	59 781
	Conditions met – transferred to revenue	(12 000)	(1 725)
	Balance transferred to current liabilities	<u>46 056</u>	<u>58 056</u>
	Local Economic Development project for Commonage Management Plan		
24.25	Municipal Support Programme		
	Balance unspent at beginning of year	61 858	83 650
	Conditions met - transferred to revenue	(61 858)	(21 792)
	Balance transferred to current liabilities	<u>-</u>	<u>61 858</u>
	Grant was used to improve internal controls in the municipality.		
24.26	Joe GqabiDM - District Call Centre		
	Balance unspent at beginning of year	87 383	87 383
	Conditions met - transferred to revenue	(87 383)	-
	Balance transferred to current liabilities	<u>-</u>	<u>87 383</u>

Grant received from District Municipality for a call centre for Senqu.



SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

24	GOVERNMENT GRANTS AND SUBSIDIES (cont.)	2012 R	2011 R
24.26	Joe GqabiDM - IDP		
	Balance unspent at beginning of year-	-	-
	Current year receipts	-	50 000
	Conditions met – transferred to revenue	-	(50 000)
	Balance transferred to current liabilities	<u>-</u>	<u>--</u>
	Grant received from District Municipality to assist with compilation of IDP.		
24.28	Tourism		
	Balance unspent at beginning of year-	-	-
	Current year receipts	-	20 000
	Conditions met – transferred to revenue	-	(20 000)
	Balance transferred to current liabilities	<u>-</u>	<u>-</u>
	Local Economic Development project for Tourism..		
24.29	Libraries		
	Balance unspent at beginning of year-	-	-
	Current year receipts	1 278 873	600 000
	Conditions met – transferred to revenue	(1 278 873)	(660 000)
	Balance transferred to current liabilities	<u>-</u>	<u>-</u>
	Grant is received for the upkeep and operational cost for libraries		
25	SERVICE CHARGES		
	Electricity	18 002 849	12 156 465
	Service Charges	21 420 661	15 270 595
	<u>Less: Rebates</u>	<u>(3 417 812)</u>	<u>(3 114 130)</u>
	Refuse Removal	1 947 988	1 748 956
	Service Charges	5 673 114	4 500 580
	<u>Less: Rebates</u>	<u>(3 725 125)</u>	<u>(2 751 625)</u>
	Total Service Charges	<u>19 950 838</u>	<u>13 905 420</u>
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
	Balance previously reported		16 655 202
	Less: Discontinued Operations (Water and Sewerage) - Note 38.02		(2 749 782)
	Restated balance		<u>13 905 420</u>

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

26 WATER SERVICES AUTHORITY CONTRIBUTION

JoeGqabi District Municipality - Water and Sewerage functions	-	-
	-	-

A new agreement was entered into, with effect from 1 July 2009, with the Joe Gqabi District Municipality whereby the municipality acts as a contractor for the delivering of the Water and Sewerage functions with risks and rewards being transferred to the municipality. Prior to that date the municipality acted as an agent for the Joe Gqabi District Municipality.

Balance previously reported		9 286 090
Less: Discontinued Operations (Water and Sewerage) - Note 38.02		(9 286 090)
Restated balance		<u>-</u>

27 OTHER INCOME

Sundry Income	544 325	391 151
Building Plan & Inspection Fees	66 786	10 861
Electr. Re-Connection Fees	46 034	58 890
Cemetery Fees	14 289	13 632
Pound Fees	17 557	25 290
Total Other Income	<u>688 992</u>	<u>499 824</u>

28 EMPLOYEE RELATED COSTS

Employee related costs – Salaries & Wages	20 128 969	17 630 020
Employee related costs – Contributions for UIF, Pensions, and Medical Aids	4 009 645	3 218 466
Travel Motor Car, Telephone, assistance and other allowances	84 050	62 110
Bonus	2 465 989	2 645 549
Housing Benefits and Allowances	17 539	16 800
Leave Reserve Fund	1 490 886	314 172
Overtime Payments	481 905	451 385
Workmen's Compensation Contributions	348 508	288 631
Contribution to provision – Long Service Awards – Note 4	236 705	149 414
Contribution to provision – Post Retirement Medical – Note 4	1 528 836	1 484 246
Total Employee Related Costs	<u>30 793 033</u>	<u>26 260 794</u>

Balance previously reported		34 732 945
Less: Discontinued Operations (Health) – Note 38.02		(8 472 151)
Restated balance		<u>26 260 794</u>

**SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

	2012 R	2011 R
KEY MANAGEMENT PERSONNEL		
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
Remuneration of the Municipal Manager – MM Yawa		
Annual Remuneration	1 110 442	1 046 486
Performance Bonuses	369 023	581 185
Car Allowance	82 800	82 800
Telephone Allowance	-	18 000
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	<u>1 563 763</u>	<u>1 729 969</u>
 Remuneration of the Director: Technical Services – RN Crozier		
Annual Remuneration	910 330	887 306
Performance Bonuses	323 994	507 991
Car Allowance	93 600	93 600
Telephone Allowance	-	12 000
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	<u>1 329 421</u>	<u>1 502 394</u>
 Remuneration of the Director: Community and Social Services – CNLGologolo		
Annual Remuneration	757 822	705 840
Performance Bonuses	106 349	187 798
Car Allowance	48 000	48 000
Telephone Allowance	-	12 000
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	<u>913 668</u>	<u>955 136</u>
 Remuneration of the Director Financial Services – Mr CR Venter		
Annual Remuneration	1 074 658	1 013 067
Performance Bonuses	253 266	445 584
Telephone Allowance	-	12 000
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	<u>1 329 421</u>	<u>1 472 148</u>
 Remuneration of the Director Corporate and Support Services – ML Theron		
Annual Remuneration	747 394	705 538
Performance Bonuses	164 783	257 440
Telephone Allowance	-	12 000
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	<u> </u>	<u> </u>

**SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

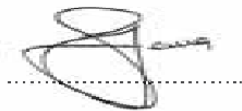
	2012	2011
	R	R
KEY MANAGEMENT PERSONNEL (Cont.)		
Remuneration of the Director IPME – DP Agyemang		
Annual Remuneration	833 624	725 809
Performance Bonuses (Housing)	158 668	24 731
Telephone Allowance	-	11 000
Car Allowance	68 400	66 900
Housing Allowance	30 000	-
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	<u>1 092 190</u>	<u>829 937</u>
29 REMUNERATION OF COUNCILLORS		
Mayor	630 735	691 602
Speaker	508 356	582 592
Executive Committee Members	1 584 606	1 335 346
Councillors	5 247 601	4 448 532
Other Councillors' Contributions and Allowances	415 548	100 851
	<u>8 386 846</u>	<u>7 158 923</u>

In-Kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



M.M. YAWA

Signed: Municipal Manager

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

	2012 R	2011 R
30 DEBT IMPAIRMENT		
Trade Receivables from exchange transactions - Note 19	2 837 041	55 985
Trade Receivables from non-exchange transactions - Note 20	281 356	685 647
Total Contribution to Impairment Provision	3 118 397	741 632
Portion attributable to VAT - Refer to note - 11.01	(424 254)	87 478
Debt impairment recognised in statement of financial performance	2 694 143	829 110
Balance previously reported		1 332 557
Less: Discontinued Operations (Water and Sewerage) - Note 38.02		(590 925)
Portion attributable to VAT - Refer to note - 11.01		87 478
		829 110
31 DEPRECIATION AND AMORTISATION		
Property Plant and Equipment	11 483 993	10 297 072
Intangible Assets	110 576	102 444
Capitalised Restoration Cost	80 498	80 498
	11 675 067	10 480 013
32 REPAIRS AND MAINTENANCE		
Buildings	30 399	461 332
Tools and equipment	165 013	147 121
Furniture and office equipment	4 272	5 812
Vehicles and Implements	1 136 253	926 000
Streets and stormwater	1 051 926	568 163
Sport Fields	28 464	160 572
Electricity Reticulation	605 665	148 718
Fencing	17 312	35 055
Street Lights	181 432	217 805
Traffic and Road signs	29 712	7 911
Other	154 748	24 644
	3 405 197	2 703 133
Balance previously reported		3 015 464
Less: Discontinued Operations (Water and Sewerage) - Note 38.02		(326 835)
		2 688 629
33 FINANCE CHARGES		
Long term liabilities – DBSA	1 253 679	974 902
Finance Charges	5 715	5 305
Landfill site	458 323	586 100
Total Finance Charges	1 717 717	1 566 307
Balance previously reported		1 570 656
Less: Discontinued Operations (Water and Sewerage) - Note 38.02		(4 349)
Restated balance		1 566 307

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

		2012 R	2011 R
34	BULK PURCHASES		
	Electricity	15 130 377	12 494 708
	Total Bulk Purchased	<u>15 130 377</u>	<u>12 494 708</u>
35	GRANTS AND SUBSIDIES		
	Grants-in-aid and Donations	731 837	798 812
	Total Grants and Subsidies	<u>731 837</u>	<u>798 812</u>
36	OTHER OPERATING GRANT EXPENDITURE		
	Asset Register Project	468 787	422 277
	Call Centre Project	459 957	-
	Commonage Management Project	12 000	1 725
	Co-op's Development Project	1 990	-
	Database Project	218 955	19 116
	Greenest Municipality Project	-	160 056
	HoloHlahatsi Agricultural Project	620	-
	Housing Hillside Project	6 213 391	9 606 620
	Housing Lady Grey Project	-	365 520
	IDP and Budget Project	251 764	297 622
	Job Creation Project	3 788 731	3 372 464
	LED Strategy Project	20 727	-
	Local Economic Development Project	21 336	-
	MFMA Implementation Project	1 354 637	1 515 243
	MIGPMU Project	846 256	756 520
	Musong Road Project	10 601 227	13 676 712
	Neighbourhood Development Project	1 694 361	3 336 494
	Plastic Products Project	104 447	95 163
	Revitalization 2nd Economy Project	97 218	-
	Rossouw Agricultural Project	38 934	-
	Town Register Project	45 060	122 760
	Total Operating grant expenditure	<u>26 240 396</u>	<u>33 748 293</u>

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

37 GENERAL EXPENSES

Audit Fees	1 509 690	1 780 916
Advertisements	186 938	200 664
Bank Charges	209 728	167 776
Books, Magazines & Publications	88 696	112 319
Computer Costs	533 920	214 022
Electricity Purchases	189 255	157 335
Insurance: External	251 812	209 019
Legal Costs	737 334	259 891
Membership Fees	219 166	210 028
Printing & Stationary	329 637	277 262
Professional Services	1 639 788	792 740
Performance Management Project	600 121	468 847
Lady Grey LED Project	-	5 966
Agriculture Rural Project	24 758	29 547
SPU Project	120 820	108 651
Youth Cleaning Project	4 750	9 250
Valuation Roll Project	87 333	168 880
Refuse Removal Project	809 265	817 208
Subsistence & Traveling	2 208 051	1 937 229
Telephone Charges	957 804	450 546
Tourism	319 779	272 786
Training	470 927	320 297
Travel and Accommodation	1 515 310	1 434 824
Vehicle: Fuel & Oil	1 703 474	1 273 455
Ward Committees	1 159 164	279 730
Sundry	1 331 980	1 156 114
	<u>17 209 501</u>	<u>13 115 301</u>

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

Balance previously reported on	14 765 959
Less: Discontinued Operations (Health) - Note 36	(1 650 659)
Restated balance	<u>13 115 301</u>

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

38 DISCONTINUED OPERATIONS	2012 R	2011 R
38.01 Health		
The Health function was transferred to the Eastern Cape Provincial Department of Health in January 2011. Details of the Discontinued Operations are listed below:		
Income		
Government Grants and Subsidies: Operating		263 338
Expenditure		
Employee Related Costs	-	(260 176)
Repairs and Maintenance	-	(4 680)
General Expenses	-	(49 376)
Profit/Loss on Disposal of Assets	-	(17 460)
Total effect of Discontinued Operations	-	(68 355)
The effect of Discontinued Operations on the cash flow is as follows:		
Changes in Operating Activities	-	(68 355)
	-	(68 355)
38.02 Water and Sewerage		
The municipality acted as Water Service Provider (WSP) for the provision of water and sanitation services on behalf of the Water Service Authority, Joe Gqabi District Municipality. The Water Service Authority resolved to resume full accountability for these functions as from 1 July 2012.		
<u>The effect of Discontinued Operations on the Statement of Financial Position is as follows:</u>		
Assets associated with Discontinued Operations		
Receivable from exchange transactions (Water and sanitation)	4 846 743	-
Less: Allowance for Doubtful Debts (Water and sanitation)	(4 309 947)	-
Taxes	311 940	-
	848 736	
Liabilities associated with Discontinued Operations		
Employee Benefits	1 137 050	-
Current Employee Benefits	1 095 305	-
Payables from exchange transactions	96 006	-
	2 328 360	

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

The effect of Discontinued Operations on the Statement of Financial Performance is as follows:

Income		
Service Charges	3 385 091	2 749 782
Water Services Authority Contribution	9 286 090	9 286 090
Interest Earned - outstanding debtors	286 574	251 900
Expenditure		
Employee Related Costs	(9 982 883)	(8 472 151)
Debt Impairment	(944 054)	(590 925)
Repairs and Maintenance	(192 364)	(326 835)
Actuarial losses	(374 327)	(19 592)
Finance Charges	-	(4 349)
General Expenses	(1 663 779)	(1 650 659)
Total effect of Discontinued Operations	(199 653)	1 223 260

The effect of Discontinued Operations on the Cashflow Statement is as follows:

Changes in Operating Activities	(199 653)	1 223 260
	(199 653)	1 223 260

39 CORRECTION OF ERROR IN TERMS OF GRAP 3

Certain errors were detected which relates to prior years and were restated retrospectively. The effects of these restatements are listed below.

39.01 Taxes

Balance previously reported	1 490 910
Vat on Debt Impairment recovered from Vat provision - 1 July 2010 - Note 39.05	647 190
Vat on Debt Impairment recovered from Vat provision - 2010/2011 - Note 39.06	(87 478)
Total	2 050 622

39.02 Receivables From Exchange Transactions

Balance previously reported	4 476 402
3 year maintenance contract for Conlog incorrectly capitalised - Transferred to Prepaid expense - Note 39.03	149 266
	4 625 668

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

39.03 Property, Plant and Equipment	
Balance previously reported	143 457 980
Correction of Backlog Depreciation for Rural road error in prior year - Note 39.05	2 427 472
Correction of Depreciation for 2010/2011 for Rural road error in prior year - Note 39.06	328 216
Correction of Property, Plant and Equipment incorrectly capitalised - Note 39.05	(37 969)
Correction of Backlog Depreciation for Property, Plant and Equipment incorrectly capitalised - Note 39.05	17 928
Correction of Depreciation for 2010/2011 for Property, Plant and Equipment incorrectly capitalised - Note 39.06	5 047
First time recognition of Property, Plant and Equipment - 1 July 2010 - Note 39.05	69 901
Backlog Depreciation for Property, Plant and Equipment previously not recognised - Note 39.05	(28 298)
Depreciation for 2010/2011 for Property, Plant and Equipment previously not recognised - Note 39.06	(9 424)
Reversal of Disposal of Property, Plant and Equipment - Note 39.05	29 730
Effect on Backlog Depreciation for reversal of disposal of Property, Plant and Equipment - Note 39.05	(25 361)
Effect on Depreciation for 2010/2011 for reversal of disposal of Property, Plant and Equipment - Note 39.06	(3 682)
First time recognition of Property, Plant and Equipment - 2010/2011 - Note 39.06	4 154
Depreciation for 2010/2011 for Property, Plant and Equipment previously not recognised - Note 39.06	(191)
Reversal of Disposal of Property, Plant and Equipment - Note 39.06	26 751
Effect on Depreciation for 2010/2011 for reversal of disposal of Property, Plant and Equipment - Note 39.06	(15 224)
3 year maintenance contract for Conlog incorrectly capitalised - Cost - Note 39.06	(167 925)
3 year maintenance contract for Conlog incorrectly capitalised - Depreciation - Note 39.06	10 950
Total	<u>146 090 055</u>
37.06 Intangible Assets	
Balance previously reported	299 902
Correction of opening balance on Intangible Assets - 1 July 2010 - Note 39.05	1 220
Correction of Accumulated Depreciation on Intangible Assets - 1 July 2010 - Note 39.05	(562)
Correction of Depreciation on Intangible assets for 2010/2011 - Note 39.06	(203)
Total	<u>300 357</u>

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

	2011 R
39.05 Accumulated Surplus/(Deficit)	
Correction of Backlog Depreciation for Rural road error in prior year - Note 39.03	2 427 472
Correction of Property, Plant and Equipment incorrectly capitalised - Note 39.03	(37 969)
Correction of Backlog Depreciation for Property, Plant and Equipment incorrectly capitalised - Note 39.03	17 928
First time recognition of Property, Plant and Equipment - 1 July 2010 - Note 39.03	69 901
Backlog Depreciation for Property, Plant and Equipment previously not recognised - Note 39.03	(28 298)
Reversal of Disposal of Property, Plant and Equipment - Note 39.03	29 730
Effect on Backlog Depreciation for reversal of disposal of Property, Plant and Equipment - Note 39.03	(25 361)
Correction of opening balance on Intangible Assets - 1 July 2010 - Note 39.04	1 220
Correction of Accumulated Depreciation on Intangible Assets - 1 July 2010 - Note 39.04	(562)
Vat on Debt Impairment recovered from Vat provision - 1 July 2010 - Note 39.01	647 190
Total	<u>3 101 251</u>
39.06 Statement of Financial Performance	
Balance previously reported	36 147 803
Correction of Depreciation on Intangible assets for 2010/2011 - Note 39.04	(203)
Correction of Depreciation for 2010/2011 for Rural road error in prior year - Note 39.03	328 216
Correction of Depreciation for 2010/2011 for Property, Plant and Equipment incorrectly capitalised - Note 39.03	5 047
Depreciation for 2010/2011 for Property, Plant and Equipment previously not recognised - Note 39.03	(9 424)
Effect on Depreciation for 2010/2011 for reversal of disposal of Property, Plant and Equipment - Note 39.03	(3 682)
First time recognition of Property, Plant and Equipment - 2010/2011 - Note 39.03	4 154
Depreciation for 2010/2011 for Property, Plant and Equipment previously not recognised - Note	(191)
Reversal of Disposal of Property, Plant and Equipment - Note 39.03	11 527
3 year maintenance contract for Conlog incorrectly capitalised - Note 39.03	(7 709)
Vat on Debt Impairment recovered from Vat provision - 2010/2011 - Note 39.01	(87 478)
Total	<u>36 388 061</u>

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

	2012 R	2011 R
40 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year - From Continuing Operations	46 348 183	35 233 155
<u>Adjustments for:</u>		
Depreciation	11 675 067	10 480 013
Loss on disposal of property, plant and equipment	85 282	464 361
Impairments	116 766	-
Contribution from/to employee benefits - non-current	1 765 541	1 633 660
Contribution from/to employee benefits - non-current - expenditure incurred	(339 729)	(117 421)
Contribution from/to employee benefits - non-current - actuarial losses	935 818	-
Contribution from/to employee benefits - non-current - actuarial gains	-	(583 658)
Contribution to employee benefits – current	3 515 000	2 787 303
Contribution to employee benefits – current - expenditure incurred	(2 661 072)	(2 416 181)
Contribution to provisions – current	458 323	586 100
Contribution to provisions – bad debt	3 118 397	741 632
Bad debts written off	(339 497)	-
Grants Received - Restated 2011	123 672 445	29 266 644
Grant recognised as revenue - Restated 2011	(129 864 401)	(117 971 825)
Unspent Grant transferred back to Joe Gqabi District Municipality	-	(229 912)
Operating lease income accrued	(12 474)	(23 556)
Operating lease expenses accrued	(1 894)	(3 793)
Operating Surplus/(Deficit) before discontinued operations and changes in working capital	58 471 755	59 846 522
Surplus/(Deficit) for the year from Discontinued Operations - Note 38	(199 653)	1 154 905
Bad Debts	944 054	590 925
Operating Surplus/(Deficit) before changes in working capital	59 216 156	61 592 352
Changes in working capital	(11 213 481)	11 055 111
Increase in Payables for Exchange Transactions	1 308 298	612 233
Increase/(Decrease) in Taxes	613 540	7 635 364
(Increase)/Decrease in Inventory	843 287	(1 437 182)
(Increase)/Decrease in Receivables from exchange transactions	(14 102 884)	4 831 062
Increase in Other Receivables from non-exchange transactions	124 278	(586 366)
Cash generated/(absorbed) by operations	48 002 675	72 647 463

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

		2012 R	2011 R
41	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 22	124 993 004	113 870 357
	Cash Floats - Note 22	900	900
	Bank - Note 22	903 394	2 275 326
	Total cash and cash equivalents	<u>125 897 298</u>	<u>116 146 583</u>
42	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 41	125 897 298	116 146 583
		<u>125 897 298</u>	<u>116 146 583</u>
	Less	17 318 480	23 168 306
	Unspent Committed Conditional Grants - Note 10	<u>17 318 480</u>	<u>23 168 306</u>
	Net cash resources available for internal distribution	108 578 818	92 978 277
	Allocated to:		
	Capital Replacement Reserve	75 142 035	56 463 739
	Valuation Roll Reserve	919 491	689 618
	Employee Benefit Reserve	11 645 194	5 644 845
	Resources available for Working capital requirements	<u>23 436 783</u>	<u>36 514 538</u>
43	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 3	16 035 140	16 481 236
	Used to finance property, plant and equipment - at cost	<u>(16 035 140)</u>	<u>(16 481 236)</u>
	Cash invested for repayment of long-term liabilities	<u>-</u>	<u>-</u>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 6.75 % and 8.92 % and will be repaid by 2030.

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

44 BUDGET COMPARISONS

	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
44.1 Operational				
Revenue By Source				
Property taxes	4 001 011	4 174 416	(173 405)	-4%
Government Grants and Subsidies - Capital	22 106 014	22 091 031	14 983	0%
Government Grants and Subsidies - Operating	107 758 386	125 317 376	(17 558 990)	-14%
Public Contributions and Donations	50 000	50 000	-	0%
Fines	50 455	25 000	25 455	102%
Service Charges	23 335 928	24 300 180	(964 252)	-4%
Water Services Authority Contribution	9 286 090	9 734 836	(448 746)	-5%
Rental of Facilities and Equipment	558 046	267 000	291 046	109%
Interest Earned - external investments	6 790 249	6 400 000	390 249	6%
Interest Earned - outstanding debtors	1 168 564	851 940	316 624	37%
Licences and Permits	1 680 258	990 000	690 258	70%
Agency Services	579 596	410 000	169 596	41%
Other Income	688 992	670 075	18 917	3%
	178 053 591	195 281	(12 228 263)	-9%
Expenditure by nature				
Employee Related Costs	(40 775 916)	(45 460 099)	4 684 183	-10%
Remuneration of Councillors	(8 386 846)	(8 565 156)	178 310	-2%
Debt Impairment	(3 638 197)	(5 264 520)	1 626 323	-31%
Depreciation and Amortisation	(11 675 067)	(13 028 700)	1 353 633	-10%
Repairs and Maintenance	(3 597 561)	(3 101 953)	(495 608)	16%
Actuarial losses	(935 818)	(428 520)	(507 298)	118%
Finance Charges	(1 717 717)	(1 914 745)	197 028	-10%
Bulk Purchases	(15 130 377)	(17 303 100)	2 172 723	-13%
Grants and Subsidies Paid	(731 837)	(734 000)	2 163	0%
Other Operating Grant Expenditure	(26 240 396)	(46 678 843)	20 438 447	-44%
General Expenses	(18 873 280)	1 835 480)	2 962 200	-14%
Loss on disposal of PPE/Investment Property	(85 282)	-	(85 282)	100%
	(131 905 080)	(164 315 116)	32 495 337	-20%
	46 148 530	30 966 738	15 267 074	49%

**SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

Details of material variances

Government Grants and Subsidies - Operating	-14%	Operational Grants used for Capital Expenditure
Fines	102%	Traffic Law Enforcement improved
Rental of Facilities and Equipment	109%	Improved control over municipal assets
Interest Earned - outstanding debtors	37%	Increase in Consumer Debtors
Licences and Permits	70%	Service Delivery at Traffic Test Station improved
Agency Services	41%	Revenue enhancement improved
Debt Impairment	-31%	New improved formula applied
Repairs and Maintenance	16%	Under-estimated needs for repairs and maintenance
Actuarial losses	118%	New improved formula applied
Bulk Purchases	-13%	Not budgeted for
Other Operating Grant Expenditure	-44%	Operational Grants used for Capital Expenditure
General Expenses	-14%	Slow progress on housing projects
Loss on disposal of PPE/Investment Property	100%	Did not predict loss on disposals

Reconciliation of actual vs. budget where the accounting treatment is different for the following variances:

	2012 R	2011 R
The following amounts in respect of rebates were budgeted as expenditure, but deducted from Service Charges in terms of GRAP 9		
	<u>Actual</u>	<u>Budget</u>
Electricity	(3 417 812)	(4 014 210)
Water	(1 711 571)	(1 713 020)
Sewerage	(2 956 994)	(2 960 000)
Refuse	(3 725 125)	(3 726 350)
General Expenses	11 811 502	12 413 580
	<u>(3 417 812)</u>	<u>(4 014 210)</u>
	<u>-</u>	<u>-</u>

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

44 BUDGET COMPARISONS CONTINUE

The following amounts in respect of rebates were budgeted as expenditure, but deducted from Property Rates Revenue

	<u>Actual</u>	<u>Budget</u>
Property Rates	(1 365 501)	(1 192 096)
General Expenses	1 365 501	1 192 096
	-	-

	2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 (%)
44.2 Expenditure by Vote				
Executive & Council	20 213 293	22 708 703	(2 495 410)	-11%
Planning & Development	7 638 333	17 396 450	(9 758 117)	-56%
Corporate Services	6 647 904	6 658 519	(10 615)	0%
Housing	6 975 151	18 428 795	(11 453 644)	-62%
Public Safety	3 348	5 740	(2 392)	-42%
Budget & Treasury	7 313 422	9 042 371	(1 728 949)	-19%
Road Transport	33 461 933	34 939 584	(1 477 651)	-4%
Waste Water Management	6 795 441	7 441 749	(646 308)	-9%
Water	6 361 966	6 972 290	(610 324)	-9%
Electricity	22 820 006	26 075 042	(3 255 036)	-12%
Community & Social Services	5 072 848	5 168 418	(95 570)	-2%
Sport & Recreation	47 183	149 052	(101 869)	-68%
Waste Management	8 554 231	9 328 403	(774 172)	-8%
Expenditure for the year (Before Discontinued Operations)	131 905 069	164 315 116	(32 410 057)	-20%

Details of material variances

Executive & Council	-11%	Directors re-appointed at same salaries
Planning & Development	-56%	Slow progress Neighbourhood Development projects
Housing	-62%	Slow progress on Housing projects due to land disputes
Public Safety	-42%	Value (R 2 392) not material
Budget & Treasury	-19%	Budgeted Rates Rebate and Bad Debts Provision not utilised in full
Electricity	-12%	Change in electricity purchase tariff
Sport & Recreation	-68%	Depreciation cost over-budgeted

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

44.3 Capital Expenditure By Vote	2012 R (Actual)	2012 R (Budget)	2012 R (Variance)	2012 (%)
Executive & Council	101 609	150 000	(48 391)	-32%
Planning & Development	39 126	55 870	(16 744)	-30%
Corporate Services	464 004	550 000	(85 996)	-16%
Budget & Treasury	459 688	534 131	(74 444)	-14%
Road Transport	31 296 180	33 302 022	(2 005 842)	-6%
Electricity	1 316 720	1 560 500	(243 780)	-16%
Community & Social Services	588 521	615 000	(26 479)	-4%
Sport & Recreation	2 837 721	2 918 071	(80 350)	-3%
Waste Management	1 119 906	1 372 070	(252 164)	-18%
	38 223 475	41 057 664	(2 834 189)	-7%

Details of material variances

Executive & Council	-32%	Strict control to ensure that only items budgeted for are purchased
Planning & Development	-30%	Strict control to ensure that only items budgeted for are purchased
Corporate Services	-16%	Strict control to ensure that only items budgeted for are purchased
Budget & Treasury	-14%	Strict control to ensure that only items budgeted for are purchased
Electricity	-16%	Strict control to ensure that only items budgeted for are purchased
Waste Management	-18%	Strict control to ensure that only items budgeted for are purchased

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

45	<u>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</u>	2012 R	2011 R
45.1 <u>Unauthorised Expenditure</u>			
Reconciliation of unauthorised expenditure:			
	Opening balance	358 350	1 961 270
	Unauthorised expenditure current year - capital	-	7 515
	Unauthorised expenditure current year - operating	-	350 835
	Approved by Council or condoned	(358 350)	(1 961 270)
	Unauthorised expenditure awaiting authorisation	<u>-</u>	<u>358 350</u>

Incident	Disciplinary steps/criminal proceedings
<i>Over expenditure on votes</i>	<i>None</i>

45.2 <u>Fruitless and wasteful expenditure</u>	2012 R	2011 R
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	1 735 953	3 113 593
Fruitless and wasteful expenditure current year	742 700	1 735 953
Condoned or written off by Council	(1 735 953)	(3 113 593)
Fruitless and wasteful expenditure awaiting condonement	<u>742 700</u>	<u>1 735 953</u>

Incident	Disciplinary steps/criminal proceedings
<i>Electricity losses higher than the norm 2011</i>	<i>None - R 1 735 953</i>
<i>Electricity losses higher than the norm 2012</i>	<i>None - R 742 700</i>

45.3 <u>Irregular expenditure</u>	2012 R	2011 R
Reconciliation of irregular expenditure:		
Opening balance	-	1 568 252
Condoned or written off by Council	-	(1 568 252)
Irregular expenditure awaiting further action	<u>-</u>	<u>-</u>

Incident	Disciplinary steps/criminal proceedings
<i>Non-compliance with Supply Chain Management Policy</i>	<i>None</i>

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

45.4 <u>Material Losses</u>	2012 R	2011 R
Electricity distribution losses		
Kwh purchased	24 640 468	23 279 166
Kwh sold	20 966 615	17 717 358
Kwh losses	3 673 853	5 561 808
Kwh cost	0.6139	0.5368
% Losses - Notes 41	14.91%	23.89%
Amount of Units lost considered fruitless expenditure above a norm of average 10%	1 209 807	3 233 891

Cost of units lost considered fruitless expenditure	742 700	1 735 953
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SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

46	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL	2012 R	2011 R
46.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
	Opening balance	-	-
	Council subscriptions	203 860	207 660
	Amount paid - current year	(203 860)	(207 660)
	Balance unpaid (included in creditors)	-	-
46.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>		
	Opening balance	12 629	4 272
	Current year audit fee	1 674 894	2 190 499
	Amount paid - current year	(1 661 199)	(2 177 870)
	Amount paid - previous year	(12 629)	(4 272)
	Balance unpaid (included in creditors)	13 695	12 629
46.3	<u>VAT - [MFMA 125 (1)(b)]</u>		
	Opening balance	(2 163 537)	(9 162 052)
	Amounts received - previous year	1 228 689	8 971 263
	Amounts received - current year	7 611 902	7 194 446
	Amounts claimed - current year (payable)	(8 380 335)	(9 357 983)
	Amount paid - previous year	-	190 789
	2009/2010 VAT claims disallowed by SARS	(2 163 537)	(9 162 052)
	Closing balance Cr/(Dt)	(1 703 281)	(2 163 537)
	Vat in suspense due to cash basis of accounting	103 456	64 993
	VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.		
46.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	6 562 834	5 910 190
	Amount paid - current year	(6 562 834)	(5 910 190)
	Balance unpaid	-	-
46.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	4 700 119	3 980 045
	Amount paid - current year	(4 700 119)	(3 980 045)
	Balance unpaid	-	-
46.6	<u>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</u>		
	No Councillors had arrear accounts outstanding for more than 90 days during the year		
	Refer to Note 541 for outstanding accounts at year-end for Councillors		

**SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

	2012 R	2011 R
46.7 <u>Quotations awarded - Supply Chain Management</u>		
No non-compliance with the Supply Chain Management Regulations were identified during the financial year		
46.8 <u>Reporting in terms of Section 45 - Supply Chain Management Act</u>		
Business was done with the following employee of the municipality with no influence in decision making:		
<u>Staff Member:</u> D. Oertel <u>Entity:</u> Mountain View Hotel	90 197	175 156
47 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for:	3 504 817	44 367 376
Land & Buildings	80 197	51 486
Infrastructure	3 424 620	44 315 890
Total	3 504 817	44 367 376
This expenditure will be financed from:		
Capital Replacement Reserve	3 186 001	13 707 641
Government Grants - MIG	318 816	18 091 590
Department of Transport	-	12 568 145
Total	3 504 817	44 367 376

**SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

48 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance..

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk

(c) Interest Rate Risk

The Municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

This risk is managed on an ongoing basis.:

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

	2012	2011
	R	R
0.5% (2011 - 0.5%) Increase in interest rates	549 306	498 322
0.5% (2011- 0.5%) Decrease in interest rates	(549 306)	(498 322)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 19 and 20 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

48 FINANCIAL RISK MANAGEMENT CONTINUED

Balances past due not impaired:	2012 %	2012 R	2011 %	2011 R
<u>Non-Exchange Receivables</u>				
Rates	100.00%	4 284 602	100.00%	4 065 461
<u>Exchange Receivables</u>				
Electricity	83.72%	2 428 482	75.37%	1 251 904
Water	3.63%	105 295	6.09%	101 163
Refuse	3.60%	104 464	5.02%	83 428
Sewerage	1.96%	56 882	3.53%	58 662
Other	7.09%	205 637	9.99%	165 963
	100.00%	2 900 761	100.00%	1 661 120

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 19 and 20 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2011 %	2011 R	2010 %	2010 R
<u>Non-Exchange Receivables</u>				
Rates				
<u>Exchange Receivables</u>				
Electricity	23.55%	2 493 611	18.40%	1 303 289
Water	20.52%	2 171 908	23.73%	1 680 985
Refuse	26.71%	2 827 205	32.33%	2 289 797
Sewerage	20.20%	2 138 039	24.17%	1 712 038
Other	9.03%	955 684	1.36%	96 527
	100.00%	10 586 448	100.00%	7 082 635

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are listed on the JSE (Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

48 FINANCIAL RISK MANAGEMENT CONTINUED

Financial assets exposed to credit risk at year end are as follows:	2012 R	2011 R
Long term receivables	-	13 695
Receivables from exchange transactions	14 687 943	4 625 668
Receivables from non-exchange transactions	-	900
Cash and Cash Equivalents	125 897 298	116 146 583
Unpaid conditional grants and subsidies	342 129	321 568
	<u>140 927 371</u>	<u>121 108 414</u>

(e)Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant..

2012	Less than 1 Year	Between 1 and Years	Between 5 and 10 Years	Over 10 Years
Long Term liabilities - Annuity Loans	1 969 561	7 372 124	8 076 385	10 439 028
Capital repayments	765 704	3 161 210	4 229 088	7 835 200
Interest	1 203 857	4 210 914	3 847 297	2 603 829
Long Term liabilities - Finance Leases	35 215	11 738	-	-
Capital repayments	32 429	11 510	-	-
Interest	2 787	229	-	-
Provisions - Landfill Sites	-	-	-	28 061 969
Capital Repayments	-	-	-	9 624 785
Interest	-	-	-	18 437 185
Trade and Other Payables	2 109 310	-	-	-
Unspent conditional government grants and receipts	17 318 480	-	-	-
	21 432 566	7 383 862	8 076 385	38 500 998
2011				
Long Term liabilities	1 988 898	7 449 473	8 173 071	11 640 410
Capital repayments	748 677	3 080 584	4 092 994	8 485 544
Interest	1 240 221	4 368 889	4 080 077	3 154 867
Long Term liabilities - Finance Leases	35 215	46 954	-	-
Capital repayments	29 500	43 938	-	-
Interest	5 715	3 015	-	-
Provisions - Landfill Sites	-	-	-	42 194 939
Capital repayments	-	-	-	9 166 462
Interest	-	-	-	33 028 477
Trade and Other Payables	957 297	-	-	-
Unspent conditional government grants and receipts	23 489 875	-	-	-
	26 471 285	7 496 426	8 173 071	53 835 349

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

		2012 R	2010 R
49	FINANCIAL INSTRUMENTS		
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:		
49.1	<u>Financial Assets</u>		
	Receivables		
	Receivables from exchange transactions	14 687 943	4 625 668
	Receivables from non-exchange transactions – Reinstated 2011	-	900
	Other Receivables		
	Government Subsidies and Grants	342 129	321 568
	Current Portion of Long-term Receivables		
	Staff Loans	-	13 695
	Short-term Investment Deposits		
	Call Deposits	124 993 004	113 870 357
	Bank Balances and Cash		
	Bank Balances	903 394	2 275 326
	Cash Floats and Advances	900	900
		<u>140 927 371</u>	<u>121 108 414</u>
	SUMMARY OF FINANCIAL ASSETS		
	Financial instruments at amortised cost	<u>140 927 371</u>	<u>121 108 414</u>
49.2	<u>Financial Liability</u>		
	Long-term Liabilities		
	Annuity Loans	15 225 498	15 659 121
	Capitalised Lease Liability	11 510	-
	Payables from exchange transactions		
	Trade creditors	1 440 284	578 241
	Deposits: Other: Reinstated 2011	973 737	639 957
	Other Payables		
	Government Subsidies and Grants	17 318 480	23 489 875
	Current Portion of Long-term Liabilities		
	Annuity Loans	765 704	748 677
	Capitalised Lease Liability	32 429	-
		<u>36 432 967</u>	<u>41 486 139</u>
	SUMMARY OF FINANCIAL LIABILITY		
	Financial instruments at amortised cost	<u>36 432 967</u>	<u>41 486 139</u>

**SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

50 EVENTS AFTER THE REPORTING DATE

The Joe Gqabi District municipality, being the Water Service Authority, resolved to assume full responsibility for the operational functions of water and sanitation, as from 1 July 2012. The functions are therefore treated as Discontinued Operations..

51 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

52 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

53 CONTINGENT LIABILITY

Council have the following contingent liabilities at the end of the financial year 2011/12:

Traffic Officers

Appeal against arbitration outcome to reinstate traffic officers who were found guilty of corruption. This is a pending review in the Labour Court along with an ancillary urgent application. The potential cost of R550 000 includes the retrospective reinstatement of three former employees.

550 000 500 000

Gawe Review Application

This is a pending review application at the Labour Court with a financial implication of R350 000.

350 000 350 000

Wage Curve

The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review. The effect of the ruling is approximately a general 2% increase in remuneration as from October 2009.

Landfill Sites

The municipality does not have a permit or license for all of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.

SENQU MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

54 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

54.1 Related Party Transactions

	Rates - Levied 1 Jul 11 - 30 Jun 12	Service Charges - Levied 1 Jul 11 - 30 Jun 12
Year ended 30 JUNE 2012		
Councillors	3 198	61 774
N Mtyali	-	10 735
J Konstable	1 504	10 193
M Mjali	-	2 642
R M Joubert	1 479	8 457
Mpelwane	-	2 652
M Mfisa	-	6 214
M Mafilika	-	2 642
M Eliya	-	2 642
N C Motemekwana	-	2 842
S Thindleni	215	12 756
Municipal Manager and Section 57 Employees	2 522	20 500
R Crozier	2 522	17 850
ML Theron	-	2 650

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

54.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 17 to the Annual Financial Statements.

54.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 28 to the Annual Financial Statements.

53.4 Other related party transactions

The following purchases were made during the year where Councillors or Management have an interest:

<u>Councillor/Staff Member</u>	<u>Entity</u>		
M A Theron	Lady Grey Joinery & Construction (Spouse is Director)	52 497	22 619
M A Theron	Copper Leaf Trading (Spouse is Director)	118 304	-
Z I Dumzela	Sphamandla WC (Spouse of Mayor is Director)	-	24 435 783

415

The Joint Venture agreement between Nucon Roads & Civil (Pty) Ltd and Sphamandla WC is 80% / 20%. Mss B C Dumzela who is the spouse of Mr ZIDumzela (Mayor of Senqu Municipality) is a director of Sphamandla WC. An amount of R24 435 783 was awarded to the Joint Venture of which Sphamandla WC have only 20% share. The total payments made on the Musong Road for the period 1 July 2010 to 30 June 2011 amounts to R 10 410 209.05.

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8,10 and 11 of GRAP 3 (Revised – February 2010) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 1 (Revised – Mar 2012)	Presentation of Financial Statements	1 April 2013
GRAP 3 (Revised – Mar 2012)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2013
GRAP 9 (Revised – Mar 2012)	Revenue from Exchange Transactions	1 April 2013
GRAP 12 (Revised – Mar 2012)	Inventories	1 April 2013
GRAP 13 (Revised – Mar 2012)	Leases	1 April 2013
GRAP 16 (Revised – Mar 2012)	Investment Property	1 April 2013
GRAP 17 (Revised – Mar 2012)	Property, Plant and Equipment	1 April 2013
GRAP 21 (Original – Mar 2009)	Impairment of non-cash-generating assets	1 April 2012
GRAP 23 (Original – Feb 2008)	Revenue from Non-Exchange Transactions	1 April 2012
GRAP 25 (Original – Nov 2009)	Employee Benefits	1 April 2013
GRAP 26 (Original – Mar 2009)	Impairment of cash-generating assets	1 April 2012
GRAP 27 (Revised – Mar 2012)	Agriculture	1 April 2013
GRAP 31 (Revised – Mar	Intangible Assets	1 April 2013

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2012)		
GRAP 104 (Original – Oct 2009)	Financial Instruments	1 April 2012
IGRAP 16 (Issued – Mar 2012)	Intangible Assets – Website Costs	1 April 2013

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A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

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

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

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure.

1.6. PRESENTATION OF BUDGET INFORMATION

As noted, GRAP 24 is not effective yet, however budget information required in terms of GRAP 1 (Revised – March 2012) paragraph 11 to 14 have been disclosed in the financial statements. The

presentation of budget information complies with the formats contained in the Municipal Budget and Reporting Regulations.

1.7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality: Standard	Description	Effective Date
GRAP 6 (Revised – Nov 2010)	<p>Consolidated and Separate Financial Statements</p> <p>The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity.</p> <p>No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.</p>	Unknown
GRAP 7 (Revised – Mar 2012)	<p>Investments in Associate</p> <p>This Standard prescribes the accounting treatment for investments in joint ventures where the investment in the associate leads to the holding of an ownership interest in the form of a shareholding or other form of interest in the net assets.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions.</p>	1 April 2013
GRAP 8 (Revised – Nov 2010)	<p>Interest in Joint Ventures</p> <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p>	Unknown

	No significant impact is expected as the Municipality is not involved in any joint ventures.	
GRAP 18 (Original – Feb 2011)	<p>Segment Reporting</p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>Information to a large extent is already included in the appendices to the annual financial statements which do not form part of the audited financial statements.</p>	Unknown
GRAP 24 (Original – Nov 2007)	<p>Presentation of Budget Information in Financial Statements</p> <p>This Standard requires a comparison of budget amounts and the actual amounts arising from execution of the budget to be included in the financial statements of entities that are required to, or elect to, make publicly available their approved budget(s) and for which they are, therefore, held publicly accountable. The Standard also requires disclosure of an explanation of the reasons for material differences between the budget and actual amounts.</p> <p>Information to a large extent is already included in the notes to the annual financial statements and the impact is assessed to not be significant.</p>	1 April 2012
GRAP 103 (Original – July 2008)	<p>Heritage Assets</p> <p>The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.</p> <p>No adjustments necessary as the Municipality has no significant heritage assets other than the assets currently accounted for in terms of GRAP 17.</p>	1 April 2012
GRAP 105 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p>	Unknown

	No significant impact is expected as the Municipality does not participate in such business transactions.	
GRAP 106 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions.</p>	Unknown
GRAP 107 (Original – Nov 2010)	<p>Mergers</p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions.</p>	Unknown
IGRAP 12	<p>Jointly Controlled Entities non-monetary contributions</p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.8. RESERVES

1.8.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/ (deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.8.2 Valuation Roll Reserve

The aim of this reserve is to ensure sufficient cash resources are available for the future payment of the Valuation roll

1.8.3 Employee Benefits Reserve

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits. Contributions equal to the short term portion of employee benefits, plus 5% of the prior year closing balance of long term employee benefits is contributed to the reserve from accumulated surplus/(deficit).

1.8.4 Revaluations Reserve

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.9. LEASES

1.9.1 Municipality as Lessee

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

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality shall recognise the aggregate benefit of

incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.9.2 Municipality as Lessor

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.11. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grant is receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.12 UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.13. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

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

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

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

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

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be de-recognised.

1.14. EMPLOYEE BENEFITS

(f) *Post Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(g) *Long Service Awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(h) *Provision for Staff Leave*

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(i) Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees . Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

(j) Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

(k) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.15. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The amount of borrowing costs that the Municipality capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.16. PROPERTY, PLANT AND EQUIPMENT

1.16.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for

administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

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

1.16.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated 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.

1.16.3 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.16.4 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	5 - 50	Buildings	100
Pedestrian Malls	20	Specialist vehicles	10 - 30
Electricity	15 - 60	Other vehicles	5 - 20
Water	15 - 20	Office equipment	5 - 15
Sewerage	10 - 50	Furniture and fittings	7 - 15
		Bins and containers	5 - 10
<u>Community</u>		Specialised plant and	
Buildings	100	Equipment	10 - 30
Recreational Facilities	20 - 30	Other plant and	
Security	5	Equipment	2 - 12
Halls	20 - 30	Landfill sites	25 - 30
Libraries	20 - 30		
Parks and gardens	15 - 20	Emergency equipment	10 - 30
Other assets	15 - 20	Computer equipment	5 - 12
<u>Heritage Assets and Land</u>			
Heritage assets	50- Infinite		
Land	Infinite		
<u>Finance lease assets</u>			
Office equipment	3		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.16.5 De-recognition

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17. INTANGIBLE ASSETS

1.17.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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 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.

1.17.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. 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.

1.17.3 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. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	Years
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1.17.4 De-recognition

Intangible assets are derecognised when the asset is disposed 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.

1.18. INVESTMENT PROPERTY**1.18.1 Initial Recognition**

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.18.2 Subsequent Measurement – Fair Value Model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

1.18.3 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19. NON-CURRENT ASSETS HELD FOR SALE

1.19.1 Initial Recognition

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

1.19.2 Subsequent Measurement

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

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

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

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.20.2 Non-cash-generating assets

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

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciated replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the

asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.21. NON CURRENT INVESTMENTS

Financial instruments, which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.22. INVENTORIES

1.22.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories shall be recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

1.22.2 Subsequent Measurement

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

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

In general, the basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.23. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables from exchange transactions, cash and cash equivalents, annuity loans and payables. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.23.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.23.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.23.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between an asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.23.2.2 Payables and Annuity Loans

Financial liabilities consist of Landfill sites provisions, payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.23.2.3 Cash and Cash Equivalents

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

1.23.3 De-recognition of Financial Instruments

1.23.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.23.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.23.4 **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.24. REVENUE

1.24.1 **Revenue from Non-Exchange Transactions**

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

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, is a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses.

Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

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

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

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

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these

unclaimed deposits for three years in the event that a party should submit a claim after 12 months.

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

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a 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 present 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 will be recognised as revenue.

1.24.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, is a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

Interest revenue is recognised using the effective interest rate method.

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

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

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

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

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.25. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.26. UNAUTHORISED EXPENDITURE

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

1.27. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (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 (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.30. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information was prepared in accordance with the requirements of GRAP 1 as well as the formats contained in the Municipal Budget and Reporting Regulations. The presentation of budget information is in line with the basis of accounting as per the GRAP Framework. GRAP 24: Presentation of Budget Information in Financial Statements is not yet effective. This standard will bring new rules in respect of presentation of budget information.

1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations and Long service awards

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based

on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based

on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality. In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered,

whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Provision for Task Implementation

The provision at 30 June for Task Implementation represents the Municipality's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salaries compared to the basic salaries as per the new TASK grading. The difference between these two packages was backdated to the implementation date of the TASK grading system.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated

based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.32. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.33. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.34. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

APPENDIX A - Unaudited
SENQU MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

EXTERNAL LOANS	Rate	LoanNumber	Redeemable	Balance at30 JUNE 2011	Received during the period	Redeemed written off during the period	Balance at30 JUNE 2012
ANNUITY LOANS							
DBSA loan	Floating	103126/1	2031	16 407 798	281 615	698 212	15 991 202
Total Annuity Loans				16 407 798	281 615	698 212	15 991 202
LEASE LIABILITY							
Finance Leases			2013	73 438	-	29 500	43 938
Total Lease Liabilities				73 438	-	29 500	43 938
TOTAL EXTERNAL LOANS				16 481 236	281 615	727 712	16 035 140

**APPENDIX B - Unaudited
SENQU MUNICIPALITY**

**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2012
GENERAL FINANCE STATISTICS CLASSIFICATION**

	Cost/Revaluation					Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Disposals	Impairment	Closing Balance	Opening Balance	Additions	Disposals	Impairment	Closing Balance	
Executive & Council Planning & Development	1 567 612	101 609	2 923	-	1 666 299	186 166	204 637	2 091	-	388 712	1 277 587
Corporate Services	2 768 230	39 126	16 883	-	2 790 472	516 534	254 087	11 236	-	759 385	2 031 087
Budget & Treasury	70 911 935	464 004	75 038	-	71 300 901	3 552 308	887 997	66 145	-	4 374 161	66 926 741
Road Transport	2 726 179	459 688	499 670	-	2 686 197	1 098 318	436 465	319 023	-	1 215 760	1 470 438
Electricity	113 099 043	31 296 180	253 128	1 104	143 037 959	34 093 764	8 960 612	132 924	1 077 408	41 844 044	101 193 915
Community & Social Services	7 407 533	1 316 720	126	136	8 582 733	2 484 815	228 166	84	97 763	2 615 135	5 967 598
Sport & Recreation	546 123	588 521	88 767	141	1 045 878	233 870	86 290	55 719	-	264 440	781 437
Waste Management	24 650	2 837 721	-	394	2 862 371	2 703	4 782	-	-	7 485	2 854 886
	2 822 191	1 119 906	318	-	3 941 780	766 107	154 639	212	-	920 534	3 021 245
	201 873 496	38 223 475	936 852	1 245 530	237 914 589	42 934 584	11 217 676	587 434	1 175 170	52 389 656	185 524 933

**APPENDIX C - Unaudited
SENQU MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R		2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R
2 674 718	14 735 911	(12 061 193)	Executive & Council	2 526 000	20 213 293	(17 687 293)
5 079 295	8 577 200	(3 497 905)	Planning & Development	2 211 847	7 638 333	(5 426 486)
80 921	3 374 809	(3 293 889)	Corporate Services	114 742	6 647 904	(6 533 162)
10 118 272	10 732 714	(614 442)	Housing	7 944 135	6 975 151	968 984
25 290	4 991	20 299	Public Safety	67 557	3 348	64 209
70 569 375	7 074 612	63 494 762	Budget & Treasury	83 125 198	7 313 422	75 811 777
34 350 377	33 467 156	883 221	Road Transport	35 912 935	33 461 933	2 451 002
6 238 100	5 891 320	346 779	Waste Water Management	6 349 521	6 795 441	(445 920)
6 049 672	5 173 191	876 481	Water	6 608 233	6 361 966	246 267
15 829 865	18 632 533	(2 802 668)	Electricity	22 562 876	22 820 006	(257 130)
1 282 919	5 122 402	(3 839 483)	Community & Social Services	1 866 672	5 072 848	(3 206 176)
-	193 491	(193 491)	Sport & Recreation	3 306 137	47 183	3 258 954
4 853 806	7 715 863	(2 862 057)	Waste Management	5 457 735	8 554 231	(3 096 497)
157 152 609	120 696 193	36 456 415	Sub Total	178 053 590	131 905 059	46 148 530
263 338	(331 693)	(68 355)	Discontinued Operations (Health)	-	-	-
157 415 947	120 364 501	36 388 061	Total	178 053 590	131 905 059	46 148 530

**APPENDIX D - Unaudited
SENQU MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2012
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2012 Actual (R)	2012 Budget (R)	2012 Variance (R)	2012 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property taxes	4 001 011	4 174 416	(173 405)	-4.15%	-
Government Grants and Subsidies - Capital	22 106 014	22 091 031	14 983	0.07%	-
Government Grants and Subsidies - Operating	107 758 386	125 317 376	(17 558 990)	-14.01%	Operational Grants used for Capital Expenditure
Public Contributions and Donations	50 000	50 000	-	0.00%	-
Fines	50 455	25 000	25 455	101.82%	Traffic Law Enforcement improved
Service Charges	23 335 928	24 300 180	(964 252)	-3.97%	-
Water Services Authority Contribution	9 286 090	9 734 836	(448 746)	-4.61%	-
Rental of Facilities and Equipment	558 046	267 000	291 046	109.01%	Improved control over municipal assets
Interest Earned - external investments	6 790 249	6 400 000	390 249	6.10%	-
Interest Earned - outstanding debtors Licences and Permits	1 168 564	851 940	316 624	37.17%	Increase in Consumer Debtors Service Delivery at Traffic Test Station improved
Agency Services	579 596	410 000	169 596	41.36%	Revenue enhancement improved
Other Income	688 992	670 075	18 917	2.82%	-
Total Revenue	178 053 591	195 281 854	(17 228 263)		

APPENDIX D - UnauditedCont.....	2012 Actual (R)	2012 Budget (R)	2012 Variance (R)	2012 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
EXPENDITURE					
Executive & Council	20 213 293	22 708 703	(2 495 410)	-10.99%	Directors re-appointed at same salaries
Planning & Development	7 638 333	17 396 450	(9 758 117)	-56.09%	Slow progress Neighbourhood Development projects
Corporate Services	6 647 904	6 658 519	(10 615)	-0.16%	-
Housing	6 975 151	18 428 795	(11 453 644)	-62.15%	Slow progress on Housing projects due to land disputes
Public Safety	3 348	5 740	(2 392)	-41.67%	Value (R 2 392) not material
Budget & Treasury	7 313 422	9 042 371	(1 728 949)	-19.12%	Budgeted Rates Rebate and Bad Debts Provision not utilised in full
Road Transport	33 461 933	34 939 584	(1 477 651)	-4.23%	-
Waste Water Management	6 795 441	7 441 749	(646 308)	-8.68%	-
Water	6 361 966	6 972 290	(610 324)	-8.75%	-
Electricity	22 820 006	26 075 042	(3 255 036)	-12.48%	Change in electricity purchase tariff
Community & Social Services	5 072 849	5 168 418	(95 569)	-1.85%	-
Sport & Recreation	47 183	149 052	(101 869)	-68.34%	Depreciation cost over-budgeted
Waste Management	8 554 231	9 328 403	(774 172)	-8.30%	-
Total Expenditure	131 905 060	164 315 116	(32 410 056)		
NET SURPLUS/(DEFICIT) FOR THE YEAR - AFTER DISCONTINUED OPERATIONS	46 148 530	30 966 738	15 181 792		

**APPENDIX E - Unaudited
SENQU MUNICIPALITY**

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2011	Contributions during the year	Interest on Investments	Operating Expenditure during the year transferred to revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2012
CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS						
<u>National Government Grants</u>						
Equitable Share	-	79 190 000	-	79 190 000	-	-
Municipal Finance Management	(54 422)	1 450 000	-	1 395 578	-	-
Municipal Infrastructure Grant	(267 146)	23 102 000	-	1 155 100	22 021 883	(342 129)
Municipal Systems Improvement	-	790 000	-	790 000	-	-
NDPG (Neighbourhood Development Partnership Grant)	7 196 397	2 900 000	-	1 931 571	-	8 164 825
EPWP (Expanded Public Works Program)	-	1 625 000	-	1 625 000	-	-
Total National Government Grants	6 874 828	109 057 000	-	86 087 249	22 021 883	7 822 696

APPENDIX E – Unaudited (cont.)

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003/Cont.....

Provincial Government Grants						
Performance Agreements	-	-	-	-	-	-
Peach & Vegetable Processing	8 302	-	-	-	-	8 302
HoloHlahatsi Agricultural Project	104 517	-	-	-	-	104 517
Surveying / Land Audit	-	-	-	-	-	-
Heritage Management	229 912	229 912	-	-	-	-
Co-op's Development	2 993	-	-	-	-	2 993
ProvGov - Housing (Lady Grey)	1 984 417	-	-	-	365 520.11	1 618 897
ProvGov - Housing (Hillside)	446 773	-	10 440 679	-	9 606 620.39	1 280 832
Implementation Ownership	233 546	-	-	-	135 270	98 276
Traffic Test Station (Sterkspruit)	104 879	-	-	-	-	104 879
Rossouw Agricultural Project	92 811	-	-	-	-	92 811
Herschel People's Housing	6 774 561	-	-	319 752	-	7 094 314
Internet/Communication Systems	84 131	-	-	-	-	84 131
Plastic Products	1 410 047	-	-	-	241 367	962 600
Provincial Roads (Musong Road)	-	-	20 985 990	-	15 591 452	-
IEC Elections	-	-	750 000	-	750 000	-
Greenest Municipality	-	-	200 000	-	200 000	-
Small Town	-	-	100 489	-	-	-
Total Provincial Government Grants	11 476 889	229 912	32 477 158	319 752	26 890 229	1 067 479
District Municipality Grants						
Commonage Management Plan	59 781	-	-	-	1 725	-
Municipal Support Programme	83 650	-	-	-	21 792	-
Tourism	-	-	20 000	-	20 000	-
Joe Gqabi DM - District Call Centre	87 383	-	-	-	-	-
IDP	-	-	50 000	-	50 000	-
Libraries	-	-	660 000	-	660 000	-
Total District Municipality Grants	230 815		730 000	-	753 517	-
Total	12 103 399	229 912	128 946 891	319 752	116 904 346	1 067 479
						23 168 306

