



MATATIELE

LOCAL MUNICIPALITY



**2011/2012 DRAFT ANNUAL
REPORT**

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PART 1: INTRODUCTION AND OVERVIEW



**Honourable Mayor
Cllr. N.S. Nkopane**

A. FORWARD BY MAYOR

Once again I am proud to present the Matatiele Local Municipality's 2011/2012 annual report. 2011/2012 financial year was characterised by several issues that made governance within the municipality a challenge, but despite this the municipality still performed as expected.

As promised from the 2010/2011 Annual Report, the municipality directed all its efforts in ensuring that the community is kept informed and participates in the municipal affairs. This is witnessed by the many public participation meetings that the municipality had during the year and also through several meeting that the municipality had with NGO's Sector Departments, traditional Leaders, Religious leaders, Rate payers association and the Business Community.

Service delivery was enhanced during 2011/2012 financial year with the construction of several access roads, community halls, and also through the initiation of several Local Economic Development projects. I must, however, emphasise that the municipality is still far from achieving the desired outcomes.

The municipality's 2011/2012 audit outcome although unqualified is far from what we had targeted ourselves to achieve. In my 2010/2011 Annual Report foreword, I had mentioned that any audit outcome other than a clean audit will be considered as under-achievement. It is as a result of the above that there is unhappiness with regards to the unqualified audit opinion that the municipality received, however, we have identified all those areas raised by the Auditor General especially the Performance Management System and have devised plans to deal with these challenges.

The municipality's financial performance and the financial position are sound as reflected in the annual financial statements and also as audited by the Auditor General. The municipality has sound financial reserves that can be accessed in times of need. It is however important for me to mention that the big debt that is owed by some rate payers and consumers remains a thorny issue. The municipality has enlisted the services of experts in an effort to recover all the monies owed to it.

Let me conclude by thanking all those that contribute towards the realization of the municipality's vision "Where Nature, Agriculture Tourism are investment of choice", the community of Matatiele for their active participation in municipal affairs, my fellow councillors for their tireless efforts in ensuring that the municipality performs as expected, the administration for keeping fires burning despite all the hardships they regularly experience and all the Sector Departments that play a very significant role in the survival of the municipality.

Thank you

**Cllr. N.S. NKOPANE
HONOURABLE MAYOR**

B. THE YEARLY PROGRAM PRIORITIES' STATEMENT BY THE MUNICIPAL MANAGER

This Annual Report serves as a record of and accounting mechanism to communities on the institution's achievements and challenges on service delivery, as well as the mitigation and remedial measures implemented to address the latter.

Matatiele Local Municipality compiled its 2011/12 Annual Report in line with Municipal Systems Act No. 32 of 2000, Municipal Finance Management Act 56 No. of 2003, the National Treasury Circular No.11. The template and guidelines for municipal annual reports provided by the Department of Local Government and Traditional Affairs.

During the past financial year it was evident that the economy will not grow as fast as initially predicted and this forced the municipality to restrict expenditure. There were several policy decisions taken to avoid fruitless expenditure.

The Matatiele Local municipality has, for the 3rd time consecutively, received an unqualified audit opinion from the Auditor General and this is attributed to our management team, councillors and staff who worked so hard towards effective administration and governance of the municipality.

We have also recorded the following progress in the financial year under review:

- The 2012/17 IDP was adopted by the council as per the Local government Municipal Systems Act, 32 of 2000.
- The budget for 2012/13 was adopted timeously as per the MFMA.
- Management, councillors and staff were trained on implementation of the performance management system per the MSA, 32 of 2000 and MPR, 2006.
- The SDBIP was submitted on time to the Mayor for approval 28 days after approval of the 2012/13 budget.

The following interventions/actions will be prioritized in the year ahead:

- Cascading Performance Management to lower levels as complete implementation of the performance management system per the MSA, 32 of 2000 and MPR, 2006.
- Ensure the filling of all critical positions
- Budget monitoring to avoid over/under spending by departments

A word of appreciation to the Mayor, Speaker, Chief Whip, the entire Council, Management and all staff members for their contribution and commitment in the driving of the municipality to the right direction.

DR. D.C.T. NAKIN
MUNICIPAL MAMAGER

C. OVERVIEW OF THE MUNICIPALITY

GEOGRAPHIC PROFILE

Matatiele Local Municipality (MLM) is located on the Northern part of the Eastern Cape Province. It adjoins onto Elundini Municipality to the South West, Greater Kokstad Municipality (KZN) to the East, Umzimvubu Municipality to the South, and Lesotho to the North.

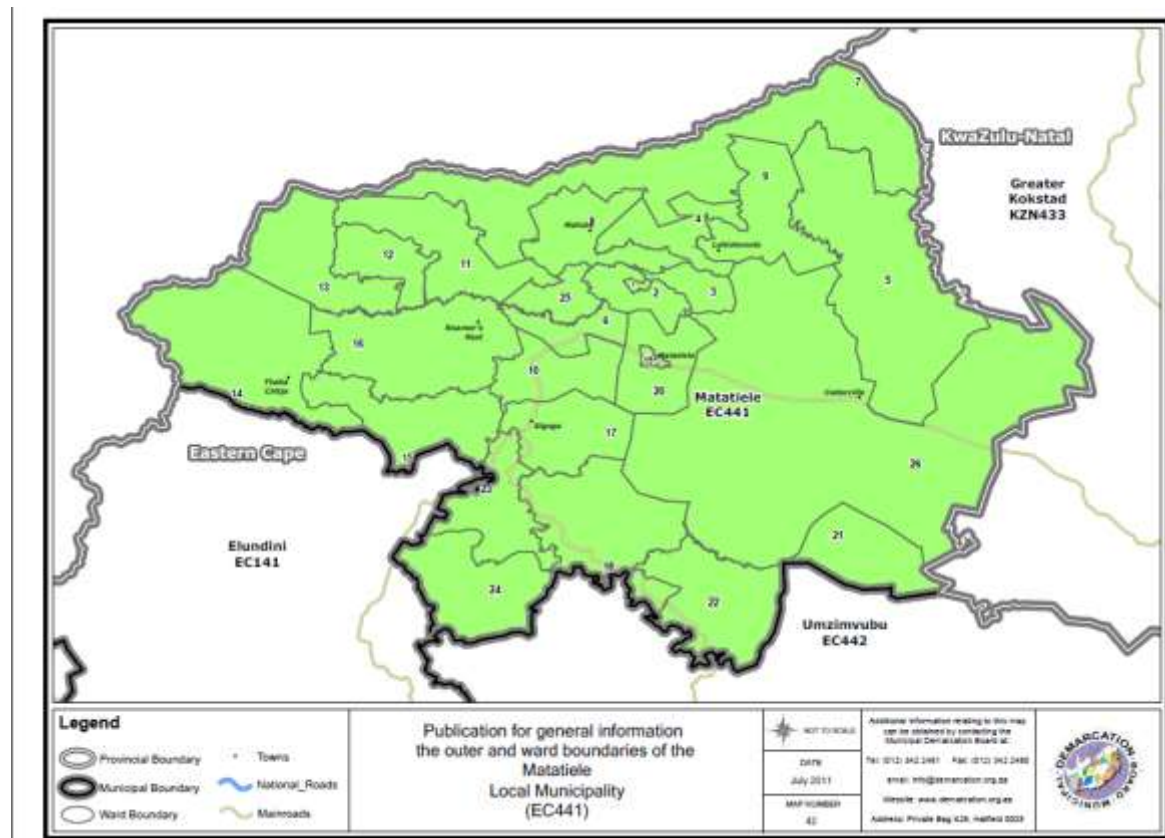


Figure 9: Topographical Map of Matatiele

It is one of the four local municipalities forming part of the Alfred Nzo District Municipality. The other municipalities are uMzimvubu, Mbizana and Ntabankulu Local Municipalities. With the changes in ward demarcation, Matatiele consists of 26 municipal wards with a population of 258 758. The area is located at the foothills of Drakensburg Mountains. It adjoins onto the World Heritage site along its western boundary and was included in the Maloti-Drakensberg Transfrontier Conservation and Development Project (MDTP).

DEMOGRAPHIC PROFILE

District context

A comparative demographical analysis demonstrates that Matatiele has the largest geographical size within Alfred Nzo District Municipality. The area also boasts with a slightly higher population density than the neighbouring Umzimvubu Local Municipality. However Matatiele has a rather lower density within the ANDM. Nevertheless this density of 59 people/ km² is higher than the provincial average of 41 people/ km² as well as the national average of 39 people/ km².

Table 2: Population Estimates, Density and GVA: Matatiele Municipality, Alfred Nzo District Municipality, Eastern Cape Province and South Africa

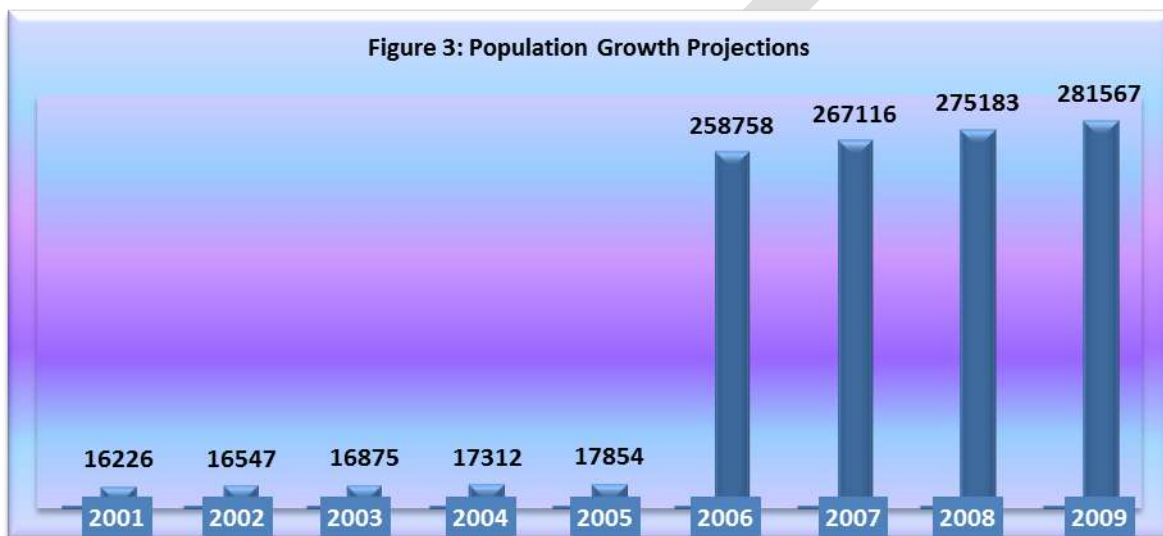
Area	Area Size (Km ²)	Population Estimate for 2007	Population Density (persons per km ²)	Gross Value Adding (GVA) R000
South Africa	1,221,219	48,028,110	39.33	1,768,272,907
Eastern Cape	168,966	6,527,745	41	137,456,510
Alfred Nzo DM	6,858	479,395	70	1,142,483
Matatiele Local Municipality	4,352	258,758	59	519,984
Umzimvubu Local Municipality	2,506	220,636	88	622,496
Ntabankulu Local Municipality	1456	141,358	Unknown	207, 163
Bizana Local Municipality	2417	279,739	Unknown	480,773

Source: Census 2007 and ANDM IDP 2010/ 11

The Gross Value Added (GVA) produced and services rendered within Matatiele totaled R519, 984 in 2007. This is slightly lower than Umzimvubu Municipality which had a GVA of R622, 496. The sectors that contributed the most to this output were government services, trade and financial services. Output in the mining sector showed a declining trend from 1996 to 2007.

Population size and growth projections

The total population of Matatiele is estimated to 258 758 people. The area accounts for 54% of the district population. The number of households is estimated at 54 208 households. 98% (53 241) is African and the majority of these resides in rural villages and formal townships around Matatiele, Maluti and Cedarville. According to 2001 census (before the recent demarcation) Matatiele Local Municipality had a population of approximately sixteen thousand two hundred and twenty six (16 226) people with no wards. However, the 2006 demarcation had a colossal impact on the municipality with the resultant effect being a municipality with twenty four (24) wards. The municipality is also in the process to obtain two (2) additional wards after the 2011 local government elections and this will result to Matatiele having 26 wards.

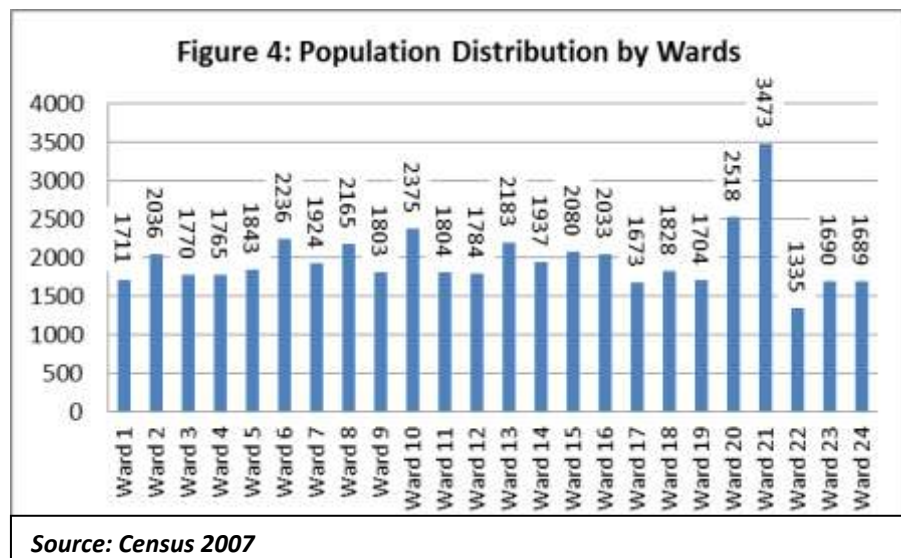


Source: Census 2001, 2007 and Matatiele LED Strategy

Figure 3 demonstrates the gigantic growth in population in the municipality as a consequence of the 1 March 2006 demarcations. According to adjusted tables based on this new demarcation, the total estimated population for Matatiele is 259000 people. From Figure 3, it is clear that the African race is the majority. To add, figure 2 suggests that the population grew more than tenfold as a result of the demarcation. This gigantic growth in population clearly suggests that the municipality is now faced with major challenges in all areas of service delivery.

Population distribution

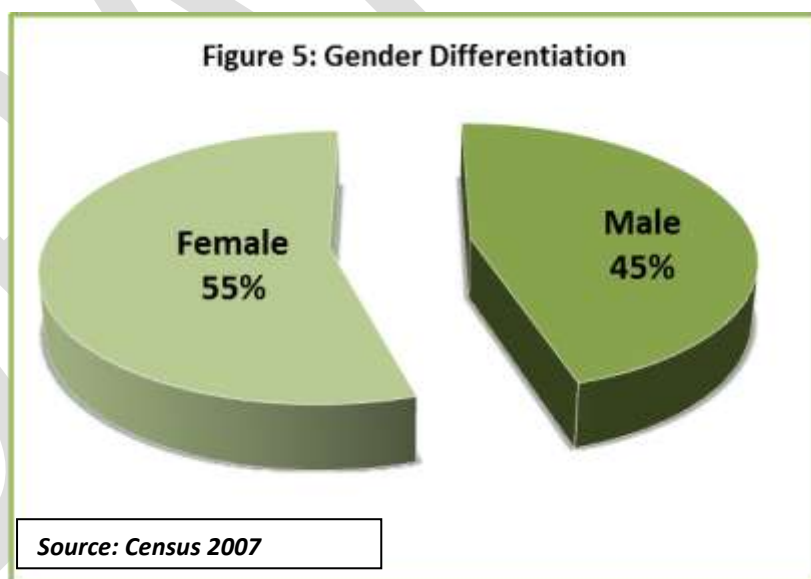
Population is spread unevenly amongst 24 municipal wards. The majority of the population is African and the majority of these reside in rural villages and formal townships around Matatiele, Maluti and Cedarville. As



evident from figure 4 above, the majority of the population reside within ward 21 which constitute of approximately 13 villages. The ward with the least population is ward 22 which accommodate 1 village.

Gender Differentiation

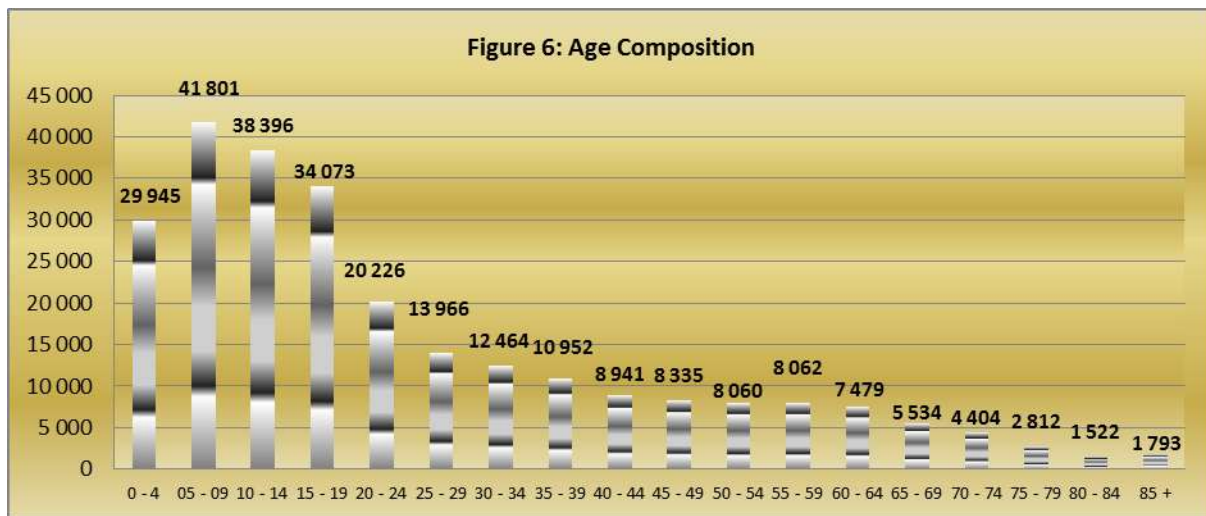
With reference to figure 5, Matatiele has a slight imbalance between the females and the males. The females outnumber the males such that they constitute 55% (141 790) of the population while the males amount to 45% (116 975) of the population.



Nevertheless this confirms with the national trends that a higher proportion of women are found in the dominant

rural areas than men. This disparity in the proportion could well be attributed to the fact that the male counterpart still tend to leave the homestead in search of work. Therefore, how the municipality factors this gender split into their service delivery priorities, especially human settlement development, is of essence. How the population and the gender split changes as a result of the impact of the new manufacturing plant in the nearby Elundini municipality still remains to be seen. In addition to the above, it can also be suggested that there is a need for a developmental agenda that should pro – actively target women empowerment within Matatiele Municipal Area.

Age Composition



Source: Census 2007

The age composition or structure determines the kinds of economic activities within the locality. Different age groups have different economic needs and different spending patterns. According to the Census 2007, 64% of the population in Matatiele is younger than 25 years of age and only 6% are over 65 years of age.

This represents a significantly higher percentage of the young population than for Eastern Cape and South Africa. In Eastern Cape, 55% of the population is younger than 24 years old while nationally, 51.8% of the population are younger than 24 years old. The age profile shows a large proportion of the population being young people between 0-34 yrs old.

This trend in age composition obliges the government departments and the municipality to ensure that a large percentage of the budget is allocated to social development facilities in order to meet the needs of a youthful population and ensuring that people falling within this age acquire relevant skills and grow up to become responsible adults. The creation of more job opportunities should also be one of the key aspects of the developmental agenda by the municipality in partnership with the sector departments such as the Department of Education.

SOCIO-ECONOMIC PROFILE

HIV and AIDS

The number of individuals infected with HIV/AIDS continues to be major challenge for all spheres of government, and an attempt to stabilize the pandemic, is reflected in terms of budget allocations and programmes for implementation by the Department of Health. The estimated number of people living with HIV in Matatiele was 27,455 in 2009. A comparison of this figure estimated 2008 figure, which was 25,515, shows that the former exceeded the latter by 1,840. Thus, the estimated number of Matatiele residents living with HIV increased by 7.18% between 2008 and 2009. In addition, the estimated number of people who have died of HIV/AIDS related illnesses increased from 1,659 in 2008 to 1,811 in 2009. Table 3 shows the HIV/AIDS prevalence in Matatiele during the period 2002-2009.

Table 3: HIV/AIDS Prevalence in Matatiele (2002 – 2009)

Year	Total Population of Matatiele	Number of Residents Living with HIV	% of Population living with HIV	Number of AIDS Related Deaths in Matatiele	AIDS Related Deaths as a % of Population
2002	209563	15199	7.25	797	0.38
2003	216609	17134	7.91	979	0.45
2004	223670	18918	8.46	1129	0.5
2005	230740	20608	8.93	1253	0.54
2006	237655	22237	9.36	1387	0.58
2007	245229	23963	9.77	1530	0.62
2008	252711	25615	10.14	1659	0.62
2009	262638	27455	10.45	1811	0.69

Source: Quantec research, 2009

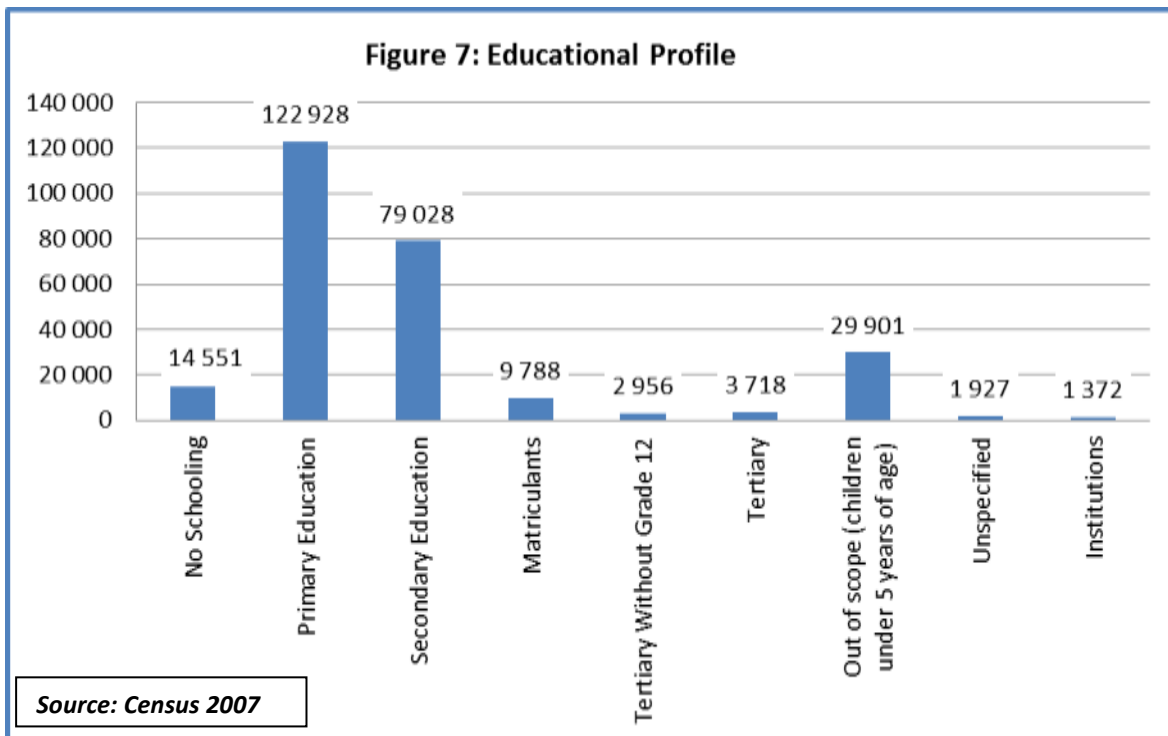
South Africa is one of the 17 countries that have adopted the Abidjan Declaration of 1997 to develop a response by municipal leaders to HIV and AIDS. The declaration recognizes that local government is the closest to the people and hence is responsible for addressing local problems. As such, its roles should include the following:

- Provide strong political leadership on the issue
- Create an openness to address issues such as stigma and discrimination
- Coordinate and bring together community centre multi sectoral actions
- Create effective partnerships between the government and civil society

At a national scale, the 2004 survey conducted by the National Department of Health indicates that 29.5% of women who visited antenatal clinics are HIV/AIDS infected.

Education Profile and Literacy Levels

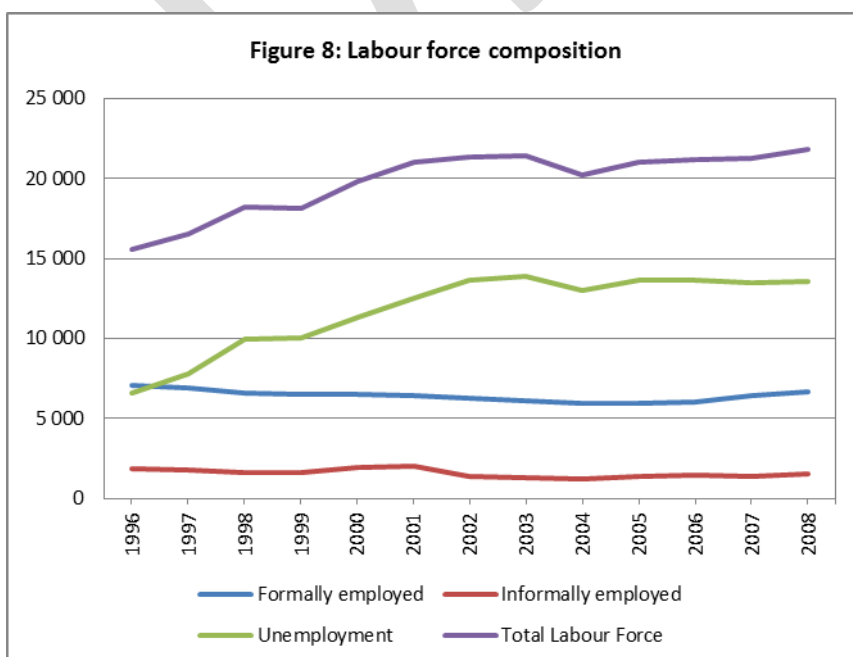
Literacy and education levels among the residents of Matatiele Local Municipality are generally low. Assuming fully literate individuals are those who have completed primary school, it can be extrapolated that approximately 6.37% of the population of Matatiele that was at least 5 years old in 2007 was illiterate. This percentage is lower than the percentage for the Eastern Cape, where approximately 9.03% of the population is still not fully literate. Despite this fact, the percentage of Matatiele residents who have higher education is very low. While 0.39% of them had a Bachelors Degree during the same year, only 0.10% had a BTech. This implies that more efforts are needed to educate the residents of Matatiele.



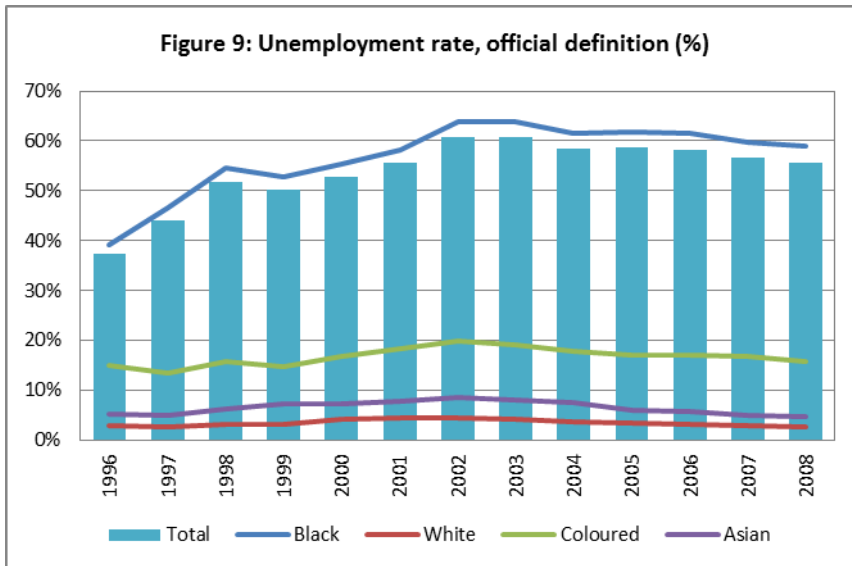
Education plays a pivotal role on community development. It provides a set of basic skills for development, creativity and innovative abilities within individuals. The South African Constitution provides that everyone has a right to education, which includes Adult Basic Education. The education profile in Matatiele is an area of concern that should be addressed.

Employment profile

The population which is economically active (labour force) in Matatiele Local Municipality increased from 15,579 in 1996 to 21,799 in 2008. However, most of the economically active population is unemployed. 62.2% (13,550) of the economically active population in 2008 comprises of those without employment. 30.6% (6,680) were those employed in the formal sector and just 7.2% (1,569) were those employed in the informal sector.



Unemployment is one of the key challenges facing Matatiele Municipality. The total unemployment rate, which indicates the percentage of the labour force that is unemployed grew by an annual average of 53.9% between 1996 and 2008. In 1996, the rate of total unemployment was 37.3%. In 2001 the rate grew to 55.6% after which



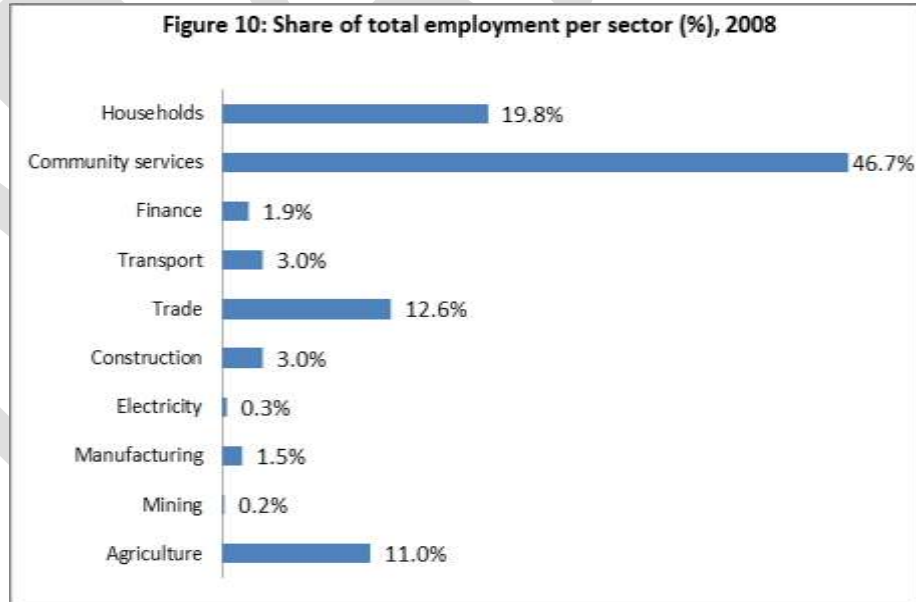
it declined to 55.7% in 2008 from what it was in previous years.

The number of unemployed people increased from 6,642 in 1996 to 11,089 in 2001. In 2008, the number of unemployed people declined to 12,124 (DBSA, 2010). The total number of people employed (formal and

informal) in 2008 was 8,249 from 8,939 in 1996. In 2008, formal sector employment accounted for 81% (6,680) while the informal sector accounted for 19% (1,569) of total employment in the Municipality. Unemployment rate is highest among the Black African people who accounts for the majority of the total population, and resides in rural villages with marginal production potential. It is pleasing to note that the municipality managed to create 101 job opportunities through EPWP and 101 jobs through PPP during the 2010/ 11 financial year.

Economically active population

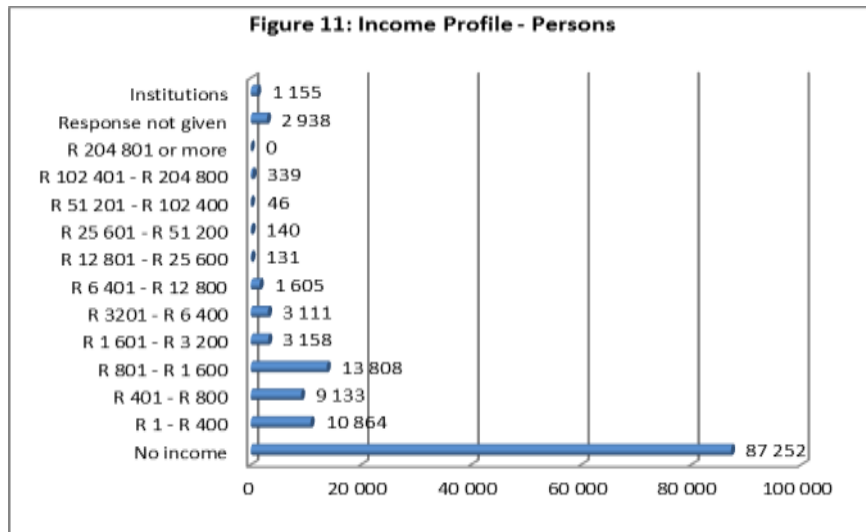
Figure 9 below indicate how each sector contributed to total employment (formal and informal) in 2008. The community services sector is the major contributor to employment in the Municipality with 46.7%. Private household, trade and agriculture sectors are also making some contribution to



employment with 19.8%, 12.6% and 11% respectively. The remaining sectors had low percentages ranging from 3% for transport and construction to 0.2% in mining. This was due to relatively low employment creation and absorption capacity in those sectors.

Income Profile

Another key socio-economic feature of Matatiele Municipality population is a relatively high rate of income poverty. Income levels drops significantly from R1600 per month suggesting a high dependence of social grants. Again, this suggests general lack of well-paying employment opportunities and investment in the area.



Source: Census 2007

Indigent Support

Increasing levels of absolute poverty have been recorded in the Eastern Cape and 74 % of the people of the Eastern Cape live below the poverty line of R800 or less a month. Poverty levels in the Alfred Nzo District are higher than the Provincial norm at 82.3 %. Poverty levels within Matatiele Local Municipality are 82.7 % which is higher than the Provincial norm but on a par with the District norm. High poverty levels imply a high dependency on social assistance in the form of grants. Municipal planning needs to focus strongly on poverty alleviation mechanisms.

Matatiele Local Municipality is characterized by low levels of employment and a high percentage of people who are not economically active. This in turn accounts for the high poverty levels and low income levels. High unemployment rates impact negatively on municipalities as low affordability levels generally result in a poor payment rate for services. Matatiele Local Municipality's unemployment rate is estimated to be 38.7%. This implies that the households that do not obtain any form of income can be considered as indigents who should be subsidized with some of the services.

D. EXECUTIVE SUMMARY

VISION

“Where nature, agriculture, and tourism are investments of choice”

MISSION

“To create awareness on nature conservation, To promote and support agricultural activities To promote and market Local Tourism organizations and Small, Medium and Micro Enterprises”

STRATEGIC PRIORITIES

- Reduction of Service Delivery Backlogs
- Local Economic Development, and Rural Development
- Employment Creation through the Expanded Public Works Programmes (EPWP) and Community Work Programme (CWP)
- Proper Spatial Development Planning through the SDF and localized SDF's for the Nodal Areas of Maluti, Cedarville and Matatiele
- Financial Management

STRATEGIC OBJECTIVES

- Speed up delivery through making more effective use of scarce resources
- Attract additional funds
- Strengthen democracy
- Overcome the apartheid legacy at local level
- Promote intergovernmental co-ordination

ACHIEVEMENTS AND CHALLENGES

1. BASIC SERVICE DELIVERY AND INFRASTRUCTURE

The following are services offered by the municipality:

Water, Roads and Storm water, Electricity and Energy, Construction of Access roads, maintenance of Storm Water Drainage Systems, Maintenance of Community Halls, and Tarring of the Harry Gwala Park Main Road were a success by the municipality.

There is still a huge backlog, although progress has been made. The 2012 IDP Outreach revealed that in almost all the other 25 wards, Electricity is a priority. Currently 22 223 households use electricity for lighting, while about 20 139 still make use of candles for lighting.

2. LOCAL ECONOMIC DEVELOPMENT

Local Economic Development was focused on the following areas:

- Promote Community based tourism;
- Facilitate the establishment of agricultural projects in various settlements in association with the Department of Agriculture;
- Facilitate the provision of community services;
- Facilitate the provision of safety nets for the poor and the indigent;
- Special programs; and
- Promote environmental awareness among the members of the community.

A number of festivals, all of which are associated with farms and agriculture, have been held in the municipality. They include agricultural shows, pumpkin festivals, fruit festivals, flower festivals, bird watching trips, hikes and wagon rides. The development of the educational aspect of this form of tourism should be considered since it has the potential to attract more tourists

3. FINANCIAL VIABILITY

In terms of Financial Management, the Municipality managed to:

- Develop and implement effective Financial Management systems and policies;
- Develop and implement an efficient and effective Assets Management system;
- Prepare for the implementation of the Property Rates Act; and
- Account for the use and expenditure of public funds.

Matatiele Local Municipality obtained an unqualified Audit Opinion from the Auditor General. The high debt has been reduced through the services of an External Service Provider.

4. GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The following was achieved through Good Governance and Public Participation:

- Strengthened and built the capacity of ward committees in all 26 wards;
- Developed a public participation and communication programme i.e. Community Outreach;
- Coordinated the activities of the community development workers;
- Participated in various coordinating structures;
- Produced efficient and effective local governance;
- Facilitated the preparation of the five year Integrated Development Plan (2012-2017); and
- Facilitated the preparation of sector plans as components of the IDP

5. SPATIAL DEVELOPMENT

Under this KPA the municipality was able to achieve the following:

Prepare and introduce a Land Use Management System (LUMS) covering the whole municipal area; and reviewed the Spatial Development Framework.

The Municipality has developed adopted the Department of Housing' housing sector plan. Development of a Housing needs register is in underway and as such capturing will start soon which will assist in identifying areas with housing needs. A land audit is currently underway which should be able to assist with additional information to the land asset register.

6. INSTITUTIONAL DEVELOPMENT

The following strategies were used to contribute towards the Institutional Development:

- Development and implementation of the Organogram;
- Development of systems and procedures; and
- Some positions considered to be critical were filled
- S57 performance plans have been developed as tools to monitor progress and output.

One of the main challenges the municipality had to face was the lack of budgetary provision to establish the legal unit.

INTENDED IMPACT

Over the next five years communities within the Matatiele Municipality area should expect the following in terms of impact:

- Improved quality of life;
- Equitable access to basic services;
- Investment, economic growth and employment opportunities;
- Improved access to social facilities and amenities;
- An efficient Local Government structure; and
- Public participation in municipal affairs.

The Municipality will develop an organizational scorecard to measure delivery on each of these impact areas. In the meantime, departmental scorecards, the Service Delivery and Budget Implementations Plan and the associated S57 performance plans have been developed as tools to monitor progress and output.

This chapter focuses on the municipal performance highlights and challenges in terms of the five National Key Performance areas:

- Basic Service Delivery;
- Municipal Transformation & Institutional Development;
- Financial Viability & Financial Management;
- Good Governance & Public Participation;
- Local Economic Development; and
- Spatial Development.

CORE BUSINESS OF THE MUNICIPALITY

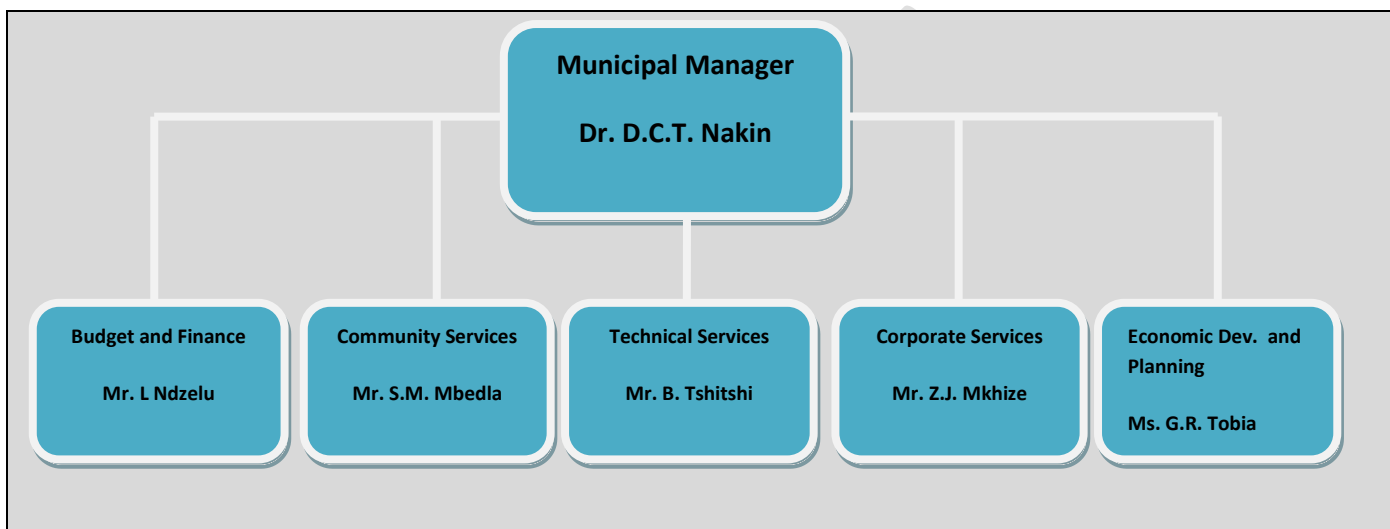
The core business of Matatiele Municipality is to provide and facilitate the provision of social and economic services to the people of Matatiele in an efficient and effective manner.

PART 2: KPA ACHIEVEMENT REPORT

CHAPTER 1: HUMAN RESOURCE AND OTHE ORGANISATION MANAGEMENT KPA 1

1.1 PRESENTATION OF THE ORGANISATIONAL STRUCTURE

Organizational Structure



Signed and Submitted Agreements

MANAGER	EMPLOYMENT CONTRACT	PERFORMANCE AGREEMENT
Municipal Manager	Signed and submitted	Signed and submitted
General Manager: Budget and Finance	Signed and submitted	Signed and submitted
General Manager: Corporate Services	Signed and submitted	Signed and submitted
General Manager: Community Services	Signed and submitted	Signed and submitted
General Manager: Economic Development and Planning	Signed and submitted	Signed and submitted
General Manager: Technical Services	Signed and submitted	Signed and submitted

1.2 STAFF DEVELOPMENT INITIATIVES DURING THE FINANCIAL YEAR

1.3 KEY HR STATISTICS PER FUNCTIONAL AREA

1.3.1 FULL TIME STAFF COMPLEMENT PER FUNCTIONAL AREA

1.3.1.1 Department: Municipal Manager, S57 and Line Managers

	Position	Number of posts per position	Number of approved posts per position	Filled posts	Vacant posts
1	Municipal Manager	1	1	1	0
2	General Manager: Community Services	1	1	1	0
3	General Manager: Corporate Services	1	1	1	0
4	Chief Financial Officer	1	1	1	0
5	General Manager: Economic and Development Planning	1	1	0	1
6	General Manager: Technical Services	1	1	1	0
7	Manager: SPU	1	1	1	0
8	Manager: Public Participation, Petitions and Protocol	1	1	0	1
9	Deputy Chief Financial Officer	0	1	0	1
10	Manager: IDP/PMS	1	1	1	0
11	Manager: Communications, IGR	1	1	1	0
12	Manager: Public Safety	1	1	0	1
13	Manager: Human Resources	1	1	1	0

14	Manager: Admin Support	1	1	0	1
15	Manager: Council Support	1	1	1	0
16	Manager: Budget Office	1	1	1	0
17	Manager: Treasury Office	1	1	1	0
18	Manager: SCM	1	1	1	0
19	Manager: Solid Waste	1	1	1	0
20	Manager: Operations and Maintenance	1	1	1	0
21	Manager: Electrical Unit	1	1	1	0
22	Manager: Project Management	1	1	1	0
23	Manager: Nature Conservation	1	1	1	0
	Total	22	23	18	5

1.3.1.2 Department: Office of the Municipal Manger

	Position	Number of posts per position	Number of approved posts per position	Filled posts	Vacant posts
1	Municipal Manager	1	1	1	0
2	PA: Municipal Manager	1	1	1	0
3	Internal Auditor	1	1	1	0
4	Audit Clerks	0	2	0	2
5	Intern – Internal Audit	2	2	1	1
6	Manager: SPU	1	1	1	0
7	Manager: Public Participation, Petitions and Protocol	0	1	0	1
8	Manager: IDP/PMS	1	1	1	0

9	IDP Office	1	1	1	0
10	Monitoring and Evaluation Officer	1	1	1	0
11	IDP Clerk	1	1	1	0
12	Manager: Communications, IGR	1	1	1	0
13	Mayor's Secretary	0	1	0	1
14	Youth & Children Co-ordinator	1	1	1	0
15	HIV % AIDS Co-ordinator	1	1	1	0
16	Disability, Elder & Gender Co-ordinator	1	1	1	0
17	Mayor's Driver	1	1	1	0
18	Mayor's PA	1	1	1	0
19	Community Liason Officer	1	1	1	0
	Total	14	18	13	5

1.3.1.3. Department: Budgeting and Finance

	Position	Number of posts per position	Number of approved posts per position	Filled posts	Vacant posts
1	Chief Financial Officer	1	1	1	0
2	Deputy Chief Financial Officer	0	1	0	1
3	Manager: Budget Office	1	1	1	0
4	Manager: Treasury Office	1	1	1	0
5	Manager: SCM	1	1	1	0
6	Senior Accountant: Budget	0	1	0	1

7	Senior Accountant: Financial Accounting	1	1	1	0
8	Accountant: Income	1	1	1	0
9	Accountant: Expenditure	1	1	1	0
10	Supervisor: Debtors	1	1	0	1
11	Supervisor: Cashier	1	1	0	1
12	Supervisor: Rates	1	1	0	1
13	Supervisor: Expenditure	1	1	0	1
14	Budget Clerk	2	2	2	0
15	Accounting Clerk	0	2	0	2
16	Meter Reader	1	1	1	0
17	Indigent Clerk	1	1	1	0
18	Debtors Clerk	2	2	2	0
19	Cashier	5	5	5	0
20	Executive Secretary	1	1	1	0
21	Rates Clerk	1	1	1	0
22	Creditors Clerk	1	1	1	0
23	Salaries Clerk	1	1	1	0
24	Demand Management Clerk	1	1	1	0
25	Acquisition Management Clerk	1	1	1	0
26	Logistic Management Clerk	1	1	1	0
27	Asset Management Clerk	1	1	1	0
28	Interns	3	3	3	0
	Total	33	37	27	10

1.3.1.4 Department: Corporate Services

	Position	Number of posts per position	Number of approved posts per position	Filled posts	Vacant posts
1	General Manager: Corporate Services	1	1	1	0
2	Manager: Human Resources	1	1	1	0
3	Manager: Admin Support	1	1	0	1
4	Manager: Council Support	1	1	1	0
5	Senior Admin Officer	0	1	0	1
6	Senior Admin Officer: Legal	1	1	0	1
7	Senior Labour Relations	1	1	0	1
8	Senior HR Practitioner	1	1	1	0
9	Network Controller	1	1	0	1
10	Skill Development Facilitator	1	1	1	0
11	Senior Committee Co-ordinator	1	1	1	0
12	Senior Registry and Archives Officer	1	1	1	0
13	Committee Clerks	2	3	2	1
14	Registry and Archives Clerk	2	3	2	1
15	Receptionist	1	1	1	0
16	Personnel Clerk	2	2	2	0
17	Executive Secretary	1	1	1	0

18	Ward Clerk	26	26	25	1
19	Telephonist	1	1	1	0
20	Messenger/Driver	5	5	5	0
21	General Assistant	12	12	12	0
22	PA: Speaker	1	1	1	0
23	PA: Chief Whip	1	1	1	0
	Total	65	68	60	8

1.3.1.5 Department: Community Services

	Position	Number of posts per position	Number of approved posts per position	Filled posts	Vacant posts
1	General Manager: Community Services	1	1	1	0
2	Manager: Solid Waste	1	1	1	0
3	Executive Secretary	1	1	1	0
4	Chief Protection Officer	1	1	0	1
5	Housing Manager & Amenities	0	1	0	1
6	Deputy Chief: Law Enforcement	1	1	1	0
7	Deputy Chief: Licensing	1	1	1	0
8	Traffic Officers	4	4	3	1
9	Vehicle Examiners	2	2	1	1
10	Licensing Examiners	2	2	2	0
11	Traffic Warden	6	6	6	0
12	Pit Assistant	1	1	0	1

13	Supervisor: Admin: Licensing	1	1	1	0
14	E-Natis Clerk	2	2	0	2
15	AARTO Clerk	1	1	1	0
16	Licensing Clerk	2	2	2	0
17	Chief Librarian	1	1	1	0
18	Sport fields and Halls Caretaker	1	1	1	0
19	Supervisor: Fire Pound and Commonage	1	1	1	0
20	General Assistants	4	4	0	4
21	Pound Assistants	6	6	3	3
22	Vehicle Clerk	2	2	1	1
	Total	42	43	28	15

1.3.1.6 Department: Technical Services

	Position	Number of posts per position	Number of approved posts per position	Filled posts	Vacant posts
1	General Manager: Technical Services	1	1	1	0
2	Manager: PMU	1	1	1	0
3	Manager: Operations & Maintenance	1	1	1	0
4	Manager: Electrical Unit	1	1	1	0
5	PMU: Technicians	1	1	0	1
6	Operations & Maintenance Technician: Facilities	0	1	0	1

7	Operations & Maintenance: Rural	2	2	2	0
8	Housing Beneficiary	0	2	0	2
9	Supervisor: Solid Waste	1	1	0	11
10	Foreman: Operations & Maintenance	1	1	1	0
11	Electrician	2	2	2	0
12	Supervisor: Operations & Maintenance	2	2	2	0
13	Admin Clerk: PMU	0	2	0	2
14	Admin Clerk: Operations & Maintenance	0	2	0	2
15	Admin Clerk: Housing Beneficiary	0	1	0	1
16	Executive Secretary	1	1	0	1
17	Plant Operator: Solid Waste	0	1	1	0
18	Driver: Diver: Solid Waste	1	1	0	1
19	General Assistant: Solid Waste	18	18	18	0
20	Artisan: Facilities Maintenance	3	3	0	3
21	Artisan: Operations & Maintenance	2	2	0	2
22	Plant Operators: O&M	2	2	0	2
23	Drivers: O&M	2	2	2	0
24	Handyman: O&M	3	3	3	0
25	General Assistant: O&M	36	36	36	0
26	Handyman: Electricity	4	3	3	1
27	General Assistant:	4	4	3	1

	Electricity				
28	General Assistant: Electricity	10	10	10	0
	Total	99	107	87	31

1.3.1.7 Department: Economic Development and Planning

	Position	Number of posts per position	Number of approved posts per position	Filled posts	Vacant posts
1	General Manager: Economic and Development Planning	1	1	0	1
2	Executive Secretary	1	1	1	0
3	Manager: Development Plan	1	1	1	0
4	Senior Town Planner	1	1	1	0
5	Senior Building Inspector	0	1	0	1
6	Senior Development Planner	0	1	0	1
7	Town Planner	0	2	0	2
8	Town Planning Technicians	2	2	2	0
9	Building Inspectors	2	2	2	0
10	Manager: LED	1	1	1	0
11	LED Officers: SMME Development	1	2	1	1
12	LED Officer: Agriculture	2	2	1	1
13	LED Officer: Poverty Alleviation	0	2	0	2

14	Senior Tourism Officer	0	1	0	1
15	Tourism officer	1	1	1	0
16	Human Settlement Officers	2	2	2	0
17	Marketing and Communication Officer	1	1	1	0
18	Facilities Officer	1	1	0	1
19	Development Planner	1	1	0	1
20	IDP Co-ordinator	1	1	0	1
	Total	19	27	14	13

1.3.2 TECHNICAL STAFF REGISTERED WITH PROFESSIONAL BODIES

Technical Service	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
Water				
Electricity				
Roads and Bridges	4			
Other Capital Structures				

1.3.3 LEVEL OF EDUCATION AND SKILLS

Total number of staff	Number of staff without Grade 12	Number of staff with Senior Certificate only	Number of staff with Tertiary/accredited professionals training

1.3.4 TREND ON TOTAL PERSONAL EXPENDITURE

Financial Years	Total number of staff	Total approved operating Budget	Personnel expenditure (salary and salary related)	Percentage of expenditure
2009 - 2010	869	36,275,064	27,139,217	75%
2010 - 2011	984	49,096,425	37,770,574	77%
2011 - 2012	2427	52,016,322	46,428,750	89%

1.4 SENIOR OFFICIAL'S REMUNERATION AND BENEFITS

Position	Salary		Car Allowance		Municipality contribution to UIF, Medical Aid and Pension	
	2012	2011	2012	2011	2012	2011
Municipal Manager	747,622	691,560	230,520	230,520		2, 375
Chief Financial Officer	157,500	514,665	52,500	132,307		170,618
General Manager: Corporate Services	597,529	599,217	192,000	192,000		
General Manager: Community Services	452,262	419,146	150,000	150,000	88,191	81,734
General Manger: Economic Development & Planning	Vacant	469,459		124,032		88,011
General Manager: Infrastructure	621,376	562,000	166,832	198,000		

1.5 IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM (PMS)

The overall purpose of developing a performance management policy for Matatiele Local Municipality is to measure the extent of the implementation of the Municipality's integrated development plan. The integrated development plan is a contract entered into by the Matatiele Local Municipality with the communities and other stakeholders within its area of jurisdiction in terms of which priorities and objectives are established, through a process of consultation, to be addressed in the ensuing five year period.

The performance dimensions to which Matatiele Local Municipality will give attention are: -

Service Delivery – Matatiele Local Municipality is focused on the needs of the communities it serves and it plans to enhance and extend the delivery of services to all communities within its area of jurisdiction;

Resource Management – Matatiele Local Municipality ensures that its resources are deployed in a manner that maximises the efficiency and effectiveness of its operation;

Developmental Impact – Matatiele Local Municipality will engage in programmes to promote Local Economic Development and poverty alleviation among its constituent communities;

Democratic Governance – Matatiele Local Municipality will ensure the existence and implementation of mechanisms to regulate the relationship of political office bearers, municipal officials and the community, including mechanisms, processes and procedures for community participation in the affairs of the Municipality.

This methodology has been described as the balanced scorecard approach to performance management. The performance management system is linked to the operational budget of Matatiele Local Municipality through the determination of performance targets

1.6 ANNUAL PERFORMANCE AS PER KEY PERFORMANCE INDICATOR IN THE MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	20%	20%	20%	
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	80%	80%	80%	
3	Percentage of Section 57 Managers including	50%	50%	50%	

	Municipal Managers who attended at least 1 skill development training course within the FY				
4	Percentage of Managers in Technical Services with a professional qualification	75%	75%	75%	
5	Percentage of municipalities within the district area that have a fully functional Performance Management System (DM only)	2%	2%	2%	
6	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	100%	100%	100%	
7	Percentage of councillors who attended a skill development training within the current 5 year term	80%	80%	80%	
8	Percentage of staff complement with disability	0.3%	0.3%	0.3%	
9	Percentage of female employees	75%	75%	75%	
10	Percentage of employees that are aged 35 or younger	50%	50%	50%	

1.7. MAJOR CHALLENGES AND REMEDIAL ACTIONS IN REGARD TO HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

CHAPTER 2: BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS (KPA 2)

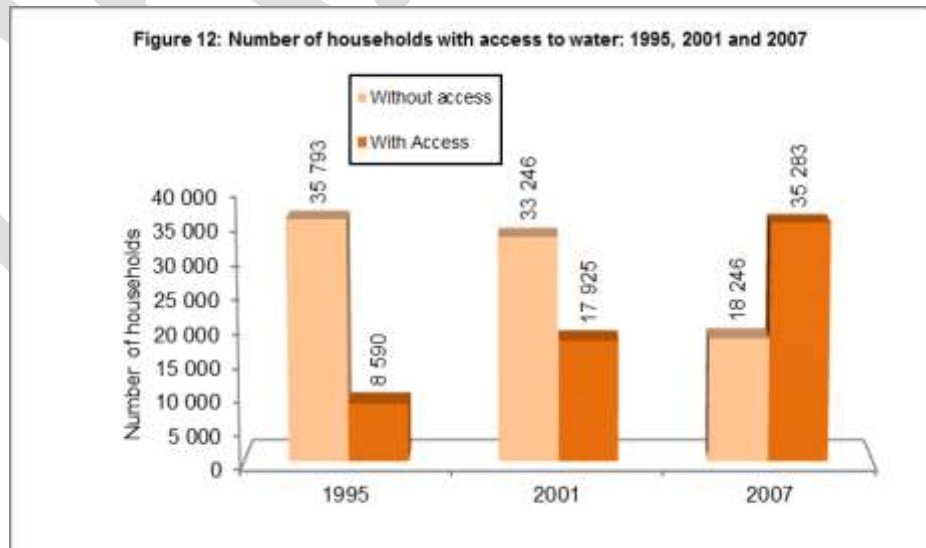
2.1 WATER SERVICES

A. WATER SERVICE DELIVERY STRATEGY AND MAIN ACTORS

Water service is the competency of the District Municipality (Alfred Nzo D.M.). The Alfred Nzo District Municipality is the Water Services Authority and Water Services Provider responsible for planning, implementation, and operation and maintenance of water and sanitation services within the 2 Local Municipalities. In terms of the law the District Municipality is therefore responsible for the development and the implementation of its water services by-laws, District Wide Water Master plans, Water Conservation & Water Demand Management and Water Services Master Plan. There is a backlog of 64 % recorded in 2007 Census. Alfred Nzo District Municipality is a grant dependant municipality and most of its water capital projects are funded through the Municipal Infrastructural Grant (MIG) which the Department of Cooperative Government and Traditional Affairs (COGTA), the Department Local Government and Traditional Affairs (DLGTA), National Treasury and Provincial Treasury have micro control. The bulk water supply is funded through the Bulk Infrastructure Grant Funding funded by the Department of Water Affairs (DWA). In terms of the law DWA is the regulator. The Operation and maintenance is funded through the equitable share from the Division of Revenue (DORA) and through own funding.

B. LEVELS AND STANDARDS IN WATER SERVICES

The Stats SA 2007 Community Survey Data undertaken suggest that Matatiele has made major strides in addressing service backlogs since 2006. However according to Alfred Nzo District Water Service Development



Plan (ANDM WSDP), the backlog for households without access to water at RDP standard is higher (43469 Households) than the 2007 community survey findings.

The backlog of RDP standard water provision in Matatiele is therefore 64 %. Communities in rural areas are still highly dependent on undeveloped water sources and there remains a challenge in meeting the water demand due to source identification. The District Municipality has identified this need and has commissioned a study to report on the implementation of a Rural Bulk Raw Water Supply Scheme for the area. Based on ANDM Water Services Development Plan the total capital budget to address the water backlogs is estimated at R260 814 000.

The backlog of RDP standard water provision in Matatiele is therefore sitting at 51%, this figure is less than the 64 % recorded in 2007. That being said, it is to be noted from table 8 that about 12855 households have no access to piped water. In some villages, people still travel several kilometres to access water, people in approximately 1282 households travel more than 1 km to access water. The District Municipality has identified this need and has commissioned a study to report on the implementation of a Rural Bulk Raw Water Supply Scheme for the area and feasibility studies are currently being conducted in wards such as ward 5& 7

C. MAJOR CHALLENGES IN WATER SERVICES AND REMEDIAL ACTIONS

Major challenges

There are water cut-offs especially in Maluti and this can be attributed to the fact that there water resources in the region are very scarce. The above point has lead to point that some of the rural areas can't be serviced in terms of water. Backlog eradication is not the only substantial challenge facing Alfred Nzo District Municipality. Much of the existing water and sanitation infrastructure is not adequately maintained and, in many cases, is not functional. Ongoing refurbishment and maintenance is therefore a priority for sustainable water services delivery. The backlog figures should therefore be considered in the light of this situation as they represent the population that is un-served by water or sanitation schemes. Those deemed to be "served" are not necessarily benefiting from a fully functional and operational water service, though they do live in the area covered by some sort of formal scheme.

Remedial Actions

The Local Municipality will facilitate the following activities which will be carried out by the District Municipality:

Municipality:

- Testing of the water quality and make the necessary improvements where a need arise.
- The DM should also look at either building more dams in the region, source water from other regions, construct boreholes, or use any alternative measures available in order to meet the demand.

2.2 ELECTRICITY SERVICES

A. ELECTRICITY SERVICES DELIVERY STRATEGY AND MAIN ROLE-PLAYERS

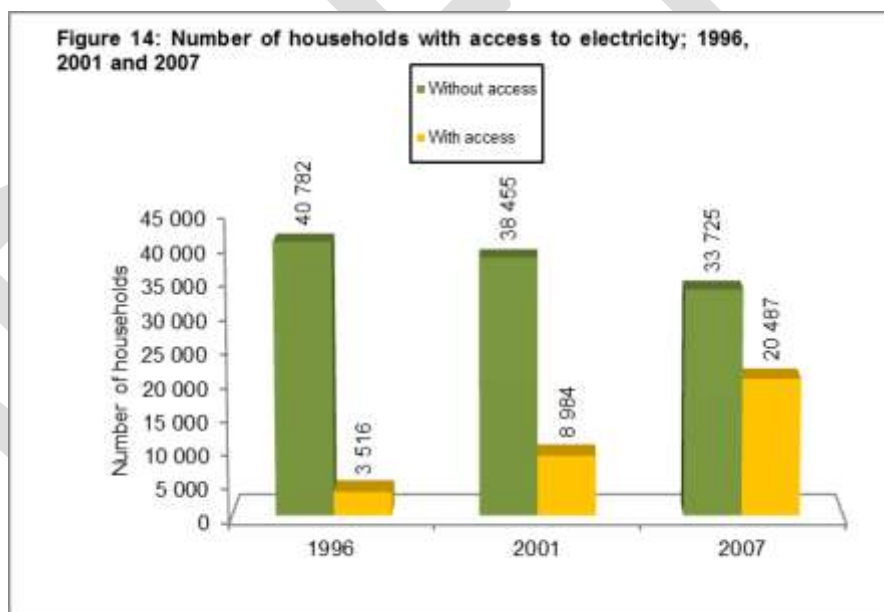
Electrification is the competency of Eskom in rural areas (excluding ward 19, 20 and 26) and therefore the municipality can only play a facilitation role. Backlog in the electrification of Matatiele LM is very significant and there is a large number of households using other alternatives sources of energy. The municipality has engaged DME for electrification of (ward 10 & 12) from 2010/2011 financial year. The project has been started and is progressing well. The role players are Technical Services Department, Eskom and DME.

- Matatiele Local Municipality is only licensed to supply electricity in their towns. The surrounding rural areas of Matatiele are supplied by Eskom. Matatiele Local Municipality is only playing a support and the coordinating role in terms of electricity services in rural areas.
- The electricity function lies with Eskom; however Matatiele Local Municipality is responsible for the supply of electricity in its towns. Free basic energy policies are being developed by Local Municipalities as well as indigent policies.

B. LEVELS AND STANDARDS IN ELECTRICITY SERVICES

Eskom is the licensed distributor of electricity in the majority of the municipal area with the exception of the town of Matatiele where Matatiele Local Municipality is the licensed distributor.

According to statistics provided to ANDM by ESKOM, it is estimated that only



25 % of households in the District have access to electricity and that the backlog for the whole District is 75 % which translates to approximately 95 000 households.

The electrification of housing by Matatiele Local Municipality is ongoing, but not at the desired pace, primarily because national demand for electricity has outstripped the available supply which is having a negative impact on meeting the set targets. Consequently the Statistics South Africa Community Survey 2007 indicates that the community is heavily dependent on alternative energy sources with 62 % of the community relying on an alternate source for lightning, 86 % for heating and 75 % for cooking. Areas for prioritised intervention include the Upgrade existing sub-station feeding Matatiele, investigate means for rural communities to access alternative free basic energy and facilitate to accelerate access to electricity and lobby for funding to address backlogs for the provision of universal energy in rural areas by 2012 (ESKOM/ DMF). The municipality has engaged DME for electrification of (ward 10 & 12) from 2010/2011 financial year. The project has been started and is progressing well.

C. MAJOR CHALLENGES IN ELECTRICITY SERVICES AND REMEDIAL ACTIONS

Major challenges

The electrification of houses by Matatiele Local Municipality is ongoing, but not at the desired pace, primarily because national demand for electricity has outstripped the available supply which is having a negative impact on meeting the set targets. Areas for prioritised intervention include the Upgrade existing sub-station feeding Matatiele, investigate means for rural communities to access alternative free basic energy and facilitate to accelerate access to electricity and lobby for funding to address backlogs for the provision of universal energy in rural areas . There are a few wards that have electricity, with the exception of ward 19 which is fully electrified; the other wards have various villages with no electricity.

Remedial actions

The municipality has made means to provide stoves and gels as a temporary solution to households which have no electricity.

2.3 SANITATION

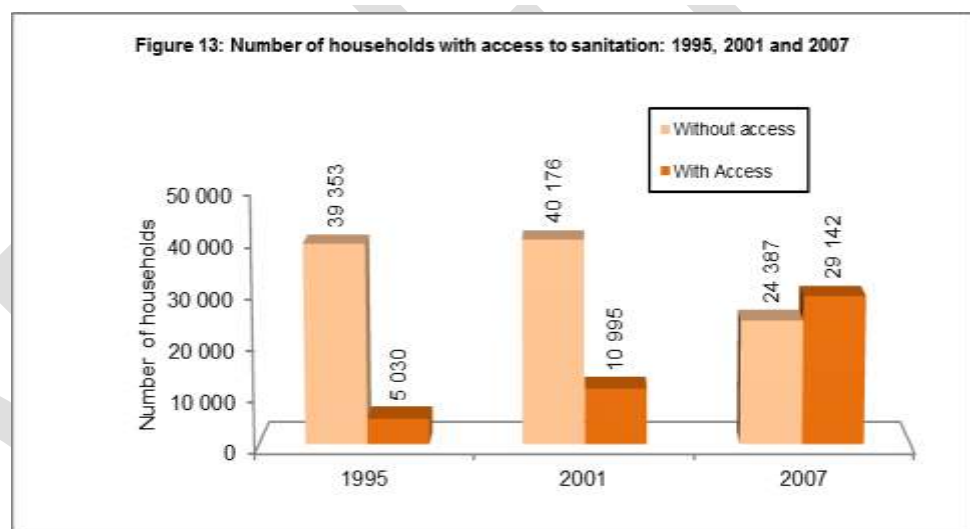
A. SANITATION SERVICES DELIVERY STRATEGY AND MAIN ROLE –PLAYERS

Sanitation falls within the scope of the District Municipality, Alfred Nzo District Municipality. The District Municipality has made progress in that, a large number of households have been provided with ventilated pit toilets. Waterborne sanitation is only provided in urban areas. Toilets in rural areas comprise VIP toilets while the bucket system has been totally eradicated.

B. LEVELS AND STANDARDS IN SANITATION SERVICES

According to Stats SA 2007 community survey, there are approximately 24387 households without access to appropriate sanitation infrastructure within Matatiele. This figure is however very compared to the ANDM WSDP which estimated the sanitation backlog at 57662 households. The backlog of RDP standard sanitation is 85%. Waterborne sanitation is only provided in urban areas. Toilets in rural areas comprise VIP latrines and the bucket system has been totally eradicated.

The District Municipality has a rural sanitation programme in place and believes that sanitation targets for 2010 will be met. Based on ANDM WSD the total capital budget to address the sanitation backlog is estimated at R201 817 000.



C. MAJOR CHALLENGES IN SANITATION SERVICES AND REMEDIAL

- Lack of working relations or communication between DM & LM has lead to low or no ervice delivery with respect to sanitation.
- We are running a risk of facing an outbreak of diseases due to unhygienic ways of living due to poor sanitation methods being employed
- Lack of adequate water is also stumbling block in terms of installing full water borne toilets system.

2.4 ROAD MAINTENANCE

A. ROAD MAINTENANCE SERVICE DELIVERY

Construction and maintenance of access roads is the competency of the Local municipality. On the other hand, the maintenance of provincial roads is the responsibility of the Department of Roads and Public Works, and the district roads are maintained by the district municipality. Road Maintenance includes re-gravelling, storm water drainage, bridges, pothole patching, paving, Road signs, road markings and foot paths. The main role player at Matatiele Local Municipality is the Infrastructure services department.

B. LEVEL AND STANDARDS IN ROAD MAINTENANCE SERVICES

At a broad level, Matatiele has a well established road system comprising of provincial, district and local access roads. Although the municipality currently has not developed a Roads Master Plan as well as a Storm Water Management Plan, it will be embarking on the development of such plans with assistance from the Department of Roads, Department of Transport as well as ANDM. This improves accessibility and connectivity at a regional scale and serves as an Opportunity for corridor based development. The estimated Access road backlog is 52% (Community base outcome).

The EPWP Programme (Nkhoesa Mofokeng) Programme was introduced in order to maintain local access roads, where there are 20 employees per ward who are rotated after every year and paid by the municipality Progress of this programme.

The modes of transport that are mainly used by the community are public transport and private transport. Matatiele Local Municipality is currently using the District Municipality's Integrated Transport Plan. There is an improvement traffic measures within Matatiele (town), over the financial year, 2011/2012, traffic lights have been put in 4 major intersections.

C. MAJOR CHALLENGES IN ROAD MAINTENANCE SERVICES AND REMEDIAL ACTIONS

Major challenges

- There is a very limited budget available or reserved to maintain roads that have been constructed or rehabilitated using MIG funding.
- There is also a lack of resources that are needed to perform the road maintenance function effectively.

Remedial Actions

- Development of Roads Master Plan as well as a Storm Water Management Plan
- The roads maintenance budget needs to be increased to the minimum acceptable level that will enable for the efficient maintenance of roads.
- The Municipality is in a process of purchasing plant for our Capital projects, which will also assist in maintaining our roads as per our maintenance plan.
- The Municipality should also look at appointing a service provider or a consortium of Consultants to do a backlog study citing as well the condition of our roads.

2.5 WASTE MANAGEMENT

A. WASTE MANAGEMENT SERVICE DELIVERY STRATEGY AND MAIN ROLE-PLAYERS

The Matatiele Local Municipality is responsible for waste management in their area of jurisdiction. The municipality's main focus is in grass cutting, cleaning of drains, refuse removal and management of landfill sites to practice the high level of environmental health and safety. Refuse removal Services only focuses on the CBDs and peri-urban areas of Cedarville, Matatiele and Maluti. Three contractors are to collect and clean in CBD and residential areas. This leaves out quite a number of households practicing their own rubbish disposal and their own refuse sites. The municipality has a permitted landfill site. The role players are employees on solid waste section, departmental supervisors and managers, affected communities.

B. LEVEL AND STANDARDS IN WASTE SERVICES

According to the Statistics South Africa Community Survey 2007, only 10% of households in Matatiele have access to a weekly refuse removal service. 82 % of households make use of their own refuse dumps which implies a high level of indiscriminate dumping and little regard for the impact on the environment. The Matatiele Local Municipality is responsible for waste management in their area of jurisdiction.

The Municipality collects household refuse from all three urban areas on a weekly basis, but



provides no rural service. A newly developed and licensed waste disposal site came into operation in Matatiele in 2008. This site has the capacity to accommodate all the waste from the urban areas for at least the next 15 years. There is also an unlicensed site in Cedarville which is not designed or operated according to DWAF's minimum requirements. Operation of the new site has been contracted out and the contract makes provision for the closure of old landfill sites.

MLM is also in the process of introducing an integrated waste management system that includes a recycling component that will contribute to local economic development and cleaning of the environment. Areas of prioritised intervention including licensing of the unlicensed site at

Cedarville, implement the local Integrated Waste Management System. Obtain a copy of the District WMP, coordinate initiatives, investigate the expansion of refuse removal services and facilities to prevent indiscriminate dumping in rural areas.

The Municipality collects household refuse from all three urban areas on a weekly basis and has started removal in some rural areas. A newly developed and licensed waste disposal site came into operation in Matatiele in 2008. This site has the capacity to accommodate all the waste from the urban areas for at least the next 15 years. There is also another site in Cedarville. There is however a large number of households who still use their own means of disposing waste; this puts the waste removal backlog at 86%.

C. MAJOR CHALLENGES IN WASTE MANAGEMENT SERVICES AND REMEDIAL ACTIONS

Major challenges

The need to afford more people with refuse removal services remains a challenge within the Municipality. Unattended refuse results in an unhealthy living environment.

Remedial Actions

The Municipality is in the process of introducing an integrated waste management system that includes a recycling component that will contribute to local economic development and cleaning of the environment. Areas of prioritised intervention including licensing of the unlicensed site at Cedarville, implement the local Integrated Waste Management System. Obtain a copy of the District WMP, coordinate initiatives, and investigate the expansion of refuse removal services and facilities to prevent indiscriminate dumping in rural areas.

2.6 HOUSING AND TOWN PLANNING

A. HOUSING AND TOWN PLANNING SERVICE DELIVERY STRATEGY AND MAIN ROLE-PLAYERS

Even though housing is the competency of the Department Housing and Human Settlements, the Municipality plays an active role providing support to Human settlements development. The Municipality has a functioning Human settlements office providing services in the form of:

- Beneficiary identification & Administration
- Community Consumer Education
- Housing Demand Assessment & Management
- Project Management
- Emergency Human Settlement assessment and Applications

B. LEVELS AND STANDARDS IN HOUSING SERVICES

Settlement Planning falls within the office of the General Manager: Community Services. The housing facilitator has been deployed from the Provincial Department of Human Settlement. The role that housing facilitator play to assists the municipality includes co-ordinating project administration and facilitating the implementation of projects. The backlog of housing is considered to be enormous in Matatiele. This backlog occurs mainly in the traditional areas as well as the informal housing settlements found in and around towns. A continuous flow of people from rural to urban areas – urbanization – has vast implications on the housing backlog. Housing delivery is hindered by red tape bureaucracy in accessing funds and there is a lack in the variety of alternatives when it comes to housing projects within housing policies. The erection of houses is also affected by expenses related to the delivery of materials because of the geographic location. The rate at which houses are built is relatively slow and the houses are prone to disaster.

Housing delivery is affected by issues such land invasion and non-conformity to approval standards. The provision of formal housing for low and middle income residents is a core function of provincial and national government, with local municipalities being spaces where implementation takes place. Within the urban areas, housing development is generally occurring, but within the rural or communal areas, the provision of housing has still not been addressed. When it comes to housing and housing delivery the Matatiele area stands to an advantage because the capacity in terms of skilled and qualified builders is available.

The IDP also reveals that the people are willing to be actively involved in housing programmes. It is predicted that with these advantages emerging building material suppliers may grow stronger and ultimately impact on the economic growth and job creation. Housing growth/subsidies by National Department of Housing and Provincial Government present an opportunity to improve housing delivery through access of social grants. Public participation is an important component of housing delivery and fortunately as already mentioned above the people are generally willing to participate

RURAL HOUSING DEMAND

Whereas the municipality has managed to develop few housing projects, the housing backlog is still enormous. This backlog occurs mainly in the traditional areas. In turn the municipality has a challenge of meeting the housing needs of these communities. Housing demands is defined as the number of households requiring formal housing. Traditional housing is perceived as an acceptable form of housing and the majority of the traditional population lives in this form of housing.

In the Tribal Areas traditional households usually include the clustering of a number of a number of thatched roofed huts lack basic infrastructure. Formal dwelling are houses with solid, usually concrete, top structure that are served with basic infrastructure. Informal dwelling are made from a variety of materials, are not structurally secure and have no basic infrastructure. Large portions of the people in the municipal area reside in traditional houses with formal and informal houses concentrated mainly in urban areas.

URBAN HOUSING DEMAND

The demand for housing for low, middle and higher income level in the towns of Matatiele, Cedarville and Maluti is considered as a critical issue and are subject to prevailing market economies. Reasons for the backlog may include the steady pace of urbanization that the municipality is experiencing. The housing need is calculated taking into account the estimates of people in informal and back yard dwellings, the municipal waiting list and the current rural housing needs. Naturally, since the municipality is mainly rural and has a high percentage of unemployment, the greater percentage of the housing need is for affordable housing units.

C. MAJOR CHALLENGES IN HOUSING AND TOWN PLANNING SERVICES AND REMEDIAL ACTIONS

Major challenges

These are some of the challenges that are encountered in addressing housing backlogs:

- Difficulties in locating missing beneficiaries lead to delays in many housing projects. The Municipality should develop an effective policy to administer this issue. Thereby avoiding the enormous delays encountered.
- The delay in the payment of contractors is a risk. Projects that experience this challenge often fall behind schedule. The payment of Contractors is the responsibility of the Provincial Department of Housing. Systems for processing contractor claims should be improved.
- The delay in the finalising of rectification projects is a cause for concern. The condition of some of the houses that need reconstruction does not improve in the meantime. The Municipality should pursue the matter with the Provincial Housing Department.
- Lack of proof of ownership of sites in rural areas. Beneficiaries in Rural Housing Projects sometimes do not have the rights to the site. They acquire sites depending on verbal agreements with site owners. When site owners dishonour there agreements for approved subsidies, delays are encountered. Two of the rural housing projects were affected by this issue. This is an implementation risk for which there are minimal remedial actions that can be effected.
- Beneficiaries often decide on re-location after they have been approved in a particular project. This causes problems as such beneficiaries would have to be de-registered and new beneficiaries allocated. Delays become unavoidable as a result. This issue suggests that Communities are not static but indeed dynamic. It is also clear that, despite the consumer awareness workshops at registration of subsidies is sometimes not fully comprehended by Communities. Therefore, regular Consumer awareness should be conducted for Communities.

Remedial actions

- Identify all informal settlements and quantify housing need.
- Mapping and assessment of informal settlements to establish whether they can be upgraded *in situ* or requires relocation.
- Develop and introduce a land invasion policy as a means to prevent development of new and expansion of the existing informal settlements.
- Housing growth/subsidies by National Department of Housing and Provincial Government present an opportunity to improve Housing delivery through access of social grants.
- Public participation is an important component of housing delivery and fortunately as already mentioned above the people are generally willing to Participate.
- The Municipality has developed adopted the Department of Housing' housing sector plan.
- Development of a Housing needs register is in underway and as such capturing will start soon which will assist in identifying areas with housing needs.
- A land audit is currently underway which should be able to assist with additional information to the land asset register.
- With regards to mechanisms to control land invasions, Matatiele Local Municipality is working with the Department of Rural Development and Land Reform to address the situation.
- It also recognised that the issue of controlling land invasions should be a joint effort including other stakeholders such as the Traditional leaders, SAPS, and the community in general.
- Day to day inspections, awareness campaigns and workshops, have assisted the municipality to deal with land invasions.
-

2.7 SPATIAL PLANNING

A. PREPARATION AND APPROVAL PROCESS OF SDF

The Matatiele Spatial Development Framework was adopted by Council in 2011.

B. LAND USE MANAGEMENT:

The Town Planning Unit responsible for the management of the following land use functions:

- Building Plans
- Subdivisions
- Rezoning
- Special Consent
- Consolidations
- Relaxation of building lines
- Road closure
- Closure of Public open Space.

C. MAJOR CHALLENGES IN SPATIAL PLANNING SERVICES AND REMEDIAL ACTIONS

Major Challenges

The programme to upgrade the tenure rights of Maluti Township are underway had commenced. The Township was proclaimed as under R293. As a result, the residents only had deed of grants. This limited tenure status denied the owners the opportunity to use their houses as collateral when requesting a loan.

Whilst the project is still underway, the delays in the donation of the Maluti Township land from National Government to the Municipality affects the project negatively.

Contraventions of the Town Planning scheme were rampant. More so in the Central Business District and in some of the residential compliance with land Use Management guidelines.

Retention of skilled personnel like Town Planners and Building Inspectors had proved to be a matter for concern. This could be linked to the issues pertaining low Salaries.

Remedial Actions

Remedial measures undertaken include the issuing of notices to the affected contraveners of the Town Planning Scheme policies. This measure has proved to be somewhat effective, as the culprits tend to revert to the illegal actions within a few months.

The formulation of a Retention Policy is one strategy aimed at addressing the issue of retention of skilled personnel. Simultaneously, investigations will be further conducted to determine the market related Salaries and the possible adjustment of Salaries accordingly.

The escalation of the Maluti Land matter the highest offices to seek solutions.

2.8 INDIGENT POLICY IMPLEMENTATION:

In recognition of the Credible Indigent Policy Assessment Framework, 2008, provided by the Department of Local Government the Matatiele Local Municipality undertakes to develop Indigent Support Policy to promote the following principles:

- To ensure that the Equitable Share received annually will be utilised for the benefit of the poor only and not to subsidise rates and services charges of those who can afford to pay;
- 1.2 To link this policy with the Matatiele Local Municipality's IDP, local economic development (LED) initiatives and poverty alleviation programmes;
- To promote an integrated approach to free basic service delivery; and
- 1.4 To engage the community in the development and implementation of this policy;

3.1 BRIEF PRESENTATION OF LED STRATEGY

Status on developing the LED strategy

The need for Matatiele LED strategy implementation emanated from the high unemployment and poverty levels that its people experience. The purpose of the LED Strategy is to provide a strategic direction to guide the Matatiele Local Municipality (LED unit) in its actions and efforts to lead local LED stakeholders towards achieving local economic development implementation plan of anchor projects, within the municipal area. It sets out actions that will help improve the vitality of the local economy and encourage its growth in a sustainable manner. Its specific objectives are to:

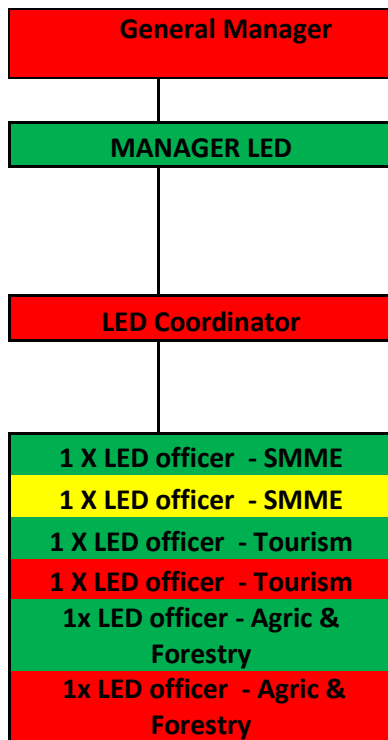
- Capacitate the Matatiele Local Municipality in carrying out its LED mandate;
- Develop a strategic implementation plan that outlines the strategies and activities that the Municipality and other LED stakeholders can employ to improve quality of life throughout the Municipal area;
- Facilitate the creation of an enabling framework for Private and Public sector investment, promotion of economic development and growth;
- Provide an overall economic assessment of Matatiele in order to identify sectors or areas of high economic potential and to highlight those that require intervention;
- Identify and estimate the cost of projects that will potentially contribute to the improvement of both Matatiele's economic future and quality of life within the municipal area;
- Provide guidelines for implementing LED projects in Matatiele Local Municipality and for monitoring and evaluating them;
- Identify the roles and responsibilities of local stakeholders in LED; and
 - Provide guidelines for the monitoring and evaluation of the strategy.

The Matatiele Local Economic Development Strategy was adopted by Council in June 2010.

Setting up a LED unit:

In order to fulfil the Local Economic Development mandate of the institution, a unit was established in 2006. During the period under review, the unit was staffed by three officers and a Manager. The functional areas of the unit are inclusive of: -SMME and Cooperatives Development and Support (enterprise support), Tourism development & Support, Agriculture and Forestry support.

The organogram of the unit is highlighted hereunder:-



The availability of a LED expertise:

The institution is currently building up its internal expertise. All three officers have gathered extensive experience in Local Economic Development.

Efforts to enhance available skills are constantly explored. Two officers were registered for an LED learnership (NQF5) which is offered through the Development Bank of Southern Africa (DBSA) and obtained an NQF 5 certificate.

Functionality of LED forums

The LED forum is functional. It has four sitting annually, one per quarter. All these were successful. The forum feeds into the District Support Team (DST) with officials from the local Municipality of Alfred Nzo District Municipality and officials from the sector departments. Further-more there is District Local Economic Development Forum sitting at a district level since LED stakeholders who are not government or municipal officials are not sitting at the DST forum.

Both the District and the Local for a are supported by South African Local Government Association working group which serves to build capacity within the Municipality through various information sharing sessions.

Funding opportunities for LED initiatives

Funding opportunities were received as follows:

FUNDER	TYPE OF PROGRAMME	AMOUNT
ThinaSinako	Informal Trading Rank Facility	R550 000
Department of Local Government & Traditional affairs	Small Town regeneration	R440 0000
Department of Economic Development & Environmental Affairs	Agricultural Processing	R950 000
Department of Local Government & Traditional affairs	Agricultural Processing	R 595 000
Department of Economic Development & Environmental Affairs	Tourism	R467 000
TOTAL		R3,002,00.00

3.2 PROGRESS TOWARDS ACHIEVING THE LED KEY OBJECTIVES

A. Improve public and market confidence

Investor confidence is built through solid Policies and By Laws, and good governance. The Municipal Integrated Development Plan (IDP) is the Primary strategic development Plan of the Municipality. It contains all the plans that the Municipality wishes to embark on.

Integral to the IDP is the Spatial Development Framework (SDF) as adopted by Council in 2011. The SDF provides a guide for the location of future development projects. It also details the Spatial Planning strategies that guide the Development of the Municipality in general. Using this tool investors have a sense of the types of developments that the Municipality recommends and location thereof together with the infrastructure implications thereon.

✓ Investment and trading by laws

Essentially, two trading By-Laws were formulated during the period under review. These are the Liquor trading By-law and the Street Trading By-Law. Both By-Laws will be gazetted after consultations with the affected groups are concluded.

Also, the Municipality has an investment policy. This policy does amongst other things seek to position the Municipality as an investment destination for the domestic and foreign investors.

Investment attraction and retention is critical for the Municipality. As a result, substantial strides were made to improve service delivery and thereby investment attraction and retention.

- Approved building plans to the value of R8,028,380.00
- Approved high income development (Area M) for Matatiele.
- Active Marketing of Matatiele as a destination through various festivals
- Constructed Caba-Mdeni housing development.
- Various funded rural housing developments to the value of R167,457,000.00
- Improved traffic flow through the installation of three sets of robots in the town of Matatiele.
- Upkeep of a clean environment which saw the Municipality obtain a certificate of recognition.
- Improved access for purchase of pre-paid electricity by adding two (2) points of sale for electricity.
- Amendment of the Municipal tariff Policy to provide concessions for large scale investments that have a substantial impact on the local economy.

In this section, the municipality is expected to present actions implemented during the year gearing towards building the public and market confidence in the local economic activities.

More specifically, the report should cover the following indicators:

- Spatial development framework (SDF)/Land use management system(LUMS);
- Red tape reduction: Turn-around time for licensing and other business related applications;
- Investments and trading by-laws
- Provision and maintenance of quality and reliable infrastructure: Roads; ITC; market places
- Disaster management;

B. Exploit comparative and competitive advantage for industrial activities

Exploiting sector comparative and competitive advantage of the Municipality is essential. As a result, enhancing and creating an enabling environment for the growth of these sectors is pursued. Funds are regularly sourced to assist in the financing of initiatives that are aimed at exploiting this competitive advantage. The following are the competitive advantages of the Municipality.

Agriculture

Matatiele is leading in Agricultural related activities when you compare it with surrounding local municipalities. The most common farming activities are livestock farming and crop production. The main livestock farming activities in this municipality are cattle farming, sheep farming and goat farming. Some agriculture related activities that are also were undertaken in the period under review are the following:

- Establishment of a regional milling and grain storage facility
- Cedarville emerging farmers
- Cooperatives training centre
- Forestry Support
- Commercial Poultry Enterprise at Malubalube
- Community Work Programme (CWP) Reference Group

C. Intensify Enterprise support and business development

- The type of business development services (BDS) provided to SMMEs

Trainings or capacity development

Development of business plans

Business opportunities for SMMEs (Milling Facility for Mokhosi Milling Project)

- Public and private partnerships established
No Public Private Partnerships were established during the period under review.
- Number of new formal SMME established within the municipality
Approximately 60 formal SMMEs or Co-operatives established within the municipality
- Number of new employment opportunities through Expanded Public Works Programs and Public and private partnerships
- About nine hundred and forty six (946) employment opportunities were created through Expanded Public Works programme.

3.3 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
1	Percentage of LED Budget spent on LED related activities.			
2	Number of LED stakeholder forum held	4	4	100%
4	Number of job opportunities created through EPWP		946	
5	Number of job opportunities created through PPP	The municipality didn't register any PPP during the period under review	N/A	N/A

3.4 Challenges regarding LED strategy implementation

The implementation of the LED policy has not been without challenges. The following are some of the challenges:-

- Shortage of appropriate technical skilled personnel to implement programmes aligned to the LED Strategy.
- Preparation of bankable business plan to secure funding for implementation of LED Strategy.
- Another challenge in the implementation of LED Strategy is the insufficient allocation of financial resources to the LED unit. However, this will be improved by allocation of a 5% of MIG funding in the next financial year.

Various funding options and strategic Partnerships with institutions like Small Enterprise Development Agency, Department of Economic Affairs and Tourism, Development Bank of Southern Africa Department of Local government and Traditional affairs to achieve the LED mandate.



Matatiele Local Municipality
Annual Financial Statements for the
year ended 30 June 2012

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2012

General Information

Executive committee

Mayor

N.S. Nkopane

Executive members

M.M. Mbedla

Portfolio Head: Infrastructure Portfolio

S.A. Sello

Head: Budget and Finance Portfolio

J. Bosman - Magangana

Head: Corporate Services Portfolio Head:

M.M. Mbobo

Community Services Portfolio Head:

G.M. Letuka

Special Programmes Unit Portfolio Head:

P.M. Stuurman

LED

L.M. Ntshayisa

EXCO Member

K.C. Biggs

EXCO Member

Councillors

N. Msuqwana

Speaker

P.A. Mohale

Chief Whip

P.T. Hloele

M. Lebese

N.A. Nkukhu

N.B. Nkomo

C.N. Sithole

M. Kondile

(July 2011 - March 2012)

K.B. Pakkies

C.N. Sambane

S.A. Ndlela

S.T. Stuurman

P.C. Ntsole

S. Baba

I.N. Maketela

S.M. Mzozoyana

L.D. Shemane

P.Z. Bono

N.N. Ndukwana

T. Dyantyi

C.L. Nxesi

S. Mngenela

M.C. Setenane

E.K. Sepuhle

N.S.N. Paula

S. Mavuka

R.T. Mnika

S.M. Jafa

N.C. Ludidi-Mzonke

S.B. Macuphe

T.S. Maqhashalala

P.G. Muir

T.V. Mongoato

A.M. Saliwavikwa

N. Njobe

N. Ngwanya

W. Potwana

V.M. Mlandu

J.Z. Munyu

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2012

General Information

	V.C. Sigalelana L.E. Stuurman K.B. Makholwa N.E. Kotelana P.T. Motjope	(14 June 2012 - current)
Municipal Manager	DCT Nakin	
Chief Financial Officer	L Ndzelu (April 2012 - current) D Van Zyl (July 2011 - January 2012)	
Grading of local authority	4	
Registered office	102 Main Street Matatiele 4730	
Physical address	102 Main Street Matatiele 4730	
Postal address	P.O. Box 35 Matatiele 4730	
Bankers	Nedbank	
Auditors	Auditor General	
Tel Number	039 737 3135	
Fax Number	039 737 3611	
Email	manager@matatiele.co.za	

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Index

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

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Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Officer's Responsibilities and Approval

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 56, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors as disclosed in note 30 of these annual financial statements 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.

Municipal Manager
30 November 2012

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Statement of Financial Position

Figures in Rand		Note(s)	2012	2011
Assets				
Current Assets				
Inventories	30.20	2	531,557	553,270
Other receivables from non-exchange transactions	33.20	3	9,461,863	10,098,490
VAT receivable from exchange transactions	31.20	4	299,522	7,248,316
Trade receivables from exchange transactions	31.20	5	5,507,320	6,748,734
Cash and cash equivalents	32.20	6	102,500,208	79,060,846
			118,300,470	103,709,656
Non-Current Assets				
Investment property	21.20	7	9,758,255	9,758,255
Property, plant and equipment	20.20	8	382,349,185	364,580,631
Intangible assets	23.22	9	430,165	434,922
Non-current financial assets	27.27	10	6,084,739	5,295,774
			398,622,344	380,069,582
Non-current assets held for sale and assets of disposal groups	68.20	11	67,300	67,300
Total Assets			516,990,114	483,846,538
Liabilities				
Current Liabilities				
Operating lease liability	41.27-28	12	-	15,787
Finance lease obligation	25.29	13	-	18,447
Payables from exchange transactions	51.20	14	14,027,913	15,403,006
Consumer deposits	53.20	15	241,992	305,624
Unspent conditional grants and receipts	43.20	16	23,779,425	20,730,687
Provisions	52.20	17	1,912,242	1,671,721
Bank overdraft	32.20	6	-	5,923,899
			39,961,572	44,069,171
Non-Current Liabilities				
Retirement benefit obligation	27.22	18	5,107,285	2,749,530
Provisions	52.20	17	6,650,552	5,807,034
			11,757,837	8,556,564
Total Liabilities			51,719,409	52,625,735
Net Assets			465,270,705	431,220,803
Net Assets				
Revaluation reserve	40.22	19	281,409,586	293,303,146
Accumulated surplus	40.24	51	183,861,119	137,917,657
Total Net Assets			465,270,705	431,220,803

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011
Revenue			
Property rates	24	13,234,519	12,775,595
Service charges	25	38,261,621	31,973,446
Profit on sale of asset		293,195	-
Rental of facilities and equipment		482,505	499,200
Public contributions and donations		-	15,000
Fines		1,650,860	966,187
Licences and permits		1,897,270	1,059,482
Government grants & subsidies	26	125,711,154	134,243,016
Creditor impairment		-	64,994
Other income	27	794,227	1,397,320
Interest earned - external investment	28	6,926,590	5,984,106
Total Revenue		189,251,941	188,978,346
Expenditure			
Employee related costs	29	(46,428,750)	(37,770,573)
Remuneration of councillors	30	(13,275,611)	(11,345,842)
Depreciation and amortisation	31	(15,905,291)	(14,709,303)
Impairment loss/ Reversal of impairments		(62,166)	-
Finance costs	32	(563,505)	(632,321)
Debt impairment	33	(2,609,770)	(928,991)
Loss on disposal of assets		(2,445,181)	(114,940)
Repairs and maintenance		(9,450,048)	(8,584,520)
Bulk purchases	34	(21,898,140)	(16,395,061)
Contracted services		(9,363,486)	(5,710,644)
Grants and subsidies paid	35	(8,467,660)	(35,504,453)
General expenses	36	(23,703,314)	(15,881,581)
Total Expenditure		(154,172,922)	(147,578,229)
Surplus for the year		35,079,019	41,400,117

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	305,161,866	16,744,066	321,905,932
Adjustments			
Correction of errors	-	(5,458,546)	(5,458,546)
Balance at 01 July 2010 as restated	305,161,866	11,285,520	316,447,386
Changes in net assets			
Surplus for the year	-	41,400,117	41,400,117
Write back of depreciation due to offsetting of accumulated surplus	(11,858,720)	14,389,403	2,530,683
Transfer to Housing Development Fund	-	(6,480)	(6,480)
Property, Plant and Equipment purchased	-	8,337,400	8,337,400
Transfer to Capital Replacement Reserve	-	(16,737,296)	(16,737,296)
Grants utilised to obtain Property, Plant and Equipment	-	(25,755,376)	(25,755,376)
Changes in revaluation surplus arising from changes in existing decommissioning, restoration and similar liabilities	-	4,059	4,059
	-	2,030,619	2,030,619
Correction of error	-	1,362,414	1,362,414
Reserves ring-fenced within accumulated surplus	-	101,607,277	101,607,277
Total changes	(11,858,720)	126,632,137	114,773,417
Opening balance as previously reported	293,303,146	137,536,189	430,839,335
Adjustments			
Change in accounting policy	-	306,513	306,513
Balance at 01 July 2011 as restated	293,303,146	137,842,702	431,145,848
Changes in net assets			
Transfer to housing development fund	-	(6,482)	(6,482)
Net income (losses) recognised directly in net assets	-	(6,482)	(6,482)
Surplus for the year	-	35,079,019	35,079,019
Total recognised income and expenses for the year	-	35,072,537	35,072,537
Write back of accumulated depreciation due to offsetting of accumulated surplus	-	4,715,489	4,715,489
Write back of depreciation through Capital Replacement Reserve	-	-	116,799
Purchase of Property, Plant and Equipment through reserves	-	(15,367,186)	(25,932,353)
Contribution to Capital Replacement Reserve	-	(12,414,857)	-
Write back of depreciation due to offsetting of accumulated surplus	(11,893,560)	-	(11,893,560)
Reserves ring-fenced within accumulated surplus	-	34,012,434	32,045,945
Total changes	(11,893,560)	46,018,417	34,124,857
Balance at 30 June 2012	281,409,586	183,861,119	465,270,705

Note(s)

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Cash Flow Statement

Figures in Rand	Note(s)	2012	2011
Cash flows from operating activities			
Receipts			
Sale of goods and services		54,670,142	34,561,550
Grants		125,711,154	135,377,298
Interest received		6,926,590	5,984,106
Fine receipts		1,650,860	966,187
Other receipts		10,655,872	-
Receipts through reserves		40,022	-
		<u>199,654,640</u>	<u>176,889,141</u>
Payments			
Employee costs		(59,704,361)	(49,116,416)
Suppliers		(64,235,136)	(45,663,784)
Interest paid		(563,505)	(632,321)
Other payments		(8,467,660)	(35,504,454)
		<u>(132,970,662)</u>	<u>(130,916,975)</u>
Net cash flows from operating activities	38	66,683,978	45,972,166
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(36,455,168)	(35,616,369)
Proceeds from sale of property, plant and equipment	8	-	375,000
Purchase of other intangible assets	9	(42,349)	-
Purchase of financial assets		(788,965)	(684,925)
Net cash flows from investing activities		(37,286,482)	(35,926,294)
Cash flows from financing activities			
Loans repaid		-	(135,461)
Repayment of operating lease liability		(15,787)	-
Finance lease payments		(18,447)	-
Net cash flows from financing activities		(34,234)	(135,461)
Net increase/(decrease) in cash and cash equivalents		29,363,262	9,910,411
Cash and cash equivalents at the beginning of the year		73,136,947	63,226,536
Cash and cash equivalents at the end of the year	6	102,500,209	73,136,947

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Investment property

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

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

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

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

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

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

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

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

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

Subsequent measurement

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.

1.2 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.2 Property, plant and equipment (continued)

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

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Matatiele Local Municipality

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Accounting Policies

1.2 Property, plant and equipment (continued)

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Land is not depreciated as it is regarded as having an infinite life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are initially based on the following originally estimated useful lives and thereafter on the estimated remaining useful lives as at year-end:

Infrastructure:	Years	Community:	Years	Other:	Years
Roads and Paving	10-100	Improvements	25-30	Buildings	25-30
Electricity	15-60	Recreational facilities	15-30	Specialist vehicles	10-15
Water	15-100	Security	15-25	Other vehicles	05-10
Sewerage	16-60			Office equipment	03-15
Landfill Sites	10-65			Furniture and fittings	05-15
Housing	30			Watercraft	15-20
Pedestrian Malls	15-30			Bins and containers	05-15
				Specialised equipment	10-15
				Other plant and equip	02-15

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

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

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

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

A register containing all items of Property, Plant and Equipment along with their residual values, depreciation, accumulated depreciation, impairment loss and revalued amounts are available at the municipal offices.

Matatiele Local Municipality

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Accounting Policies

1.3 Intangible assets

An asset is identified as an intangible asset when it:

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

An intangible asset is recognised 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.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

Matatiele Local Municipality

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Accounting Policies

1.4 Financial instruments

Classification

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

- Financial assets at fair value through surplus or deficit - held for trading
- Financial assets at fair value through surplus or deficit - designated
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at fair value through surplus or deficit - held for trading
- Financial liabilities at fair value through surplus or deficit - designated
- Financial liabilities measured at amortised cost

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

Initial recognition and measurement

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

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

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

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

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit dividends and interest.

Dividend income is recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

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

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in surplus or deficit, while translation differences on non-monetary items are recognised in equity.

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

Matatiele Local Municipality

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Accounting Policies

1.4 Financial instruments (continued)

Impairment of financial assets

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

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

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

Impairment losses are recognised in surplus or deficit.

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

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

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

Derecognition

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 where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the 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. Where 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.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.4 Financial instruments (continued)

Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost 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 credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed 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.

1.5 Leases

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

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

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

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

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

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Operating leases - lessee

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

1.6 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Matatiele Local Municipality

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Accounting Policies

1.6 Inventories (continued)

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.7 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally 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.

Non-current assets held for sale (or disposal group) are measured at the lower of its 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.

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Accounting Policies

1.8 Impairment of cash-generating assets

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

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

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment of assets carried at revalued amount in reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

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

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

Matatiele Local Municipality

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Accounting Policies

1.9 Impairment of non-cash-generating assets

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

If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of non-cash generating asset's fair value less costs to sell and its value in use. The value in use for non-cash generating asset is the present value of the asset's remaining service potential.

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

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

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

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

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

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

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

1.10 Employee cost

These are all costs paid by an employer in exchange for services rendered by an employee. These included employee benefits such as salaries, bonuses, housing allowance, medical and other contributions, which is recognised in the income statement during the period in which the employee renders the related service. Detailed policies can also be noted under the Employee Benefits note.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

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

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

Matatiele Local Municipality

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Accounting Policies

1.11 Employee benefits (continued)

Defined benefit plans

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

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

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

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

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

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

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

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

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

1.12 Provisions and contingencies

Provisions are recognised when:

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

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

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

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

Matatiele Local Municipality

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Accounting Policies

1.12 Provisions and contingencies (continued)

Provisions are not recognised for future operating deficits.

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

1.13 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 are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional 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.

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

Interest revenue is recognised on a time proportion basis.

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

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

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

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Accounting Policies

1.14 Revenue from non-exchange transactions

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

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

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

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

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

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

Government grants

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.

1.15 Borrowing costs

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

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

1.16 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.17 Unauthorised expenditure

Unauthorised expenditure means:

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

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

1.18 Fruitless and wasteful expenditure

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

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.18 Fruitless and wasteful expenditure (continued)

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

1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.20 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements.

1.21 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.22 Commitments

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. A distinction is made between capital and current commitments.

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.23 Accumulated surplus

Included in the accumulated surplus of the municipality, are the following reserves that are maintained in terms of specific requirements:

1.23.1 Housing development fund / Housing operating account

Sections 15(5) and 16 of the Housing Act, (Act No. 107 of 1997), which came into operation on 1 April 1998, required that the Entity maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund is cash-backed, and invested in accordance with the investment policy of the municipality.
- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy, and also for housing development projects approved by the MEC for Human Settlements.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments of the fund is disclosed as interest earned in the Statement of Financial Performance

1.23.2 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/ (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/ (deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

1.23.3 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the Entity.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in the Statement of Financial Performance, and is then transferred via the Statement of Changes in Net Assets to the CRR, provided that it is cash backed.
Profit on the sale of land is not transferred to the CRR, as it is regarded as revenue.

Matatiele Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2012	2011
2. Inventories		
Consumable stores	528,888	550,601
Medallions - at cost	2,669	2,669
	531,557	553,270

Inventories are held for own use with the result that no write downs of inventory to net realisable value were required.

3. Other receivables from non-exchange transactions

S Zuko Consulting	-	266,687
Sundry Debtors Control	221,476	53,005
Debtors Sundry	10,092,771	10,097,813
Housing Debtors	19,623	20,124
Health Subsidy Control	505,967	965,701
Debtors Interest	207,022	70,618
Pre-paid Expenses	46,630	629,961
Less: Provision for Impairment	(1,631,626)	(2,005,419)
	9,461,863	10,098,490

Other receivables from non-exchange transactions pledged as security

Health Subsidy Control relates to expenses incurred by the municipality on an agency basis on behalf of the Provincial Government , a sundry debtor is raised which will be recovered.

Sundry Debtors Control relates to monthly cellphone account of Councillors for the month of June 2012 which was deducted from their salary in July 2012.

Debtors Sundry relates to Alfred Nzo District Municipality and Sisonke District Municipality for transfer of water services.

Pre-paid Expenses relates to expenditure incurred for a conferences and meetings held in July 2012.

S Zuko is a creditor who was erroneously paid twice. This amount has since been recovered.

The management of the municipality is of the opinion that the carrying value of Trade Receivables from Non-Exchange Transactions approximate their fair values.

4. VAT receivable from exchange transactions

VAT	299,522	7,248,316
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VAT is payable on the payments basis. Once payment is received from debtors, VAT is paid over to SARS.

5. Trade receivables from exchange transactions

Gross balances

Rates	16,249,438	14,196,236
Electricity	3,109,131	5,144,557
Refuse	6,775,614	5,051,240
	26,134,183	24,392,033
Less: Provision for debt impairment		
Rates	(13,601,257)	(13,321,658)
Electricity	(1,303,046)	(283,717)
Refuse	(5,722,560)	(4,037,924)
	(20,626,863)	(17,643,299)

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
5. Trade receivables from exchange transactions (continued)		
Net balance		
Rates	2,648,181	874,578
Electricity	1,806,085	4,860,840
Refuse	1,053,054	1,013,316
	5,507,320	6,748,734
Rates		
Current (0 -30 days)	48,865	(922)
31 - 60 days	4,907	61,021
61 - 90 days	392,844	4,455
91 - 120 days	348,273	372,297
121 - 150 days	250,463	251,417
> 150 days	15,204,086	13,507,968
Impairment	(13,601,257)	(13,321,658)
	2,648,181	874,578
Electricity		
Current (0 -30 days)	1,491,474	(83,887)
31 - 60 days	419,988	1,391,657
61 - 90 days	125,905	512,458
91 - 120 days	541,135	354,852
121 - 150 days	45,981	246,539
> 150 days	484,648	2,722,938
Impairment	(1,303,046)	(283,717)
	1,806,085	4,860,840
Refuse		
Current (0 -30 days)	587,552	(2,334)
31 - 60 days	346,703	500,438
61 - 90 days	256,955	304,983
91 - 120 days	224,203	202,240
121 - 150 days	206,126	182,018
> 150 days	5,154,075	3,863,895
Impairment	(5,722,560)	(4,037,924)
	1,053,054	1,013,316
Reconciliation of debt impairment provision		
Balance at beginning of the year	(17,643,299)	(14,329,452)
Contributions to provision	(2,983,564)	(3,313,847)
	(20,626,863)	(17,643,299)

Consumers debtors are billed monthly, at latest by the end of the month. No interest is charged on trade receivables until the 30th of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance. The municipality enforces its approved credit control policy to ensure the recovery of Consumer Debtors.

The municipality receives applications for services that it processes. Deposits are required to be paid for all electrical accounts opened. There are no consumers who represent more than 5% of the total balance of Consumers Debtors.

The management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values.

The fair value of consumer debtors was determined after considering the standard terms and conditions of agreement entered into between the municipality and Consumer Debtors as well as the current payment ratios of the municipality's consumers.

Matatiele Local Municipality

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6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,250	1,250
Bank balances	1,980,066	139,264
Short-term deposits	100,518,892	78,920,332
Bank overdraft	-	(5,923,899)
	102,500,208	73,136,947
Current assets	102,500,208	79,060,846
Current liabilities	-	(5,923,899)
	102,500,208	73,136,947

The management of the municipality is of the opinion that the carrying value of bank balances, cash and cash equivalents, recorded at amortised cost in the Annual Financial Statements, approximate their fair values.

Short-term deposits represent investments held at various financial institutions. An investment register detailing these accounts is available at the municipal offices.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2012	30 June 2011	30 June 2010	30 June 2012	30 June 2011	30 June 2010
Nedbank - Matatiele Account number 1011292106	2,051,733	-	-	1,765,742	-	-
Standard Bank - Matatiele Account number 060435224	137,734	139,264	1,972,019	137,734	139,264	1,972,019
First National Bank - Matatiele Account number 62108495817	76,590	(182,214)	1,036,864	76,590	(5,923,899)	(1,409,824)
Total	2,266,057	(42,950)	3,008,883	1,980,066	(5,784,635)	562,195

7. Investment property

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	9,758,255	-	9,758,255	9,758,255	-	9,758,255

Reconciliation of investment property - 2012

Investment property	Opening balance	Total
	9,758,255	9,758,255

Matatiele Local Municipality

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7. Investment property (continued)

Investment Property Information

All of the municipality's investment properties are held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the reliability of investment property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on investment property.

A register of Investment property is available at the municipal offices.

The effective date of revaluations was 30 June 2012.

The valuation was performed using data based on arms length transactions and related market evidence.

8. Property, plant and equipment

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	28,380,841	(1,196,142)	27,184,699	27,851,270	(575,861)	27,275,409
Infrastructure	290,282,032	(26,851,834)	263,430,198	261,008,071	(17,092,468)	243,915,603
Community	87,395,198	(6,830,304)	80,564,894	84,501,157	(3,408,292)	81,092,865
Other property, plant and equipment	19,042,130	(7,872,736)	11,169,394	18,391,454	(6,094,700)	12,296,754
Total	425,100,201	(42,751,016)	382,349,185	391,751,952	(27,171,321)	364,580,631

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Capital under construction	Write off	Depreciation	Impairment loss	Total
Land	27,275,409	179,300	350,271	-	(620,281)	-	27,184,699
Infrastructure	243,915,603	30,493,974	1,510,765	(2,730,778)	(9,759,366)	-	263,430,198
Community	81,092,865	691,516	2,202,525	-	(3,422,012)	-	80,564,894
Other property, plant and equipment	12,296,754	1,026,817	-	(313,975)	(1,778,036)	(62,166)	11,169,394
	364,580,631	32,391,607	4,063,561	(3,044,753)	(15,579,695)	(62,166)	382,349,185

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Capital under construction additions	Disposals	Correction of error	Depreciation	Total
Land	26,220,226	1,619,422	-	-	9,871	(574,110)	27,275,409
Infrastructure	231,077,255	23,451,995	-	-	(1,336,728)	(9,276,919)	243,915,603
Community	80,153,074	3,943,642	394,462	-	-	(3,398,313)	81,092,865
Other property, plant and equipment	7,852,132	6,601,288	-	(489,940)	(131,812)	(1,534,914)	12,296,754
	345,302,687	35,616,347	394,462	(489,940)	(1,458,669)	(14,784,256)	364,580,631

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8. Property, plant and equipment (continued)

Revaluations

The effective date of the revaluations was 30 June 2012. Revaluations were performed by independent valuer, Mr Eric Robenson in 2006 and were re-assessed at the reporting date. Eric Robenson is not connected to the municipality.

Infrastructure Assets were revalued in 2009 by AuroCon.

Land and buildings are re-valued independently every 4 years.

The valuation was performed using data based on arms length transactions.

These assumptions were based on current market conditions.

Refer to appendix B and C for detailed and segmental analysis of property, plant and equipment.

9. Intangible assets

	2012			2011		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	502,516	(72,351)	430,165	460,167	(25,245)	434,922

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Computer software	434,922	42,349	(47,106)	430,165

Reconciliation of intangible assets - 2011

	Opening balance	Correction of error	Total
Computer software	2,144,868	(1,709,946)	434,922

Other information

All of the municipality's intangible assets are held under freehold interests and no intangible assets have been pledged as security for any liabilities of the municipality.

10. Non-current financial assets

The municipality has fixed deposits to the value of R106 603 631 (2011:R84 216 107). Of that, R100 518 892 (2011:R78 920 332) represents the current portion of the fixed deposit and transferred to short term deposits (see note 6). The remainder of the Fixed deposit, R6 084 739 (2011:R5 295 774), represents the non-current portion. This account is held with Nedbank, account number 03/788100612, and matures on 25th May 2014.

Fixed deposits are investments with a maturity period of more than 12 months and earn interest rates varying from 2.65% to 5% per annum. The management of the municipality is of the opinion that the carrying value of Investments carried at amortised costs in the Annual Financial Statements approximate their fair values.

Matatiele Local Municipality

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11. Non-current assets held for sale

The municipality has, in total, R67 300 worth of assets which are classified as held-for-sale.

We had handed over these to the Lawyers (Dwayer) and we were then made aware that he has been de-registered. We have since handed over these to Elliot and Walker Attorney for them to assist us with sale of these.

12. Operating lease liability

Operating lease liabilities	-	15,787
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Operating leases relate to property, plant and equipment with lease terms not longer than 3 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the leased period.

Current liabilities

At amortised cost	-	15,787
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13. Finance lease obligation

Minimum lease payments due

- within one year	-	18,447
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Present value of minimum lease payments due

- within one year	-	18,447
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Finance leases relate to property, plant and equipment with lease terms not more than 3 years (2011: 3 years). The effective interest rate on Finance Leases was 10.5% (2011: 10,5%).

The municipality has the option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The municipality's obligations under finance leases are secured by the lessors' title to the leased assets.

The finance leases ended in the current year and no additional finance leases were taken.

14. Payables from exchange transactions

Trade payables	6,793,385	2,771,524
Leave provision	2,473,554	2,021,422
Income received in advance	18,510	409,648
Payments received in advance	2,759,934	8,962,702
Other creditors	1,060,305	446,116
Bonus accrual	922,225	791,594
	14,027,913	15,403,006

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14. Payables from exchange transactions (continued)

The average credit period on purchases is 30 days from the receipt of the statement, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

Income received in advance is due to payments received for hall hire and prepaid electricity.

Payments received in advance are consumer debtors' accounts paid in advance. A correction of error has been passed as a result of overcharging of a consumer, Tayler Bequest Hospital, for the amount of R7 547 589 in the prior year.

Staff leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The accrual is an estimate of the amount due at the reporting date.

The management of the municipality is of the opinion that the carrying value of creditors approximate their fair values.

The fair value of creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

Bonus accrual is calculated on a 13th cheque attributable to all staff.

15. Consumer deposits

Electricity	241,992	305,624
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Consumer deposits are paid by consumers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account. No interest is paid on Consumer deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer deposits approximate their fair values. The fair value of Consumer deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

National government grants	12,416,884	7,287,291
Provincial government grants	4,020,368	6,375,108
Local government grants	168,929	835,987
Other spheres of government	7,173,244	6,232,301
	23,779,425	20,730,687

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

Unfulfilled conditions and other contingencies attached to government assistance that has been recognised. Refer to note 26.

These amounts are invested in a ring-fenced investment until utilised.

Matatiele Local Municipality

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17. Provisions

Reconciliation of provisions - 2012

	Opening Balance	Additions	Total
Environmental rehabilitation	5,334,162	509,642	5,843,804
Provision for long service award	896,584	487,761	1,384,345
Performance bonus	1,038,993	48,716	1,087,709
Post retirement medical aid benefits	209,016	37,920	246,936
	7,478,755	1,084,039	8,562,794

Reconciliation of provisions - 2011

	Opening Balance	Additions	Total
Rehabilitation of land-fill site	4,868,966	465,196	5,334,162
Provision for long service award	883,362	13,222	896,584
Performance bonus	410,071	628,922	1,038,993
Post retirement medical aid benefits	181,536	27,480	209,016
	6,343,935	1,134,820	7,478,755

Non-current liabilities	6,650,552	5,807,034
Current liabilities	1,912,242	1,671,721
	8,562,794	7,478,755

Performance bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The municipality has an obligation to provide long-service allowance benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 5 years and every 5 years thereafter of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

Environmental rehabilitation provision

The minimum requirements for waste disposal by landfill as stated by the Department of Water Affairs and Forestry, " All land fills, except those closed prior to August 1990 when the permitting system came into effect, must be permitted before they can be legally closed. Closure will involve, inter alia, the application of final cover, top soiling, vegetating, drainage maintenance and leachate management."

The financial implications for the rehabilitation of the landfill site were performed by ADV. C P Herbst, whom is a mineral and environmental laws consultant. This was carried out on the 2 July 2012 for the effective date, 30 June 2012. Currently no appointment for the closure has been made, and therefore estimates have been compiled. The provision is based on a 15 year estimation.

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17. Provisions (continued)

Landfill sites generally fall into 3 categories, which are separated by the size of the landfill, the type of waste and the amount of leachate produced. The landfill site closure design is based on it falling in the G:S:B+ formation which has the following capping layers:

- 200mm Topsoil
- 300mm Compacted clay

In calculating the provision for rehabilitation, the following four items have been included:

Direct contract costs - this equates to a unit cost of 90 rand per square meter based on previous closure of the Ducats landfill. Unit costs are used to estimate rehabilitation costs until a service provider is appointed to perform an investigation and design.

Indirect professional fees - these fees are fixed and are based on a percentage of the contract.

Indirect disbursements - These are estimated by obtaining quotations from third party service providers for similar works.

Escalation has also been considered and included in the costs.

The monetary value for the provision for the landfill site at 30 June 2012 is R 5 843 803.92.

18. Employee benefit obligations

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

Carrying value

Post-Employment Health Care Benefit Liability	(5,354,221)	(2,958,546)
Transfer to current provisions	246,936	209,016
Net liability	(5,107,285)	(2,749,530)

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2012 by Chanan Weiss of ARCH Actuarial Consulting, Fellow of the faculty of Actuaries and Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	2,958,546	3,122,956
Liabilities extinguished on settlements	(209,016)	(181,536)
Net expense recognised in the statement of financial performance	2,604,691	17,126
Closing balance	5,354,221	2,958,546

Net expense recognised in the statement of financial performance

Current service cost	156,068	156,541
Interest cost	232,007	279,760
Actuarial (gains)/losses	2,216,616	(419,175)
Total included in employee related costs	2,604,691	17,126

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18. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Average retirement age - females	63	63
Average retirement age - males	63	63
Discount rates used	7.73 %	8.12 %
Health care cost inflation rate	7.09 %	7.20 %
Net effective discount rate	0.60 %	1.82 %

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	460,500	331,100
Effect on defined benefit obligation	6,293,000	4,614,000

Amounts for the current and previous three years are as follows:

	2012 R	2011 R	2010 R	2009 R	2008 R
Defined benefit obligation	5,354,221	2,958,546	3,122,956	2,965,361	-
Fair value of plan assets	-	-	-	-	-
Surplus (deficit)	(5,354,221)	(2,958,546)	(3,122,956)	(2,965,361)	-

19. Revaluation reserve

Opening balance	293,303,146	305,161,866
Change during the year	(11,893,560)	(11,858,720)
	281,409,586	293,303,146

The revaluation reserve arise on the revaluation of land and buildings. Where revalued land and buildings are sold, the portion of the revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to accumulated surplus. Distribution from the revaluation reserve can be made where they are in accordance with the requirements of the municipality's accounting policy and relevant case law. The payment of cash distribution out of the reserve is restricted by the terms of the municipality's accounting policy. These restrictions do not apply to any amounts transferred to accumulated surplus. The council do not currently intend to make any distributions from the revaluation reserve.

20. Capital replacement reserve

The capital replacement reserve is a reserve to finance future capital expenditure and is fully invested in ring-fenced financial instrument investments.

Opening balance	-	19,854,941
Change during the year	1,966,489	8,419,953
Transfer to accumulated surplus (ring-fenced within)	(1,966,489)	(28,274,894)
	-	-

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21. Government grant reserve

The government grant reserve equals the carrying value of the items of property, plant and equipment financed from government grants. The government grants reserve ensure consumer equity and is not backed by cash.

Opening balance	-	50,379,073
Change during the year	20,082,582	22,753,209
Correction of error	-	(1,362,414)
Transfer to accumulated surplus (ring-fenced within)	(20,082,582)	(71,769,868)
	-	-

22. Housing development fund

The housing development fund has its origin from loans extinguished by government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate unappropriated surplus account for housing transactions was kept.

The Housing Development Fund contains all proceeds from housing developments, which include rental income and sales of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Opening balance	-	1,496,434
Changes during the year	69,804	66,081
	(69,804)	(1,562,515)
	-	-

23. Revenue

Property rates	13,234,519	12,775,595
Service charges	38,261,621	31,973,446
Profit on sale	293,195	-
Rental of facilities & equipment	482,505	499,200
Public contributions and donations	-	15,000
Fines	1,650,860	966,187
Licences and permits	1,897,270	1,059,482
Government grants & subsidies	125,711,154	134,243,016
	181,531,124	181,531,926

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	38,261,621	31,973,446
Profit on sale	293,195	-
Rental of facilities & equipment	482,505	499,200
Licences and permits	1,897,270	1,059,482
	40,934,591	33,532,128

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue:

Property rates	13,234,519	12,775,595
Public contributions and donations	-	15,000
Fines	1,650,860	966,187

Transfer revenue:

Government grant and subsidies	125,711,154	134,243,016
	140,596,533	147,999,798

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24. Property rates

Rates received

Commercial	12,504,807	6,109,131
Residential	6,411,752	4,437,214
Agricultural	1,452,217	437,777
Vacant land	479,940	4,562,422
Exempted properties	(6,109,560)	(1,540,380)
Previous year interim rates	(340,706)	44,294
Less: Corrections	(1,163,931)	(1,274,864)
	13,234,519	12,775,594

Assessment rates are levied on the value of land and improvements, which valuation is performed every four years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Valuations

Residential	332,063,000	324,700,800
Commercial	720,323,000	725,938,982
Agricultural	401,505,000	401,663,293
Vacant land	27,646,000	27,336,260
Exempted properties	111,166,000	110,728,815
	1,592,703,000	1,590,368,150

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

A general rate of R1.44 (2011: R1.39) is applied to residential property valuations and R1.73 (2011: R1.66) to commercial property valuations to determine assessment rates. Rebates of 35% (2011: 35%) are granted to residential property owners and 10% (2011: 10%) to commercial property owners.

Rates are levied on an annual basis with the final date for payment being 30 September 2011 (30 September 2010). Interest at 18% per annum (2011: 18%) and a collection fee of -% (2011: -%), is levied on rates outstanding two months after due date.

The new general valuation will be implemented on 01 July 2014.

25. Service charges

Sale of electricity	32,488,968	26,230,861
Refuse removal	5,772,653	5,742,585
	38,261,621	31,973,446

The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

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26. Government grants and subsidies

Equitable share	92,449,000	71,817,301
National: FMG grant	1,450,000	1,200,000
National: MIG grant	24,994,125	19,180,329
National: MSIG grant	591,564	750,000
National: Department of Mineral and Energy	-	30,004,135
Provincial: DHLGTA	-	105,025
Provincial health subsidies	-	1,407,028
Local Government - Local municipalities	455,692	1,962,467
Other government	1,637,979	1,863,607
Provincial: Treasury	1,930,078	4,565,228
Provincial: DEAT	1,441,076	1,387,896
FIFA World Cup	100,000	-
Conference centre and lodges	554,387	-
Small town & rural village grant	107,253	-
	125,711,154	134,243,016

Equitable Share

In terms of the constitution, this grant is used to subsidise the provision of basic services to indigent community members and to fund operations.

All registered indigents on grid electricity, receive 50kWh free electricity per month. For non-grid consumers, R48 per month is contributed towards the maintenance of solar panels.

National: FMG/MIG/MSIG funds

Balance unspent at beginning of year	7,287,291	5,562,619
Current-year receipts	30,123,718	20,905,000
Conditions met - transferred to revenue	(24,994,125)	(19,180,328)
	12,416,884	7,287,291

Conditions still to be met - remain liabilities (see note 16).

National government grants comprise of the FMG, MIG and the MSIG grants.

FMG Grant

All conditional requirements for the FMG grant have been met thus the total amount of R 1 450 000 which was received from National Treasury has been spent in the current period.

MIG Fund

The MIG Fund had an unspent opening balance of R 6 153 008 and received a further R 29 925 282 from National Treasury. The conditional requirements were met for a total of R 24 994 125 which was spent during the year, leaving a total of R 11 084 165 unspent at year end.

MSIG Fund

The MSIG Fund met conditions to the value of R 591 564. At year end R 198 436 remains unspent

Provincial government

Balance unspent at beginning of year	6,375,108	10,030,887
Interest allocated	484,360	1,464,807
Conditions met - transferred to revenue	(2,839,100)	(5,120,586)
	4,020,368	6,375,108

Conditions still to be met - remain liabilities (see note 16).

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26. Government grants and subsidies (continued)

When demarcated from the province of KwaZulu Natal to the province of the Eastern Cape, the municipality received an establishment grant. This grant was used to cater for the bigger demarcated area and is spent in accordance with a business plan. The Unspent grant for this amounts to R4 405 069 (2011: R5 799 871).

The remainder of the provincial grant are funds used to fence the nature reserve. The Unspent grant amounts to R575 237 (2011: R575 237)

Local government

Balance unspent at beginning of year	835,987	2,427,952
Current-year receipts	350,000	1,700,000
Conditions met - transferred to revenue	(1,017,058)	(3,291,965)
	168,929	835,987

Conditions still to be met - remain liabilities (see note 16).

The District Municipality allocates funds on an annual basis to ensure that infrastructure is maintained and to contribute in the development of the Integrated Development Plan and Community Based Plans processes.

Other grants

Balance unspent at beginning of year	6,232,301	1,000,802
Current-year receipts	3,216,030	6,482,574
Conditions met - transferred to revenue	(2,275,087)	(1,251,075)
	7,173,244	6,232,301

Conditions still to be met - remain liabilities (see note 15).

Grants received for Local Economic Development Projects and Extended Public Works Programme incentive.

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27. Other income

Nature reserve chalets	13,833	14,616
Telephone private calls	3,178	3,207
Electricity connections	86,098	116,803
Service connection	44,258	70,233
Sundry services	49,449	640,291
Wood sales	746	263
Pool fees	11,434	17,470
Nature reserve annual licence	6,842	10,307
Nature reserve daily fishing	7,232	9,912
Rates certificates	3,824	3,572
Building exemption certificates	3,351	4,400
Building plans	117,961	136,681
Lost books	212	558
Photo copies	697	527
Rental revenue from other facilities	3,281	193
Pound fees	207,525	159,945
Cemetery fees	68,215	39,015
Housing	-	32,227
Tender documents	75,600	136,249
Nature reserve income	79,450	851
Driveway hardening	11,041	-
	794,227	1,397,320

The amounts disclosed above for other income are in respect of services rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

28. Investment revenue

Interest revenue

Interest on short-term bank deposits	5,257,442	4,254,880
Loans and receivables	1,669,148	1,729,226
	6,926,590	5,984,106

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29. Employee related costs

Basic	33,281,191	27,513,668
Bonus	1,480,652	1,790,863
Medical aid - company contributions	839,800	685,383
UIF	324,337	308,956
SDL	12,447	17,670
Leave pay provision charge	635,642	537,820
Defined benefit plan expense	2,883,436	(92,809)
Post-employment benefits - Pension - Defined contribution plan	3,643,605	3,819,409
Overtime payments	1,162,544	1,297,495
Other allowances	27,500	44,217
Car allowance	1,699,457	1,605,516
Housing benefits and allowances	438,139	242,385
	46,428,750	37,770,573

Post employment benefits comprises an amount of R 3 643 605 which are pension payments.

Remuneration of Municipal Manager

Annual Remuneration	747,622	691,560
Car Allowance	230,520	230,520
	978,142	922,080

Dr D.C.T Nakin served as Municipal Manager for the entire year under review.

Remuneration of Chief Financial Officer

DC Van Zyl	-	-
Annual Remuneration	312,030	514,665
Car Allowance	95,576	132,307
Contributions to UIF, Medical and Pension Funds	98,319	170,618
	-	-
K Mehlomakulu	-	-
Acting allowance	33,000	-
	-	-
L Ndzelu	-	-
Annual remuneration	157,500	-
Car Allowance	52,500	-
	748,925	817,590

Mr D.C. Van Zyl was the Chief Financial Officer from July 2011 to January 2012 in the current year.

Mr K Mehlomakulu was the Acting Chief Financial Officer from February 2012 to March 2012 in the current year.

A new Chief Financial Officer, Mr L Ndzelu, was appointed from April 2012.

Remuneration of Corporate Services Manager

Annual Remuneration	597,529	599,217
Car Allowance	192,000	192,000
	789,529	791,217

Mr Z.J. Mkhize served as Corporate Services Manager for the entire year under review.

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29. Employee related costs (continued)

Remuneration of Community Services Manager

Annual Remuneration	452,262	419,146
Car Allowance	150,000	150,000
Contributions to UIF, Medical and Pension Funds	88,191	81,734
	690,453	650,880

Mr S.M. Mbedla served as Community Services Manager for the entire year under review.

Remuneration of the EDP Manager

Annual Remuneration	-	469,459
Acting Allowance	231,618	-
Car Allowance	-	124,032
Contributions to UIF, Medical and Pension Funds	-	88,011
	231,618	681,502

The general manager EDP for the previous year, Mrs M.E. Nombungu, vacated her position with the effect of 11 May 2011. No new EDP manager was appointed in the current year. GR Tobia has been the Acting EDP manager in the current year.

Remuneration of the Infrastructure Manager

Annual Remuneration	621,376	562,000
Car Allowance	166,832	198,000
	788,208	760,000

Mr. B. Tshitshi served as Infrastructure Manager for the entire year under review.

Staff leave benefits

Municipal manager	137,292	103,926
Chief financial officer	28,930	17,660
Corporate services manager	94,340	82,375
Community services manager	47,365	51,034
EDP manager	40,455	19,355
Infrastructure manager	39,149	42,950
	387,531	317,300

30. Remuneration of councillors

Mayor	414,952	368,358
Executive Committee	2,049,982	1,894,046
Speaker	369,403	303,865
Councillors	6,775,111	3,916,076
Company contributions to UIF, medical aid and pension fund	274,948	1,554,864
Sundry allowances (Cellular phones, housing and vehicles)	3,391,215	3,308,633
	13,275,611	11,345,842

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30. Remuneration of councillors (continued)

In-kind benefits

The Mayor, the Speaker, the Chief Whip and four Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of a Council owned vehicle for official duties.

The Mayor has a driver/bodyguard.

31. Depreciation and amortisation

Property, plant and equipment	15,905,291	14,709,303
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32. Interest paid

Finance leases	-	1,912
Bank	212	218
Amortisation of held to maturity liabilities	-	16,298
Late payment of tax	52,855	-
Other interest paid	510,438	613,893
	563,505	632,321

33. Debt impairment

Contributions to debt impairment provision	2,609,770	928,991
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34. Bulk purchases

Electricity	21,898,140	16,395,061
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Bulk purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to consumers. Electricity is purchased from Eskom. The municipality incurred electricity line losses of R 986 348 (2012: 8.52% - 2011: 30%) in the current year.

Water is supplied directly to residents and businesses by the district municipality.

35. Grants and subsidies paid

Grants paid for projects and IDP

Landfill Site management	420,790	1,009,896
New IDP 2007-10	43,120	584,117
Nature Reserve Fencing	267,234	67,300
NER Elec Upgrade	-	27,192,982
Election: Road Upgrade	-	1,329,498
IDP Support	266,257	50,132
Khutelani Project	744,488	374,637
Mokhosi Milling Project	17,816	7,583
Small town and rural village	107,253	-
Land audit	121,384	-
EPWP incentive	938,345	-
	2,926,687	30,616,145

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35. Grants and subsidies paid (continued)

Other grants and subsidies

FBS Electricity	1,178,721	1,104,418
FBS Electricity previous year	-	105,159
PMS - Alfred Nzo	171,747	-
FBS Refuse	237,102	789
FBS Refuse previous year	-	495,928
FIFA world cup	100,000	-
Thina sinako	554,387	-
Office Rental	414,005	391,904
Valuation	84,451	110,088
MDF Asset Register	13,662	72,696
Capacity building	129,552	52,024
MSIG	591,564	613,705
Organisational structure	6,165	48,298
Consumer Awareness	-	19,041
PMS	-	18,460
Housing	-	105,025
FMG	1,450,000	1,200,000
Greenest town	216,881	-
Mte Tourism Initiative	392,736	49,247
SDWDP	-	501,526
	5,540,973	4,888,308
	8,467,660	35,504,453

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36. General expenses

Advertising	442,048	619,519
Assessment rates & municipal charges	-	51,562
Auditors remuneration	3,483,244	3,060,841
Bank charges	151,561	265,753
Consulting and professional fees	3,443,604	2,887,880
Consumables	466,552	282,283
Donations	-	29,420
Entertainment	5,097	4,179
Hire	81,303	43,109
Insurance	204,719	492,213
Conferences and seminars	87,224	58,322
Lease rentals on operating lease	-	102,839
Motor vehicle expenses	35,339	27,937
Fuel and oil	926,020	666,496
Postage and courier	77,544	72,717
Printing and stationery	954,025	516,636
Project maintenance costs	3,259,594	1,201,829
Subscriptions and membership fees	471,460	66,003
Telephone and fax	1,518,529	1,020,124
Transport and freight	61,492	8,159
Training	2,199,174	695,526
Electricity	536,851	177,886
Uniforms	259,175	211,071
Delegates expenses	3,456,023	1,945,849
Town planning	53,704	72,325
Obsolete stock written off	506	1,302
Public participation	409,974	424,100
Resealing	834,093	715,187
Contribution to bonus provision	179,346	-
Venue expenses	84,834	106,744
Chemicals	20,279	48,407
Farming only	-	5,363
	23,703,314	15,881,581

37. Auditors' remuneration

Fees	3,483,244	3,060,841
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38. Cash generated from operations

Surplus	35,079,019	41,400,117
Adjustments for:		
Depreciation and amortisation	15,905,291	14,709,303
Loss on sale of assets and liabilities	2,445,181	114,938
Unwinding of discount	-	(465,831)
Profit on sale of asset	(293,195)	-
creditor impairment	-	(64,994)
Obsolete stock written off	506	-
Finance costs	62,166	-
Debt impairment	2,609,770	928,991
Movements in retirement benefit assets and liabilities	2,357,755	199,745
Movements in provisions	1,084,039	747,706
Movement in land fill site asset	-	(245,951)
Capital Transfer to Acc Surplus	-	44,640
Contribution to leave	452,132	166,385
Stock written off	-	(1,299)
Other non-cash itmes	-	159,318
Changes in working capital:		
Inventories	21,713	4,496
Receivables from exchange transactions	-	(6,505,845)
Other receivables from non-exchange transactions	636,627	(6,181,215)
Consumer debtors	(1,663,414)	-
Payables from exchange transactions	(1,827,223)	(1,877,852)
VAT	6,948,794	-
Consumer deposits	(63,632)	(4,295)
Unspent conditional grants and receipts	3,048,738	1,770,698
Increase/(decrease) in Provisions	-	1,073,111
Movement in cash-backed reserves	(120,289)	-
	66,683,978	45,972,166

39. Financial instruments

Fair value information

In accordance with IAS 39.09 the financial assets and liabilities of the municipality are listed below.

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values. The fair value of Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

Available for sale financial assets

Bank	1,980,066	139,264
Cash on hand	1,250	1,250

Fair value of held to maturity investments

Investments - Fixed deposits	6,084,739	5,295,774
Short-term investment deposits	100,518,892	78,920,332

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39. Financial instruments (continued)

Fair values of loans and receivables

Trade Receivables from Exchange Transactions - Assessment Rates	15,970,614	13,917,413
Trade Receivables from Exchange Transactions - Electricity	3,008,089	5,043,515
Trade Receivables from Exchange Transactions - Refuse	6,676,404	4,952,030
Trade Receivables from Non-Exchange Transactions - Health Subsidy control	505,967	965,701
Trade Receivables from Non-Exchange Transactions - Sundry Debtors Control	221,467	53,005
Trade Receivables from Non-Exchange Transactions - Housing debtors	19,623	20,124
Trade Receivables from Non-Exchange Transactions - Debtors Sundry	10,092,771	10,097,813
Trade Receivables from Non-Exchange Transactions - Debtors Interest	207,022	70,618
Trade Receivables from Non-Exchange Transactions - Pre-paid expenses	46,630	629,961
Trade Receivables from Non-Exchange Transactions - S Zuko Consulting	-	266,687

Financial liabilities at amortised cost

Long-term Liabilities - Annuity Loans	-	18,446
Consumer Deposits - Electricity and Water	241,992	305,619
Creditors - Trade Creditors	6,777,189	2,755,327
Creditors - Payments received in Advance	2,759,934	8,962,702
Creditors - Staff Bonuses	2,473,554	2,021,422
Creditors - Other Creditors	1,669,775	1,055,587
Creditors - Income received in advance	18,510	409,648
Unspent Conditional Grants and Receipts - National Government Grants	11,282,602	6,153,009
Unspent Conditional Grants and Receipts - Provincial Government Grants	420,368	6,375,109
Unspent Conditional Grants and Receipts - Local Government Grants	168,929	835,986
Unspent Conditional Grants and Receipts - Other Spheres of Government	7,173,244	6,232,303
Bank Overdraft	-	5,923,899

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39. Financial instruments (continued)

Fair value hierarchy of financial assets at fair value through surplus or deficit

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of fair-value hierarchy as required by IFRS 7. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and the levels have been defined as follows:

Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Level 2

Short term deposits	100,518,892	78,920,332
Bank balances and cash	8,066,055	5,436,288
Bank overdraft	-	(5,923,899)
Annuity loans	-	(18,446)
	108,584,947	78,414,275

Level 3

Payments received in advance	(2,759,934)	(8,962,702)
Consumer deposits	(241,992)	(305,619)
	(3,001,926)	(9,268,321)
Total financial instruments	105,583,021	69,145,954

There were no level 1 financial instruments. Total financial instruments equate to R 105 583 021 (2011: R 69 145 954).

40. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Infrastructure	27,077,547	25,510,670
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This committed expenditure which relates to Infrastructure will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

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41. Contingencies

Matatiele Local Municipality vs M.E.Nombungu.

The plaintiff is suing the municipality for the sum of R 364 500. At year-end, the case was still pending.

Matatiele Local Municipality vs T.S.Ntsalla.

The plaintiff is suing the municipality for a sum of R 2 460 407. At year-end the matter is still awaiting a next court date and consequently still pending.

Matatiele Local Municipality vs X.Marubelela

The plaintiff is suing the municipality, which could result in a possible loss of salary back pay to be paid to the applicant from March 2011.

Matatiele Local Municipality vs Mulla

The maximum possible loss from this case is not expected to exceed R 55 000.

Matatiele Local Municipality vs P.G.Hattingh

The plaintiff's claim in the above matter is for R 55 000. The case is still pending.

42. Related parties

Services rendered to related parties

Rates

Councillors	150,197	54,487
Municipal manager and section 56 personnel	8,818	-

Services

Councillors	22,978	29,771
Municipal manager and section 56 personnel	1,171	-

Interest of related parties

Councillors and/or management of the municipality had no relationship with businesses to management's best knowledge.

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43. Events after the reporting date

In August 2012, due to severe weather conditions, there were major damages to the following four community halls:

1. Ward 10 - Hlomendini Community Hall;
2. Ward 10 - Lunda Community Hall;
3. Ward 10 - Caba Community Hall;
4. Mvenyane Community Hall.

These assets will be tested for impairment and adjusted accordingly for the period 1 July 2012 going forward.

44. Irregular expenditure

Add: Irregular Expenditure - current year	525,351	2,898,285
Less: Transfer to trade receivables from non-exchange transaction	-	(2,898,285)
	<u>525,351</u>	<u>-</u>

Details of irregular expenditure

Supply of Electricity Cable	165,166
Traffic Signals Installation and Maintenance	360,185
	<u>525,351</u>

45. In-kind donations and assistance

The municipality was not engaged in any transaction or event during the year under review involving in-kind donations..

46. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	466,010	286,410
Amount paid - current year	(466,010)	(286,410)
	<u>-</u>	<u>-</u>

Audit fees

Current year subscription / fee	3,483,244	3,060,841
Amount paid - current year	(3,483,244)	(3,060,841)
	<u>-</u>	<u>-</u>

PAYE and UIF

Current year subscription / fee	8,019,782	6,105,077
Amount paid - current year	(8,019,782)	(6,105,077)
	<u>-</u>	<u>-</u>

Pension and Medical Aid Deductions

Current year subscription / fee	7,621,068	9,145,471
Amount paid - current year	(7,621,068)	(9,145,471)
	<u>-</u>	<u>-</u>

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46. Additional disclosure in terms of Municipal Finance Management Act (continued)

VAT

VAT receivable	299,522	7,248,316
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VAT output payables and VAT input receivables are shown in note 4.

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

Councillors' arrear consumer accounts

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

30 June 2012	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
MM Mbobo	3,799	2,271	6,070
NE Kotelane	195	-	195
NS Nkopane	268	-	268
SM Ndukwana	1,171	537	1,708
NE Kotelana	605	22,550	23,155
SM Mzozayana	390	585	975
S Mavuka	390	2,192	2,582
M Saliwavikwa	3,969	62,248	66,217
M Saliwavikwa (One stop service station)	3,671	33,914	37,585
PG Muir	20	1	21
KC Biggs	(465)	-	(465)
VM Mlandu	437	11,848	12,285
M Lebese	691	2,033	2,724
	15,141	138,179	153,320

Councillor back pay

	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
NS Nkopane	-	33,124	33,124
PM Stuurman	-	33,124	33,124
KB Makholwa	-	33,124	33,124
CN Sambane	-	33,124	33,124
PZ Bono	-	33,124	33,124
LE Stuurman	-	33,124	33,124
VC Sigalelana	-	7,474	7,474
NE Kotelana	-	7,166	7,166
LM Ntshayisa	-	7,166	7,166
PG Muir	-	29,768	29,768
KC Biggs	-	22,918	22,918
	-	273,236	273,236

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46. Additional disclosure in terms of Municipal Finance Management Act (continued)

Supply chain management regulations

In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and be reported to Council for noting. The expenses incurred as listed hereunder have been condoned.

Incident

In an emergency	1,023,340	2,649,851
If such goods or services are produced or available from single provider only	425,013	863,696
In any other exceptional case where it is impractical or impossible to follow official procurement processes	4,798,991	8,690,280
When it is impractical to obtain 3 quotation for small purchases less than 2000	-	256,500
	6,247,344	12,460,327

47. Prior period errors

A creditor was raised at the incorrect value. The creditor and the grants and subsidies paid expense were consequently overstated by R136 295. These balances are now correctly stated.

The Tayler Bequest Hospital has been overcharged for electricity since the 06/07 financial year. This matter has been addressed with the hospital as well as the department. As a result, a creditor has been raised for payments received in advance in the prior year of R7 547 589, and applied retrospectively. The income and interest raised in the prior year has been reversed accordingly. A copy of the agreement as well as supporting calculations for the corrections are available at the municipal offices.

An exercise to evaluate the provision for rehabilitation of the landfill site was done in the current year. The provision was recalculated, and in accordance with GRAP 2, corrections are retrospectively applied. The PPE and Interest expense value for the prior year were accordingly adjusted, along with the provision for the landfill site.

Stale cheques existing from 2006/2007 financial year was still reflected as a creditor. As a result an impairment of the creditor was done to correct the stale cheques creditor. The correction of the creditor balance at 30 June 2011 amounts to R609 470. The accumulated surplus account was the contra entry for stale cheques up until 30 June 2010. This impact amounted to R544 477 on that account. The stale cheques for the year ended 30 June 2011 was impaired through the income statement and is reflected as an impairment of creditor R64 994.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Property, plant and equipment	-	(1,458,669)
Intangible assets	-	149,922
Payables from exchange transactions	-	(5,667,554)
Provision for landfill site	-	(1,018,036)
Opening Accumulated Surplus or Deficit	-	6,925,031
Unspent Conditional Grants	-	1,134,282

Statement of Financial Performance

Interest paid	-	465,196
Grants and subsidies paid	-	(136,295)
Repairs and maintenance	-	(33,092)
Depreciation	-	(74,954)
Services charges (electricity sales)	-	2,319,709
Interest earned (electricity)	-	60,207
Creditor impairment	-	(64,994)

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48. Section 32 procurement

Cyas sound event management
University of Stellenbosch
Protea consulting
Nile human capital

-	-
-	-
-	-
-	-
<hr/>	
-	-
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During the current year the Municipality chose to utilise the provisions of section 32 (s32) of the Supply Chain Regulations to award tenders to companies using the competitive bidding process of other Municipalities. The above companies were appointed by way of use of this provision. All sections of the provisions were adhered to in the awarding of bids.

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49. Fruitless and wasteful expenditure

Opening balance	-	-
Fruitless and wasteful expenditure - current year	167,477	-
	167,477	-

The amount for fruitless and wasteful expenditure was incurred and paid in total in the current year. These were in respect of the following three situations:

- A fine of R100 000 was paid to DEDEA for the construction of an access road on a wet land.
- A penalty of R52 855 was paid to SARS for late payment of third(3rd) party payments.
- A sum of R14 622 was paid to Post master in relation of interest charged on outstanding telkom account.

50. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

- The application of GRAP 104 is being applied retrospectively. This clearly implies that the municipality is not required to discount debtors and creditors as long as payment terms and conditions are consistent with terms used in the public sector, either through established practices or legislation. The resultant effect of this application calls for a retrospective adjustment to the following line items:

Statement of financial position

Consumer debtors

Previously stated	-	6,269,659
Adjustment	-	479,075
	-	6,748,734

Payables from exchange transactions

Previously stated	-	15,996,278
Adjustment	-	172,563
	-	16,168,841

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50. Changes in accounting policy (continued)

Statement of Financial Performance

Service charges

Previously stated	-	31,580,756
Adjustment	-	392,690
	-	31,973,446

Interest earned - external investment

Previously stated	-	6,363,551
Adjustment	-	(379,445)
	-	5,984,106

Finance costs

Previously stated	-	1,250,057
Adjustment	-	(617,736)
	-	632,321

Debt impairment

Previously stated	-	1,394,822
Adjustment	-	(465,831)
	-	928,991

Repairs and maintenance

Previously stated	-	8,417,981
Adjustment	-	166,539
	-	8,584,520

Bulk purchases

Previously stated	-	16,078,220
Adjustment	-	316,841
	-	16,395,061

General expenses

Previously stated	-	15,574,663
Adjustment	-	306,918
	-	15,881,581

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51. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - 2012

	Capital replacement reserve	Government grant reserve	Housing development fund	Total
Opening balance	28,274,894	71,769,868	1,562,515	101,607,277
Write back of depreciation through Capital Replacement Reserve	116,799	-	-	116,799
Contribution to Capital Replacement Reserve	12,414,857	-	-	12,414,857
Purchase of Property, Plant and Equipment through reserves	(10,565,167)	25,932,353	-	15,367,186
Write-off of Property, Plant and Equipment	-	(1,134,282)	-	(1,134,282)
Write back of accumulated depreciation due to offsetting of accumulated surplus	-	(4,715,489)	-	(4,715,489)
Interest Received	-	-	63,322	63,322
Transfer to Housing Development Fund	-	-	6,482	6,482
	30,241,383	91,852,450	1,632,319	123,726,152

Ring-fenced internal funds and reserves within accumulated surplus - 2011

	Capital replacement reserve	Government grant reserve	Housing development fund	Total
Opening balance	19,854,941	50,379,073	1,496,434	71,730,448
Interest received/(paid)	-	-	59,601	59,601
Changes in revaluation surplus arising from changes in existing decommissioning, restoration and similar liabilities	(127)	(489,940)	-	(490,067)
Grants utilised to obtain Property, Plant and Equipment	-	25,755,376	-	25,755,376
Property, Plant and Equipment purchased	(8,337,400)	-	-	(8,337,400)
Transfer to Capital Replacement Reserve	16,737,296	-	-	16,737,296
Correction of error	-	(1,362,414)	-	(1,362,414)
Write back of depreciation due to offsetting of accumulated surplus	20,184	(2,512,227)	-	(2,492,043)
Transfer to Housing Development Fund	-	-	6,480	6,480
	28,274,894	71,769,868	1,562,515	101,607,277

52. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

52. Risk

management

(continued) Credit

and Interest risk

Credit and Interest risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter- party.

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

Financial assets exposed to credit and interest risk at year end were as follows:

Financial instrument	2012	2011
Nedbank	2,051,733	-
Standard Bank	137,734	139,264
First National Bank	76,590	(182,214)
Short term investments	100,518,892	78,920,332
Long term Investments	6,084,739	5,295,774

5.1 OVERVIEW OF THE EXECUTIVE COUNCIL FUNCTIONS AND ACHIEVEMENTS

Municipal Council (Council) as a structure at the municipal level of government in terms of Chapter 3 of the Municipal Structures Act (Act) 117 of 1998, functions well in accordance with the Act in Matatiele Local Municipality (Our Municipality). The objectives of the Municipal Councils as found in section 152 of the Constitution of the Republic of South Africa are carried. All our Council meetings during the Financial Year under discussion were held in terms of section 29 of the Act as determined by the Speaker from time to time and there were no deviations. At the beginning of each financial year a Calendar with schedule of meetings for the Council, Executive Committee (EXCO) and Standing Committees (STANCO's) is presented to Council for adoption and once adopted it serves as a programme that is followed guided by the Rules and Orders of Council. Our Municipality has both the section 79 Committees which are referred to as Council Committees and section 80 Committees which are linked to EXCO.

- All section 80 Committees have been meeting in line with the programme as stated above. The committees do have special meetings that are called to consider matters that are considered urgent by the Council from time and the Chairpersons of these committees are responsible for calling of such meetings. All Council Resolutions start at the committee stage and taken to the Executive for further deliberation before being presented as recommendations to the Council by the EXCO for adoption as Council Resolutions.
- The section 79 Committees that were functional are; the Audit Committee, Municipal Public Accounts Committee (then Oversight Committees) and the Rules and Orders Committee. These Committees were not functioning optimally. The item on challenges will reveal some of the weaknesses and recommendations thereof.
- Through the effective running of the Municipal Council all section 71 reports were considered by the Council. The Municipality obtained the Unqualified Report from the Auditor General although we aimed for the Clean Audit. Despite continued challenges, particularly with the period leading to the Local Government Elections, the strength of TROIKA plus One ensured that stability is maintained.

5.2 PUBLIC PARTICIPATION AND CONSULTATION;

- The Integrated Development Plan (IDP) that was run on the basis of the District wide Process Plan was undertaken, but the Sector Departments were not always participating fully in IDP process. Despite emphasis in MUNIMEC meetings that Departments should participate, but this never happened. There were lots of Anti- Eastern Cape marches and the Municipal Leadership was preoccupied by those activities. The fact that there were no Imbizos held with Communities was a serious weakness on the municipal leadership. The Imbizos that took place were those undertaken under the Provincial Leadership. There was a mindset that suggested that Imbizos belong to the Province.

- Public Hearings that took place were those that relate to whether Matatiele should be in Eastern Cape (EC) or Kwazulu Natal (KZN). The public hearings designed to involve community in the municipal affairs was non-existent. There was a view that public hearings were the domain for Provincial Legislatures and as such Municipalities have been careful not to duplicate or imitate that which is regarded as belonging to the upper structure. The information around the activities within the municipality were communicated through the formal municipal structures such as ward committees.
- Customer satisfaction surveys were never considered and even if they were considered were not likely going to be of assistance then as people were preoccupied by boundary considerations more than service delivery. The challenge was that the representative and participatory democracies were in conflict during the years under review, but this served as a positive lesson to our municipality.

5.3 WARD COMMITTEES' ESTABLISHMENT AND FUNCTIONALITY

- During the period under review the municipality had 26 Wards that were established in terms of the National Guidelines. Ward Committees were actively participating in communities and regular meetings were held with communities. The minutes of such meetings can be obtained as a portfolio of evidence (POE). However, the proper sequential filing of such minutes cannot be guaranteed, as this is a general weakness within the municipality.
- The main challenge is that the ward committees have not been participating directly within the municipality. Their participation has been through the Ward Councillors. There has never been Council Resolutions that emanate from the deliberations that take place at the ward level. This could be raised as one of the weaknesses/ challenges. The recommendation would be that a draft framework developed by the Department of Local Government and Traditional Affairs (DLG&TA) be presented to municipalities for them to make it suite their situation. I hope this would assist those municipalities that prioritise public participation most.
- The minutes of feedback meetings with communities are available and also copies of ward committee activities reports are available, but the systemic record keeping has remained a challenge. Other Challenges have been the election of Ward Committees has been greatly elected through the powerful political contestations as opposed to them being elected out of sectors as previously envisaged through the legislation. The portfolios allocated to them are not derived from the sectors they are drawn from which reflect their interests and competencies.
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5.4 COMMUNITY DEVELOPMENT WORKERS PERFORMANCE MONITORING

Community Development Workers (CDWs) through the Community Development Programme (CDP) were recruited for the first time after the historic State of the Nation address by the then President, Thabo Mvuyelwa Mbeki, but there was a conscious decision then that CDWs were not going to work in collaboration with Municipalities. There was a prevalent view then that allowing CDWs to collaborate with municipalities would reduce their strength as they would be dependent to the local structures and get compromised. It is in that context that we have to understand the character of CDP during the years under review. There were no monitoring mechanisms put in place for the programme. CDWs were linked to the offices of Mayors, but never reported on their operations based on the previous set-up regarding the programme. The workings of the CDWs can be obtained for the period under consideration, but all in a disorganised manner. There was no Unit dedicated to public participation then.

5.5 COMMUNICATION STRATEGY

The Communication Strategy was developed in 2010 and it's being reviewed on an annual basis. For 2011/12 it was reviewed on September 2011 and reviewed by the council on October 2011.

Currently, the Communications Office is run by the Communication and Research Officer, Market, Brand and Events Co-ordinator and the Communication, IGR and Protocol Manager.

Due to Infrastructural constraints, there's no office space the Communication Unit and therefore have to share office space with the IDP/M&E Unit.

5.7 INTERGOVERNMENTAL RELATIONS

The IGR was only a District function in 2011/2012, only district meetings were attended, there was no strategy only IGR frame work was used as the legislation with regard to IGR. However when there are emergencies the Municipality was able to coordinate other departments to deal with issues

5.8 LEGAL MATTERS

5.8.1 SETTING UP OF LEGAL UNIT

The municipality should provide information regarding the availability of legal services within the municipality. In case the municipality has a legal Unit, information should be provided on the human resource capability. In case the municipality is outsourcing legal services, they should disclose the names of the firms used during the year under review.

5.8.2 MANAGEMENT LITIGATION

1. Case Load Management with specific reference to:

a. Favourable cases

Case name	Recovery (yes/No)	Reasons for non recovery

b. Unfavourable cases

Case name	Compliance with judgement (yes/No)	Reasons for non compliance with judgement

2. Case age analysis,

Case name	Nature of the case	Date of commencement	Cases of 2 years or bellow	Cases beyond 2 years	Reasons for extensive duration

3. Default judgements

Case name	Reasons for default judgement

4. Prevention mechanisms of current litigations:

The municipality is expected to clearly indicate steps taken by the legal services to prevent the current litigations and the reasons why these ligations could not be prevented.

5. Criminal matters emanating from corruption and fraud

The municipality is expected to provide the list of cases of criminal matters emanating from corruption and fraud.

5.8.3 MANAGEMENT OF LEGAL RISK

The municipality is expected to provide information on any existing policy adopted by the Council to manage legal risks during the year under review. In case of non existence of a policy, the municipality should say what steps are being taken to ensure that the policy for management of legal risk is in place and adopted.

PART 3- FUNCTIONAL AREAS REPORTING AND ANNEXURE

1.1 BACKGROUND

Matatiele Local Municipality adopted a Performance Management Framework as a tool to monitor and evaluate performance for 2011/2012 financial year. The Framework served as a guiding tool for performance Management

The Municipality recognizes the significance of having a Performance Management System not only as a legal requirement in terms of the applicable laws, but as an important instrument of corporate governance which aims at ensuring that a process of goal setting in the work place is followed by a systematic success measuring process.

1.2 INTRODUCTION

Annual Performance information indicates how the Municipality is performing against its aims and objectives. Good performance information helps identify what policies and processes work and why they work. Performance information is essential for effective management, including business planning, monitoring and evaluation. Externally, performance information allows effective accountability with appropriate information; members of the public and other stakeholders are able to exert pressure for improvements and can better understand the issues involved.

The Municipality for each quarter aligns the performance of the municipality against the set targets on the Municipal SDBIP. This performance seeks to attain the following:

- indicating progress against objectives;
- prompting an external focus by public institutions on transparency, accountability, and progress on service delivery;
- ensuring the best results for citizens;
- identifying gaps between policy formulation and policy implementation; enhancing strategic planning processes; and
- reflecting the level of institutional capacity to actually deliver services to citizens

This performance report is per internal department and indicates the performance of each department against the departmental planned Annual targets and Objectives.

A number of targets were not set on the SDBIP; hitherto the Municipality performed the targets with purposes for service delivery to the community of Matatiele Local Municipality area.

This report will also entail the corrective measures to variations on planned targets and the challenges thereof. Moreover the financial reports as per departmental spending (expenditure report).

1.3 ANNUAL PERFORMANCE REPORT PER DEPARTMENT

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
1.3.1 BUDGET & TREASURY DEPARTMENT							
1.3.1.1 BUDGET & PLANNING & FINANCIAL REPORTING UNIT							
No of staff trained in finance management	4 trainings need to be by staff by 30 June 2012	Ensure that the staff members that need to be trained are trained by 30 June 2012	12 Reports - target met	n/a	1 346 764		yes
Quarterly reporting to council	4 Quarterly Reports by 30 June 2012	No. of quarterly reports to council by 30 June 2012	4 Quarterly Reports – target met	n/a			Yes
Annual details of bank account (Sec.9b)	Annual Bank Update by 30-Jun-12	Before 30 June 2012	On 13 June 2012 – target met	n/a			yes
Quarterly reporting on withdrawals	4 Quarterly Reports	No. of quarterly reports to Council	4 Quarterly Reports - target met	n/a			yes
Mid-year budget (Sec.72)	1 midyear assessment by 25-Jan-12	Before 25 January each year	on 25 January 2012- target met	n/a			Yes
Bank reconciliation's	12 Monthly Reports by 30 June 2012	No. of reconciliations submitted to council.	12 Reconciliations- target met	n/a			yes
Investments	4 Quarterly Reports by 30 June 2012	No. of bank certificates to council.	3 Certificates – Target not met				yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
Investment policy (annual review)	Annual Investment Policy by 30-Jun-12	Ensure that investment policy is reviewed and approved by 30 May 2012	On 30 June 2012 – Target met	n/a			yes
Review of policies	Annual Review of Policies by 30-Jun-12	Ensure that all policies are reviewed and approved by council by 30 May 2012 - Credit Control and Debt Collection, Tariff, Procurement, Indigent Management, Budget, Risk Management, Rates, Fixed Assets and Accounting, Banking and Investment	On 30 June 2012 – Target met	n/a			yes
Payment of interest & redemption	Bi-annually by 31 December 2011 and 30 June 2012	Ensure that interest & redemption on outstanding debt are paid timeously.	1-target not met				yes
Reconciliation with general ledger	Monthly reconciliation of general ledger 30 June 2012	Ensure that the general ledger is reconciled on monthly basis.	1-target not met			1 346 764	yes
Compliant financial statements	Annually by 31 August 2012	Ensure that the completed Annual Financial Statement compliers with the required standards and are submitted by 31 August 2012	1 - Target met	n/a			Yes
Time schedule	By 31-Aug-11	Ensure time schedule is approved by 31 August 2011	Proved Time schedule – target met	n/a		1 346 764	Yes
Tabling of annual budget	By 31-Mar-12	Ensure that the annual budget is tabled to council by 31 March	Tabled Annual Budget on 22 March 2012– target met	n/a			Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
		2012					
Approval of annual budget	By 31-May-12	Ensure that the annual budget is approved by council by 30 May 2012	Approved Annual Budget on 29 May 2012- target met	n/a			yes
Public meetings	7	No. of meetings held with the community	27 meetings held				Yes
Undertake tariff setting during budget preparation process	Annually by 30 June 2012	Ensure that the tariffs are in line with required standards and are approved by 30 June 2012	2				
Align Budget with IDP	Annually by 30 June 2012	Ensure that the budget is aligned with the IDP by 30 June 2012.	1	n/a			
Monthly reports to Managers i.r.o I & E	12 Monthly Reports by 30 June 2012	No. of monthly budget reports to MANCO.	12 monthly reports	n/a			yes
Age Creditors Analysis	12 Monthly Reports by 30 June 2012	No. of Monthly Budget Reports to MANCO	12 report submitted – target met	n/a		2 693 529	yes
Age Debtors Analysis	12 Monthly Reports by 30 June 2012	No. of Monthly Budget Reports to MANCO	12 reports Submitted- target met	n/a			yes
Capital Acquisition	12 Monthly Reports by 30 June 2012	No. of Monthly Budget Reports	12 reports Submitted- target met	n/a			yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
Actuals		to MANCO					
Statement of Financial Performance (actuals)	10 working days after end of month	12 Monthly Budget Reports	12 reports Submitted- target met	n/a			yes
Statement of Financial Performance (actuals)	12 Monthly Reports by 30 June 2012	No. of Monthly Budget Reports to MANCO	12 reports Submitted- target met	n/a			yes
Cash Flow actuals	12 Monthly Reports by 30 June 2012	No. of Monthly Budget Reports to MANCO	12 reports Submitted- target met	n/a			yes
Finance Management Grant	12 Monthly Reports by 30 June 2012	No. of Monthly Budget Reports to MANCO	12 reports Submitted- target met	n/a			yes
Restructuring Grant	12 Monthly Reports by 30 June 2012	No. of Monthly Budget Reports to MANCO	12 reports Submitted- target met	n/a		591 593	yes
Municipal Systems Implementation Grant	12 Monthly Reports by 30 June 2012	No. of Monthly Budget Reports to MANCO	12 reports Submitted- target met	n/a		24 994 125	yes
Municipal Infrastructure	12 Monthly Reports by 30 June 2012	No. of Monthly Budget Reports to MANCO	12 reports Submitted- target met	n/a			yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
Grant							
Long Term Contracts	24 Working days after end of quarter	4 Quarterly Reports	4 Quarterly Reports- Target met	n/a			yes
List of Municipal Entities	4 Quarterly Reports by 30 June 2012	No. of Quarterly Reports to MANCO	4 Quarterly Reports- Target met	n/a		R0	yes
Implementation Priorities	4 Quarterly Reports by 30 June 2012	No. of Quarterly Reports to MANCO	4 Quarterly Reports- Target met	n/a			yes
Borrowing Monitoring	4 Quarterly Reports by 30 June 2012	No. of Quarterly Reports to MANCO	4 Quarterly Reports- Target met	n/a			yes
Competency Levels	24 working days after end of six months	No. Half yearly Reports to MANCO	2 Reports – Target met	n/a			yes
MFMA Evaluation by MM S72	By 25-January 2012	No. Yearly Reports to MANCO	1 Report Submitted – Target met	n/a			yes
Standard Budget return form to analyst	By 24-January 2012	No. Yearly Reports to MANCO	1 Report Submitted – Target met	n/a			yes
Revised Capital Budget	By 24-January 2012	No. Yearly Reports to MANCO	1 Report Submitted – Target met	n/a			yes
Revised Operating Budget	By 24-January 2012	No. Yearly Reports to MANCO	1 Report Submitted – Target met	n/a			yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
Revised Balance Sheet	By 24-January 2012	No. Yearly Reports to MANCO	1 Report Submitted – Target met	n/a			yes
Capital Acquisition Audit	Audit Outcomes whenever receive from AG	No. Yearly Reports to MANCO	1 report – target met	n/a			
Operating Audited	Audit Outcomes whenever receive from AG	No. Yearly Reports to MANCO	1 report – target met	n/a			
Balance Sheet Audited	Audit Outcomes whenever receive from AG	No. Yearly Reports to MANCO	1 report – target met	n/a			
Adjustment budget	By 31-Jan-11	Ensure that the adjustment budget is approved by council by 31 January 2012	Approved adj. Budget- Target met	n/a			
Trial balance preparation	By 31-Jul-11	Ensure that the trail balance preparation by 31 January 2012	Completed trial balance- Target met	n/a			
Reconciliation with general ledger	By 25-Aug-11	Ensure that the general ledger is reconciled by the 25 th August 2011	Reconciliation done – Target met	n/a			
Working papers for year-end transactions	By 25-Aug-11	Ensure that the working papers for year-end transactions are completed and ready for audit purposes by the 25 th August	Working paper compiled- Target met	n/a			

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
		2011					
Accounting policies i.r.o statements	By 25-Aug-11	Ensure that the accounting policies i.r.o. statements are completed by 25 th August 2011	Completed – Target met	n/a			
CFO report on statements	By 25-Aug-11	Ensure that the CFO report on statements is completed by 25 th August 2011	1 Report – target met	n/a			
GAMAP/GRAP conversion	By 25-Aug-11	Ensure that the Ledger, trial balance and I & E statement in GRAP format – by 25 August 2011	Achieved – target met	n/a			
Completed financial statements	By 25-Aug-11	Ensure that the AFS are completed by the 25 th August 2011	Financial Statements- target met	n/a			
Submission to A-G & Province	By 31-Aug-11	Ensure that the AFS are completed by the 31 st August 2011	Submitted – target met	n/a			
Exceptions	By 30-Sep-11	Ensure that there is a quick and efficient responses to Audit Queries and these are completed 30 November 2011.	Responded quickly and adequately – target met	Exceptions			
Unspent Grants	By 31 August 2012	Budget Adjustment in line with	100% - target met	Unspent Grants	-3 610 103	22 645 143	

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
		AFS.					
Equitable Share	By 30 June 2012	Amount of money received from the National Treasury by 30 June 2012	100% - target met	Equitable Share	-63 687 316	1 415 822	
MSIG	By 30 June 2012	Amount of money received from the National Treasury by 30 June 2012	100% - target met	MSIG	-790 000	591 563	
FMG	By 30 June 2012	Amount of money received from the National Treasury by 30 June 2012	100%- target met	FMG	-1 450 000	1 450 000	
1.3.1.2 REVENUE MANAGEMENT UNIT							
No of staff trained in finance management	Bi-monthly	Ensure that all staff member that are to be trained and are done so by 30 June 2012	4 trainings attended	n/a	9 918 427		
To improve key financial viability and liquidity indicators:	R15m by 30 June 2012	Ensure that the long outstanding debt is reduced by 30 June 2012	R9.9m – Target not met	Non-availability of debt collector.			yes
Tariff adjustments	By 30 June 2012	Ensure that the tariffs are advertised after approval of budget / 30 May 2012	100% - Target	n/a			yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
Debtors reconciliation	12 Monthly Reports by 30 June 2012	No. of reconciliations prepared by 30 June 2012	12 Reconciliations - target met.	n/a			yes
Additional revenue	By 30 June 2012	Ensure that additional revenue secured by 30 June 2012	Target not met	n/a			
Launch on-going data cleansing programme (in-house) Implement full blown credit control in accordance with Council Policy	12 Monthly Reports by 30 June 2012	Ensure that data cleansing and credit control is implemented by 30 June 2012.	12 – target met	n/a			yes
Rates Income	12 Monthly Reports by 30 June 2012	Ensure that rates income is reconciled and recorded accordingly on a monthly basis	-R 26 523 710.38	n/a	-R 25 173 298	R13 234 518	yes
Interest on External Investments	12 Monthly Reports by 30 June 2012	Ensure that interest on external investment income is reconciled and recorded accordingly on a monthly basis	-R 4 218 541.77	n/a	-R 3 000 000	R5 257 442	yes
Interest on Outstanding Debtors	12 Monthly Reports by 30 June 2012	Ensure that interest on outstanding debtors is reconciled and recorded accordingly on a monthly basis	-R2 948 088.46	n/a	-R 1 640 000	R1 669 147	yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
Other Income	12 Monthly Reports by 30 June 2012	Ensure that other income is reconciled and recorded accordingly on a monthly basis	- R 154 599.67	n/a	-R 116 000	R782 791	yes
1.3.1.3 SUPPLY CHAIN MANAGEMENT UNIT							
Creditors paid within 30 days	No of creditors days	Ensure that creditors are paid within 30 days of received	95%- Target not met	Late submission of invoices by suppliers and departments	1 666 261	R 1 200 000	yes
Salaries and allowances paid monthly	12 Monthly payment of Salaries by 30 June 2012	Ensure that they are paid by the 25 th of the month.	100%-Target met	n/a	R0	R0	yes
Insurance of assets & liabilities	By 31 July 2011, all assets are insured – payment	Ensure that assets are all insured by 31 July 2011	100% - Target met	n/a	R500 000	R450 000	Yes
Financial regulations review	Review by 30 June 2012	Ensure that Financial regulations are reviewed by 30 th June 2012	Target Met: Reviewed on 30 May 2012	N/A	N/A	N/A	Yes
Delegations review	Review by 30 June 2012	Ensure that delegations' Framework Reviewed by 30 th June 2012	Reviewed and adopted on 31 May 2012 Target Met	N/A	N/A	N/A	Yes
Procure debt management and credit control operating system	By 30 June 2012	Ensure that we procure the debt management and credit control operating system for reduction of debt by 30 June 2012	Appointed a Debt Collector and Lawyers for debt collection	N/A	N/A	N/A	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
Compliance with SCM Regulations	12 surveys by 30 June 2012	Ensure that we complete a Survey on SCM regulations by 30 June 2012	12 surveys- target met	n/a	1 666 261	R1 500 000	Yes
Supply Chain Management Policy Review	By 30 June 2012	Ensure that the policy is reviewed by 30 June 2012	Policy reviewed – target met	n/a	n/a	n/a	Yes
Tender Adjudications	14 committee meetings	Ensure that the Committee Meeting Minutes are done as and when there are projects that have been adjudicated.	14 meetings- target met	n/a	n/a	n/a	Yes
Implementation of Supply Chain	4 Quarterly Reports by 30 June 2012	Ensure that the SCM processes are followed and met in compliance with the legislation on a dialy basis or on procurement of goods or services.	4 Reports – Target met	n/a	n/a	n/a	Yes
Management Policy Review	Reviewed policy by 30 June 2012	Ensure that the management policy is reviewed by 30 June 2012	Policy reviewed – target met	n/a	n/a	n/a	Yes
Align with new threshold values	Review with the policy by 30 June 2012	Ensure that the procurement threshold values are reviewed by 30 June 2012 in line with the legislation.	Policy reviewed – target met	n/a	n/a	n/a	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
Establish new bid committees	Annual	Committees	Appointment of Specifications , Evaluation and Adjudication committees: Target Met	N/a	N/A	N/A	Yes
Compile internal procedures and processes	30/06/2011	Procurement Manual	Manual developed – target met	N/a	N/A	N/A	Yes
Updated database of suppliers	Updated suppliers data base by 30 June 2012	Ensure that the supplier database is updated by 30 June 2012	12 updates performed - target met	N/a	N/A	N/A	Yes
Approval of tenders not recommended.	4 Quarterly reports	Quarterly reports to AG, PT and	4 reports - Target met	n/a	N/A	N/A	Yes
Normal course of the implementation of SCM	12 Monthly Reports	Ensure that National Treasury reports are submitted Monthly	12 reports – Target met	n/a	N/A	N/A	Yes
Updating of assets register	12 monthly updates	Ensure that the Asset register is updated on a monthly	12 monthly updates - Target Met	n/a	N/A	N/A	Yes
Disposal of assets	By 30/04/2012	Ensure that assets that are to be disposed are done so by 30 April 2012	Report done on 31 March 2012 - target Met	n/a	n/a	n/a	Yes
Additional assets	By 30/06/2011	Ensure that all assets that are budgeted for are procured by	Report done on 30 June 2012 - target Met	n/a	n/a	n/a	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
acquired.		30 June 2012.					
1.3.1.4 GOVN & ADMIN UNITS							
No of staff trained in finance management	Training of 20 pple	Training schedule	23 people trained- target met	No of staff trained in finance management	40 000		
No of staff meetings	12 meetings by 30 June 2012	Ensure that staff meetings are held on a monthly basis	12 meetings - target met	No of staff meetings			yes
To launch a program aimed at accrediting Financial/ non-technical officials/councilors with IMFO	30/06/2012	Registration Certificates	12 staff meetings- target met	To launch a program aimed at accrediting Financial/ non-technical officials/councilors with IMFO			
Computer Training	Training of 10 people by 30 June 2012	No. of staff trained	25 people trained- target met	Computer Training			
Undertake a study aimed at identifying and address critical gaps in line with JIPSA and Competency levels of Financial Officers/	Annually	Competency levels	MFMP NQF* Minumu Competancy Level Training-target met	n/a			yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
SCM							
Issue of staff with PC's	20	No. of staff issued	10 pc,s issued – target not met		3 533 051		
Installation of antivirus software	Monthly	Update Reports	12 updates- target met	n/a			yes
Updating of Abakus Financial System	Half Yearly	New Release Dates	1 update done- target met	n/a			yes
Updating of PayDay Payroll System	Annually	New Release Dates	Abakus updated- target met	n/a			
Maintenance of hardware	Quarterly	Asset Verification Report	6 maintenance- Target met	n/a			yes
Valuation Roll Maintenance	Quarterly	Amended Valuation Roll	3 amendments- target not met				yes
Develop and implement an IT Strategy for Department	Annually	Strategy Document	1 – target met	n/a			yes
Table for consideration and approval of draft	1	Risk Management Plan	1 – target met	n/a	970 316		
Risk Management & Fraud Prevention	1	Fraud Prevention Workshop	1 – target met	n/a			

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
Plan							
Develop a comprehensive office requirement plan informed through needs analysis	Annually	Plan	1 – target met	n/a			yes
Communicate needs through applicable department	Annually	Plan	1 – target met	n/a			
Identify economic opportunities and liaise with internal structures	Annually	Plan	1 – target met	n/a			
Appointment of Department Safety Liaison Officer	31/09/2010	Letter of Appointment	1 Appointed- target	n/a			
1.3.2 COMMUNITY SERVICES DEPARTMENT							
1.3.2.1 ENVIRONMENTAL MANAGEMENT							
To recruit appropriately qualified personnel	Advertise the position and appoint the suitable	Recruit and retain one Parks Cemetery Officer	Achieved	N/A	Human Resources (Personnel)	Human Resources (Personnel)	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
	candidate						
To engage public and schools in the development of recreational parks	Development and maintenance of Parks & Open Spaces	Planting of trees during About Day in September and maintenance thereafter.	Achieved	N/A	R165 000	R102 000	Yes
To establish Community Based Natural Resource Management programme (CBNRM)	Assist with establishment of cooperative to remove Alien Plants in Mvenyane area	Clearing of invasive wattle trees & production of wood and charcoal at Mvenyane area	Achieved	N/A	R100 000 (ANDM)	R100 000	Yes
To establish and maintain recreational parks	Fully functional parks in Cedarville and Matatiele	Developed parks in Matatiele and Cedarville	Partially achieved	The Parks Caretaker was appointed seven months later than the projected time. He only had 5 months to complete the 12 months job	R165 000	R102 000	Yes
To reduce amount of alien invasive timber in the Matatiele commonage	Removal of alien plants (Timber) in the commonage and nature reserve	Matatiele Commonage free of live Pine, Poplar species	Not Achieved	Potential service providers did not show interest in the project.	No budget was required. Service providers would generate income from the from selling the product	N/A	Yes
To ensure effective fire management of	Maintain prescribed fire breaks around	Prescribed fire breaks around commonage and nature reserve	Achieved	N/A	Human Resources (Personnel)	Human Resources (Personnel)	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
the commonage	commonage and nature reserve						
To repair and maintain mountain lake road	Resurface 1.5 kms through private service provider. Maintain the rest (7 kms) through manual labour	Well maintained road through EPWP personnel	Achieved	N/A	R100 000	R98 000	Yes
Improve quality & quantity of ground water and biodiversity in the environment.	Rehabilitation of donga erosion in Harry Gwala Park	Rehabilitation of donga erosion in Harry Gwala Park	Achieved	N/A	R 4million (DEA Funding)		Yes
Improve community livelihood with regards to recreational open spaces	Fencing, planting trees & refuse bins, putting walkways & putting benches and maintenance	Fencing, planting trees & refuse bins, putting walkways & putting benches and maintenance	Partially Achieved	The Parks Caretaker was appointed seven months later than the projected time. He only had 5 months to complete the 12 months job	R125 000	R132 000	Yes
To fence Cedarville Cemetery	Completely fenced cemeteries	Completely fenced cemetery	Partially Achieved	Delay caused procurement processes. The project was re-advertised	R 2 Million	R450 000	Yes
Proper maintenance of existing community halls and creches	Maintenance of the Hall and Creches	To provide adequate service to communities					

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
To recruit appropriately qualified personnel	Advertise the position and appoint the suitable candidate	Recruit and retain one Parks Cemetery Officer	Achieved	N/A	Human Resources (Personnel)		Yes
To develop recreational picnic area at the Wilfried Baur Dam	Constructed ablution and braai facilities.	Constructed ablution and braai facilities	Partially Achieved. The ablution facility is 80% complete. Delays were caused by shortage of material in hardware retailers that are registered in the Municipal database	MFMA procurement processes	R132 000	R300 000	Yes
To establish and maintain recreational parks	1. Establish and maintain parks in Matatiele, Cedarville & Maluti.	Developed parks in Matatiele, Cedarville & Maluti	Two new recreational parks are 90% completed	The Parks Officer was appointed seven (7) months later than should have been	R60 000		Yes
To reduce amount of alien invasive plants/ timber in the commonage	1. Source professionally qualified service provider to remove Pine & Poplar trees. 3. Source and introduce wattle trees Biological control programme	<i>Commonage free of live invasive alien species (Pine & Poplar)</i>	Nil	Lack of interest from the respective service providers	None	N/A	Yes
To ensure effective fire management in the commonage	Burning of prescribed fires around nature reserve, Matatiele and Cedarville	Prescribed fire breaks around commonage and nature reserve	Fire breaks were put in place as according the prescribed procure.	N/A	None	N/A	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
	commonage						
To ensure effective management of wildlife in the nature reserve	Sourcing of Nature Reserve Wildlife (30 Red Hartebeest, 20 Oribi & 30 Mountain Reedbuck)	Sourcing of Nature Reserve Wildlife (30 Red Hartebeest, 20 Oribi & 30 Mountain Reedbuck)	The administration work is complete; i.e. application for assistance to relevant institutions (KZN Wildlife, SANParks, etc; through the MDTP)	The actual translocation is meant to take place between the first and second quarter of the 2012/ 2013 financial year.	MDTP's cost	N/A	Yes
To ensure effective management of wildlife in the nature reserve	Capturing and selling of wildlife (250 Blesbok)	Live capture and sale of Wildlife (250 Blesbok) in Wilfried Baur	Completed	N/A	R92 000 (INCOME)		Yes
To participate in the Environmental Affairs wetland rehabilitation project	Half completed project	Rehabilitated wetland	The project is still on hold	The service provider appointed by DEA could not proceed with the project; and department terminated the contract. The department is currently sourcing the new service provider to complete the project.	R 3000 000.00		Yes
To participate in the Environmental Affairs land rehabilitation project	Half completed project	Rehabilitated donga erosion in the Harry Gwala housing	The project is 60% complete	It was meant to be completed in mid 2012/ 2013 financial year	R4 000 000.00		Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
To review Environment Impact Assessments (EIA's) and monitor infrastructure developments	Reviewal of EIA's and monitoring.	Alignment of infrastructure development with environmental management regulations	Two projects were dealt with; viz, Moghobi road repairs and construction of the Mall at the Golf Course.	N/A	N/A	N/A	No
To participate in the establishment of Alternative Energy Programme (Biogas) in Cedarville High School area.	Fully operational Biogas system	Functional Biogas pilot Programme	Project near complete.	There are technical problems with the existing ablution facilities that are delaying the handover.	ECATU funding	N/A	Yes
To ensure alignment with National Climate Change strategy	Planting of trees in the municipal wards and commonage.	2000 trees supplied and planted in Schools in ward 01, 02, 06, 10, 17, 13, 14, 15, 16, 19 & 20. 1000 trees planted Town Open Spaces, RDP Houses (Matatiele & Cedarville)	Achieved. Ward 19, 20 and 26 received; RDP Houses received indigenous trees during Arbor Month.		R87 151.50		Yes
To repair and maintain Mountain Lake road	Resurface badly eroded areas of the access road	Well maintained road					
Income generation	15 000	Nature Reserve chalet & fishing	R 31 630.00	N/A	N/A	N/A	Yes
Income generation	50 000	Stock pound	R249 561.00	N/A	N/A	N/A	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
Income generation	153 500.00	Hall hire	Halls were hired	N/A	153 500	N/A	Yes
Income generation	7500	Sports fields	Sports fields were utilized	N/A	75 000	N/A	Yes
Income generation	7500	Graveyards	R 82 900.00	N/A	N/A	N/A	Yes
1.3.2.2 PUBLIC SAFETY							
To Provide Community safety by enforcing NRTA & Bylaws	8600 Cars stop by June 2012	No. of NREP forms filed	10374 Cars stop	N/A	N/A	N/A	YES
	2000 driver's licenses issued by June 2012	Report on the no. of driver's License issued	2084	N/A	N/A	N/A	YES
	2800 Learners Licenses issued by June 2012	Report on the No. of Leaner's License issued	3276	N/A	N/A	N/A	YES
	R5692'320 expected revenue collected by June 2012	Total Revenue Collected	R6 175 531.22	N/A	N/A	N/A	YES
	4 Traffic safety in Schools by June 2012	No. of traffic safety awareness campaigns	8	N/A	N/A	N/A	YES
To promote awareness on Preventing & Fighting Disaster	50 Disaster Awareness Campaigns : Fire & national catastrophes by	No. of Awareness campaigns held	65	N/A	N/A	N/A	YES

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
To provide Quality service on eNaTIS Transactions, testing of Learner' and testing of vehicles for roadworthiness.	R1 000 000 revenue Collected by June 2012	TO provide Quality service on eNaTIS Transactions, testing of Learner' and testing of vehicles for roadworthiness.	R3 276 971.30	N/A	N/A	N/A	YES
To enforce the requirements of the National Road Traffic Act thereby providing a safe and secure road traffic environment	R1 000 000 revenue collected through issuing of tickets, by June 2012	Total Revenue Collected	R2 898 560.00	N/A	N/A	N/A	YES
1.3.2.3 SOLID WASTE							
To ensure full compliance with	electrification at the landfill site by June 2012	Electrified landfill site	Tender advertised for the Electrification of the Landfill site though service provider not appointed	The project was changed to be an in-house project and the unit had insufficient funds	R700 000.00	Nil	Yes
	Installation of a 11m2 web based weighbridge	Installed Weighbridge	Tender was advertised and the adjudication committee referred the tender back to Evaluation Committee	The tender was referred to the Evaluation Committee hence not re-evaluated due to SCM procedure	R750 000.00	NIL	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
landfill license	one external landfill audit report by March 2012	No. of report by set date	Target met	N/A	R40 000	R38 760.00	Yes
	4 ground water samples monitored per annum	no. of samples taken and monitored	Target met	N/A	N/A	N/A	Yes
	4 leachate samples monitored per annum		Not met	Leachate drainage system is not operational	N/A	N/A	Yes
To reduce quantities of waste disposed to landfill site	Fence 36m2 of demarcated area -landfill site	no. of square meters fenced	Target met	N/A	R400 000	R 50 152.00 (funds committed the contractor is on site)	Yes
	Construction of buyback Centre	Constructed buyback Centre	Target met	N/A		R 179 300.00	Yes
	Support 1 waste recycling initiative	no. of recyclers supported	Target met	N/A	N/A	N/A	
	Purchase Equipment for Buxton park pilot Recycling project	Purchased equipment	Target met	N/A	R50 000.00 (GMC fund)	R48 399.84	
To ensure compliance with SAWIC requirement	12 monthly waste data submitted to SAWIC	no. of data submitted	Target met	N/A	N/A	N/A	Yes
To ensure education &	One cleaning campaign by December 2011.	no. of campaigns by set date	Target met	N/A	R25 000.00	R25 000.00	Yes (I will forward pictures

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
awareness of Waste Management	6 "No dumping signs " erected & 4 landfill site signings'	no. of signs erected	Target met	N/A	R15 000.00	R 12 350.00	Yes (I will have to take pictures of No dumping signs)
To render effective and efficient solid waste service	Weekly collection in both residential and CBD	No. of report on waste collection	Target met	N/A	R 3 487 762.92	R 3 487 762.92	
To ensure grass cutting in all CBD and Residential areas	to cut grass in municipal areas (Cedarville, Matatiele & Maluti)-50km2	grass cutting in Municipal areas	Target met	N/A	R2 043 336.82	R 2 043 336.82	Yes
1.3.3 CORPORATE SERVICES							
To ensure that all Disciplinary matters are resolved within the minimum period as per the Collective Agreement	All Managers to be trained on Disciplinary Hearing Skills. 20 Disciplinary Hearings attended to	No. of Disciplinary Hearing skills training for Section 57 Managers, Middle Managers and Supervisors conducted and disciplinary matters being attended to internally	<ul style="list-style-type: none"> No Disciplinary matters were reported and attended to this quarter. No disciplinary hearing training for Section 57 Managers, Middle Managers and supervisors took place. 	Dates originally suggested by the Service provider coincided with pre-planned Municipal programmes: Finance Management Programme training	Annual Training Budget For Disciplinary Hearing Skills (R41 560.00)		Yes but postponed to the next financial year because of unavailable dates and It has been already held on the 14-15 August 2012

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
				(21 to 25May 2012), Bid Committees training (2 to 6 July 2012) Senior Managers' pre-arranged meetings (10 and 11 July 2012)			
To ensure that Municipal Employees are knowledgeable on Conditions of Service. To ensure full adherence to Collective Agreements relating to the Conditions of Service for Employees	100%	Percentage of Employees workshopped on conditions of services	Workshops did not take place due to unavailability of appropriate time slot.	Various Departments' employees were engaged in various activities and it could not be possible to conduct the workshop; and due to that unavailability of dates, the conditions of Services were attached to Appointment letter of newly appointed employees	No budget, it was going to be conducted internal by the HRM Unit.	Nil	No to be done in the next financial year
To ensure existence of good Labour Relations practices. To maintain systems for good labour relations, for example	12 Meetings	No. of Local Labour Forum meetings sit as per schedule or on agreed alternative dates	Two (2) meetings were held (i) December 2011 (ii) 28 March 2012	Unavailability of certain LLF members	-	Nil	Yes (Minutes Attached)

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
LLF functionality.							
To ensure integration of salary payment system with other Human Resources functions	8	No. of employees performing payrollfunction under Human Resources Component capacitated	Seven (7) employees attended a IRP 5 Workshop	None	Training Budget	Nil	Yes
To ensure that the Municipality operates at full capacity especially in Senior Management and other critical posts	260 Employees to be trained	No. of Senior Managers and other critical position incumbents receiving Capacity building and are productive	30 employees underwent training	None	Training Budget	Nil	Yes
To capacitate undergraduate Youth	20	No. of youth employed	<ul style="list-style-type: none"> • 50 Young People were employed under the EPWP to work at the Nature Reserve, repair camp fencing and clear alien plants. • Four (4) were employed at Finance, Five (5) at MM office, Four Corporate Services and Five Community Services. • Two were employed at Finance , One Corporate Services and Five Community Services 	None	Budget by EPWP and Other department in the Municipality	Nil	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
To capacitate undergraduate Youth	20	Some Unemployed Youth members are absorbed into the Municipality through the Internship and Experiential Training Programmes	1 in serve – trainee has been employed under corporate services 1 in serve – trainee has been employed under Technical Services	None	Corporate and Technical Services Budget	Nil	Yes
To capacitate Employees and Councillors to perform Municipal functions in terms of applicable legislation and requirements	50 Councillors to be trained	No. of Councillors trained as per the Work Place Skills Plan and other identified interventions	52 Councilors and 10 Traditional Leaders were trained on the ICT (Computer Training)	None		Nil	Yes
Improve Rural Employment opportunities	Development of OHS Plan and train 18 employees	Effective and functional Health and Safety Plan in place and Number of Staff trained	Information was disseminated through adverts in the Fever, Kokstad Advertiser, Municipal Website, and Notices in the Notice Board and through Councillors.			Nil	Yes
Improve Rural Employment opportunities	Development of OHS Plan and train 18 employees	Effective and functional Health and Safety Plan in place and Number of Staff trained	Bid Committees have sat and made recommendations for the award of the preferred service provider			Nil	No

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
To ensure safe and proper record keeping in line with applicable legislation and National Records Management Policy Manual	100%	Electronic Archiving systems in place and functional	Target met – Electronic Archive installed and functional since March 2011. A Workshop with all stakeholders (Sect 57 Managers, their Secretaries, HR Staff and Registry Staff will be held during the 2012/2013 Financial Year on the functioning of the System.	None	PER VOTE No. 80 25 30 5710	R705,156.60	Yes
To enhance productivity and create a conducive working environment through provision of appropriate and necessary working tools to Employees and Councillors	100%	Office furniture, equipment and other working tools have been secured and supplied to all relevant recipients	<ul style="list-style-type: none"> Office furniture, equipment and other working tools have been secured and supplied to all relevant recipients. 19 Telephone pin codes were issued to staff during the 3rd Quarter. Two (2) vacuum cleaners as per Order No. 16015 and 16016 were purchased for the Civic and Finance Offices. Teaspoons, serving trays, drying dish cloths, swabs, yellow dusters, sugar bowls and milk jugs were purchased for the Cedarville Office (Order No. 15942), Finance Office (Order No. 15940), Community Services Dept. (Order No. 15939), Technical Services (Order 	-	Various Budgets	Various expenditure amount	Yes - No evidence is available for 1 st and 2 nd Quarter but proof has been provided for the 3 rd and 4 th Quarter

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
			<p>No. 15946), Council Support (Order No. 15945), MMs Office (Order No. 15944), Corporate Services Dept. (Order No. 15941). One urn as per order No. 15938 was purchased for the Finance Office. 7 x Monitors, 7 x CPUs, 7 x Mouse, 7 x Keyboards and 7 x printers were issued to various staff members. These were installed and set up by Netwize.</p> <ul style="list-style-type: none"> Office furniture, equipment and other working tools have been secured and supplied to all relevant recipients. 9 Telephone pin codes were issued to staff during the 4th Quarter. The following IT Support was given, Payday was installed at Corp Service as per Order No. 16231, Network points installed and repaired at the Civic Building as per Order No. 16232 & 16271 and a 20m Flylead purchased for EDP as per Order 16271. Four (4) printers were issued to EDP Staff. 				

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
To attend to all the repairs to the Civic Building	100%	All necessary repairs are attended to as soon as they arise	On-going. The Handyman does various repairs as requested by Municipal Departments and these are recorded in a book kept by him. Staff sign the book once the work has been completed.	N/A	Nil	Nil	No evidence
To make alterations to the civic building for access by physically challenged people	On-going	Existence of access to all civic buildings by physically challenged people		This is ear-marked for the 2012/2013 Financial Year, as the Budget could not accommodate this project.	Nil	Nil	No
To partition current open office plan so as to ensure confidentiality of information and safety of documents	100%	Office partitioning		This is ear-marked for the 2012/2013 Financial Year, as the Budget could not accommodate this project.	Nil	Nil	No
To install heating and cooling system in the Town Hall so as to ensure productivity and comfort of attendants of Council and other meetings	100%	The heating and cooling system is installed and attendants are productive and comfortable		This is ear-marked for the 2012/2013 Financial Year, as the Budget could not accommodate this project.	Nil	Nil	No
To ensure that the		The Recording		This is ear-marked for the 2012/2013	Nil	Nil	No

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
Municipality has its own recording apparatus/system so as to reduce reliance on service providers for this service	100%	Apparatus/System has been purchased and is being used for recording of meetings		Financial Year, as the Budget could not accommodate this project in the Adjustment Budget			
To provide appropriate security system for Municipal Buildings so as to ensure safety of people and property within the Buildings	100%	The appropriate Security System has been installed and all people and equipment inside the Buildings are safe and secured		This is ear-marked for the 2012/2013 Financial Year, as the Budget could not accommodate this project.	Nil	Nil	No
To train Ward Committee Members so as to perform their functions efficiently		Number of Ward Committee members receiving Capacity Building Training (From Discretionary Grant of R451,500.00 per annum)	260 Ward Committees trained		Nil	Nil	Yes
To ensure efficient functioning of council		Turn Around Time for preparation of documents before a scheduled Council meeting	Target met	N/A	NA	N/A	No
		% Accuracy of minutes available within one (1) week	Target met	N/A	NA	N/A	No

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
		of meeting					
		Properly Signed and Correctly filed Minutes of Council	Target met	N/A	NA	N/A	Yes
		Resolutions captured and numbered correctly	Target met	N/A	NA	N/A	Yes
		Implemented Council Resolutions	Target met	N/A	NA	N/A	N/A
To ensure publication of all Council meetings in terms of the Systems Act		Council Meetings Published as required	<ul style="list-style-type: none"> On-going, the Council Meeting of 1 & 31 July 2011 was advertised in the two (2) local newspapers, the Council Meeting of 29 August 2011 was advertised in the Fever local newspaper on 26 August 2011. On-going, the Council Meeting of 28 October 2011 was advertised in the two (2) local newspapers, the Council Meeting of 5 December was advertised in the Kokstad Advertiser. Due to short notice the Special Meeting of 11 November 2011 was not 	N/A	Council Advertising Vote	Council Advertising Vote	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
			<p>advertised.</p> <ul style="list-style-type: none"> On-going, the Council Meeting of 31 Jan 2012 was advertised in the Kokstad Advertiser on 26 Jan 2012, the Council Meeting of 22 March 2012 was advertised in the Kokstad Advertiser on 15 March 2012. Owing to short notice the Special Meetings of 8 February and 29 March 2012 were not advertised. On-going, the Council Meeting of 29 June 2012 was advertised in the Kokstad Advertiser on 28 June 2012 and on the Municipal Notice Board and Website, the Council Meeting of 30 May 2012 was advertised in the Fever Newspaper on 30 May 2012 and on the Municipal Notice Board and Website. Owing to short notice the Special Meetings of 22 March, 30 April, 11 & 30 May 2012 were not advertised. 				
		Turn Around Time for preparation of documents	Target met	N/A	NA	N/A	No

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
To ensure efficient functioning of Standing Committees		before a scheduled Standing Committee meeting					
		% Accuracy of minutes available within one (1) week of meeting	Target met	N/A	NA	N/A	No
		Properly Signed and Correctly filed Minutes of Standing Committees	Target met	N/A	NA	N/A	No
To ensure efficient functioning of EXCO		Turn Around Time for preparation of documents before a scheduled EXCO meeting	Target met	N/A	NA	N/A	No
		% Accuracy of minutes available within one (1) week of meeting	Target met	N/A	NA	N/A	No
		Properly Signed and Correctly filed Minutes of Standing Committees	Target met	N/A	NA	N/A	No
To ensure the effectiveness of Ward Committee members		Improved handling of Ward related matters/issues	<ul style="list-style-type: none"> Training was conducted from 5 to 8 September 2011, capacitating Committee Members on 	N/A	Nil	Nil	No

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
of all 24 wards			<p>their duties and functions.</p> <ul style="list-style-type: none"> • 26 Ward Councillors have been capacitated on Community Participation for Ward Councillors Course and one Councillor completed a Certificate in Municipal Governance. • Letter received from DLGTA that training will be conducted in the 4th Quarter • 18 - 23 June 2012 - 260 Ward Committee members received training 				
To promote good customer relations at all times		Customer satisfaction level as determined by a survey	<ul style="list-style-type: none"> • This function was transferred to the Municipal Managers (MM) as per Council Resolution Number CR120/28/11/2011 during the 1st, 2nd and 3rd Quarter. • During the 4th Quarter this function was transferred back to Corporate Services. • Seven (7) complaints were received from the presidential hotline and are being attended to. Three (3) written complaints were received during the 4th Quarter and were successfully attended to. 	N/A	Nil	Nil	No

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
			Two (2) petitions were received from Local Government and were successfully attended to. Fifteen (15) walk-in complaints were received and attended to.				
		Turn Around Time for responding to written complaints regarding service delivery	<ul style="list-style-type: none"> This function was transferred to the Municipal Managers (MM) as per Council Resolution Number CR120/28/11/2011 during the 1st, 2nd and 3rd Quarter. During the 4th Quarter this function was transferred back to Corporate Services. Target met 	N/A	Nil	Nil	No
To ensure the development and or updating of Policies & Bylaws: (A) Rules of Order (B) Delegation Framework (C) Bylaws: (i) Ward Committees (ii) Traffic (iii) Dumping/Littering (iv) Library (v) Dogs		Developed and Implemented Rules of Order, Delegation Framework and Bylaws adopted by Council	This was achieved in 2010/2011. The Rules of Order were adopted by Council as per CR06/31/05/2011 "That Council approves the Standing Rules and Orders for Council and its Committees, which had been adopted by the previous Council on 30 July 2010, (CR570/30/07/2010) as the working document of the Matatiele Local Municipality"				
To ensure an increased percentage		% of municipal operational	1. A total of R44,364.16 was used for training purposes	N/A	Nil	Nil	No

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
of the Training Budget out of Operational Budget for Training of Councilors and Employees		budget spent on training	<p>in the 1st Quarter</p> <p>2. A total of R131,266.95 was used for training purposes in the 2nd Quarter</p> <p>3. A total of R131,266.95 was used for training purposes in the 3rd Quarter</p> <p>4. A total of R131,266.95 was used for training purposes in the 4th Quarter</p> <p>GRAND TOTAL = R978,959.77</p>				
To ensure receipt of maximum rebate from WSP Implementation		% rebate received as a result of implementing WSP	<p>1. A total of R44,364.16 was received in the 1st Quarter</p> <p>2. A total of R131,266.95 was received in the 2nd Quarter</p> <p>3. A total of R131,266.95 was received in the 3rd Quarter</p> <p>4. WSP Submitted, and awaiting the grant in the 4th Quarter</p> <p>GRAND TOTAL = R225,777.13</p>	N/A	Nil	Nil	No
To recruit appropriately qualified personnel		Appropriately qualified employees recruited	<ul style="list-style-type: none"> • One LED Officer and 2 Building Inspectors were employed • One Town Planning Technician was employed on a three months contract and the post has been advertised • Two Human Settlement Officers, Manager Development and Manager LED were employed 	N/A	Nil	Nil	No

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
			<ul style="list-style-type: none"> Two post Advertised GM EDP and LED Officer 				
To provide training of employees in relation to their core functions		Efficient performance of duties	<ul style="list-style-type: none"> Two (2) employees have attended the Local Economic Development Learnership from, 18 – 22 July 2011, 15 – 19 August 2011, 12 – 16 September 2011 Two (2) employees have attended the Learnership in Local Economic Development, from 17 – 21 October 2011, 28 November to 2 December 2011 The Relevant Department did not have funds for Travelling and Accommodation. The Relevant Department did not have funds for Travelling and Accommodation. 	N/A	Nil	Nil	No
To recruit appropriately qualified personnel		Appropriately qualified employees recruited	<ul style="list-style-type: none"> Three (3) employees were employed on a 3 months' contract as a Technician, Salaries Clerk and PA to the Chief Whip from 1 September to 31 December 2011. Four(4) employees were employed, three (3) as 	N/A	Nil	Nil	No

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
			<p>Swimming Pool Attendants (17 November 2011) and Town Planning Technician (1 November 2011)</p> <ul style="list-style-type: none"> • One (1) employee contracted for January to March 2012 • Posts Advertised ISD Officer, Project Co ordinator, 2x Electricians and 2x Handyman 				
To provide training of employees in relation to their core functions		Efficient performance of duties	<ul style="list-style-type: none"> • Two (2) Managers (General Manager: Technical Services and PMU Manager) have been trained in Labour Intensive Method of Construction, 10 – 12 August 2011. Nine (9) Employees have been trained; One (1) employee has been trained in Labour Intensive Method of Construction; Two (2) employees (Technician and Supervisor) were trained on Assessor, Mentoring and Coaching from 29 August 2011 to 02 September 2011; Three (3) employees have been training (2 x Traffic Wardens and Traffic Officer) on Grade F – 	None	Nil	Nil	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
			<p>Examiner for Drivers Licence Training and Grade F2/D on 4 July 2011 to 2 September 2011; One (1) employee received a Study Assistance Grant; One (1) employee (Salaries Clerk) attended a Payday Software System Course from 6 – 9 September 2011; and One (1) employee (SDF) OTP Learnership</p> <ul style="list-style-type: none"> • Ten (10) employees have been trained on Report Writing and Minute Taking from 03 – 07 October 2011 and one (1) employee (Salaries Clerk) has been training in pay day from 13 – 15 October 2011 and two (2) employees have been trained on AARTO from 25 – 27 October 2011 • CPMD Training for five (5) Managers and four (4) Councillors • One General Manager attended Contract Management, One Manager attended Payday training, One Intern Attended Fraud Risk 				

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
			Management, One Employee Attended Fleet, Transport and fuel Management, One Manager attended payroll training				
1.3.4 ECONOMIC DEVELOPMENT AND PLANNING							
1.3.4.1 PLANNING UNIT							
To formulate a functional and usable town planning scheme / LUMS	Reviewed LUMS for Matatiele & LUMS for Cedarville by June 2012	Reviewed Matatiele / Cedarville Town Planning Scheme/LUMS	Terms of Reference prepared	Matter Put on hold, pending resolutions of the legislation	R167 710. 00	R58,698.50	Yes
To assess and have all subdivision and consolidation applications processed within 30 days of receiving complete application	Register and assess all complete applications 30 days of receipt	Number of complete applications received and processed within 30 days	6 applications received. Target Partially met	Application assessed and put on hold, pending resolutions of the legislation	Operational	Nil	Yes
To assess and submit to Council all special consent and rezoning applications within 30 days after the closing date of advertisement	Register of all complete applications processed and approved within 30 days of receipt	Number of complete applications received and processed within 30 days of receipt	1 application received. Target Partially met	Application assessed and put on hold, pending resolutions of the legislation	Operational	Nil	Yes
To identify illegal land uses (non-LUMS/Bye-Laws compliance) in	Register of notices and remedial measures on illegal	Number of compliance notices served	3 notices were served.	None	Operational	Nil	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
Matatiele, Cedarville & Maluti and enforcing compliance annually	land uses						
To upgrade land tenure rights for the Maluti Township by June 2012	Register of full title Deeds for all 1241 residents by June 2012	No. of Title Deeds/Deeds issued .	Ownership database, land use plans done. Application of township establishment and land donation submitted to approval from Provincial Government	Awaiting approval of land donation	R1,902,875.50	R1 013 719.60	Yes
To undertake township establishment process for Areas J and M and complete by June 2011	Approval and Opening of township registers by June 2012	Approved township and registers	Resume appointment of Service Provider, approval of extension of validity of township establishment, Pegging of Area J, Plans submitted to Surveyor General	None	R456 030.16	R272 504.90	Yes
To make sure that 120 existing advertisement signage identified and new ones in Matatiele, Cedarville & Maluti all have approval by June 2012	Approval stamps for the 120 signs identified by June 2012	Number of signage with approval stamps by June 2012	11 signage applications were received, processed and 9 approved	None	Operational	Nil	Yes
To develop 26 LED Ward Based Plans and ward profiles by June 2012	Develop 26 LED WBPs and profiles by June 2012	Number of completed WBPS	6 LED Ward plans done.	The task largely dependent on the skills of the GIS specialist's support at Alfred Nzo District Municipality (DM). Due to the work load at the DM, it has not been practical for	R350 000.00	Nil	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
				the workload to fit all the 26 maps to their work load.			
To facilitate access to land for housing and other development by undertaking a Land audit of the municipal area by June 2012	Matatiele Land Audit by June 2012	Adopted Land Audit Report	The draft land audit report submitted	The project is a quarter behind schedule as it commenced late due to SCM process delays. It will be completed in the first quarter on the next financial year.	R400,000.00	R136 821.43	Yes
To compile a list of illegal buildings and in Matatiele, Cedarville and Maluti and enforcing compliance with building regulations	Register of enforced compliance/demolition of illegal structures identified in Matatiele, Cedarville & Maluti	The Register with compliance notices issued to owners of illegal structures per quarter	15 Illegal structure notices issued	N/A	Operational	N/A	Yes
To conduct at least one community workshop on NHBRC requirements in Matatiele, Harry Gwala Park, Cedarville and Maluti by June 2012	5 workshops in the identified areas by June 2012	Number of community workshops per area.	4 workshops conducted		Operational	Nil	Yes
To get NHBRC to train at least 40 local building contractors on NBR and Act and NHBRC requirements by June 2012	Register of the 40 trained local contractors	Number of local contractors trained per phase.	65 local contractors were workshoped and 3 were trained	None	Operational	Nil	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
To ensure safe and healthy built environment through training of contractors and monitoring of construction of buildings June 2012	Processing and approval of building plans within 14 days	Number of all building plans processed within 14 working days from date of submission and inspections at each stage of construction of a building made	74 Building plans were approved	None	Operational	Nil	Yes
To actively pursue the provision of sustainable human settlements to all communities within the municipality within the context of overall community development	3989 houses; 6 social facilitation sessions; 9 projects	Number of houses provided per phase	4000 housing applications were processed and 9 social facilitation session done	None	Operational	Nil	YES
1.3.4.2 LOCAL ECONOMIC DEVELOPMENT							
To develop an Informal Trading Policy by June 2012	1 street trading policy developed by June 2012	Policy developed	<i>Target met</i>	<i>None</i>	<i>R 2888 100.00</i>	<i>R 1183002.53</i>	Yes
To establish an LED Forum /Local Action Team by June 2012	4 Quarterly meetings of LED Forum	LAT Meetings held quarterly, minutes and attendance register in place	<i>Target Met</i>	<i>None</i>	<i>R20 000</i>	<i>R 20 000</i>	Yes
To issue licenses to food vendors within	Issuing of Business licenses within 14	Issued licenses within 14 days	Target not met	Public participation meeting to be held	Operational	Operational	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
14 days	days			next financial year			
To establish regional plant and grain storage facility by June 2012	Established Regional plant and storage facility	Purchased of the Regional plant and storage facility	Target not met	Reprioritization of deliverables for the project	R 1 345 000.00	Nil	Yes
To establish a commercial poultry Enterprise at Malubeleube settlement by June 2012	Establish 1 Poultry enterprise at Malubeleube settlement by June 2012	Established commercial enterprise at Malubeleube settlement by June 2012	Target met	None	R1 338 000.00	R1 338 000	Yes
To fence feed lot camps of Cedarville Emerging Farmers by June 2012	8 Fenced feed lot camps	Number fenced feed lot camps	Target not met	Community service department officials were not available for fencing, due to fire season	R226 000	R 87 516.42	Yes
To hold 1 fresh-produced flea Market by June 2012	One Fresh produce flea Market held by June 2012	One Fresh produce flea Market held	Flea Market held in quarter 2	None	Operational	Operational	Yes
Source funding for establishment of 5	5 business plans submitted by June	Number of business plans per June 2012	5 business plans submitted by June 2012	None	Operational	Operational	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
LED enterprises informed by the demand (stoned fruit, milling, manufacturing, tourism initiative) by June 2012	2012						
To promote and establish Matatiele as a tourism Destination	1 Tourism event, 20 trained tourism suppliers by June 2012 and develop Tourism marketing broacher	Number of tourism event, trained tourism	1 Tourism event, 20 trained tourism suppliers by June 2012 and develop Tourism marketing broacher	None	R 467 000.00	R 365 800.00	Yes
1.3.5 INFRASTRUCTURE SERVICES							
1.3.5.1 ELECTRICITY							
Substation Maintenance	20Number of Circuit Breakers Serviced by June 2012	Number of circuit breakers serviced	nil	Awaiting Eskom substation upgrade	R700 000	R 500 000	Yes
Streetlight Maintenance	220 number of streetlights maintained by 30 June 2012	Number of streetlights maintained	216 number	Shortage of staff	R40 000	R 30 000	Yes
Installation of two feeder bays and lines to Magadla and Queensmercy	Two feeder bays and two lines completed by June 2012	Number of feeder bays and lines completed	Two feeder bays and two lines	None	R30 000 000	R15 500.00	Yes
High Mast Lights for low cost housing areas	26 number of highmasts completed by 30 June 2012 in	Number of highmasts	0	Putting maps on CD in progress	R5 400 000	R0	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
	ward 19						
Smart Metering	Installation of smart metering system by 30 June 2012	Installed smart metering system	0		R7 600 000	R0	Yes
Main Street cable	1170m of main street cable completed by 30 June 2012	Number of meters of main street cable	1170m	None	R1 251 750	R 1 251 750	Yes
Substation Maintenance	20Number of Circuit Breakers Serviced by June 2012	Number of circuit breakers serviced	nil	Awaiting Eskom substation upgrade	R700 000	R 500 000	Yes
1.3.5.2 PROJECT MANAGEMENT UNIT							
Matatiele Internal Roads	2,4km of surfaced road completed by 30 June 2012	Number of kilometers completed.	2,4km of G2,G7 layerworks completed	Delays with the finalisation of Designs by the previously employed PSP. Unavailability of Materials	R6 951 817	R3 167 769.80	Yes
Ngcwengane – Esifolweni Access Road	8,5km of access road completed by 30 June 2012	Number of kilometers completed.	8,5km completed	None	R6 225 000.00	R5 522 442.23	Yes
Berdivalle – Mahlahleng Access Road & Bridge	5,1km completed by 30 June 2012	Number of kilometers completed.	5,1km completed	None	R5 850 000	R5 381 790.97	Yes
Rantshiki Access Road	6km completed by 30 June 2012	Number of kilometers completed.	6km of clear and grub, roadbed preparation and tipping complete	Delays caused by weather conditions	R4 500 000	R2 346 814.20	Yes
Sehlabeng Access Road	4,3km completed by 30 June 2012	Number of kilometers completed.	4,3km completed	None	R3 750 000	R2 718 860.69	Yes
Moliko Access	3,2km completed by 30	Number of kilometers	3,2km completed	None	R2 225 000	R2 233 214.37	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
Road	June 2012	completed.					
Malubaluba Access Road	3km completed by 30 June 2012	Number of kilometers completed.	3km completed	None	R3 750 000	R3 227 293.04	Yes
Diaho Great Place Access Road	3,1km completed by 30 June 2012	Number of kilometers completed.	3,1 km of clear and grub, road bed preparation ,tipping and gravel wearing course completed	Project has been delayed by rainfall and cash-flow problems and non co-operation by contractor.	R3 825 000	R3 215 998.15	Yes
Tshita -Mabua Access Road	3,1km completed by 30 June 2012	Number of kilometers completed.	3,1km clear and grub, roadbed preparation,tipping completed	Delays with Environmental Impact Assessment approval	R3 750 000	R3 523 814.62	Yes
Greater Cedarville Internal Roads	2,1km completed by 30 June 2012	Number of kilometers completed.	2,1km completed	None	R6 951 817	R6 774 167.86	Yes
Felleng Access Road	2,8km of access road completed by 30 June 2012	Number of kilometers completed.	2,8km completed	None	R2,050, 000	R1 555 909.94	Yes
T69-Khoapa Access Road	5km of access road completed by 30 June 2012	Number of kilometers completed.	2km of clear and grub, road bed preparation, tipping, processing of gravel wearing course	Delays with Environmental Impact Assessment approval	R1 500 000	R432 528.15	Yes
Dalibhunga Community Facility	282m2 of community facility completed by 30 June 2012	Number of square meters completed	282m2 excavated, 100m2 of brickwork completed	Non –cooperation of appointed service provider (Ayat Consulting Engineers).	R1 500 000	R432 528.15	Yes
Pamlaville Community Facility	282m2 of community facility completed by 30 June 2012	Number of square meters completed	282m2 excavated ,100m2 of brickwork completed	Non –cooperation of appointed service provider (Ayat Consulting Engineers).	R1 500 000	R432 528.15	Yes
Moaeneng	282m2 of community	Number of square meters	282m2 excavated, 100m2 of	Non –cooperation of	R1 500 000	R432 528.15	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
Community Facility	facility completed by 30 June 2012	completed	brickwork completed	appointed service provider (Ayat Consulting Engineers).			
Moriting Community Facility	282m2 of community facility completed by 30 June 2012	Number of square meters completed	282m2 excavated, 100m2 of brickwork completed	Non –cooperation of appointed service provider (Ayat Consulting Engineers).	R1 500 000	R432 528.15	Yes
Siyabonga Luvuyo Novuko Community Facility	282m2 of community facility completed by 30 June 2012	Number of square meters completed	282m2 excavated , 100m2 of brickwork completed	Non –cooperation of appointed service provider (Ayat Consulting Engineers).	R1 500 000	R432 528.15	Yes
Upgrading of Matatiele Airfield	1,2km of runway completed by 30 June 2012	Number of kilometers completed.	1,2 km clearance, roadbed preparation,G2 layerworks complete	PSP appointment delays, Non availability of Materials.	R2 500 000	R1 592 024.21	Yes
Thabaneng Access Road	3km of access road completed by 30 June 2012	Number of kilometers completed	3km complete	None	R2 000 000	R1 639 685.32	Yes
Moeketsi Access Road	3,9km of access road completed by 30 June 2012	Number of kilometers completed.	Design stage(0km)	Delays with prioritization & SCM Processes	R2 500 000	R0	Yes
Mafube-Nkosana Bridge	54m of bridge completed by 30 June 2012	Meters of bridge completed	Design stage(0m)	Delays with prioritization & SCM Processes	R4 300 000	R203 089.32	Yes
Matatiele Finance Offices	1120m2 of Finance offices completed by 30 June 2012	Number of square meters completed	Design stage(0m2)	Changes in designs	R3 000 000	R399,308.92	Yes
1.3.5.3 OPERATIONS & MAINTENANCE							
Repair Surfaced Roads - Potholes	10200m ² of potholes repaired by 30 June 2012	Number of square meters repaired	18847.50M ²	None	R800 000.00	R895 000.00	Yes
SMME's	120 street names signs	Number of Street Name Signs	0	None	R0	R0	

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
	erected by 30 June 2012						
Erect traffic signs	120 traffic signs erected by 30 June 2012	Number of Traffic Signs	0	None	R0	R0	
Labour Intensive Methods ward based program	72000m of roads maintained by 30 June 2012	Number of meters of Gravel Roads maintained using labour based method	51220m	Late start of the programme	R6 500 000.00	R5 898 904.00	Yes
Refurbish roads	30km of access roads maintained by 30 June 2012	Number of kilometers maintained	28,4km	None availability of own Plant	R3 000 000.00	R2 422 500.00	Yes
Training	60 people trained by 30 June 2012	Number of people trained	0	None	R0	R0	Yes
Kerbing and channeling constructed	4800m of kerbing and channels completed by 30 June 2012	Number of meters of Kerbing and channeling constructed by 30 June 2012	3339m	Slow SCM Processes	R800 000.00	R651 105.00	Yes
1.3.6 OFFICE OF THE MUNICIPAL MANAGER							
1.3.6.1 COMMUNICATIONS, IGR AND PROTOCOL							
To ensure the reviewal of Communication strategy by March 2012	1	Reviewed Communication Strategy by March 2012	Review done – target met	n/a	R70.000.00	R1680.00	yes
To ensure the effective and efficient maintenance of	1	Improve the website - once off	Updated- target met	One year website maintenance contract has expired and was renewed in April.	R150 000.00	R113 352.25	yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
Municipal website throughout the year				Encountered some technical challenges.			
To ensure quarterly publication of the news letter.	4	4 news letters published by 30 June 2012	3- target not met	Newsletter for quarter four is on compilation stage and to be printed in September.	R180 000.00	R95499.00	yes
To ensure quarterly media engagement	4	4 media engagements by 30 June 2012	2-target not met		R0.00	R0.00	yes
To ensure implementation of developmental communication throughout 2011/2012	1	At least 1 developmental communication material i.e. Brouchers, leaflets, Magazine adverts	1-Target met	n/a	R60 000.00	R58 745.00	yes
To ensure continuous dissemination of information from the Municipality to the communities throughout 2011/2012	4 live broadcast of Council meetings and 52 news paper article (municipal manager column)	weekly newspaper articles, quarterly radio slots and quarterly media releases	1 live broadcast- target no met 46- articles – target not met	During the year, Fever put on hold publishing of articles, as a result 6 articles were not published.	R150 000.0	R73 746.00	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
To enhance quarterly Public Participation Programmes	4 mayoral outreach programme	No. of Mayoral Outreaches	2 – target not met	Different time schedules lead to unavailability of politicians	R0.00	R0.00	Yes
To enhance internal communication throughout 2011/2012	1 intranet system installed	Installation of intranet and functional	Not installed- target not met	lack of coordination on IT section	R0.00	R0.00	No
To Ensure quarterly Communications Research	4 meetings	No. Local Communicators Forum meetings	4 meetings- target met	n/a	R0.00		yes
To ensure inter municipal relations throughout 2011/212	1 Signed MoU adopted by Council	Signing and implementation of MoU for twinning programme with CoJ	Not signed- target not met	Processes in place , was affected by change of political leadership on both Municipalities	R0.00	R0.00	Yes
To strengthening of stakeholder engagements to improve communication throughout 2011/2012	4 meetings	no of stakeholders meetings	4- target met	n/a	R0.00	R0.00	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
To ensure functional IGR forum throughout 2011/2012	4 meeting	no of induction(1) and meetings of the IGR Forum	3-Target not met	General Managers (IGR Members) were mostly unavailable due to their busy schedules	R0.00	R0.00	Yes
To ensure proper events coordination throughout 2011/12	4 Workshops	no of Protocol trainings and workshop	Target not met	There was a change on Political leadership	R0.00	R0.00	Yes
increase human resource capacity by 2 officer	2 officer and 1 admin clerk	no of staff employed	2 officers – target met	n/a	R0.00	R0.00	yes
To provide ongoing training and mentoring to all staff within the unit	2 trainings per officer	No. trainings of attended	1 training attended	HR- to coordinate	R1000.00	R0.00	yes
1.3.6.2 IDP/M&E							
Facilitate the IDP in line with legislative requirements throughout the 2012/2017 IDP	Approved IDP	% achievement as expressed per phase of the IDP	2012/2017 Adopted IDP- Target Met	n/a	400 000.00	66 257.42	yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
preparation process							
To ensure publicizing of all IDP Planning to allow for stakeholders participation in the 2012 /2017 IDP formulation.	4 Public Notices , 2 outreaches	no of adverts and no of outreaches	4 notices & 2 out reaches- target met	n/a	10000	8741.45	yes
compile ward based plans to Improve base information that informs Municipal Planning by September 2011	26 Ward based Plans	no of ward based plans	Ward base plans done- target met	n/a	120 000	115 795.32	yes
Monitor & Evaluate the IDP implementation, quarterly and monthly throughout 2011/2012.	4 Quarterly Performance Reports, 12 institutional monthly reports	no of quarterly reports, no of monthly reports,	4 quarterly reports, 12 monthly reports	n/a	R0	R0	yes
monitor the performance of	12 reports	no of monthly reports,	None- target not met		R0	R0	no

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
service providers							
mid-year assessment report adopted by council at the end of Jan 2012	1 report	%progress on the report	Adopted assessment report- target met	n/a	R0	R0	yes
annual report preparation By 30Aug 2011	1 report	% progress on the report	1 Report Done – target met	n/a	R0	R0	yes
Improve Public Participation in the Performance Management System by at least 10% throughout the implementation of the 2011 -2012 IDP	6 Public Notices on performance Reports available on the website	% improvement in the participation	Done- target met	n/a	R0	R0	yes
Appointment 1 PMS intern	R30 000.00	intern appointed	Not appointed- target not met	HR- to coordinated	R30 000	R0	n/a
increase human resource capacity by 1 officer and 2 clerks by Dec	1 officer 2 clerks	no of staff employed	1 officer appointed- target met 1 –clerk appointed – target not	n/a HR- to coordinated	R0	R0	n/a

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
2011			met				
To provide ongoing training and mentoring to all staff within the unit	6 trainings to IDP training	Rerecords of trainings attended	None - target not met	HR- to coordinated	25 000	8280.70	yes
1.3.6.4 MRAS							
Prepare 1 Report on progress with addressing AG report	1 Report	Number of reports	1 Report- target met	n/a	N/A	N/A	yes
Perform 5 routine audit inspections	5 Routine audit inspections	Number of reports	7 inspections- target met	n/a	N/A	N/A	yes
Prepare updated 1 Internal Audit plan by June 2012	1	Number of reports	1 report- Target met	n/a	N/A	N/A	yes
Perform a risk assessment Workshop on the entire institution with Senior Management and members of council and	1	Number of reports	1 report- Target met	n/a	N/A	N/A	yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
traditional leaders by June 2012							
Reviews of end year financial statements	1	Number of Reviews	1 report- Target met	n/a	N/A	N/A	
4 risk Progress Report	4	Number of reports	4 report- Target met	n/a	N/A	N/A	yes
Annual Risk Report	1	Number of reports	1 report- Target met	n/a	N/A	N/A	
Reviews of Performance Information Q1 - Q2	4	Number of reports	4 report- Target met	n/a	N/A	N/A	yes
Prepare a Risk Register 2011/2012	1	Number of reports	1 report- Target met	n/a	N/A	N/A	yes
1.3.6.4 SPECIAL PROGRAMMES UNIT							
To enable young people to participate meaningfully in municipal	12 Meetings	Number of Meetings	12 Target met	n/a	n/a	n/a	

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
processed.							
To ensure women participation in municipal processes.	4 Meetings	Number of Meetings	2-target not met		n/a	n/a	yes
To facilitate full participation of people living with disability.	4 Meetings	Number of Meetings	4-Target met	n/a	n/a	n/a	yes
To make sure that HIVAIDS structure participate in municipal processes.	4 Meetings	Number of Meetings	1- Target not met	n/a	n/a	n/a	yes
To monitor the employment of youth within the Municipality and business opportunities for the youth	4 Reports submitted to MM and SPU Standing Committee	Number of Reports	2- Target met	n/a	n/a	n/a	Yes
To monitor the employment of women within the Municipality and	4 Reports submitted to MM and SPU Standing Committee	Number of reports	2- target not met	Women's forums not yet established	n/a	n/a	yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
business opportunities for women							
To monitor the employment of people living with Disability and business opportunities for PLWD	4 Reports submitted to MM and SPU Standing Committee	A report submitted to council	3- Target met	n/a	n/a	n/a	Yes
To monitor the implementation of HIV/AIDS policy in workplace	4 Reports submitted to MM and SPU Standing Committee	A report submitted to council	4- Target met	n/a	n/a	n/a	Yes
To provide for the functioning of the Youth Unit.	4 Reports submitted to MM and SPU Standing Committee	Youth Unit meetings catered for and transportation of the members provided.	4- Target met	n/a	n/a	n/a	Yes
To establish women's forums at ward level and at municipal level and to develop women empowerment strategy.	approved Gender Policy; 26 women fora and 26 women coops	Establishment of Gender Policy; Establishment of Ward based women fora(26) and 26 Women Coop	No forum established- Target not met	The service provider that was appointed to Establish the Gender policy did not submit the policy to the Municipality	n/a	n/a	Yes

Objective	Annual Target/s	Key Performance Indicator/s	Status on Performance (Actual) end of 2011/2012	Reasons for non-achievement	Annual budget	Expenditure by end of Financial Year	Portfolio of Evidence for Performance or non-performance (Yes/ No)
To provide for the functioning of the Disability Forum	4 Reports submitted to MM and SPU Standing Committee	Disability Forum meetings catered for and transportation of members provided.	5- Target met	n/a	n/a	n/a	Yes
To establish WAC forums at ward level and to provide for the functioning of LAC at municipal level	4 Reports submitted to MM and SPU Standing Committee	Functional LAC and WAC	4- LAC –target met 0-WAC- Target not met	n/a	n/a	n/a	Yes
To provide to ECDC and schools	By 30 June 2012	Date of ECDC Support	Support to schools- no ECDC- Target met	There was a need to established a Children Advisory Council before the ECDC could be supported.	n/a	n/a	Yes
To establish older person's forum at ward level and municipal level	26 Ward forums and 1 at municipal level	Functional older person's forums	9- target not met	Wards have not yet all submitted their forums	n/a	n/a	Yes

1.4 PERFORMANCE BY EXTERNAL SERVICE PROVIDERS (2011/2012)

DEPARTMENT: OFFICE OF THE MUNICIPAL MANAGER

NAME OF SERVICE PROVIDER	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
INTEGRATED DEVELOPMENT PLANNING/MONITORING AND EVALUATION					
Sullivan Fadana & associates	Integrated Development Plan (IDP)	Produce the 2012/2017 IDP documents	completed	none	Recommending Never to use the company again
Boxer superstores	Providing groceries	Groceries for IDP & IDP/Budget Outreach	Completed	none	Recommending that the company be used as a preferred supply for providing groceries for outreaches in the next financial year, 2012/2013
IHS Global Insight	Providing statistical Data	Quarterly updates of statistical data	Ongoing	none	The data on demographics does not seem to be accurate; however we shall get an update during the second quarter of 2012/2013, after the STATSSA Census results in October 2012.
Garden Court-Mhlanga	accommodation	Accommodation for STRAT Plan	completed	None	They provided a poor service and are not willing to provide the

NAME OF SERVICE PROVIDER	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
					municipality with original invoices, there is just no cooperation.
Protea Consulting	Performance Management System (PMS)	Aligning the IDP and the Performance Management System of the Municipality as Legislated	Ongoing	None	Provided excellent services.
Fever Publications	advertising	Advertising public notices	ongoing	none	They provide a good service, they are reliable, and the MLM has a good working relationship with the supplier. They are a free local paper; therefore the recommendation is that we continue working with them in the next financial year.
Pondo News	advertising	Advertising public notices	ongoing	N/A	They provide a good service; with the exception they are very expensive.
Nile Human Capital	Compilation of the 2010/2011 Annual Report	Consolidate the 2010/2011 Annual Report	Complete	N/A	Recommending Never to use the company again – Did not do the one on one with Managers of the Municipality and collect information that would be used in the Annual report compilation
COMMUNICATIONS, IGR AND PROTOCOL					
Ingenious Information System	Website	Develop and maintain website	On going	None	Satisfactory

NAME OF SERVICE PROVIDER	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
Born & Bred	Printing & design of Newsletter	To produce quality newsletters	Completed	None	Satisfactory
	Branding material	To produce and deliver banners	Completed	None	Satisfactory
	Branding Manual	To develop and produce branding manual			
Luandi Media Marketing	Printing & design of Newsletter	To produce quality newsletters	Completed	None	Satisfactory
	Develop & printing of tourism booklets	To produce quality booklets	Completed	None	Satisfactory
String Communications (Delivery Magazine)	Article publication	To publish article about Municipal finance management	Completed	None	Satisfactory
Mpiyonke's Dream Trading	Developing and printing of faces of councillors' posters	To produce quality posters	Quality of posters not satisfactory and did not deliver the quantity requested	Posters were returned back and new ones were reproduced	Not satisfactory: recommend to use one service provider for printing purposes
Ndangi	Newsletter	To translate newsletter	Delivery delayed	None	Delivery delayed

NAME OF SERVICE PROVIDER	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
Alfred Nzo Community Radio	Radio slots	Live broadcast of council meetings and promotional adverts	Completed	None	Satisfactory
Royal Court Yard	Conference Room	Well organised conference room and catering	Completed	None	Satisfactory
Modula Qoha Trading	Calendars, diaries and business cards	To produce quality diaries calendars and business cards	Completed Completed	None None	First delivery delayed due to December Holidays Second batch delivered in time Satisfactory
Office National	Supply empty CDs	To deliver and supply of empty CDs	Completed	None	Satisfactory
Sokhulu Promotions	Supply and brand promotional material	To supply and brand promotional material	Completed	None	Satisfactory
MATATIELE RISK AND AUDIT SERVICES					
Umnotho Business Consulting	Internal Audit	Review Annual Financial Statements, Prepare Annual Audit Plan, Conduct Risk Assessment, A Risk Register and transfer skills to the municipal internal auditors.	Completed and Ongoing	A daily register is kept to record UBC's activities while in the municipal offices. A spreadsheet is kept for claims so as to record any deviations from the original tender.	The Municipality must make provision for UBC to perform more audits when necessary in order to obtain a clean audit.

DEPARTMENT: BUDGET AND TREASURY OFFICE

NAME OF SERVICE PROVIDER (CONSULTANT)	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
Netwise	IT	Ensure all it network systems and computers are in working order	Ongoing	N/A	No complaints
Contour	Electricity vending	Provision of electricity	Ongoing	N/A	No complaints
Payday	Salary systems / hr	Ensure systems are running so salaries are paid and provide assistance with system	Ongoing	N/A	No complaints
Fujitsu	Accounting system	Ensure systems is are continuously in running order and provide assistance	Ongoing	N/A	No complaints
MAMS	Assets system	Control, update and maintenance of the assets register and provide assistance	Ongoing	N/A	No complaints
Nile human capital	Vat returns	Assist with vat returns and ensure they are done	Ongoing	N/A	No complaints
Protea consulting	Annual Financial Statements	Assist with compiling the AFS	Ongoing	N/A	No complaints

DEPARTMENT: COMMUNITY SERVICES

Unit: Public Safety

NAME OF SERVICE PROVIDER	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
Matatiele Office National	Supply of toners, printers, desks, chairs, bins etc	Good	Ongoing	None	None
Sparks & Ellis Uniforms	Supplied uniforms	Fair	Ongoing	None	None
Neffcon	Calibration of testing equipment	Good	Ongoing	None	None
Waltons	Supply Drum/secure tape for licencing	Good	Ongoing	None	None
Lexis Nexis	Supply of Acts	Good	Ongoing	None	None
Pops print	Supply of inspection books	Good	Ongoing	None	None
Sydred Delta	Repairs to vehicles	Good	Ongoing	None	None
Neave Farming	Supply of feed for animals in	Good	Ongoing	None	None

NAME OF SERVICE PROVIDER	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
	pound, fire beaters etc				
Prestige Security	Supply of camera system, first aid kit	Good	complete	None	None
Government Printing Works	Supply of licencing and AARTO books/forms	Fair	Ongoing	None	None
Rail traction Engineers	Supply of fire fighter helmets, boots, jackets, gloves	Good	Complete	None	None
Alco Safe CC	Supply of alco meters	Good	Complete	None	None
Auto Communications	Supply of two way radio's and vehicle radios	Fair	Complete	None	None
Build it	Supply of carpets, carpet glue etc	Good	Complete	None	None
Ama –corp CC	Supply of money counting machines, note scanner	Good	Complete	None	None
One Price Store	Supply of Filing boxes	Good	Ongoing	None	None

NAME OF SERVICE PROVIDER	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
Swift travel	Travelling arrangements	Good	Ongoing	None	None
Berg Signs	Traffic Vehicle Signage	Good	Ongoing	None	None
Prodiba	Finger print pads, tone for eye test machine	Good	Ongoing	None	None
EG Fire Services	Supply of Fire extinguishes	Good	Ongoing	None	None
Bassie van Wyke	Renovations of AARTO Offices	Good	Complete	None	None
Midas	Supply of jacks, code bars etc	Good	Ongoing	None	None
PJ Holl	Supply of banks, car ports,	Good	Ongoing	None	None
Heinz Toyota	Emergency vehicle fittings	Good	Complete	None	None
Joey van Whye	Renovation/Marking testing	Good	Complete	None	None

NAME OF SERVICE PROVIDER	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
	Centre				
Netwise/GA Info	Network points	Good	Completed	None	None
Rand data forms	Section 56/341 fine books	Good	Ongoing	None	None
Orion	Tyres for traffic vehicles	Good	completed	None	None
Truvelo	Speed timing equipment	Good	Ongoing	None	None
Traffic Signals & Accessories	Supply of Traffic signals	Good	Completed	None	None
PE Traffic Training College	Training of Traffic Wardens and Examiners	Good	Ongoing	None	None
Whittle & Son	Florescent globes, Glass	Good	Complete	None	None

UNIT: ENVIRONMENTAL MANAGEMENT

NAME OF SERVICE PROVIDER	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
Lupicon Contractors	Fencing of Cedarville Cemetery	To complete the fencing	Completed		n/a
Celta Virgo Civils	Fencing of Maluti Cemetery	To complete the fencing	Completed		n/a
Alfred Nzo District Municipality (Infrastructure)	Resurfacing of Nature Reserve (Mountain Lake) Road	To complete the construction	Completed		n/a
Hani Malik Projects	Rehabilitation of Donga erosion in Harry Gwala Extension	To archive 60% work by end of financial year.	Ongoing		n/a
Zucro Projects	Training of Nunge Charcoal Cooperative	To provide training on Chainsaw operation, 1 st Aid Course and Herbicide Application	Completed		n/a

UNIT: SOLID WASTE

NAME OF SERVICE PROVIDER	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
Batebang Bataung	Refuse collection, street sweeping, drain maintenance in town	Cleaning and refuse collection	Ongoing		n/a

NAME OF SERVICE PROVIDER	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
Phakamisa Construction	Refuse collection, street sweeping, drain maintenance in all the residential areas in Matatiele	Cleaning and refuse collection	Ongoing		n/a
Aphendulwe Trading	Refuse collection, street sweeping, drain maintenance in Area C, Maluti & Mt. View	Cleaning and refuse collection	Ongoing		n/a
Bathokozeleni Trading	Garden and sports fields maintance in Matatiele,	Cleaning and refuse collection	Ongoing		
Bathokozeleni Trading	Grass cutting	Grass cutting	Ongoing		n/a
J & P Trading	Grass cutting	Grass cutting	Ongoing		n/a
Dumisa no Sapho Construction	Grass cutting	Grass cutting	Ongoing		n/a
Lethama Trading	Grass cutting	Grass cutting	Ongoing		n/a
Interwaste	Operation and maintance of the landfill site	Ensure compliance of the landfill site	Ongoing		n/a
Mthuthemba (PTY) LTD	Fencing of Matatiele buyback centre	To complete the fencing	Completed		n/a
Kesmo CC	Construction of Matatiele buyback centre	To complete construction	Ongoing		n/a

DEPARTMENT: CORPORATE SERVICES

UNIT: ADMIN SUPPORT AND COUNCIL SUPPORT

NAME OF SERVICE PROVIDER	SERVICE RENDERED	SET TARGET OF PERFORMANCE (What was Service Provider to do?)	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
Prestige Services	Security Services for the Municipal buildings	Armed Banking Alarm Services Guard Services Cleaning, Maintenance and Control Services General Conditions	Ongoing	-	Overall performance is Good
Netwize	Maintenance of Computers and IT Systems	Information Technology Support	Ongoing	-	Overall performance is Good
Metrofile	Electronic Document Management System at Registry.	To facilitate quick finding, sharing and accessing all document types, both scanned paper and electronic computer-generated files, from one easy-to-use intranet web portal and incorporate records management.	Ongoing	-	Overall performance is Satisfactory
Steiner	Hygiene & Pest Control	Pest Control Supply of the following Hygiene equipment 4 x Air Freshener Dispensers 4 x Auto Sanitizer Dispensers 4 x Liquid Dispensers 1 lt Valve System 4 x Seat Sanitizer	Cancel	-	Overall performance was poor

NAME OF SERVICE PROVIDER	SERVICE RENDERED	SET TARGET OF PERFORMANCE (What was Service Provider to do?)	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
		Dispensers 4 x She Bins Pedal Intima white 4 x Air Towels 360 Santeen			
ECM	Sound & PA System	Recording of Meetings	Ongoing	-	Overall performance was Satisfactory
Thandisizwe Skonje	Sound & PA System	Recording of Meetings	Ongoing	-	Overall performance was Good
Kokstad Copiers	Photocopy Service	To provide copying and printing functions	Ongoing	-	Overall performance was Good
EG Fever	Advertising	Advertisements of Vacancies & Notice of Council Meetings	Ongoing	-	Overall performance was Good
Pondo News	Advertising	Advertisements of Vacancies	Completed	-	Overall performance was Poor
EG Printers (Kokstad Advertiser)	Advertising	Advertisements of Vacancies & Notice of Council Meetings	Ongoing	-	Overall performance was Good

UNIT: Human Resources Management

NAME OF SERVICE PROVIDER	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN TO IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
Department of Education	Adult Basic Education	An improved level of literacy and numeracy amongst adults (employees)	On-going	A continues monitoring of attendance of employees registered for this programme	Identification of uninterrupted venue/classes for ABET Students
Loyiso ICT Consulting	Computer Literacy	Employees and Councillors are Computer literate e.g. operating computers using following programmes: MS Word, MS PowerPoint, MS Excel	Completed	Daily usage of computers to be user friendly	Recommended
African Governance	Report Writing and Minute	All Executive Secretaries and	Completed	None	Recommended

NAME OF SERVICE PROVIDER	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN TO IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
Transformation (AGT)	Taking Training	Personal Assistants are competent in writing of reports and taking minutes thereof.			
Nelson Mandela Traffic College	Examiner For Driving Licence F-D Course	Enough Examiners for Learners and Driving Licence in the Municipal Traffic Unit	Completed	Practical Examination for Learners and Driving Licence executed	Recommended
University of Fort Hare	Community Participation Training	All Ward Councillors are able to engage with the community members of their wards.	Completed	Councillors are interacting with the communities on a continues basis	Recommended
University of Fort Hare, Stellenbosch University and Wits University	Municipal Finance Management Programme/CPMD	Senior Managers, Middle Managers from finance and Finance officials especially in Supply Chain Management obtained the minimum competence requirement in 2013 as stipulated by the National Treasury Regulations	On-going	Enrolment of 5 managers and 6 Councillors, The upcoming rollout for 40 employees on the same programme	100% commitment from those who have been and those who will be given an opportunity to enrol for this programme
Pay-Day Software	Pay-Day Software training	All users are conversant to the system	Completed	Utilisation of the system by relevant employees	Recommended
Unisa	Enrolment of employees for Degrees and Diplomas	Qualified staff beyond Matric level	On-going	Submission of examination results by enrolled employees	Commitment of the enrolled employees to their studies
AG Academy	Training of Ward Committees Members	All 260 Ward Committee Members are capacitated	Completed	None	Recommended

DEPARTMENT: ECONOMIC DEVELOPMENT AND PLANNING

UNIT: Local Economic development planning

NAME OF SERVICE PROVIDER	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
Mziomhle Trading CC	Supply and Delivery Fencing Material (Cedarville Emerging Farmers)	Rolls of Barbed wire 46 Corner poles Treated 120 Farm gates with mesh 3 Plan wire 50 kg	Completed	None	Service Provider supplied and delivered required material and their service was good.
Gavin Brown and Associate	Design Floor Plans and design renovation plans for Micro Centre	Architectural Designs and Engineering designs	Ongoing	None	Still at the conceptualisation stage
Maluti Drakensburg Route	Advertisement	Advertisement	Completed	None	Good
Kuyanda Commodities	Training in Beadwork	15 Crafters	Completed	None	The service provider was excellent
Lubelu Creation Co op	Training in Sewing	25 Crafters	Completed	None	Their services were not good
Daily Despatch	Advertisement	Advert for the Milling Facility	Completed	None	The service was good
Sky Blue Media	Advertisement	Advert for the Milling Facility	Completed	None	Good
Master Pages DTP Specialists	Re print :Tourism Brochure	5 000 Tourism Brochures	Completed	None	Excellent
Ramsay Media	4sqm Accommodation stand	4sqm	Completed	None	Excellent
Interactive Trading 498 (PTY)	Beeld Show Stand	1	Completed	None	Excellent

NAME OF SERVICE PROVIDER	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
Midrand Net	Accommodation	4	Completed	None	The service was not good at all
Klip Elis Guest Lodge	Accommodation	4	Completed	None	
Shakes and Xolani Construction	Building Broiler Structure	1	Completed	None	The service was excellent
Through it All Creations	Project Management	1	Completed	None	The service was poor.
Rea X Man Construction	Fencing of the site	1km	Completed	None	The service was excellent
LP Health and Safety Consulting	Develop Informal Trading Policy and Bylaw for Matatiele Local Municipality	2 By-laws	Completed	None	Excellent
Bravo Developments Consultants CC	Designing and Piloting a Comprehensive informal Trading Policy	Designing and piloting a comprehensive informal Trading Policy	Completed	None	Excellent
Pondo News	Public Notice	Public Notice	Completed	None	Excellent

Unit: Development Planning

NAME OF SERVICE PROVIDER	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
MHP-GEOSPACE	Matatiele Municipal Land Audit	Completed land audit by 30 december 2012	Good- project is on going	None	Project on track
FOURWAYS CONSULTING SERVICES	Maluti Land Tenure Upgrade	Township established by 30/06/13	Good -on going but project is on hold	None	Project on hold awaiting land donation

DEPARTMENT: INFRASTRUCTURE SERVICES

NAME OF SERVICE PROVIDER (CONSULTANT)	NAME OF SERVICE PROVIDER (CONTRACTOR)	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
Sintec	Mzamo & Mzamo Development Contractors	Felleng Access Road	3km	Complete	Close project Monitoring	Recommended
Fj Consulting	Masela transport JV	Mahlabathini / Lugada Access road	4km	Complete	Close project Monitoring	Recommended
Maluti GSM	Liyema Civils Plant Hire	Moliko Access Road	3km	Complete	Close project Monitoring	Recommended
Iliso Consulting	FV General Trading,	Diaho Great Place Access	4.2km	Ongoing	Close project Monitoring	Recommended
Makhaotse, Narasimu & Associates	Peso Construction	Malubaluba Access Road	3.2km	Complete	Close project Monitoring	Recommended
S. Zoko Consulting	Tswella Trading 88	T69 Moqhobi Access Road	5.5km	Complete	Close project Monitoring	Recommended
Makhaotse Narasimulu	Xesibe Construction	T69 Khoapa Access road	6.5km	Ongoing	Close project Monitoring	Recommended
Jean Koonstruction	VNJV Trading	Rehabilitation of Cedarville Streets	2.5km	Retention	Close project Monitoring	Recommended
S. Zoko Construction	Masakhane t/a brainwave Projects	Rehabilitation of Matatiele Streets	2.4km	Ongoing	Close project Monitoring	Recommended
ZNZ consulting	Coral Blue JV	Berdivale – Mahlahleng Access Road	5.1km	Complete	Close project Monitoring	Recommended
Buyeye Consulting engineers	Zengele's Supply Services	Rantshiki Access Road	4km	Ongoing	Close project Monitoring	Recommended
Vuka Africa Consulting	Kwalo's construction	Ngcwengane – Esifolweni Access Road	8.5	Retention	Close project Monitoring	Recommended
MDQ Consulting	Mzamo & Mzamo Deve	Tshita – Mabua Access Road	3.5km	Ongoing	Close project	Recommended

NAME OF SERVICE PROVIDER (CONSULTANT)	NAME OF SERVICE PROVIDER (CONTRACTOR)	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
	Iopment Contractors				Monitoring	
Buyeye Quantity Surveyors	Buyeye Quntity Surveyors	Community halls	282m ²	Ongoing	Close project Monitoring	Recommended
Gavin Brown & Associates	Davicon jv Richsons	Air field upgrading	1.1km	Ongoing	Close project Monitoring	Recommended
Makhaotse Narasimulu Construction	Kuali Construction jv Kambila Construction	Thabaneng Access Road	3km	Complete	Close project Monitoring	Recommended
Inhouse	Shakes & Xolani jv Liyata Civils	Moeketsi Access Road	4.1km	Ongoing	Close project Monitoring	Recommended
Loyiso Consultant	Mabona Civils & Plant Hire jv Colto Construction	Mafube-Nkosana Bridge	25m	Ongoing	Close project Monitoring	Recommended

ELECTRICAL UNIT

NAME OF SERVICE PROVIDER (CONSULTANT)	NAME OF SERVICE PROVIDER (CONTRACTOR)	SERVICE RENDERED	SET TARGET OF PERFORMANCE	STATUS OF PERFORMANCE (COMPLETED/ONGOING)	MEASURE TAKEN IMPROVE PERFORMANCE	COMMENTS /RECOMMENDATIONS
N/A	Imbokodo Electrical	Replace Main Street cable	Replace 1154 m of cable	Completed	N/A	Recommended
N/A	Global Transformer Services	Replace Mini Sub	Supply, deliver and connect mini sub	Completed	N/A	Recommended

1.5 REPORT ON TARGETS

A Portfolio of Evidence has been compiled on performance and achievements as part of the 2011/2012 SDBIP (Annexure 1).

1.6 MUNICIPAL MANAGER'S OBSERVATIONS

This annual performance report is based on the 2011/2012 Service Delivery and Budget implementation Plan (SDBIP) for Matatiele Local Municipality. Most of the Annual Performance Targets have been met. These include targets relating to compliance with legislation in the Budget and Treasury matters, IDP matters, Infrastructure and LED projects.

1.7 RECOMMENDATIONS/MEASURES TO BE TAKEN TO IMPROVE PERFORMANCE

The following are recommendations for the improvement of institutional performance for the 2012/2013 financial year:

- Alignment of the IDP, Budget and SDBIP which were not achieved during 2011/2012 must be carried over and completed in the next financial year;
- PMS will be cascaded down from General Managers to the lowest levels of employment
- Continuous training to staff members will be done on Performance Management System (PMS) to improve their planning processes;
- Whilst re-prioritization is sometimes unavoidable, efforts should be made by departments such that this does not affect annual performance targets;
- Departments need to monitor and evaluate the performance of service providers on a monthly basis to ensure that all projects are completed on scheduled times;
- Departments must champion their Risk Management and ensure strong internal controls are developed and applied effectively;
- The municipality's monitoring and evaluation unit needs to be re-enforced and capacitated and physically inspect performances and report on findings.
- Public Participation involvement setting of Performance Targets and Performance Indicators and Monitoring and Evaluation of performance must be strengthened.

1.8 CONCLUSION

Matatiele Local Municipality still has room for improvement in applying Performance Management System tools.

There has been a lack of alignment of IDP, Budget and SDBIP in the 2011/2012 financial year within the Matatiele Local Municipality.



DR DCT NAKIN
MUNICIPAL MANAGER

B: ANNEXURE

1. Full AG reports;
2. Audit committee report
3. Approved Municipal Structure

Annexure 1: Audit General Report



AUDITOR - GENERAL
SOUTH AFRICA

The Accounting Officer
Matatiele Local Municipality
P.O. Box 35
MATATIELE
4730

Date: 30 November 2012

Reference: 05714REG11-12

Dear Dr. Nakin

Report of the Auditor-General on the financial statements and other legal and regulatory requirements of Matatiele Local Municipality for the year ended 30 June 2012

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa read in conjunction with section 188 of the Constitution of the Republic of South Africa and section 121(3) of the Municipal Finance Management Act of South Africa (MFMA).
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements and the reported performance against pre-determined objectives. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA you are required to include the audit report in the municipality's annual report to be tabled.
4. Until the annual report is tabled as required by section 127(2) of the MFMA the audit report is not a public document and should therefore be treated as confidential.
5. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when

preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.

6. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
7. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely



.....
Rodger Hill CA (SA)

East London

Enquiries: Stephen Khusu
Telephone: (047) 531 0409
Fax: (047) 531 1455

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

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

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2001) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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

Emphasis of matter

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

Restatement of corresponding figures

8. As disclosed in note 47 to the financial statements, the corresponding figures which relate to the year ended 30 June 2011 have been restated during the current financial year.

Additional matter

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

Unaudited supplementary schedules

10. The supplementary information set out in Appendices C and D 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**PAA REQUIREMENTS**

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

Predetermined objectives

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

Usefulness of information**Performance Indicators not well defined**

16. The FMPPI requires that indicators should have clear unambiguous data definitions so that data is collected consistently and is easy to understand. A total of 40% of the indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently.

Performance targets not specific, measurable or time bound

17. The FMPPI requires that performance targets be measurable, that the time period or deadline for delivery be specified and that they be specific in clearly identifying the nature and required level of performance. A total of 27% of the performance targets were not specific in clearly identifying the nature and the required level of performance, while 23% could not be measured, and were not time bound.

Reported indicators and targets not consistent with planned indicators and targets

18. Section 41(c) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) requires that the integrated development plan should form the basis for the annual report, therefore requiring the consistency of indicators and targets between planning and reporting documents. A total of 47% of reported indicators and 22% of reported targets were not consistent when compared with the planned indicators and targets.

Reliability of information

Reported performance not valid, accurate or complete

19. The FMPPI requires that processes and systems which produce an indicator be verifiable, that the indicator be accurate enough for its intended use so as to respond to changes in the level of performance, and that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information be properly maintained. A total of 42% of the actual reported performance relevant to the project management unit, solid waste and electricity objectives were not valid and 50% was not accurate when compared to source information, while 24% was not completely recorded.

Compliance with laws and regulations

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

Annual financial statements, performance and annual report

21. 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 current assets, current liabilities and disclosure items identified during the audit were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.
22. The annual performance report for the year under review does not include a comparison with the targets set for and performances of the previous financial year as required by section 46(1)(b) of the MSA

Internal control

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

Leadership

24. Management did not perform an adequately detailed review on the financial statements and the annual performance report prior to their submission for audit. This resulted in misstatements that were required to be corrected. The municipality implemented an action plan to address internal control deficiencies however there were still repeat findings noted specifically regarding compliance with the GRAP measurement and disclosure requirements and the formulation of indicators and targets for the performance report.

Auditor-General

East London

30 November 2012



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

**REPORT OF THE AUDIT COMMITTEE OF THE
MATATIELE LOCAL MUNICIPALITY
FOR THE FINANCIAL YEAR ENDING 30 JUNE 2012**

(INCORPORATING THE PERFORMANCE AUDIT COMMITTEE OF THE MATATIELE LOCAL
MUNICIPALITY)

MEMBERS

Mr. A.R. Duminy	Chairperson: Audit Committee
Ms S.J.K. Earle	Member
Dr. M. Roets	Member
Mr. L. Mapholoba	Member
Mr. M. M. Boki	Member

The Audit Committee of the Matatiele Local Municipality (hereinafter referred to as "the Municipality") presents the following report to the Honourable Speaker Councillor Mshuqwana on its activities and functions for the 2011 / 2012 financial year:

1 MEETINGS:

The Audit Committee held meetings on the following dates during the 2011 / 2012 financial year:

- a) 31 August 2011;
- b) 24 October 2011;
- c) 23 November 2011;
- d) 20 January 2012;
- e) 11 April 2012.

The Audit Committee further discussed reports relating to the 2011 / 2012 at its meeting of the 25th of July 2012.

The minutes of the above meetings are held by the secretariat of the Municipality and are available for your perusal at your convenience. The committee has considered inter alia the following documents relating to the 2011 /2012 financial year in its discussions at the above meetings:

- a) Terms of reference of the Audit Committee;
- b) Internal Audit Charter – Umnotho Business Consultants (UBC);
- c) Internal Audit Plan – UBC;
- d) Reports of the Internal Auditors (UBC):
 - i) Accounts Receivable Report/Final Debtors Report (Capital Projects);
 - ii) Final Progress Report for the 2010/2011 Financial Year;
 - iii) Risk Assessment Report;
 - iv) Risk Assessment – top 10 risks;
 - v) Supply Chain Management (SCM);
 - vi) Review of Performance Information – 1st Quarter;
 - vii) Review of Performance Information – Second (2nd) Quarter;
 - viii) Review of Performance Information – Third (3rd) and Fourth (4th) Quarter;
 - ix) DORA & MFMA Compliance Review;
 - x) Risk Assessment Report / Risk Schedule; and
 - xi) Review of the Fraud Prevention Plan;
- e) Financial statements of MLM 2011 / 2012;
- f) Management Letter of the Auditor General – November 2012;
- g) Management responses to Auditor General's management letter; and
- h) Report of the Auditor General – November 2012;
- i) Reports at meetings by the Internal Audit Clerk on progress in the Internal Audit Unit of the MLM.

2 TERMS OF REFERENCE

The Audit committee operates in terms of accepted terms of Reference for the Audit Committee as set out in the appointment letters subject to the provisions of Section 166 of the MFMA. In particular the Committee emphasises that its overall objective is to ensure that good corporate governance is observed and practiced by the Municipality. In particular the purpose is to assist the Council in the course of the Council fulfilling and achieving its developmental objectives which are to deliver a quality service to ratepayers, service consumers and stakeholders utilizing minimum resources, while creating and bringing about a self-sufficient municipality.

3 AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee reports that it has complied with its responsibilities as set out in its Council approved terms of reference.

4 REVIEW OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the 2011 / 2012 financial year were considered by the Audit Committee and comments from the committee were discussed with management.

The Audit Committee has noted the unqualified opinion expressed by the Auditor-General in his report on the Annual Financial Statements and commends management on the preparation and presentation of these financial statements for the year under review. The Auditor-General, without qualifying his opinion, drew attention to the following issues:

4.1 RESTATEMENT OF CORRESPONDING FIGURES

The corresponding figures which relate to the year ended 30 June 2011 were restated during the financial year under review. This is disclosed in note 47 and is mentioned by the Auditor General to bring it to the attention of users of the financial statements.

4.2 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

4.2.1 PREDETERMINED OBJECTIVES

4.2.1.1 Performance Indicators not well defined

In terms of the **FMPPI** indicators are required to have clear unambiguous data definitions so that data is collected consistently and is easy to understand. A total of 40% of the indicators audited were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently.

4.2.1.2 Performance targets not specific, measurable or time-bound

In terms of the **FMPPI** targets are required to be measurable in that the time period or deadline for delivery is to be specified and nature and level of performance must be clearly identified.

A total number of 27% of performance targets were not specific in clearly identifying the nature and required level of performance while 23 % could not be measured and were not time-bound.

4.2.1.3 Reported indicators and targets not consistent with planned indicators and targets

Section 41 (c) of the Municipal Systems Act (32 of 2000) (MSA) requires that the integrated development plan should form the basis for the annual report, therefore requiring the consistency of indicators and targets between planning and reporting documents. A total of 47% of reported indicators and 22% of reported targets were not consistent when compared with the planned indicators and targets.

4.2.1.4 **Reliability of information: Reported performance not valid, accurate or complete**

The FMPPI requires that processes and systems which produce an indicator be verifiable, that the indicator be accurate enough for its intended use so as to respond to changes in the level of performance and that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information be properly maintained. A total of 42% of the actual reported performance relevant to the project management unit, solid waste and electricity objectives were not valid and 50% was not accurate when compared to source information (of which 24% was not completely recorded).

- 4.2.1.5 The detailed findings of the Auditor General have been referred to Management. The above issues are longstanding issues which the MLM has struggled to resolve in the past. The Audit Committee has recommended the use of external experts to assist in assessing and correcting the above issues. The Audit Committee has been advised by Management that the above issues have been addressed and that such issues should be adequately addressed in the next financial year. The Audit Committee will call for a report from Management on progress in this regard and will monitor such progress and the implementation of corrective measures.

4.2.2 COMPLIANCE WITH LAWS AND REGULATIONS

4.2.2.1 Annual Financial Statements, Performance and Annual Report:

The Auditor General noted that the Annual Financial Statements were not originally prepared in all material respects with the requirements of Section 122 of the MFMA. The Auditor General noted that this issue had been corrected.

The annual performance report for the year under review did not include a comparison with the targets set for and performances of the previous financial year as required by Section 46 (1) (b) of the MSA. Management has advised that this issue will be addressed in the next report.

4.3 LEADERSHIP

The Auditor General noted that the financial statements had not been adequately reviewed prior to their submission for audit. This resulted in misstatements which had to be corrected. Although an action plan was implemented to address internal control deficiencies there were still repeat findings specifically regarding compliance with GRAP measurement and disclosure requirements and the formulation of indicators and targets for the performance report.

5 RISK ASSESSMENT AND MANAGEMENT

The Committee notes the commitment of management in putting in place effective strategies and plans for risk assessment and management by all its directorates. This management responsibility will continue to be monitored on an ongoing basis by the Committee. The Audit Committee notes that Risk Assessments have been carried out and that a Risk Committee is in place to identify, monitor and address risks.

The Audit Committee notes further that the involvement of the Internal Audit Unit of the Municipality appears to have resolved communication difficulties between the Internal Auditors (UBC) and management.

6 FRAUD PREVENTION AND RELATED POLICIES

The Committee notes again the efforts by the Internal Audit function of the Municipality in exposing potential and real fraud cases within municipal directorates and assisting management in dealing effectively with such incidents. Policies and plans are in place to ensure the continued effective management of risk and minimization of fraud within the Municipality. The Fraud Prevention Plan has furthermore been reviewed by the Audit Committee and the Committee noted the development of a new Fraud Prevention Plan. The Committee stresses again the need to make the Fraud Prevention Plan known to the staff of the Municipality and the public by way of awareness exercises such as posters on notice boards, a statement on the Municipal website, references on stationery and other such means. This will enhance a culture of fraud prevention and anti-corruption in the Municipality.

7 PERFORMANCE MANAGEMENT

The Committee has taken note of the findings of the Auditor-General on performance information during the year under review and notes that the Municipality has made progress in the year under review to increase its capacity and to comply with requirements relating to Performance Information and Management. The issue of compliance with all regulatory requirements on performance information and management will be monitored closely by the Committee.

8 AUDIT FUNCTION

8.1 INTERNAL AUDIT FUNCTION

The Committee is satisfied with the work of the Internal Auditors (UBC) in assisting the Municipality with this function and believes that the Municipality has once again improved its capacity and compliance relating to internal audit substantially in this financial year.

The Audit Committee considers the work of the Internal Auditors to be effective and helpful in assisting the Audit Committee and Municipality to carry out their functions and activities.

8.2 EXTERNAL AUDIT FUNCTION

The Committee is further satisfied with the work of the External Auditors (Auditor General) and considers such work effective. The Auditor General's representative has attended various meetings of the Committee and this has assisted the Audit Committee to fulfil its functions generally and in particular relating to the Auditor General.

9 PERFORMANCE AUDIT COMMITTEE

- 9.1 The Audit Committee of the Municipality sits as an Audit Performance Committee and carries out performance management functions. A comprehensive audit of the Performance Management System was carried out and reported on in the previous report of this committee. Performance Information was audited and reported on by the Internal Auditors with risks being identified and addressed by management.
- 9.2 The Audit Committee has furthermore participated in performance assessments for Municipal managerial staff during the year under review.
- 9.3 The Audit Committee has also carried out an assessment of its functions, performance and capacity and will continue to carry out self-assessments and reviews of its functions and performance.

10 **CONCLUSION**

The Audit Committee accepts the conclusions of the Auditor-General on the Annual Financial Statements for the year ended 30 June 2012 and recommends that the audited annual financial statements be adopted by the Council.

Signed at Matatiele this 22nd day of January 2013.



AR Duminy

Chairperson of the Audit Committee and Performance Audit Committee