

AMATHOLE DISTRICT MUNICIPALITY



**2011/12**

---

ANNUAL  
REPORT

Volume I

# Contents

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REPORT OF THE AUDITOR-GENERAL

ANNUAL REPORT OF THE AUDIT COMMITTEE

AUDIT ACTION PLAN



## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD

Amongst the many frequent visitors in my office is the esteemed Auditor General. His office has been knocking on the doors of the office of the Executive Mayor with the noble intentions of sharing information on matters of financial management, governance and controls. This is indeed a positive gesture from the side of the auditors to demonstrate value-added services and commitment to a new developmental approach.

It is a legacy that started in prior years and is improving with time. A legacy that is derived from not only the veins of our government theme that says “working together we can do more” but also from our vision as a District which is deep-rooted into protecting the interests of the poor.

A large section of our people still do not participate meaningfully in our economy with unemployment and its accompanying poverty characteristics dominating their lives of those in ADM. For this government to be able to transform that socio-economic status, we need to set mechanisms and systems of sound, principled and accountable governance that are performance driven and are based on accountability.

We must demonstrate and prove without a shadow of doubt that we are committed towards selfless, excellent and sustainable service to all our people. Ideally we envisage that one day a time would come when government business become everybody’s business. A time when government business is unapologetically selfless, responsive, inclusive, pro-poor, transparent, accountable and is based on good work ethics, dignity and respect. A time when every citizen is able to justify and testify how their government representatives are taking decisions on their behalf and spending their tax monies. We must overhaul and put under the microscope the participation of the public into the affairs and decision making processes of the ADM. This is why issues of governance are prioritized in the management and leadership of our institution hence we are reviewing not only our transformation policies (including the remuneration and retention policy in an effort to retain skilled staff) but also the governance framework that defines how we operate and interact with the public.

The effective functioning of our governance structures depends on our oversight mandates hence our qualitative governance approach to audits includes the prioritization of external audit matters in the business of council. As a result, we have experienced an increase in discussions on matters of fruitless and wasteful expenditure in the meetings of council and its committees. This shows maturity in the awareness on the challenges of fruitless and wasteful expenditure, irregular expenditure and unauthorized expenditure at all levels of council.

A functional internal audit unit plus a fully fledged unit for Integrated planning, monitoring and evaluation is what we would like to be at the core of every action taken at ADM.

Obtaining an unqualified audit opinion for 2010/2011 after qualified audits for three prior consecutive years plus receiving a Vuna Award for the most improved audit outcome is the right tonic towards this effective and efficient government machinery. However, there are two areas that remain of great concern in these achievements. Firstly, the opinion is not without findings. And secondly, most disturbingly, is that out of the seven local Municipalities under our jurisdiction, not all of them seem to be making evident strides.

This is why our municipal support is vital and the understanding of the complex challenges that confront us is key. We must have solutions towards our aging infrastructure; our grant dependency syndrome and our low project spending patterns.

In line with the Provincial and our own Growth and Development Strategy, we cannot continue and operate normally when Agriculture - which should be a key driver in a rural economy like ADM - only contributes three percent to the Gross Domestic Product (GDP). Based on this that we have decided to take a bold steps to make economic development a key sector by making available funds towards stimulating agricultural and tourism projects.

Through our ambitious economic infrastructural projects championed by our developmental agency Aspire – we have and will continue to inject millions of Rand towards the development of small towns and the stimulation of their local economic environment. Investment and Key partnerships forged like those with the Department of the Economic Development, Environmental Affairs and Tourism and the revival of others with the University of Fort Hare are vital as we stimulate and revive the economy in these towns.

And in all that we do and seek to achieve, let us not forget that when it is said and done, is the provision of clean quality water which remains our core business mandate.

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**NOMASIKIZI KONZA**

**Executive Mayor**



## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

In terms of Section 121 of the Local Government: Municipal Finance Management Act, 56 of 2003 and Section 46 of the Local Government: Municipal Systems Act No. 32 of 2000, every municipality and municipal entity must prepare an annual report for each financial year. Amathole District Municipality's 2011/2012 annual report is submitted in fulfillment of this legal obligation and it has been prepared in line with the customized template and guidelines for municipal annual reports, provided by National Treasury.

During the year under review, Amathole District Municipality was sub-divided into six departments, namely, Corporate Services; Budget and Treasury Office; Engineering Services; Land, Human Settlements and Economic Development; Strategic Planning as well as Health and Protection Services. 2011/2012 has not been an easy year for Amathole District Municipality (ADM), a new political leadership came into office after the 2011 local government elections, the Municipal Manager left the institution towards the end of January 2012 and the Chief Financial Officer acted in the vacant post for a period of 4 months. His successor, Mr Chris Magwangqana only assumed duties in May 2012. The municipality, however, managed to stand up against these challenges to fulfill its constitutional mandate.

This report provides a brief overview on the improvements made to service delivery and 'mechanisms' or 'initiatives' initiated during the 2011/2012 to improve overall efficiency and effectiveness of ADM's activities. It is a culmination of the implementation of the Council's adopted 2012-2017 Integrated Development Plan and Budget and Service Delivery and Budget Implementation Plan for the 2011/12 financial year.

The core business of ADM is to provide water, sanitation and environmental health services to its communities. In its endeavors to meet the nationally set targets of providing quality water and sanitation to all by 2014, ADM implemented various water and sanitation projects during the 2011/12 financial year. Notwithstanding aging infrastructure which impedes efforts to tackle water and sanitation backlogs, as well as funding shortfalls, ADM managed to install more domestic water meters, ensured provision of interim water supply, and connected a number of new households to sustainable and quality water supply. Also, a number of new households were connected to sustainable sanitation per approved budget.

During the year under review ADM once again reviewed its Performance Management Framework and the review was done to ensure the cascading of performance management to all staff below the Section 56 managers. Every attempt was made to ensure that the district municipality complies with legislation concerning the development, operation and maintenance of a performance management system that is commensurate to the institutional service delivery objectives captured in the IDP. The performance of departments was reviewed on a quarterly basis to assess progress made to meet the annual targets, identify bottlenecks and come up with remedial measures. The municipality has functional oversight structures, such as Performance Audit Committee, Audit Committee and Municipal Public Accounts Committee. These committees provide assurance of the Council on the reliability of information supplied and to ensure community participation in oversight of municipal performance.

### **Remedial Actions for Performance Management**

- There has been a reduction in the number of KPI's that the institution is reporting on. This afforded the institution an opportunity to focus on strategic issues which were well defined, outcome based and not operational in nature. Departmental operational plans were developed for monitoring and reporting operational programmes.
- The institution established an IDP/PMS Unit to coordinate the IDP and performance management processes.
- An electronic performance management system was implemented. The system was used during the performance reviews of managers who report directly to the MM. This meant assessment could not be edited as the system locks information immediately after the assessments.
- A Manager: Individual Performance was appointed in order to ensure that there is an interface between the SDBIP and individual performance.
- There was an improvement in the submission of remedial actions for targets not achieved in order to ascertain that departments intended to meet the targets in the ensuing quarters.

ADM is a grant dependent municipality due to insufficient revenue base, i.e. it is dominated by indigents, but notwithstanding this, the municipality's financial position is relatively good. This is due to sound financial management and controls that are in place. ADM's liquidity ratio and the acid ratio indicate that the municipality has a healthy cash situation and is thus able to pay its debts when due. As at end June 2012 the employee costs represented 34% of the total operating costs, against the budgeted percentage of 37%.

In an effort to use electricity sparingly, all officials and Councillors are always urged to switch off office equipment and office lights when they knock off. To conserve water, all water leakages are attended to promptly by the Facilities/ Building Maintenance unit. These conservation measures are replicated in our communities as they are always urged to adopt them in their own houses.

During the year under review, the municipality adopted and/or reviewed the following policies/plans/strategies:-

- Reviewed Disaster Management Contingency Plans;
- Developed the Disaster Response Policy;
- Reviewed the Fleet Management Policy;
- Reviewed the ICT Strategy;
- Adopted the IT Disaster Recovery Plan;
- Reviewed the Communication Strategy;
- Adopted a Risk Management Plan;
- Reviewed the Spatial Development Framework;
- Reviewed the Supply Chain Management Policy;
- Reviewed the Asset Management Policy.

One of ADM's greatest achievements was to obtain an unqualified audit opinion for the 2010/2011 financial year, after qualified audits for three prior consecutive years, and to receive a Vuna Award for the most improved audit outcome. This takes a lot of hard work and the biggest challenge we are faced with now is to maintain or improve the audit status, and with the zeal, commitment and positive attitude of the staff I am confident that we will obtain better results for the ensuing years.

I am confident that this report is a true and just reflection of what really happened at ADM during the 2011/2012 financial year.

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**C MAGWANGQANA**  
**MUNICIPAL MANAGER**

## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

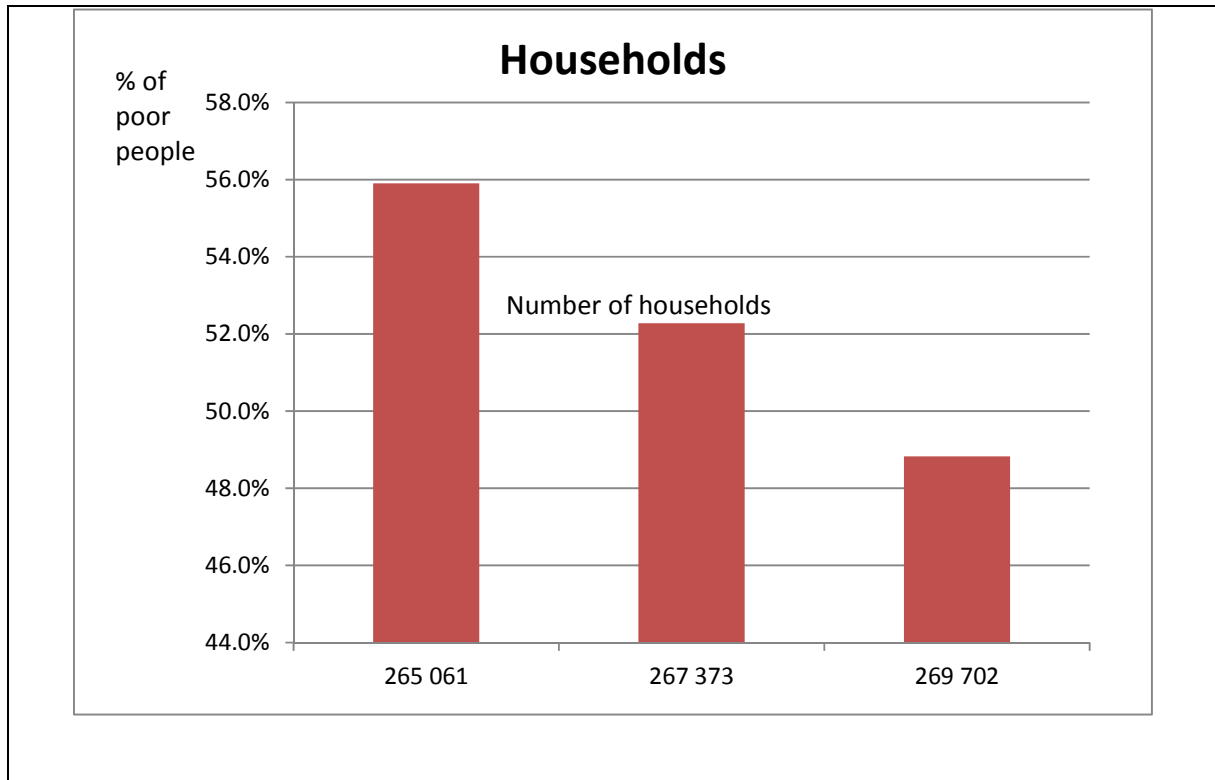
### INTRODUCTION TO BACKGROUND DATA

#### ENVIRONMENTAL OVERVIEW

Amathole District Municipality is situated in the central coastal portion of the Eastern Cape, between the Mbhashe River in the northeast and the Great Fish River in the southwest. In total, the district covers a geographical area of 23 577 square kilometres. The climate of Amathole varies from mild temperate conditions (14-23°C) along the coastal areas to slightly more extreme conditions (5-35°C) among the inland areas. The mountains on the northern border of the district experience winter snows and summer rainfalls. The coastline is generally warm, with humidity increasing towards the east. The coastline extends for approximately 269 km, which accounts for about a fifth of the districts' jurisdictional boundary and roughly 34.1% of the Eastern Cape coastline. ADM is an extremely diverse region ranging from the misty Amathole Mountain Range, a multitude of rivers and streams and a well-watered Wild Coast. The Great Fish River reserve complex originates in the Amathole Mountain Range. The biodiversity of the Amathole DM is represented in 5 biomes that describe the different biotic communities. These biomes are Savanna (34.5%), Grasslands (31.5%), Albany Thicket (29.6% of the area), Indian Ocean Coastal Belt (3.7%) and Forests (0.6%). The variety in landscape and biodiversity within the Amathole DM is recognized within the Pondoland Centre of Endemism that stretches along the east coast below the Great Escarpment. The Amathole Complex is home to high biodiversity and is regarded as a centre of endemism. It falls within an area classified as Critically Endangered by the Subtropical Thicket Ecosystem Project (STEP).

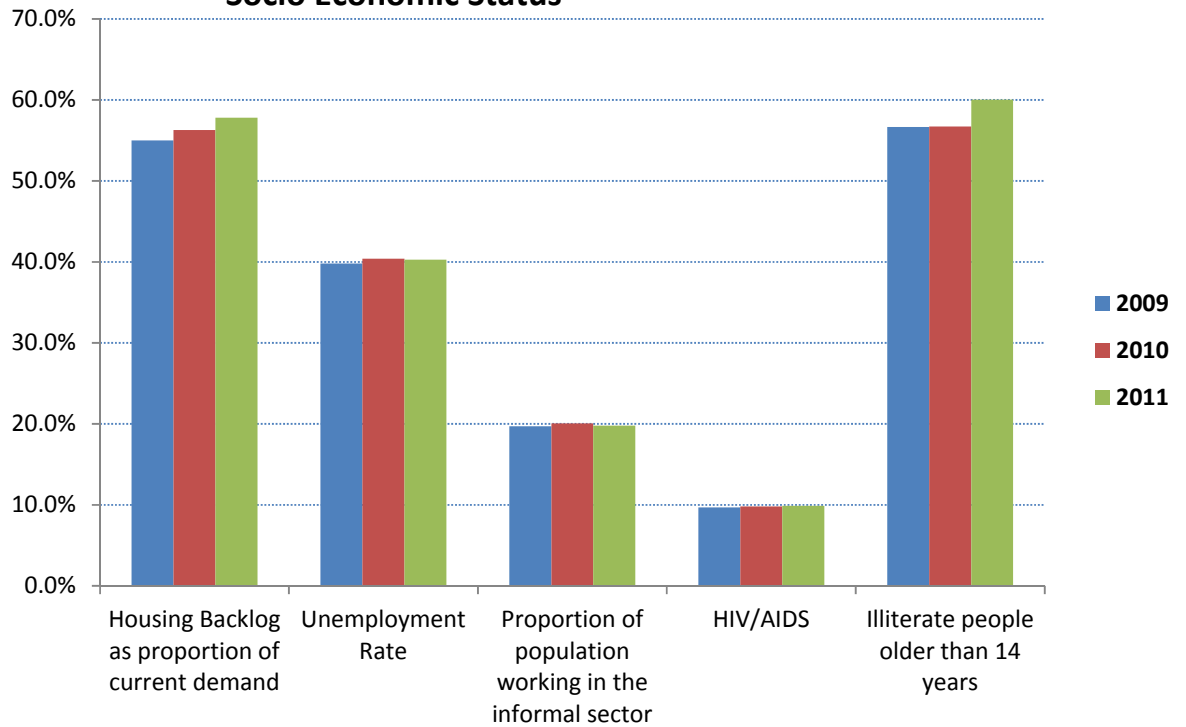
Population Details				Population Details '000					
Age	2009			2010			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0-4	56	52	<b>108</b>	57	53	<b>110</b>	57	53	<b>111</b>
Age: 5-9	55	50	<b>106</b>	56	51	<b>107</b>	56	51	<b>107</b>
Age: 10-19	122	113	<b>235</b>	118	109	<b>227</b>	115	106	<b>220</b>
Age: 20-29	92	82	<b>175</b>	94	83	<b>177</b>	94	83	<b>178</b>
Age: 30-39	41	46	<b>87</b>	43	47	<b>90</b>	46	48	<b>94</b>
Age: 40-49	35	51	<b>87</b>	36	51	<b>87</b>	36	50	<b>87</b>
Age: 50-59	29	44	<b>74</b>	30	46	<b>76</b>	32	47	<b>79</b>
Age: 60-69	22	34	<b>56</b>	22	35	<b>57</b>	23	36	<b>58</b>
Age: 70+	16	34	<b>50</b>	16	36	<b>52</b>	16	37	<b>53</b>

Source: Statistics SA



Socio Economic Status					
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of population working in the informal sector	HIV/AIDS	Illiterate people older than 14 years
2009	55.0%	39.8%	19.7%	9.68%	56.7%
2010	56.3%	40.4%	20.1%	9.80%	56.7%
2011	57.8%	40.3%	19.8%	9.88%	60.0%

### Socio Economic Status



OVERVIEW OF NEIGHBOURHOODS WITHIN "Amathole District Municipality"		
Settlement Type	Households	Population
Towns		
N/A		
Sub - Total		
Townships		
N/A		
Sub - Total		
Rural Settlements		
Willowvale Settlement Phase I & II	700	1642
Victoria Post Settlement	150	450
Mavathulana Settlement	400	800
Ndlovini Settlement Phase I & II	150	400
Lewis Settlement	235	431
Elliotdale	309	2500

Kei Road Settlement	421	2105
Wartburg Settlement	230	400
Diphini Settlement	292	1460
Cefane Settlement	277	508
Msobomvu Settlement	322	1008
Hertzog Settlement	150	1454
Hala Settlement	300	1500
Dwesa Cwebe	867	1382
Cenyu	550	700
Sub - Total		
Informal Settlements		
N/A		
Sub - Total		
Total	<b>5353</b>	<b>16740</b>

Natural Resources	
Major Natural Resource	Relevance to Community
Coastline, which includes estuaries, conservancies, National Heritage Sites, rocky shores and sandy beaches.	Recreation and Tourism , research and education, cultural values, commercial and subsistence agriculture
Freshwater systems	Mariculture and aquaculture
Biodiversity and natural forests	Land-based projects, carbo credits, Environmental projects

**COMMENT ON BACKGROUND DATA:**

Challenges related to old and fragmented pieces of legislation such as Transkei and Ciskei decree which act as red tapes to some development initiatives. Too many role players along the wild coast remains a challenge, illegal sand mining, land invasion and poor waste and sanitation remains a threat. The pristine nature of the wild coast presents opportunities for sustainable development concepts, tourism and agriculture. The coastline is the major resource of the region and programs such as blue flag will boost tourism and enhance ecological benefits. Projects such as mariculture and aquaculture will ensure that the geographical location of the ADM is turned into socio-economic benefits of the people.

### 1.3. SERVICE DELIVERY OVERVIEW

#### SERVICE DELIVERY INTRODUCTION

ADM is recovering from a drought situation which saw water resources diminishing in most of the district area. A significant portion of the budget was spent on carting water to the drought stricken areas. Council provided R78,55 million from its own to be rolled out in a multi-year programme to mitigate the effects of any future droughts and to make ADM less rainfall dependent. ADM took over water and sanitation functions from local municipalities in 2006. During 2011/12 Council continued doing a verification of the remaining water and sanitation backlog numbers through the Water Services and Development Plan (WSDP) review process to accurately set eradication targets for the next few year.

Other initiatives that the ADM has embarked on to improve the reliability and sustainability of infrastructure designed to provide access to water supply include the development of Water Services Provider Business Plan, a **Ground Water Management Plan** (which will need to be rolled out a three year period) and the development of **Dam operating rules**. The dam operating rules will need to inform a **Drought Policy**, which is yet to be developed. The ADM would also like to investigate the use of **cell phone technology** to monitor water scheme quality and reliability through the GPRS network. This is done by “programming” cell phones with data collection menus and having operators submit this data on a regular basis via the network to a central web based server. This technology could also be used at water treatment works for recording operational monitoring.

In order to ensure the accessibility to sanitation infrastructure, ADM has developed a “**Maintenance Plan for Ventilated Improved Pit Latrines (VIP’s)**”. As Water Service Provider, Amathole District Municipality will maintain the municipal built VIP latrines within each of the seven Local Municipalities to the minimum standard identified in the DWAF Technical Guidelines. There are currently 25,500 VIP latrines to be maintained. This number is expected to increase to approximately 219,000 by 2018 once the sanitation backlog has been eradicated. An aspect of ensuring access to sanitation will therefore be through the ongoing servicing of VIP latrines, while the “**retro-fit**” policy will assist in the maintenance of latrines constructed through the bucket eradication project and the **refurbishment** programme will begin to address the renewal / replacement of aging sewer networks and Waste Water Treatment Works.

Over 80% of ADM is considered indigent and therefore eligible for free basic services. Free basic water services is provided through means of a communal stand pipe within 200 meters walking distance from households. This service is found mainly, but not limited to rural areas, while indigent consumers living in towns receive a free allocation of 6kl of water per month via a normal house connection. This issue with “free basic services” is that they are free only to the consumer, but someone still has to pay for providing the service. Payment for these services is thus received via the “equitable share” allocation (R227 055 967 for water & sanitation for the 2011/2012 financial year). This equates to approximately R 88 per household per month. Considering the dispersed nature of the district, this grant is barely sufficient to cover the costs of providing the services required. It is therefore imperative that these services are monitored and controlled effectively. In this regard the ADM will begin dealing very strictly with **illegal connections**, by either legalizing them at the consumers own cost or removing them. Legalizing the illegal connections in rural areas will involve the installation of a “**flow limiting**” device, which will be set to limit supply to no more than allocated “free basic supply” amount of



6kl per household per month. Allowing more flow, even if paid for creates two main challenges. Firstly the ADM currently does not have the capacity to bill rural consumers and secondly and more importantly rural systems were only designed to supply the free basic allocation, so allowing some customers to consume more water will prevent other users downstream receiving any water. The principle of “some for all” needs to be maintained instead of allowing the “all for some” situation to develop.

**Access to free basic sanitation**

No. of households in rural areas with access to free basic sanitation (VIP):	50 666
No. of households in urban areas with access to free basic sanitation (VIP's):	5 911
No. of registered indigent households in urban areas with access to full water borne sewage connection	9 990
<b>TOTAL No. of households receiving free basic sanitation</b>	<b>66 567</b>
*No. of billable households with access to full water borne connection	15 556
No. of billable households with conservancy tanks	1 200
No. of consumers with own sanitation service (soakways)	1 121
<b>TOTAL No. of households with access to sanitation.</b>	<b>84 444</b>

Proportion of Households with minimum level of Basic services				
	Year -3	Year -2	Year -1	Year 0
Electricity service connections (DME & LM Function)	N/A	N/A	N/A	N/A
Water - available within 200 m from dwelling	40.78%	43.20%	46.66%	49.46%
Sanitation - Households with at least VIP service	23.33%	25.42%	26.14%	29.07%
Waste collection - kerbside collection once a week (Bulk Only) (LM Function)	N/A	N/A	N/A	N/A

#### 1.4. FINANCIAL HEALTH OVERVIEW

##### FINANCIAL OVERVIEW

The total ADM budget is R1.5bn. it is made up of external and internal sources of income. The external source of income is 75% of the total budget of which 60% relates to levy replacement grant. The municipality generates its own internal income from Water, Sanitation and Fire charges. The budget is spent on the operational and capital expenditure. The largest expenditure from the operating budget emanates from Salary Costs while the lowest is from Finance Charges. As the District has been declared a Water Authority, water purchases is R46ml and Contracted Services R 54ml constitute a fairly large amount compared with other expenses. As at the end of the financial year, debtors amounting to R428m have been disclosed of which a provision for bad debt has been calculated according to Treasury format.

Fruitless and Wasteful Expenditure has reduced considerably as proper procedures have been put in place in terms of avoid to pay interest by paying all creditors within the legislated time of 30 days after receiving invoices.

In 2011/12 financial year our collection rate target was 50%. However, as at 30<sup>th</sup> June 2012, the actual collection rate was 37%. One of the major causes of the variance is high level of unregistered indigent consumers. An amount of R257m has been written off during the year under review.

Financial Overview: Year 2011/12				R' 000
Details	Original budget	Adjustment Budget	Actual	
Income:				
Grants	921,420	920,297		871,358
Taxes, Levies and tariffs	127,752	127,752		172,647
Other	255,671	438,142		116,353
Sub Total	1,304,843	1,486,190		1,160,357
Less: Expenditure	888,707	1,070,055		942,976
Net Total*	416,135	832,271		217,381

\* Note: surplus/(deficit)

Operating Ratios	
Detail	%
Employee Cost	33%
Repairs & Maintenance	1%
Finance Charges & Impairment	0%

COMMENT ON OPERATING RATIOS:

**Employee Costs**

This ratio indicates the % employee costs to operating expenditure. Employee costs remain the largest operating expense to the municipality. The ratio should be indicative of the ADM's staff requirements to ensure that service delivery is maximised. The 2011/12 financial year yielded a ratio of 33 % which is slightly higher than the budgeted ratio of 31 %. This ratio is however appropriate for the Amathole District Municipality and has remained consistent with the prior year.

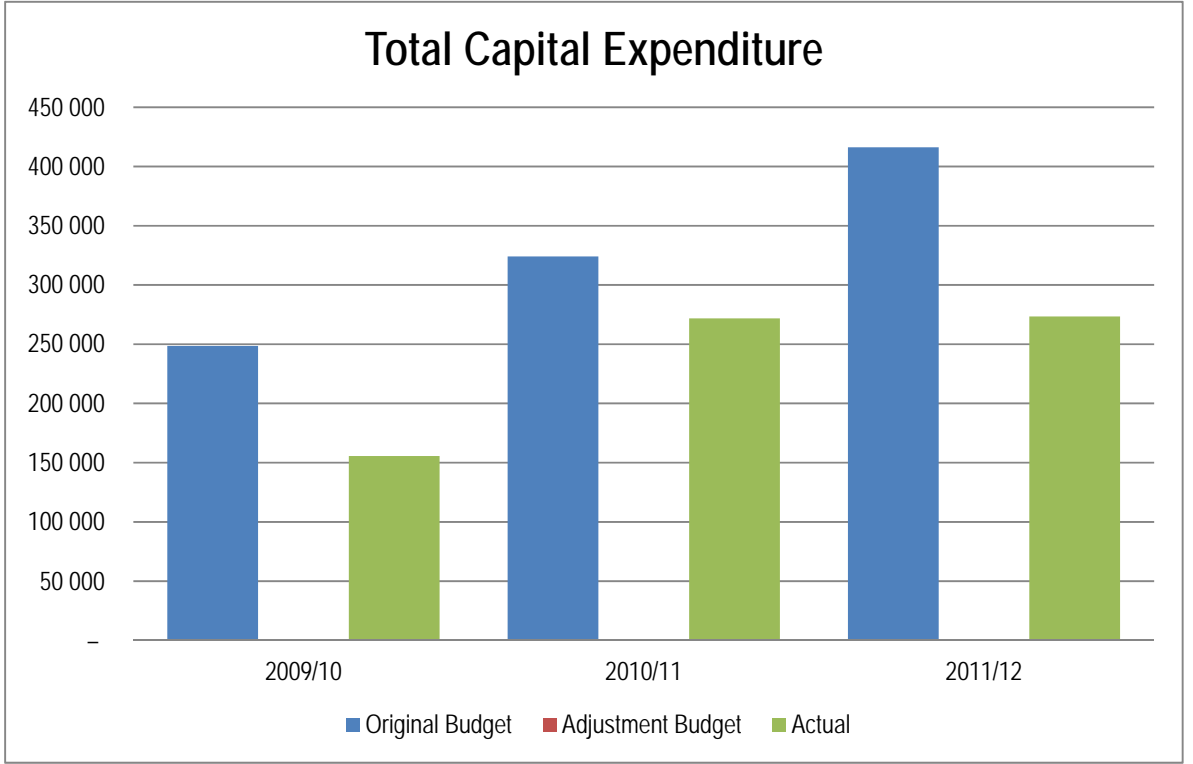
**Repairs and Maintenance**

This ratio can be used to assess whether asset management is effective or not. The Amathole District Municipality's ratio is very low at 1% for the 2011/12 financial year. The age of the ADM's infrastructure should warrant a higher ratio. To ensure that assets are adequately maintained, a programme for the planned maintenance and replacement is essential. A large portion of the municipality's infrastructure which was inherited from the Local Municipalities is aged and requires planned refurbishment to ensure that service delivery is not interrupted.

**Finance Charges**

This ratio is only 0.01% for the 2011/12 financial year. The reason for the ratio being so low is that the municipality does not have any external borrowings other than finance leases for the rental of office machines that have been recognised in accordance with the GRAP standard on Leases.

Total Capital Expenditure: Year 2009/10 to 2011/12			
			R'000
Detail	2009/10	2010/11	2011/12
Original Budget	248,603	324,136	416,135
Adjustment Budget	-	-	-
Actual	155,660	271,753	273,405



**COMMENT ON CAPITAL EXPENDITURE:**

The Capital budget for the year under review was not fully spent due to delays in procurement as well as non filling of new posts which nullified the need to procure office furniture and computers.

**1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW**

**ORGANISATIONAL DEVELOPMENT PERFORMANCE**

The ADM has a fully fledged Job Evaluation Unit wherein employees are expected to submit their Job Descriptions for evaluation. All Job Descriptions at ADM are now on a Task Grade format. A need was also identified to undertake a massive project on the Business re-engineering study which will be funded in the next financial year.

ADM also managed to have satellite offices to cater for consumers who reside in the Local Municipalities. The Organogram was reviewed in the year under review and the structure was approved by council.

## 1.6. AUDITOR GENERAL REPORT

### AUDITOR GENERAL REPORT YEAR 1

The municipality received an unqualified audit opinion with an emphasis of matter for the 2011 financial year.

The emphasis of matter paragraph reported the following:

- Irregular expenditure to the value of R0.5 million and fruitless and wasteful expenditure to the value of R0.3 million was incurred
- The municipality reflected material impairments to the consumer debtors of R92 million
- Material loss of R60 million for water distribution losses were disclosed in the annual financial statements
- The 2011 audit report also reported on matters relating to legal regulatory requirements and internal control weaknesses.

## 1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 1 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October

12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	January

**COMMENT ON THE ANNUAL REPORT PROCESS:**

The MFMA Circular No. 63 published in September 2012 provides guidance to municipalities on the new Annual Report Format and its contents. However, at the time of preparing the IDP/Budget/PMS process plan for ADM in August, the annual report process followed the old reporting format in terms of timeframes. Nevertheless as ADM we made strides to follow the new format in terms of the Annual Report contents. This has been a learning curve that required change management within the institution, as well as preparing us for the year of implementation (2013/14). It is very important for ADM to follow the new timeframes in order to enhance oversight functions of Council. By nature, Annual Reports are aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, budget, SDBIP, in-year reports, annual performance report and Annual Report should have similar and consistent information to facilitate understanding and to enable the linkage between plans and actual performance. Another benefit of following the above timeframes is that the Annual Report information becomes the feeder to the IDP Situational Analysis report.

As much as we are following all the steps and activities reflected in the above statutory report process, the timeframes are as per IDP/Budget/PMS process plan adopted in August 2012 - Tabling Annual Report before Council in January 2013, followed by the oversight processes. Tabling the final Annual Report with the Oversight Report on the Annual Report in March 2013.

## CHAPTER 2 – GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution S151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community. The Constitution S151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

Amathole District Municipality has 50 Councillors who constitute the Council and the Municipality has an Executive Mayor who commands a Mayoral Committee of 10 full time Councillors. The other Office bearers are the Speaker of Council and the Chief Whip. Council has four standing committees which advise the Executive Mayor and they are constituted by Councillors from the various Political Parties.

Committees which exist within Council include the Audit Committee, Performance Audit Committee, Municipal Public Accounts Committee (MPAC), Rules Committee and other Ad-hoc Committee. ADM also has a Local Labour Forum which is for consultation of Staff on all matters affecting them.

Administratively, there are two committees wherein the Senior Management process issues before they are escalated to the other structures of Council. The Administrative Committees are the Working Group and the Executive Management Committee.

#### 2.1 POLITICAL GOVERNANCE

##### INTRODUCTION TO POLITICAL GOVERNANCE

The ADM Council had 50 Councillors during the period under review with 20 of them being Proportional Representative Councillors and 30 being Local Municipality representatives. The Council has 10 traditional leaders participating in council in line with provisions of section 81 of the Municipal Structures Act, Act 117 of 1998 as amended.

The Council adopted a schedule of meetings which provides for meetings of the council to be held six times a year, except where circumstance require the convening of a special meeting of council. During the period Council has held its meetings in accordance with the schedule of meetings.

## **COMMITTEE STRUCTURES**

In accordance with Section 80 (1) and (3) of the Municipal Structures Act 117 of 1998 the Municipality established the following Standing Committees with the terms of reference as reflected below:

### **INFRASTRUCTURE COMMITTEE**

#### **Terms of Reference**

1. The Committee shall have the power to consider and make recommendations to the Mayoral Committee on all the issues falling within the scope of the following functional areas:
  - Engineering Services
  - Water and Sanitation
  - Solid Waste
  - Transport and Planning
  - Community Facilities
2. The Committee shall in addition perform all functions assigned to it by Council, by the Executive Mayor or Mayoral Committee from time to time.
3. The Committee may and must , if instructed by Council, the Executive Mayor or the Mayoral Committee, refer any matter which serves before it , to the delegating authority for its decision

### **HUMAN RESOURCES AND ADMINISTRATION STANDING COMMITTEE.**

#### **Terms of reference**

1. The Committee shall have the power to consider and make recommendations to the Mayoral Committee on all issues falling within the ambit of the following functional areas:
  - Industrial Relations
  - Personnel Administration
  - Occupational Health and Safety
  - Conditions of Services and Staff Benefits
  - Resource Management
  - Council Assets
  - Land Transaction
  - Building Maintenance and Administration
  - Insurance
2. The Committee shall in addition perform all function assigned to it by Council, the Executive Mayor or Mayoral Committee from time to time.
3. The Committee may and must if instructed by Council, the Executive Mayor or the Mayoral Committee, refer any matter which serves before it to the Delegating Authority for its decision.

### **DEVELOPMENT AND PLANNING STANDING COMMITTEE**

#### **Terms of reference**

1. The Committee shall have the power to consider and make recommendation to the Mayoral Committee on all issues falling within the ambit of the following function.
  - Land and Housing



- Land Development Objectives
  - Integrated Development Plans
  - Tourism
  - Local Economic Development
  - Land Reform and Settlement Plan
  - Town and Regional Planning
  - Land Usage
2. The Committee shall in addition perform all function assigned to it by Council, the Executive Mayor or Mayoral Committee from time to time.
  3. The Committee may and must if instructed by Council, the Executive Mayor or the Mayoral Committee, refer any matter which serves before it to the Delegating Authority for its decision.

### **COMMUNITY SERVICES STANDING COMMITTEE**

#### **Terms of reference**

1. The Committee shall have the power to consider and make recommendation to the Mayoral Committee on all issues falling within the scope of the following:
  - Fire Services
  - Municipal Health Services including Environmental Health
  - Protection Services
  - Disaster Management
  - Community Safety
2. The Committee shall in addition perform all function assigned to it by Council, the Executive Mayor or Mayoral Committee from time to time
3. The Committee may and must, if instructed by Council, the Executive Mayoral or the mayoral Committee refers any matter which serves before it to the relevant delegating authority for its decision.

These committees are constituted by both Portfolio [Full Time] and Part-Time Councillors, chaired by Portfolio Councillors and attended by the Municipal Manager and Heads of Department..

They have the power to consider and make recommendations to the Executive Mayor on all issues falling within the ambit of their functional areas. Standing Committees meet monthly and their meetings are part of the schedule of meetings adopted by Council.

During the period under review the Standing Committees have met monthly in accordance with the schedule of meetings adopted by the Council and have thus performed their function in terms of processing reports and policies and assisting the Executive Mayor in fulfilling his functions. Reports of the Standing Committees are submitted to the Mayoral Committee which further advises the Executive Mayor on implementation of programs. These reports are submitted to Council after their consideration by the Mayoral Committee. Reports of Committees are either submitted to Council for noting, if the matters fall within the Mayors delegation or for approval if they are matters note delegated to the Mayor.

### **SECTION 79 COMMITTEES.**

Section 79(1) of the Municipal Structures Act, 1998 (Act 117 of 1998 as amended) states that a Municipal Council ,may :

- (a) Establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers;
- (b) Appoint the members of such a committee from among its members;
- (c) Dissolve a committee at any time.

Section 79(2) of the Municipal Structures Act, 1998 further states the Municipal Council must determine the functions of the Committee.

During the period under review the ADM Council had the following Section 79 Committees whose with the terms of reference as shown in the report.

1. Oversight Committee
2. Rules Committee
3. Whips Committee
4. Women Caucus

### **THE ESTABLISHMENT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE.**

The Municipal Public Accounts Committee is established as a mechanism to assist Council to fulfill its mandate of overseeing the Executive and the Administration. The terms of reference of the Committee are as follows:

1. Acting on behalf of Council to exercise oversight to ensure accountability, efficiency and effectiveness of both the Executive arm of Council and the Administration;
  2. Ensure that the ADM complies with all the legislation governing local government;
  3. On a quarterly basis, exercise oversight on financial statements of the institution.
  4. Monitor the implementation of projects in terms of the SDBIP and report regularly to Council on progress;
  5. Notify Council of any impending roll-overs on project spending and recommend corrective measures.
  6. Receive the Annual Report, prepare an oversight report on the annual report and present it to Council in terms of section 129(1) of the Municipal Finance Management Act, Act 56 of 2003;
1. The oversight report should contain the following:
    - a. The title and reference to the year under review;
    - b. Summary of reservations, if approved with reservations and actions to be taken by the executive and administration to resolve reservations;
    - c. Summary of components required to be revised, if referred back for revision and actions to be taken by the Executive and Administration to provide revisions and the date for these to be submitted.
    - d. Summary of reasons for rejection of the report, if report is rejected and what other action should be taken by the Executive and Administration.

- e. In cases where only components of the annual report are submitted by the Mayor, detail those components and restrict comments to this effect. Also include a statement listing the outstanding components and estimated timeframe for these to be tabled and considered by Council.
2. Annexures to the report should provide the following;
- a. Summary of the process followed in the review, including:
    - Copies of minutes of meetings of the committee.
    - Summary of written representations submitted by the public, auditor general and other spheres of government.
    - Responses to questions provided by the accounting officer.
  - b. Other information as may be needed to support the conclusions in the resolutions, for example outcomes of large infrastructure / capital projects and programmes.

Since its inception the Committee has worked tirelessly to fulfil its mandate and during the period the committee developed and oversight report on the annual report and the annual financial statements for the 2009/10 financial year.

From the work of the committee in the past two years it can be observed that:

- (a) The Committee has been able to create a better understanding of its work among the political and administrative office bearers in council.
- (b) Develop a program of action intended to ensure continuous and complementary oversight.
- (c) Workshop members of the Committee in understanding their role.
- (d) Ensure regular meetings and submission of reports of the committee.
- (e) Visit to communities to present the annual report and obtain the views of the public for inclusion in the Oversight report.

#### **THE RULES COMMITTEE**

Since its inception the Council has established Rules Committee for the development and regular updating of the Rules of Council. The Rules Committee is a multi-party Committee of Council with proportional representation of all parties in Council. During the last term of Council the Rules Committee has ensured the development and adoption of Rules.

#### **THE WOMEN CAUCUS**

The Council established the Women Caucus under section 79 of the Municipal Structures Act as a mechanism to ensure Council employs gender lenses in its policy development and implementation. The Women Caucus is established in terms of section 11 of the Standing Rules and it is made up of all the Women Councillors in Council. The terms of reference of the Committee as adopted by Council are as follows:

1. To lobby Amathole District Municipality and Local Municipal Councils to develop, promote and implement gender policies.
2. To promote Women participation in the IDP and Budget processes of the Municipality.
3. To create public awareness about government policies and programmes aimed at the advancement of women and children rights and the rights of the aged.
4. To undertake and /or commission research on the impact of gender policies on women and children at the grassroots level.

5. To develop programmes to support married women, single mothers and the girl child.

The Women Caucus meets quarterly in accordance with the schedule meetings adopted by Council. In addition to its regular meetings the Women Caucus has participated in activities and programs in partnership with the Eastern Cape Gender Machinery to support the cause for the emancipation of women in the province and beyond.

#### **THE WHIPS COMMITTEE**

The Whips Committee is established in terms of section 10 of the Standing Rules of Council. The Committee consists of the whips of all political parties in council and is chaired by the Chief Whip of the Ruling party.

The Committee performs any function assigned to it by the Council or as defined in terms of the Standing Rules.

The Whips Committee meets as and when there are issues that require its attention especially those that relate to the smooth running of the meeting of Council.

#### **POLITICAL STRUCTURE**

##### **MAYOR**

NOMASIKIZI KONZA

##### **SPEAKER**

SAMKELO JANDA

##### **CHIEF WHIP**

SANDLA MTINTSILANA

##### **MAYORAL COMMITTEE**

1. TEMBISA KUBUKELI: PORTFOLIO HEAD – PUBLIC PARTICIPATION & COMMUNICATION
2. SIYABULELA GENU: PORTFOLIO HEAD – STRATEGIC PLANNING
3. MZWAKHE MEMANI: PORTFOLIO HEAD – LOCAL ECONOMIC DEVELOPMENT
4. PENDULWA FINCA: PORTFOLIO HEAD – LAND & HUMAN SETTLEMENTS
5. LAVERNE JACOBS: PORTFOLIO HEAD – BUDGET & TREASURY
6. BOYCE MELITAFU: PORTFOLIO HEAD – INFRASTRUCTURE
7. CHRIS BIKITSHA: PORTFOLIO HEAD – WATER & SANITATION
8. JOYCE PAPU: PORTFOLIO HEAD – CORPORATE SERVICES
9. PUMZILE BILLIE: PORTFOLIO HEAD – MUNICIPAL HEALTH
10. EGNEW MADIKANE: PORTFOLIO HEAD – COMMUNITY SERVICES

**COUNCILLORS**

<b>NO</b>	<b>COUNCILLOR NAME</b>	<b>FULL TIME /PARTTIME</b>	<b>COMMITTEES ALLOCATED</b>	<b>PARTY REPRESENTED</b>	<b>PERCENTAGE COUNCIL MEETINGS ATTENDANCE</b>	<b>PERCENTAGE APOLOGIES FOR NON-ATTENDANCE</b>
1.	Baleni, Xolelwa	PT	Municipal Public Accounts Committee	ANC	100%	0 %
2.	Bangani, Lennox	PT	Human resource and admin	ANC	100%	
3.	Benya, Nomapha	PT	Community Services	ANC	100%	0 %
4.	Bikitsha, Mbulelo	FT	Community Services, Infrastructure	ANC	100%	0 %
5.	Billie, Phumzile	FT	Community Services Infrastructure	ANC	100%	0 % 0 %
6.	Duna, William	FT	Municipal Public Accounts Committee	COPE	100%	0 %
7.	Dwanya, Thembisa Patricia	PT	Development and planning	ANC	100%	0 %
8.	Dyani, Nomonde	PT	Infrastructure	ANC	100%	0 % 0 %
9.	Dyani, Thembisile	PT	Municipal Public Accounts	UDM	100%	0 %

NO	COUNCILLOR NAME	FULL TIME /PARTTIME	COMMITTEES ALLOCATED	PARTY REPRESENTED	PERCENTAGE COUNCIL MEETINGS ATTENDENCE	PERCENTAGE APOLOGIES FOR NON-ATTENDENCE
			Committee			
10.	Finca, Pendulwa	FT	Community Services Development and Planning	ANC	95%	5%
11.	Genu, Siyabulela	FT	Human resource and admin Development and planning	ANC	100%	0 %
12.	Jacobs, Laverne	FT	Community Services Infrastructure	ANC	100%	0 %
13.	Jali, Sindile Austin	PT	Community Services	ANC	80%	20%
14.	<b>Janda, Samkelo (Speaker)</b>	FT		ANC	100%	0 %
15.	Kabane, Zolani	FT	Municipal Public Accounts Committee	ANC	100%	0 %
16.	<b>Konza , Nomasikizi (Executive Mayor)</b>	FT		ANC	100%	0 %
17.	Kubukeli, Thembisa	FT	Human resource and	ANC	100%	0 %

NO	COUNCILLOR NAME	FULL TIME /PARTTIME	COMMITTEES ALLOCATED	PARTY REPRESENTED	PERCENTAGE COUNCIL MEETINGS ATTENDANCE	PERCENTAGE APOLOGIES FOR NON-ATTENDANCE
			admin Infrastructure			
18.	Macakela, Seysey Westurm	PT	Human resource and admin	ANC	100%	0 %
19.	Madikane, Egnew	FT	Community Services  Development and planning	ANC	100%	0 %
20.	Magatya, Nokanyo	PT	Municipal Public Accounts Committee	ANC	95%	5%
21.	Malghas, Edison	FT	Development and planning	ANC	100%	0 %
22.	Maloni, Qondile	PT	Development and planning	ANC	70%	30%
23.	Manxila, Tunyiswa	PT	Human resource and admin	ANC	100%	0 %
24.	Melitafa, Boyce	FT	Human resource and admin Infrastructure	ANC	100%	0 %
25.	Memani Mzwakhe	FT		ANC	100%	0 %
26.	Mfecane, Nonceba	PT	Development and planning	ANC	70%	30%

NO	COUNCILLOR NAME	FULL TIME /PARTTIME	COMMITTEES ALLOCATED	PARTY REPRESENTED	PERCENTAGE COUNCIL MEETINGS ATTENDANCE	PERCENTAGE APOLOGIES FOR NON-ATTENDANCE
27.	Mgidlana, Nondumiso	FT	Municipal Public Accounts Committee	ANC	100%	0 %
28.	Mkosana, Nomawethu	PT	Human resource and admin	ANC	80%	20%
29.	Mkosana, Victor	FT	Human resource and admin Development and planning	UDM	100%	0 %
30.	Mpande, Qinisile	PT	Infrastructure	ANC	0%	100%
31.	Mtintsilana, Sandla <b>(Chief Whip)</b>	FT	Development and planning	ANC	100%	0 %
32.	Ndabazonke, Nomandla	PT	Infrastructure	ANC	95%	5%
33.	Ngqongolo, Gideon	PT	Community Services	ANC	100%	0 %
34.	Nkunkuma, Nondumiso	PT	Infrastructure	ANC	100%	0 %
35.	Nonjaca, Ntombentle	PT	Human resource and admin	COPE	80%	20%
36.	Nyalambisa, Nozibele	FT	Infrastructure	ANC	80%	20%



NO	COUNCILLOR NAME	FULL TIME /PARTTIME	COMMITTEES ALLOCATED	PARTY REPRESENTED	PERCENTAGE COUNCIL MEETINGS ATTENDANCE	PERCENTAGE APOLOGIES FOR NON-ATTENDANCE
37.	Papu, Mandisa	FT	Development and planning	ANC	100%	0 %
38.	Plaatjie, Nomabhele	PT	Development and planning	ANC	100%	0 %
39.	Qaba, Pateka	PT	Municipal Public Accounts Committee	ANC	100%	0 %
40.	Rawana, Mpumleli	PT	Community Services	ANC	100%	0 %
41.	Roji, Xolela	PT	Community Services	ANC	100%	0 %
42.	Rulashe, Nanziwe	PT	Municipal Public Accounts Committee	ANC	100%	0 %
43.	Sigcawu, Bonginkosi	PT	Human resource and admin	ANC	100%	0 %
44.	Sinyongo, Lungelo	PT	Infrastructure	ANC	100%	0 %
45.	Siwisa, Mnikelo	PT	Municipal Public Accounts Committee	ANC	90%	10%
46.	Solontsi, Zamindawo	PT	Infrastructure	COPE	100%	0 %
47.	Tetyana,	PT	Community	UDM	100%	0 %

NO	COUNCILLOR NAME	FULL TIME /PARTTIME	COMMITTEES ALLOCATED	PARTY REPRESENTED	PERCENTAGE COUNCIL MEETINGS ATTENDENCE	PERCENTAGE APOLOGIES FOR NON-ATTENDENCE
	Mzimkhulu		Services			
48.	Tyala, Nomakorinte	PT	Community Services	ANC	100%	0 %
49.	Ward, William		Municipal Public Accounts Committee	DA	100%	0 %

#### POLITICAL DECISION-TAKING

There is a Troika plus 1 meeting where the Speaker, Chief Whip, Executive Mayor and the Municipal Manager convene to discuss all issues that are tabled in the Council. All political parties convene Caucus meetings before Council Meeting.

With reference to official Council resolutions, they have to be adopted in a Council Meeting. The Executive Mayor also resolves issues in terms of delegated Authority and the functions as outlined in the Municipal Systems Act.

The Council has a system of monitoring the Implementation of Resolutions and the system is in the form of a template which has to be updated before the next ensuing Council Meeting. In that way, all Council resolutions are resolved and followed-up.

## 2.2 ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Legislation that governs Local Government including the MFMA sets-out responsibilities of the accounting officer which is the Municipal Manager(MM). At ADM, the MM signs a performance Agreement with the Executive Mayor wherein the Institutional Scorecard (SDBIP) is attached with clear indicators. The Section 57 Manager's also sign performance agreements with clear Departmental KPI's.

The signing of contracts with the SDBIP as an attachment ensures that everyone works towards the same goal & service delivery is achieved.

The system that is in Place ensures that they work together corporately. There are Executive Management Committee Meetings that convene every fortnight to discuss issues that affect the Institution & service delivery.

Performance reviews are also conducted by the MM every quarter to assess Implementation of the SDBIP. The reviews are formal meetings which are minuted.

#### **TOP ADMINISTRATIVE STRUCTURE**

##### **MUNICIPAL MANAGER**

CHRIS MAGWANGQANA

**1. DIRECTOR: MR SIPHO MENGEZELELI**  
STRATEGIC PLANNING AND MANAGEMENT

**2. DIRECTOR: MR GORDON TAKU**  
CORPORATE SERVICES

**3. DIRECTOR: MR NICO JONKER**  
ENGINEERING SERVICES

**4. DIRECTOR: MRS NOMVUYO SOLOMON**  
HEALTH & PROTECTION

**5. DIRECTOR: MR YIMILE ZOTE**  
BUDGET & TREASURY

**6. DIRECTOR: MR MPUMELELO GABA**  
LAND, HUMAN SETTLEMENTS & ECONOMIC  
DEVELOPMENT

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Amathole District Municipality is a sovereign in its territory. It has the duty of enacting by-laws and ensuring that the laws of the republic are respected and implemented in the district. It is also charged with coordinating planning and service delivery in the area of its jurisdiction. It has to ensure that the systems applied in the local municipalities are aligned to those of the district. Its chief function is to coordinate stakeholders to collaborate on service delivery and the monitoring of it thereof. It is to ensure that there is unity of purpose in planning, resource mobilization and implementation of programmes.

The district municipality is tasked with the responsibility of ensuring that all households and stakeholders that use water get it clean and safe to drink and utilize, hence ADM is said to be a Water Authority. It is also responsible for the issues of providing a healthy sanitation system in the district. Such tasks it does in collaboration with departments like the Department of Water Affairs and the department of Health. The district municipality gets into collaboration with other departments in the provision of Human Settlements, roads, etc.

Through IGR structures like district technical IGR, DIMAFO, Technical Support Group (TSG), Premier's Coordinating Forum (PCF), MuniMec, the district is able to monitor developments and get represented in for a that discuss issues that directly impact on municipalities. This addresses the issue of participation by local government in its affairs.

## 2.3 INTERGOVERNMENTAL RELATIONS

### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

ADM is party to the technical and the district intergovernmental relations structures which it coordinates. In both structures the provincial and national sector departments in the jurisdiction of ADM are represented. The meetings create a platform on which developmental programmes in the district are discussed.

Among the benefits that the district municipality gets from these meetings is the information shared in terms of the project implementation taking place in the district. Another value added by these meetings is extent to which municipalities and government departments are able to discuss disputes between themselves eg. On the agenda of the meetings there is a standing item on the monies owed to the municipalities by the sector governments. This creates an understanding between parties which would otherwise had acted arbitrarily. In these meetings issues of good governance are also shared between and amongst the municipalities. Those municipalities with best practice model are allowed space to share with others e.g. PMS.

The executive Mayor and the Municipal Manager sit in the PCF and the TSG respectively. This gives them exposure to the situation of the district municipalities and Metros in the province. Some of the recommendations made by these structures are very useful in addressing some challenges in the district municipality.

## DISTRICT INTERGOVERNMENTAL STRUCTURES

ADM has various ways in which the district relates and have contacts with the local municipalities. The first is through councilors deployed in council from the local municipalities. These councilors have a mandate to report on the work that they do in their wards on behalf of council. There are also the IDP road shows. In all the stages of the planning to the implementation stages, ADM consults with the municipalities in its area of jurisdiction.

ADM as an institution has also established the Municipal Support Unit (MSU). The unit consists of specialists in various competencies of the municipal business. They are responsible for interacting directly with municipalities in terms of their capacity challenges. The unit has a budget for the programmes that they implement in the local municipalities. Over the years the unit has proven to be an effective instrument in dealing with challenges in local municipalities.

ADM established District IGR forums. They are DIMAFO and Technical IGR structure. The latter sits to set the agenda of the former. It is led by the district Municipal Manager. All the Municipal Managers of the local municipalities attend on behalf of their municipalities. Issues related to support that the municipalities receive from both the province and the national departments and the district are discussed. The focus of the structure is to discuss co-ordination of projects and service delivery in the municipality. The issues discussed are referred to the District Mayor's Forum.

### DIMAFO

The meeting of the Mayor's is chaired by the district executive Mayor or any other Mayor from the local municipalities that is designated by him/her. All the executive Mayors are supported by their Municipal Managers. Sector departments also attend and make some presentations on the projects that they implement in ADM municipalities. the DIMAFO makes some recommendations to the local municipalities in terms of what has to be done to address the challenges they face.

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The ADM is guided by a Council approved Communications Strategy that is based on a process plan that is in line with the IDP Process Plans which will culminate into Adoption by Council. This process plan has been interacted through the District communication forum. We are also governed by a Public Participation and petition policy which gives us a framework on how we interact with communities and why.

Over and above the organizational values, Amathole District Municipality (ADM) is for the purpose of public participation committed to the following values:

- Accountability to the community aspirations and meeting the community needs;
- Dedication and honesty in producing work that meets the developmental and service delivery requirements of the district;
- Commitment to the transformation of society and the workplace and to ensure fair and equitable distribution of resources to citizens of the ADM;
- Showing concern for the people of the district;
- Believing in transparent decision making and promoting fair participation.

### 2.4 PUBLIC MEETINGS

#### COMMUNICATION, PARTICIPATION AND FORUMS

The INITIATIVES employed by the Municipality are separated as per the prescripts of SDBIP: viz:

1. School Visits
2. Water forums (and other forums)
3. Public meetings and Information days (Mayoral imbizo)
4. Launch of big projects and rendering support to other departments.

#### **SCHOOL VISITS**

This is a drought awareness campaign where schools are visited as part of information sharing process. It is done in partnership with O&M and Municipal Health. A minimum of three (3) schools are visited per quarter.

#### **WATER FORUM MEETINGS**

Water forum meetings are platforms where the institution shares the latest information regarding water matters and is also where the communities get time to air their views and advise the institution. These forums are held quarterly.

### **MAYORAL IMBIZOS**

Specific hotspot areas identified where a series of issues that are service delivery related are in magnitude. The Executive Mayor and the entire Mayoral committee visit that area to hold a hearing and address or find remedies to these matters. These are held whenever the need rises.

### **PUBLIC MEETINGS AND INFORMATION DAYS**

Apart from launching the institutions major projects and supporting other units and departments, public meetings and information days in all municipalities. These meetings are informed by:

1. Matters identified by Senior Communication Officers and Community Liaison Officers through environmental scanning;
2. Issues raised by communities during IDP road-shows;
3. New campaigns such as “Know-Your-Councillor” campaign. This is where new councillors will visit the projects; during the same visit Councillors will address communities (the outreach may extend over 2 days in other areas depending on the number of projects in the area).

To improve the efficiency and effectiveness of these forums an IDP/Budget Road-show steering committee was established with representatives from the Communications Unit, the Municipal Support Unit, the IT Unit, and Budget and Treasury. An action list was drafted and responsibilities were assigned to various officials.

Local Municipalities were requested to:

- Provide the name of an official who would assist the ADM with the logistical arrangements
- To identify and provide a suitable venue for the event working with ADM Community Liaison Officers (CLOs)
- To assist ADM CLO's to mobilise ward councillors, ward committee members, CDWs, traditional leaders, Government Departments and ratepayer associations to attend the road-show events
- To assist in providing quotations for transporting the ward committee members to attend the event.

The 2011/2012 road-shows went ahead as planned and were carefully managed to avoid any eventualities.

Day 1 had some challenges as the proceedings were stopped by residents of Cathcart. This happened when community members discovered that the document does not show any projects for them. A follow up meeting was held to address the unhappiness. Our Municipality inherited a decaying infrastructure when we took over as water authority a direct consequence to that is the general water complaints from all the wards.

The hearings were advertised in commercial newspapers, the Municipal website as well as community radio stations. Loud hailing was also conducted to invite community members.

For the first time ever, public meetings were held in towns so as to enable community members to have an intimate and more direct access to their issues.

Community members were transported to the central and suitable venues and the times of the meetings ensure that it allows a lot of time to discuss issues:

The scheduling was as follows:

<u>DATE</u>	<u>MUNICIPALITY</u>	<u>TIME</u>	<u>AREA</u>
12 April	Amahlathi	09h00	Tsomo
		14h00	Cathcart
13 April	Amahlathi	09h00	Keiskammahoek
		14h00	Stutterheim
16 April	Great Kei	09H00	Morgan's Bay
		14H00	Qumrha Town
17 April	Ngqushwa	10h00	Hamburg
		14h00	Peddie
23 April	Mbhashe	11h00	Elliotdale
24 April	Mbhashe	09H00	Willowvale
		14H00	Dutywa
03 May	Nxuba	09h00	Bedford
		14h00	Adelaide
04 May	Nkonkobe	07h00	Business Breakfast @ Savoy Hotel ( Fort Beaufort )
		09H00	Fort Beaufort Town Hall
		14H00	Alice Town Hall
07 May	Mnquma	07h00	Business Breakfast @ Belle's Conference Centre in Butterworth
			Butterworth Town Hall
		10h00	Centane Hall
		14h00	
08 May	Mnquma	09h00	Ngqamakhwe



The matters raised by the community differed from town to town and they were then classified as follows:

The following is just a summary of issues raised.

#### Water and Sanitation

- No water supply in various areas for domestic and other uses.
- No sanitation (bucket system eradication system at Nxuba
- Infrastructure challenges -water leakages cleaning of dams and reservoir refurbishment
- 100m RDP standard compliant requirements (new settlements) in Ngqushwa
- Honey suckers and boreholes- Ngqushwa.
- Indigent Policy registration

1. Municipal Health Services
2. Other Matters

- Housing requirements
- LED projects
- Unemployment challenges
- Upgrading of sports fields
- Roads, electricity and community halls
- Political interface (councillor's role and traditional leaders)
- New settlements
- Objections to tariffs

Issues raised are addressed as part of the 2012/13 IDP review process and as such, informs the current Situational Analysis. These will also lead discussions at the IDP/PMS/Budget representative forum that sits quarterly 4 times per year. The purpose of the sittings is to make contributions at each phase of the IDP, make recommendations to the IDP, Budget, and PMS, as well as monitoring the implementation of the IDP through the SDBIP and performance reporting at each quarter.

By nature, the IDP/PMS/Budget Representative Forum is comprised of various stakeholder formations, ranging from, ADM Councillors, Representatives from Local Municipalities within the district, Traditional Leaders, Government Departments, Non-Governmental Organizations, Parastatal Bodies, Special Group formations, and all interested organised bodies in the Amathole District. Attendance at these meetings is approximately 100 people.

#### WARD COMMITTEES

Amathole District Municipality does not have wards, all the wards in the district belong to its 7 Local Municipalities.

#### Public Meetings

Nature and purpose of meeting	Date of events	No. of Participating Councilors	No. of Participating Administrators	No. of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Water forum meeting (Fort Beaufort)	13/07/11	15	30	150	Yes	Communities got information on water related matters as well as on indigent registration.
Retrofitting on Mandela Day	18/07/11	15	30	300	Yes	Water related matters and how to fix water leaks.
MRM visit to Mbashe	25/07/11	10	8	100	Yes	ADM offers assistance to the poor and needy and try to solicit collaboration with other departments.
MRM visit to Great Kei	27/07/11	10	8	100	Yes	Same as above
Wild Coast Jikeleza	30/07/11	10	5	100	Yes	Supporting LED initiatives.
Hand over of sewing machines in Nggushwa elderly	16/08/11	2	8	120	Yes	Support to elderly SPU initiative
School visit	18/08/11		5	150	Yes	Awareness campaign on water conservation and on health issues.
Water forum meeting	06/09/11	3	6	150	Yes	Discussing water issues.
Tiyo Soga memorial lecture	08/09/11	10	8	300	Yes	Supporting heritage
Water forum at Cathcart	13/09/11	10	5	150	Yes	Discussing water issues
Water forum at Komga	15/09/11	10	6	150	Yes	Discussing water matters.
Mayor's challenge at Nkonkobe	14-17/09/11	15	8	300	Yes	Sport against crime
School visit (Willowvale)	15/09/11		3	150	Yes	Awareness campaign
School visit (Mtyana)	15/09/11		4	150	Yes	Awareness campaign
School visit at Kei Road	16/10/11		4	150	Yes	Awareness campaign
ADM Heritage Day	18/09/11	15	25	50	Yes	Supporting our heritage within LED.
Launch of VIP toilets	28/09/11	8	10	150	Yes	Service delivery
Sod turning ceremony	29/09/11	5	12	150	Yes	Service delivery
SEK Mqhayi memorial	29/09/11	6	12	150	Yes	Supporting heritage

Visit by National Parliament (Calgary)	11-15/10/11	5	5	120	Yes	Sharing experiences on good governance.
Toilet Day Khothana	16/11/11	5	15	300	Yes	Awareness on health issues relating to sanitation.
Water Forum	18/11/11	3	6	150	Yes	Water issues
Mayoral Imbizo Hlobo Village	24/11/11	8	12	300	Yes	Mayor addressing community on successes of ADM and planned projects.
Graduation Ceremony Amajingqi (Willowvale)G	25/11/11	10	15	100	Yes	Supporting HRD matters
District Communicators Forum Osner Hotel (EL)	29/11/11	5	21	50	Yes	Collating issues for communication in the district.
Amahlathi Water Forum Stutterheim	30/11/11	2	6	60	Yes	Water issues
Cooperatives Indaba EL	26/11/11	6	12	150	Yes	Supporting LED in the district
Amahlathi craft-mania	25-27/11/11	10	15	200	Yes	Supporting LED as well as tourism.
Back-To-School campaign		10	20	200	Yes	Supporting the children
Launch of Mayor's Cup	09/02/12	10	20	200	Yes	Sport in crime
Mayor's Cup	03/03/12	10	20	200	Yes	Sport in crime
Mayor's Cup	17/03/12	10	20	200	Yes	Sport in crime
Tourism Imbizo EL	8-10/03/12	10	15	150	Yes	Supporting LED in the district
MPAC Road-shows All LMs	14/02/12	20	15	150	Yes	Good governance practice
Launch of safe water reservoirs Mbashe	30/04/12	10	20	200	Yes	Water issues
Human Rights Day	30/04/2012	2	5	200	Yes	Awareness campaign

Mbhashe						
Investor Conference business breakfast	25/04/12	15	20	300	Yes	Supporting LED
IDP road-shows	12/04 – 11/05/12	20	10	300	Yes	2012 -2017 IDP and Budget for 2012/13 financial year
Investor Conference	25-26/04/12	50	20	200	Yes	Supporting LED
Hosting deputy minister from DWA	10/05/12	10	8	150	Yes	Water issues
Environment week	07-08/06/12	2	6	50	Yes	Environmental issues.
Climate change awareness	15/06/12	3	6	100	Yes	Climate change issues.

## 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	

## COMPONENT D: CORPORATE GOVERNANCE

## 2.6 RISK MANAGEMENT

According to Section 62 of the Municipal Finance Management Act:

(1) The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and for this purpose take reasonable step to ensure-

(a) that the resources of the municipality are used effectively, efficiently and economically;

(b) that full and proper records of the financial affairs of the municipality are kept in accordance with any Prescribed norms and standards;

(c) that the municipality has and maintains effective, efficient and transparent systems-

(i) of financial and risk management and internal control

(ii) of internal audit operating in accordance with any prescribed norms and standards

ADM risk management is applied to all operational aspects of the municipality and considers external strategic risks arising from or related to partners in projects, government departments, the public and other external stakeholders, as well as wholly internal risks.

The positive approach to risk management means that the municipality will not look at the risk of things going wrong, but also the impact of not taking opportunities or not capitalizing on municipal strengths. All risk management activities are align to the ADM values, principles, objectives and municipal priorities and aims to protect and enhance the reputation and standing of the municipality.

As such, ADM's risk management's role is to assist the institution in establishing risk processes, identify events which may have impact on organizational objectives and report to the relevant structures for decision making.

In implementing risk management, ADM has identified the following as top five risks:

- \* Climate change, drought and floods
- \* Poor project management
- \* Poor asset management
- \* Inadequate funding and revenue management
- \* High level of unemployment.

## 2.7 ANTI-CORRUPTION AND FRAUD

### FRAUD AND ANTI-CORRUPTION STRATEGY

The ADM has in place an Anti-Fraud/Corruption Management Strategy, which consists of the following key components:

- The ADM Anti-Fraud Management Policy'
- The ADM Whistleblowers Policy;
- The ADM Ethics Code for Staff; and
- The ADM, Fraud Prevention Plan.

During the year, areas the following key risk areas were identified for the conducting of in depth fraud risks analysis:

- IT security;
- Procurement under the value of R30 000.

Supply Chain Management has responded in addressing fraud risks associated with procurement, by various initiatives including moving towards the centralising of all procurement under the SCM unit, commencing with procurement by way of formal quotations between R30 000 and R200 000. This will also more strictly promote a division of duties in respect of the various areas of procurement, including identification by departments of goods and services required, the calling for quotations, the evaluation process, the adjudication process, confirmation of delivery, and payment.

In addition the ADM has actively participated in the initiative of the provincial task team established to strengthen municipal anti-corruption capacity within the province. It is intended that a district anti-corruption forum will be established in the process.

The ADM received over twenty anonymous reports regarding alleged unethical conducts – most of which were made via the ADM's hotline service. The vast majority of reports were in respect of alleged abuse of ADM's vehicles. Eight disciplinary processes were authorised during the year in regard to these reports.

During the year, following preliminary internal investigations, three cases of alleged fraud were handed over to the South African Police Services for further criminal investigation. These matters have yet to go to court.

The Municipality's Bid Committees are comprised of officials of the Municipality. There are no Councillors that are appointed to any bid committees and no Councillors are involved in the Supply Chain Management System of the Municipality. There are three Bid Committees i.e. Bid Adjudication Committee, Bid Evaluation Committee and Bid Specification Committee. The Bid Adjudication Committee is comprised of Senior Managers and the Bid Evaluation and Specification Committees are comprised of Managers and Project Managers.

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## 2.8 SUPPLY CHAIN MANAGEMENT

## OVERVIEW SUPPLY CHAIN MANAGEMENT

MFMA S110-119; SCM Regulations 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

The SCM Policy was initially developed and implemented to give effect to the SCM Regulations on 1 October 2005. The Policy was reviewed during 2007, 2010 and again during 2011. The Council adopted the last reviewed policy on 31 August 2012, that incorporates the revised Preferential Procurement Regulations, 2011.

The ADM has established a Supply Chain Management Unit in line with the internal Supply Chain Management (SCM) Policy. Currently there are 23 SCM officials appointed in the Unit. The ADM SCM Policy has been designed to be fair, equitable, transparent, competitive and cost effective. The Policy does comply with the prescribed regulatory framework for municipal supply chain.

There is a range of supply chain management processes which includes tenders, quotations, disposals and deviations. The Policy does specify which process must be followed for each range of commodities. There are procedures and mechanisms in place to each type of procurement process that is required to be followed. There is flexibility in the process in cases of emergency and if the contract is below the prescribed thresholds. The Municipality also undertakes a pre-qualification of all bids received during a competitive bidding process. Bid Administration is strictly adhered to when advertising, opening, registering, recording, evaluating and adjudicating tenders. The final terms of the contracts are negotiated in certain circumstances.

Annually officials and councilors are required to disclose any conflicts of interests and any business interests they may have. The SCM System ensures that no persons who are not officials of the Municipality are involved in the procurement and tender processes. Councillors are prohibited from participating in the tender process. The Municipality has also prohibited persons who were previously convicted of fraud and corruption during the past five (5) years, who have failed on a contract in the past five (5) years, and whose tax matters have not been cleared by the South African Revenue Services. Measures have been put in place to combat fraud and corruption. The Municipality has high ethical values. Where awards of tenders have been improperly made, these contracts are invalidated.

The Municipality has in certain circumstances participated in contract procured by other organs of state. A contract management unit exists within the SCM Unit that deals with contract management matters and dispute settling procedures. A delegation framework is in place for supply chain management powers, duties and functions. In line with the Municipal Finance Management Act (MFMA), the Accounting Officer has established the various Bid Committees. The Municipality ensures that the tender process is fair, equitable, transparent, competitive and cost effective to all parties.

Currently the Municipality has not contracted for any goods and/or services beyond three (3) years.

### 2.9 BY-LAWS

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
	Air Pollution Control By-law	Yes	During April 2012	Not as yet	N/a

## 2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	30 May 2012 02 April 2012
All current budget-related policies	Yes	30 May 2012 02 April 2012
The previous annual report (Year -1)	Yes	3-Feb-12
The annual report (Year 0) published/to be published	No	not yet completed
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	26-Sep-12
All service delivery agreements (Year 0)	No	
All long-term borrowing contracts (Year 0)	N/a	N/a
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes	2012/09/25 18 October 2012
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in Year 0	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	quarterly financial dashboard

### COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

Section 75 of the MFMA requires that municipalities place key documents and information on their website, including the IDP, annual report, the annual budget, adjustments budgets and budget related documents and



policies. The act stipulates that the accounting officer of a municipality must place on the website the following documents of the municipality:

- \* The annual and adjustments budgets and all budget-related documents:
- \* All budget-related policies:
- \* All performance agreements required in terms of section 57(1)(h) of the Municipal Systems Act:
- \* all service delivery agreements;
- \* all long-term borrowing contracts;
- \* all supply chain management contracts above a prescribed value:
- \* An information statement containing a list of assets over a prescribed value that have been disposed of
- \* Contracts to which subsection of section 33 apply, subject to subsection (3) of public-private partnership agreements referred to in section 110:
- \* all quarterly reports tabled in the council in terms of section 52:
- \* and any other documents that must be placed on the website in terms of this Act:
- \* any other applicable legislation, or as may be prescribed.

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

### PUBLIC SATISFACTION LEVELS

ADM undertook a Community Satisfaction Survey in the year 2011/12. Summary of the results of the survey were as follows:

**Summary / conclusion: Services:-**

1. People are satisfied with water but not with sanitation;
2. Strong perception that poor roads have an impact on tourism;
3. People are happy to pay for services

**Summary/conclusion: LED:-**

1. People not satisfied with the promotion of LED Opportunities especially with regard to tourism and local investment;
2. Possible weakness in communication strategy rather than actual issues;
3. More detailed research to determine the source of LED performance;

**Summary / conclusion: Governance and Public Participation:-**

1. People trust ADM but would like to see an improvement in transparency;

2. People would like to be heard but do not submit their opinions to ADM;

3. Communication of Council Decisions, policies, etc needs to improve; 4. Customer Care offices are under-utilised, further research required;

**Summary / conclusion: Governance and Public Participation:-**

1. People trust ADM but would like to see an improvement in transparency;

2. People would like to be heard but do not submit their opinions to ADM;

3. Communication of Council Decisions, policies, etc needs to improve; 4. Customer Care offices are under-utilised, further research required;

**Summary / conclusion: Municipal Support:**

1. Currently the ADM is conducting the support impact provided to LMS and this will provide the actual support outcomes.

From this pilot survey, the following key recommendations were made:

- A **further survey study** should be undertaken with a more **representative sample** of the community. The questionnaire should also be refined and expanded to include more in-depth questions to illicit a greater understanding of the dimensions surveyed.
- The **communication strategy** needs to be revisited and developed to accommodate the issues raised by this study relating to LED, indigent subsidies, receiving community input, communication council decisions, performance etc.
- Further research and understanding of the **customer-care** department and functions needs to be undertaken. This could possibly be undertaken in the format of an organizational diagnosis (OD) with concrete recommendations for improvement.
- In terms of the **MSU**, it would appear that a further understanding of its effectiveness should be undertaken. An OD should be undertaken which could inter-alia analyze the following:
  - Review the current organisational structure and the structuring of the MSU at ADM and to make recommendations of the current configuration and possible future design to ensure maximum and efficient support to the respective LM's.
  - Review the current financial structure and financing strategies to ensure that the MSU and its programmes are sufficiently funded and that the budget is optimally allocated.
  - Review and describe the current control mechanisms and to recommend how they can be structured and improved improve efficiencies.
  - Review the current communication channels and forums to identify how the communication flow can be improved and make recommendations thereto.
  - Review the current and future personnel requirements and make recommendations as to what the most effective organisation and personnel requirements will need to be to meet future requirements.

**Satisfaction Surveys Undertaken during: Year 2011/12**

Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
<b>Overall satisfaction with:</b>	TADM contracted a Service provider and developed a questioner to conduct a community/Stakeholder perception Survey.	2011/2012 Year	Conducted samples in all the 7 LMs	
(a) Municipality	Amathole District Municipality			
(b) Municipal Service Delivery	The research focused on all the Service Delivery Perspectives.	2011/2012 Year	Conducted samples in all the 7 LMs	
(c) Mayor	Executive Mayor Nomasikizi Konza			
<b>Satisfaction with:</b>				
(a) Refuse Collection	Local Municipal Function	N/A	N/A	N/A
(b) Road Maintenance	Local Municipal Function	N/A	N/A	N/A
(c) Electricity Supply	Local Municipal and ESKOM Function	N/A	N/A	N/A
(d) Water Supply	Distribution of Questionnaires			
(e) Information supplied by municipality to the public	1. Institutional capacity assessment; 2. Perception with regard to water; 3. Services; Perception in LED initiatives, 4. Perception to Public participation Strategies; 5. Perceptions with regard to communication Strategy	2011/2012	Conducted samples in all the 7 LMs	Refer below
	Socio Economic Indicators & Perception	2011/2012 Year	Conducted samples in all the 7 LMs	42% live in a formal house (CS2007 = 40%); 51 % earn less than R 2,200 a month; 39% reliant on Social Grants (SC 2007 = 40%)
	Water and Sanitation on Agriculture & Tourism	2011/2012 Year	Conducted samples in all the 7 LMs	Water & Sanitation <u>not</u> a challenge for Agriculture & Tourism; Poor Roads main Challenge for Tourism (40%) Poor Marketing and Tourism Attractions

	Satisfaction with Life	2011/2012 Year	Conducted samples in all the 7 LMs	60% are not satisfied; Poor Support by Community; 60% are healthy; Good support from Family and friends;
	Municipal Services	2011/2012 Year	Conducted samples in all the 7 LMs	Paying for services is the right thing to do (72%) Seen improvement in the past 5 years (49%) Crime situation has gotten worse (50%) Stayed the same (34%)
	Water Services	2011/2012 Year	Conducted samples in all the 7 LMs	52% are satisfied with water supply; 35% are not satisfied with water supply; Tampering of services is a problem (Great Kei)
	Public Participation	2011/2012 Year	Conducted samples in all the 7 LMs	28% do not trust ADM; 60% not satisfied with transparency of Council Decision; 63% not satisfied with involvement in Council Decisions; 38% feel their ideas will be heard by Policy Makers;
	Communication	2011/2012 Year	Conducted samples in all the 7 LMs	22% Generally satisfied with communication; 38% satisfied with communication strategic plans; 50% not satisfied with Council decisions; 11% satisfied with communication by laws;
	Customer Care	2011/2012 Year	Conducted samples in all the 7 LMs	Did not know there was a Customer Care Office (41%) 38% have never contacted a Customer Care Office; 35% are saying the offices are not accessible; 47% not satisfied with the system for processing queries
	Promoting LED	2011/2012 Year	Conducted samples in all the 7 LMs	44% are generally dissatisfied, 16% satisfied; 9% are satisfied with ADMs Assistance in small business opportunities; 15% satisfied with ADMs attractions of local investment; 23% Satisfied with ADMs attractions of Tourism;

	Municipal Support	2011/2012 Year	Conducted samples in all the 7 LMs	Never heard of the MSU (49%); Selected targets respondents not directly involved in the functions of MSU. Currently the ADM is conducting the support impact provided to LMS and this will provide the actual support outcomes.
	Monthly Accounts and Indigent Subsidy	2011/2012 Year	Conducted samples in all the 7 LMs	Accounts are generally received timeously, are user friendly and accurate 56% are aware of ADMs indigent subsidy scheme; The indigent Subsidy amount is not enough to cover Services (49%)
(f) Opportunities for consultation on municipal affairs		2011/2012 Year	Conducted samples in all the 7 LMs	The Municipality continue to have community and stake holder engagements as part of its operations for the implementation of the IDP

### INTRODUCTION

#### **Institutional performance management process overview**

During the 2011/2012 year the overall ADM performance results reflect a 71% success rate caused by mixed performance results of departments in implementing the SDBIPs. The 2011/12 percentage is higher as compared to 2010/2011 financial period.

This year every attempt was made to ensure that the district municipality complies with legislation concerning the development, operation and maintenance of a performance management system that is commensurate to the institutional service delivery objectives captured in the IDP. ADM has continued to maintain the effective operation with the following mechanisms:

- The 2011/2012 IDP included strategic objectives, strategies and key performance indicators (KPIs) as required by the Municipal Systems Act, 32 of 2000;
- The budget for implementation of the IDP was approved within the prescribed timelines prescribed in the Municipal Finance Management Act, 56 of 2003;
- After approval of the budget, the SDBIP was developed to integrate the IDP and the budget and to ensure effective implementation of the institutional strategies;
- Performance agreements with performance plans were developed, signed and approved by the Executive Mayor as required by the Municipal Performance Regulations, 2006;
- Quarterly performance reports with supporting evidence were prepared by managers directly reporting to the Municipal Manager (MM). These reports were used in the quarterly performance assessments;
- Quarterly performance reports were objectively and independently audited by the Internal Audit unit to verify and to confirm performance information as reflected in the reports; the unit also confirmed the credibility of evidence that was submitted quarterly;
- Quarterly assessments of performance of managers directly reporting to the MM as well as the MM's performance were conducted by a duly constituted performance evaluation panel as required by the performance regulations; and
- The Performance Audit Committee (PAC) functioned optimally in the year; in line with the committee's approved terms of reference.

In order to improve on performance planning, implementation and reporting, the institution implemented the following actions;

- The institution established an IDP/PMS Unit to coordinate the IDP and performance management processes. The unit works closely with Office Managers in each department as the latter are departmental performance coordinators;
- An electronic performance management system was implemented. The system was used during the performance reviews of managers who report directly to the MM. This meant assessments could not be edited as the system locks information immediately after the assessments;
- A Manager: Individual Performance was appointed in order to ensure that there is an interface between the SDBIP and individual performance;
- There was improvement in the submission of remedial actions for targets not achieved in order to ascertain that departments intended to meet the targets in proceeding quarters;

- The institution ensured that during the development of the SDBIP, the SMART principle was adhered to in the setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific and time bound.

The table and the graph depicted below encapsulate the high-level summary of ADM 2011/2012 performance results.

Annual Institutional Performance								
KPA's Performance Overview [2011/2012]								
Key Performance Indicators	Total No of KPI's	Outstanding performance	Performance significantly above expectations	Fully effective	Performance not fully effective	Unacceptable performance	N/A	Annual % Met
Municipal Transformation and Institutional Development	29	1	0	26	2	0	0	93%
Basic Service Delivery and Infrastructure Development	39	1	0	16	22	0	0	44%
Local Economic development	16	0	0	10	6	0	0	63%
Municipal Finance Viability and Management	23	0	0	20	2	0	1	87%
Good Governance and Public Participation	49	2	1	33	11	0	2	73%
<b>Annual percentage</b>	<b>156</b>	<b>4</b>	<b>1</b>	<b>105</b>	<b>43</b>	<b>0</b>	<b>3</b>	<b>71%</b>

### *Graphical Presentation*





### **Implementation of the Establishment plan**

The Local Government Municipal Systems Act 32 of 2000 requires a municipality to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration, including the recruitment, selection and appointment of persons as staff members. The IDP and the budget process for 2011/2012 financial year culminated in the creation of an overall personnel budget of **R341 137 723.00** for officials and Councillors. The total number of officials appointed during the year under review is **364**. It was expected that by the end of the year all vacant positions would have been filled and the extent of expenditure should be 100%, however, the actual expenditure is **R323 178 865.90** which is **94.74%** as at 30 June 2012. This percentage illustrates that ADM had an under expenditure in the personnel budget. In certain instances, the filling of vacant posts took longer prescribed period of 4 months. .

## **COMPONENT A: BASIC SERVICES**

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

### **3.1. WATER PROVISION**

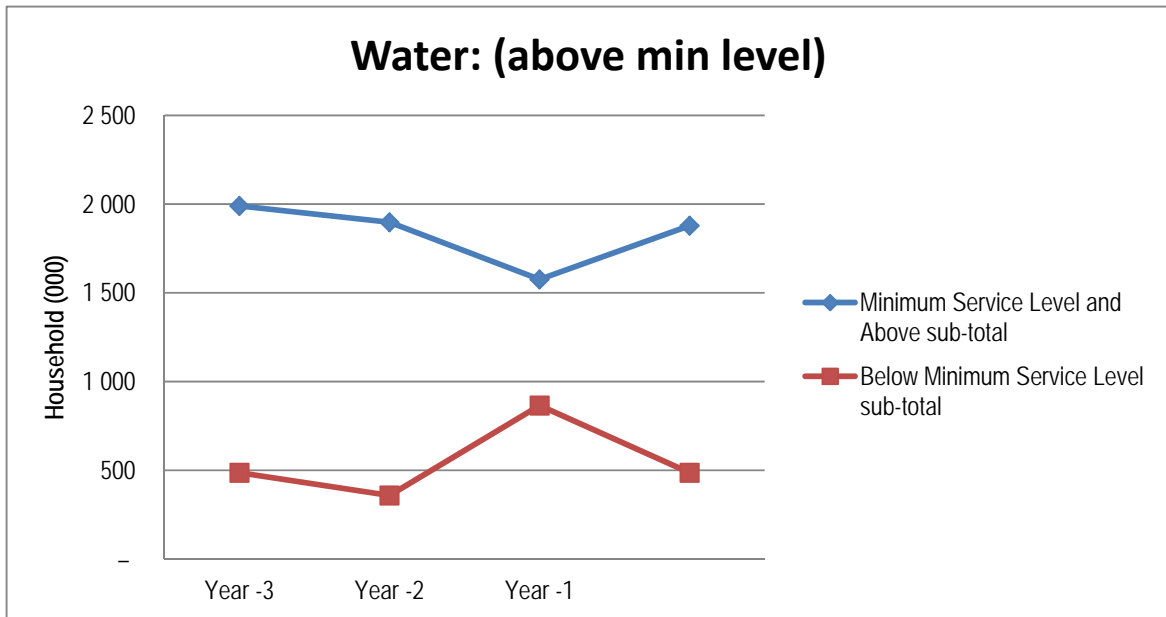
#### **INTRODUCTION TO WATER PROVISION**

The Amathole District Municipality (ADM) became a Water Services Authority in 2003 and through a subsequent Section 78 process, became the Water Service Provider for the Amathole District in July 2006. Approximately 27% of water consumed in the District is purchased from the Amatola Water Board, while the balance is supplied from twenty eight (28) ADM owned Water Treatment Works and over eighty (80) borehole schemes. Water supplied through metered yard connections in the towns and through communal standpipes in rural areas and informal settlements. The ADM failed to achieve Blue Drop status for any of its water treatment works, but obtained an overall average score 74.62. It should be noted that the ADM operates more treatment works than any other municipality in the country and the remoteness of many of these treatment facilities makes management difficult and expensive.

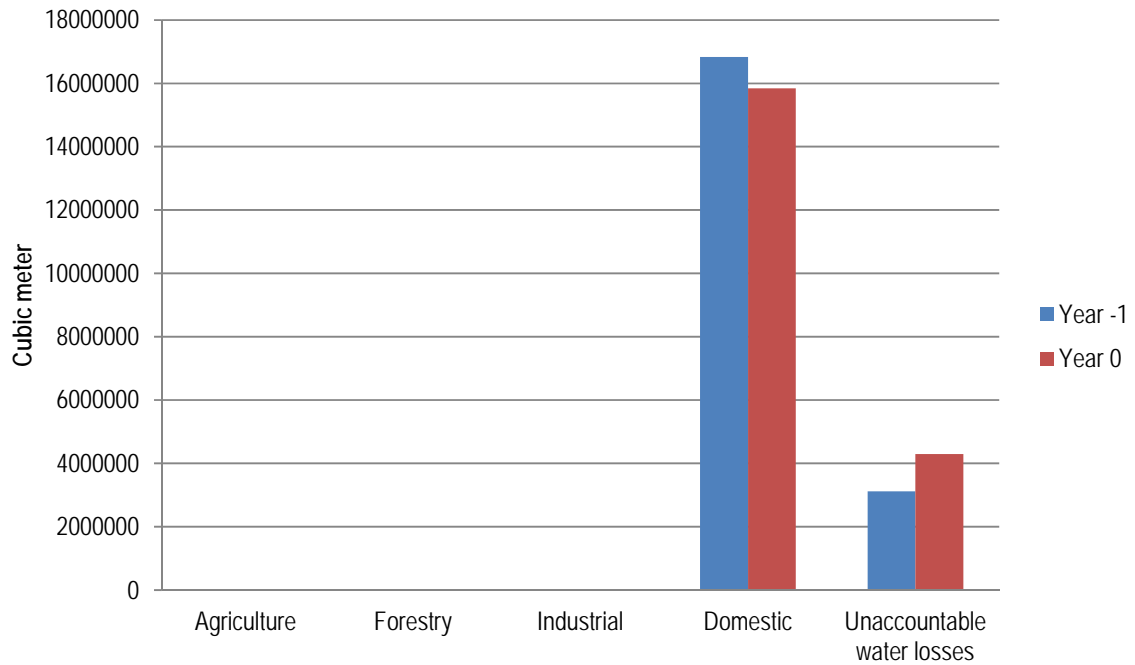
Major initiatives during the 2011/2012 financial year included a meter installation project, aimed at ensuring that all household water connections were metered. This initiative will assist the municipality to reduce non-revenue water, identify water loss through more accurate water balances and improve revenue collection. Another key focus area was to implement a "Safe Water to All" programme. The aim of this programme is to ensure that even un-served communities have access to safe drinking water, even if not to RDP level of service.

A third key initiative was develop a water safety plan for the ADM. This comprehensive study identified critical risks in the water provision cycle and facilitated the process of developing risk mitigation plans to reduce the risks.

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year 2010/11	0	0	0	16833712	3118299
Year 2011/12	0	0	0	15838299	4293655
					<i>T 3.1.2</i>



## Water use by Sector



### COMMENT ON WATER USE BY SECTOR:

The ADM supplies almost all its water for domestic purposes and only a negligible amount for industry. Owing to the large free basic supply through unmetered communal standpipes, it is difficult for the municipality to ascertain accurate water loss figures. The above figures are calculated assuming households drawing water from communal standpipes use twenty five litres per person per day

Water Service Delivery Levels				
Description	Households			
	Year -3	Year -2	Year -1	Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<b><u>Water: (above min level)</u></b>				
Piped water inside dwelling	31 902	31 902	31 902	31 902
Piped water inside yard (but not in dwelling)	Included above	Included above	Included above	Included above
Using public tap (within 200m from dwelling )	97 703	103 496	111 990	118 718
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	129 605	135 398	143 892	150 620
<i>Minimum Service Level and Above Percentage</i>	54.10%	56.52%	60%	62.76%
<b><u>Water: (below min level)</u></b>				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling)	109 955	104 162	96 108	89 380
No water supply				
<i>Below Minimum Service Level sub-total</i>	109 955	104 162	96 108	89 380
<i>Below Minimum Service Level Percentage</i>	45.90%	43.48%	40%	37.24%
<b>Total number of households*</b>	<b>239 560</b>	<b>239 560</b>	<b>240 000</b>	<b>240 000</b>
* - To include informal settlements				

Households - Water Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
Total households	233 816	233 816	234 254	234 254	234 254	234 254
Households below minimum service level	109 955	104 162	96 108	89 380	89 380	89 380
Proportion of households below minimum service level	45.90%	43.48%	40%	37.24%	37.24%	37.24%
<b>Informal Settlements</b>						
Total households	5 746	5 746	5 746	5 746	5 746	5 746
Households ts below minimum service level	5 746	5 746	5 746	5 746	5 746	5 746
Proportion of households ts below minimum service level	100%	100%	100%	100%	100%	100%

#### *Access To Water*

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
Year -2	103 496	135 398	103 496
Year -1	111 990	143 892	111 990
Year 0	118 718	150 620	118 718
			<i>T 3.1.5</i>

*\* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute*

*# 6,000 litres of potable water supplied per formal connection per month*

Water Service Policy Objectives Taken From IDP								
Service Objectives	Outline Service Targets	Year 2010/11		Year 2011/12				
		Target	Actual	Target		Actual		
		*Previous Year		*Previous Year	*Current Year			
<i>Service Indicators</i> (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)		
<b>Service Objective xxx</b>								
<b><i>Provision of adequate, potable and sustainable water and sanitation services to all by 2014</i></b>	26 161 households newly connected to sustainable water supply	921 384 people with access to water	<b>Not met</b>		26,161 new connections for the year Total to-date 224,621 households connected	4323 connections made		
<b><i>Provision of adequate, potable and sustainable water and sanitation services to all by 2014</i></b>	4 000 Households newly connected to sustainable sanitation per approved budget	750 Households having access to rainwater tanks	<b>Met</b>		4 000 households connected this year- total to date = 99,494	4807 Households ( annual HH)		
<b><i>To ensure all consumers living below poverty line are registered as indigent</i></b>	Additional 1 200 consumers registered as indigent	12 000 Approved and registered indigents	<b>Not met</b>		1200 consumers registered as indigent	Target met; 2 480 consumers registered as Indigent		

Employee: Water Services					
Job Level	Year 2010/11	Year 2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		256	256	0	0%
4 - 6		278	222	56	20%
7 - 9		122	82	40	33%
10 - 12		72	41	31	43%
13 - 15		32	18	14	44%
16 - 18		8	4	4	50%
19 - 20		1	1	0	0%
Total		769	624	145	19%

Financial Performance 2011/12: Water Services					
					R'000
Details	2010/11	2011/12			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	93,550	374,234	32,275	127,591	-193%
Expenditure:					
Employees	69,615	93,795	-	98,504	5%
Repairs and Maintenance	5,544	21,011	-	11,720	-79%
Other	248,859	259,428	32,275	277,566	7%
<b>Total Operational Expenditure</b>	324,018	374,234	32,275	387,790	3%
<b>Net Operational Expenditure</b>	230,467	-	-	260,199	100%

Capital Expenditure Year 2011/12: Water Services					
R' 000					
Capital Projects	Year 2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	748 966 518	0	140 560 326	-433%	
Mncwasa Water Supply	50 000 000		48 540 396	-337%	212 102 756
Ibika Water Supply	45 000 000		44 231 015	-260%	159 180 676
Xhora Water Supply	20 000 000		13 546 345	-2378%	335 683 086
Mbhashe North WS	35 000 000		34 242 570	-23%	42 000 000

### 3.2 WASTE WATER (SANITATION) PROVISION

#### INTRODUCTION TO SANITATION PROVISION

The Amathole District Municipality (ADM) became a Water Services Authority in 2003 and through a subsequent Section 78 process, became the Water Services Provider (including sanitation) for the Amathole District in July 2006. The ADM provides sanitation services via water borne sanitation connected to fifteen waste water treatment works, emptying of conservancy tanks with honey suckers and Ventilated Improved Pit Latrines. The ADM has so far failed to achieve Green Drop status for any of its waste water treatment works.

Major initiatives during the 2011/2012 financial year included the development of a waste water risk abatement plan, a risk based plan aimed at ensuring that ADM improves its management of Waste Water Treatment through a risk based approach. The rolling out of ASAP (ADM's accelerated sanitation programme) has been another initiative to reduce the sanitation backlog, while the upgrading of the Adelaide Waste Water treatment works will also enable the ADM to improve sewage treatment.



Sanitation Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Year 0
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
<b><u>Sanitation/sewerage: (above minimum level)</u></b>				
Flush toilet (connected to sewerage)	22 637	22 637	22 637	22 637
Flush toilet (with septic tank)	Included above	Included above	Included above	Included above
Chemical toilet	N/A	N/A	N/A	N/A
Pit toilet (ventilated)	58 230	63 229	64 956	69 763
Other toilet provisions (above minimum service level)	0	0	0	0
<i>Minimum Service Level and Above sub-total</i>	80 867	85 866	87 593	92 400
<i>Minimum Service Level and Above Percentage</i>	33.76%	35.84%	36.50%	38.50%
<b><u>Sanitation/sewerage: (below minimum level)</u></b>				
Bucket toilet	1 088	1 088	1 088	1 088
Other toilet provisions (below minimum service level)	0	0	0	0
No toilet provisions	157 605	152 606	151 319	146 512
<i>Below Minimum Service Level sub-total</i>	158 693	153 694	152 407	147 600
<i>Below Minimum Service Level Percentage</i>	66.24%	64.16%	63.50%	61.50%
<b>Total households</b>	<b>239 560</b>	<b>239 560</b>	<b>240 000</b>	<b>240 000</b>
<b><i>*Total number of households including informal settlements</i></b>				

Households - Sanitation Service Delivery Levels below the minimum						
						Households
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
Total households	233 814	233 814	234 254	234 254	234 254	234 254
Households below minimum service level	158 693	153 694	152 407	148 402	147 600	147 600
Proportion of households below minimum service level	66.24%	64.16%	63.5%	61.83%	61.50%	61.50%
<b>Informal Settlements</b>						
Total households	5 746	5 746	5 746	5 746	5 746	5 746
Households below minimum service level	5 746	5 746	5 746	5 746	5 746	5 746
Proportion of households below minimum service level	100%	100%	100%	100%	100%	100%

#### *Access To Sanitation*

Access to Sanitation	
	Proportion of households with access to sanitation
Year 2009/10	85 866
Year 2010/11	87 593
Year 2011/12	92 400

Waste Water (Sanitation) Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i>  (i)	Outline Service Targets  (ii)	Year 2010/11		Year 2011/12		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
<b><i>Provision of water supply adequate, potable water and sanitation services to all by 2014</i></b>	4 000 households newly connected to sustainable sanitation per approved budget	40% households with adequate sanitation	<b>Not met</b>		4 000 households connected this year- total to date = 99,494	4807 Households ( annual HH)			

Employees: Sanitation Services					
Job Level	Year 2010/11	Year 2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*  
T 3.2.7

Financial Performance 2011/12: Sanitation Services						R'000
Details	2010/11	2011/12				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	79,078	87,383	-	98,269	11%	
Expenditure:				-		
Employees	15,755	19,048	-	20,616	0	
Repairs and Maintenance	903	3,209	-	528	(0)	
Other	62,420	65,126	-	77,125	0	
<b>Total Operational Expenditure</b>	79,078	87,383	-	98,269	11%	
<b>Net Operational Expenditure</b>	-	-	-	-		

Capital Expenditure Year 2011/12: Sanitation Services					
					R' 000
Capital Projects	Year 2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	13000000	0	11359562	-14%	
Kotana Sanitation	5 000 000		10 942 121	54%	22 427 160
Gatyana Sanitation	4 000 000		183 426	-1631%	12 232 824
Mhlohlozi sanitation	4 000 000		234 016	-1609%	20 119 420

### 3.3 ELECTRICITY

#### INTRODUCTION TO ELECTRICITY

Amathole District Municipality does not have an Electricity function. However throughout the 7 local municipalities, 6 are falling within ESKOM's area of supply and thus being electrified by ESKOM. Only Nxuba Municipality is an exception as they supply directly to their respective areas of Bedford and Adelaide.

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

The Municipal Structures Act (117 of 1998), Section 84 of the Municipal Structures Act, deals with the division of powers and functions between district and local municipalities in relation to waste management. Solid Waste disposal sites, in so far as it relates to-

- The determination of waste disposal strategy for the district as whole,
- Regulation of waste disposal strategy for the district as a whole, and
- Establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district.

Solid waste delivery to households is not a District function.

In relation to the local municipality:

- The determination of a waste disposal strategy for the local municipality only;
- The regulation of local waste disposal site for the municipality only;
- The collection and removal of waste, disposal site, bulk transfer facility and district disposal site
- The establishment, operation and control of waste disposal facilities for the local municipality only

Having confirmed the need of a regional waste site in the Eastern Regional part of the district, this site has since been completed. The operations on site commenced on the 23 April 2012 and are currently continuing in an efficient manner. The site is also provided with a recycling wing that is fully operational. ADM is also in the process of constructing two transfer stations in both Mphashe and Mnquma Local Municipalities. One transfer station in Mphashe is progressing well and is currently at the detail design stage. Once this transfer station is completed, benefits will be immense as transport costs for the local municipality will be reduced consequently less expensive to provide the waste service. For the second site in Willowvalle, land invasion related delays continue to frustrate the progress.

ADM has had the following impact in these three service delivery priorities:

- ADM continues to create a platform where sharing and learning is promoted through the Solid Waste Stakeholder Forum.
- The institution has successfully reviewed its IWMP (Major review 2011/12 Financial Year).
- ADM continues to prioritize initiatives for waste avoidance, reduction and recycling, i.e operationalisation of the Eastern Regional Waste Site.

**Major challenges in waste management services and remedial actions**

Solid Waste services have, for a long time, not been prioritized at the same level as other services like water and sanitation. This has been a major concern as projects emerging from the IWMP (even though valid projects) were not budgeted for. This problem is linked to the failure by most local municipalities in developing and implementing

indigent registers for solid waste. This challenge has consequently prevented the municipality from fully identifying and responding to communities living in poverty and deficient in this basic service.

The Amathole District Municipality is only responsible for the compliance aspect of Regional Solid- Waste dumping sites:

- Eleven legal and illegal waste dumping sites were visited for assessment.
- 3 Officials were trained in theoretical and practical waste management.
- Reviewal of Health Care Waste Management Plan was done internally.

An audit of health care waste generators, covering the whole Amathole District Municipality area was carried out. The audit included the following:

Hospitals	Animal Research	Blood Bank
Physicians office	Veterinary	Funeral Parlours
Clinics	Old Age Homes	Mortuaries
Dental Clinics	Research Centres	Tattoo Parlours
Laboratories	Pharmacies	Home Health Care
Acupuncturists	S.P.C.A	Institutions for Disabled Persons
Nursing Homes	Psychiatric Clinics	
	Autopsy Centres	

The audit revealed that 45 percent of health care waste generated cannot be accounted for, therefore, suggesting the likelihood of illegal dumping, burying and/or burning of waste.

**Waste Management Service Policy Objectives Taken from IDP**

Service Objectives	Outline Service Targets	Year 2010/11		Year 2011/12					
		Target	Actual	Target					Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)				(vii)
<i>To facilitate provision of compliant waste management by Local Municipalities in the district by 2012</i>	Great Kei solid waste site completed in terms of scope of works	Completion of GKM, other 3 on-going.	<b>Not met</b>		Great Kei solid waste site completed in terms of scope of works	Upgrading completed.			
<i>To facilitate provision of compliant waste management by Local Municipalities in the district by 2012</i>	2 Transfer stations completed	Waste Site Operated	<b>Not met</b>		Construction completed on 2 transfer stations	Enquiries to DEAT			



Employees: Solid Waste Management Services					
Job Level	Year 2010/11	Year 2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	1	0	0%
4 - 6	1	1	1	0	0%
7 - 9	0	1	1	0	0%
10 - 12	0				
13 - 15	0				
16 - 18	0				
19 - 20	0				
Total	1	3	3	0	0%

Employees: Waste Management Services					
Job Level	Year 2010/11	Year 2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	2	2	0	0%
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					

Financial Performance 2011/12: Solid Waste Management Services					
R'000					
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	2,000	-	-	#DIV/0!
Expenditure:			-		
Other	203	2,000	-	1,645	-22%
Total Operational Expenditure	203	2,000	-	1,645	-22%
Net Operational Expenditure	(203)	-	-	(1,645)	100%

**COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:**

It is a requirement of National Government under the NEMA Waste Act that a district municipality complies with an Integrated Waste Management Plan (IWMP) to form part of the municipal Integrated Development Plan (IDP).

The ADM IWMP has identified the following five targets as set out in its IDP:

>Appoint consultant to complete a study in identifying markets for recyclables in the ADM area of jurisdiction. This study will only be undertaken once local municipalities have undertaken their solid waste characterization studies so as to inform the markets required.

>Harvesting of landfill gas. This project has not been budgeted for as yet as the municipality is currently concluding a feasibility study.

>Design and development of solid waste collection points in certain settlements with access challenges. This project is currently not funded for construction as the municipality is currently busy identifying affected areas.

>Planning and construction of transfer stations. Two transfer stations were budgeted for but could not be constructed due to delays with License Application as well land related challenges.

>Installation of weighbridges at licensed landfill sites where more than ten years of airspace exists. This project was not budgeted for as investigation and planning needed to be finalized first.

Only one capital project (Komga Solid waste Site) was implemented within budget during this financial year.

## INTRODUCTION TO HOUSING

ADM has **developed an Integrated Housing Development Strategy** to ensure District wide co-ordinated delivery of human settlements. The ADM's Housing Strategy is a strategic tool aimed at ensuring that the ADM and its eight local municipalities perform their housing function efficiently and effectively.

A total of **4 325 beneficiaries** over the past five years had, for the first time realized the socio-economic **right of access to viable sustainable human settlements**.

The figure above excludes those obtained or implemented directly at Local Municipality level. Further, these housing projects involving **4,490 beneficiaries** have for the first time in their lives are provided not only with shelter, but with **tenure security**.

Major efficiencies: ADM has successfully implemented a new comprehensive plan called "**Breaking New Ground**" or **BNG** for short. In terms of this plan, the National and Provincial governments identified pilot sites for human settlements and within ADM Elliotdale in Mbhashe within, the then wards 17 and 21 local municipality were identified. These are the poorest magisterial district in the country. An amount of R252 million was identified and costed for this project which is aimed at improving the living conditions of the communities at Elliotdale. This plan is **multi-faceted and includes projects for infrastructure, local economic development, agriculture and social needs**. The project is called the **Elliotdale Rural Sustainable Human Settlement Pilot Project**. This is mainly aimed at poverty alleviation. These are outcomes to date :

- A clear Social Compact agreement has been achieved;
- A Cooperative Agreement between structures of government has been entered into, and was signed by the National Minister, Provincial MEC, Mayors of ADM and Mbhashe and the Traditional Leader of AmaBomvana Tribal Authority;
- Sales Administration for more than 3000 beneficiaries which have been screened and passed;
- Drafting an Integrated Development Plan for the area, with clear development opportunities;
- The process of Land Rights Enquiry in terms of the Interim Protection of land Rights Act, read with Communal Land Rights Act have been concluded, with certificates secured from the communities,
- Fostering of relations with DBSA on their Programme of "Building Sustainable Communities" on their "SIYENZA MANJE" Programme.
- The Dream fields Sports facility funded by DBSA amounting to approximately R1, 5m was completed in March 2010;
- A Co-operatives project for brick making has been done;
- Sanitation programme through ASAP for 2 500 beneficiaries;
- Geo-hydrological investigation for the area of the 13 villages was concluded
- A Geotechnical investigation amounting to R100 000 was concluded;

The ADM took the initiative of complying with the Housing Policy and Legislation by lodging an **Application for Accreditation Level 2 but on an incremental basis** on Housing Programmes. In paving the way for such added responsibility, the ADM has started to embark upon a human resource capacity assessment exercise, whereby the plan or outcome will inform how the Housing Business Unit should be structured.

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2008/209			
2009/2010			
2010/2011			
2011/2012	471526	258013	54.7%

Housing Service Policy Objectives Taken From IDP							
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets  (ii)	Year 2010/11		Year 2011/12			*Current Year
		Target	Actual	Target		Actual	
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	
Service Objective xxx							
<b><i>To facilitate the development of sustainable and viable human settlement by 2014</i></b>	17 LRSP projects implemented per approved budget)	Adopted LRSP	<b>Met</b>		Implementation of all 17 LRSP projects	Implementation and Development of Zone Plans in 5 LMs. Survey of 7 villages Land Parcels Identification. Review of Restitution Development Plan	
<b><i>To facilitate the development of sustainable and viable human settlement by 2014</i></b>	2 completed sports fields in Nkonkobe	3 Amenities (Sports Fields) developed in demarcated areas <b>Construction Complete</b>	<b>Not met</b>		100% construction complete and close-out reports submitted on both projects	Construction of Platform Sports field only is underway since 28 February 2012 and is at 95%	
<b><i>To facilitate the development of sustainable and viable human settlement by 2014</i></b>	3 projects implemented per approved budget	Adopted Housing Strategy	<b>Met A</b>		Implementation of 3 Housing Strategy projects per approved budget	1. Development of Social Housing Feasibility study: 2. 900 Housing Beneficiary Approval 3. Implementation of Housing Projects	

Employees: Housing Services					
Job Level	Year 2010/11	Year 2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	4	1	0	0%
7 - 9	11	11	3	1	9%
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	15	16	5	1	6%

Financial Performance 2011/12: Housing Services					
					R'000
Details	2010/11	2011/12			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	54,816	-	-	4,843	100%
Expenditure:					
Employees	6,124	5,854	-	5,467	-7%
Repairs and Maintenance	-	10	-	-	
Other	34,223	1,014	-	25,788	96%
Total Operational Expenditure	40,348	6,878	-	31,255	78%
Net Operational Expenditure	14,468	(6,878)	-	(26,412)	74%

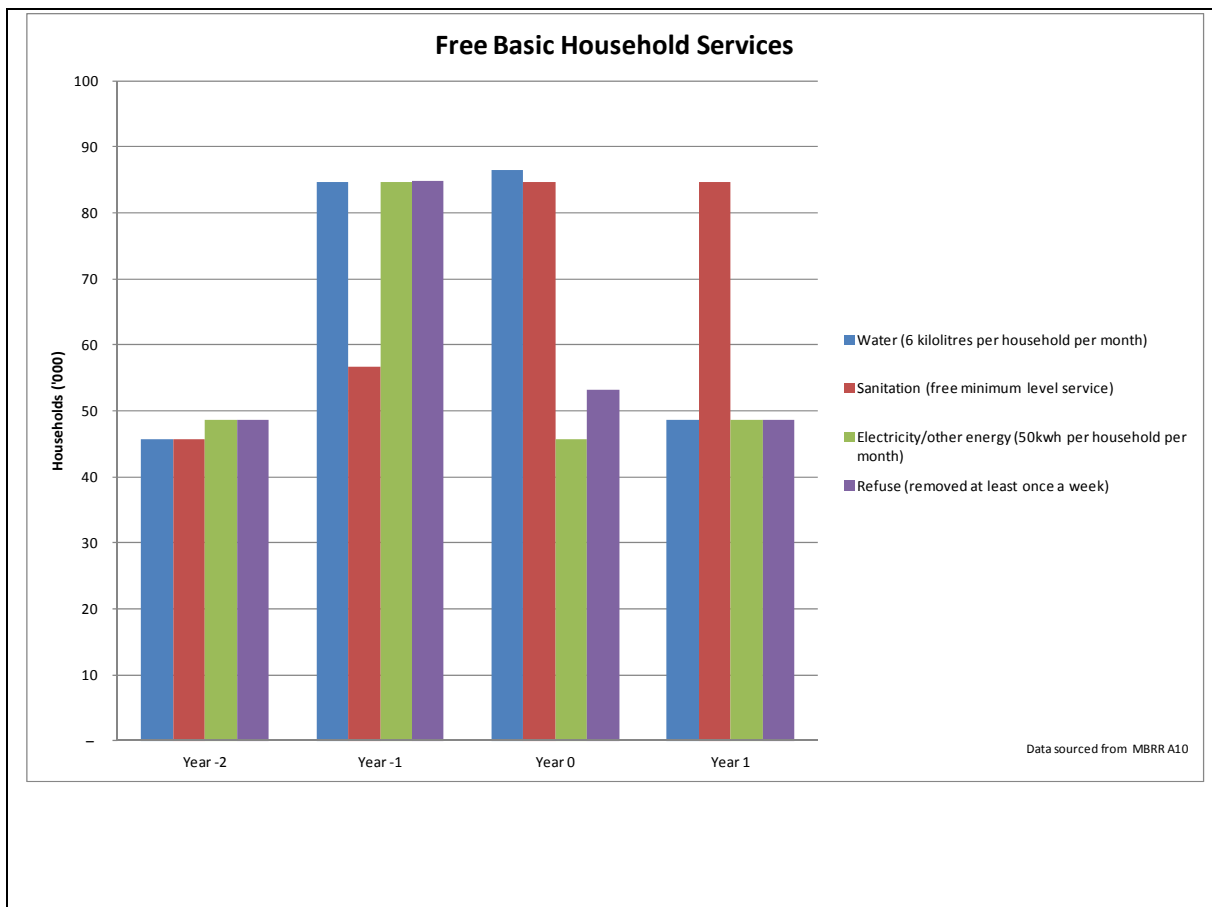
Capital Expenditure Year 2011/12: Housing Services					
					R' 000
Capital Projects	Year 2011/12				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	4684868.51		526513.41		4684868.51
Dongwe Top Structure	1347308.70	1347308.70	0.00	0.00	1347308.70
Needscamp Top Structure	3838.39	3838.39	0.00	0.00	3838.39
Ducats Top Structure Subsidy	23234.25	23234.25	0.00	0.00	23234.25
Kubusi Top Structure	580654.69	580654.69	526 513.41	0.00	580654.69
Maclean Town Top Structure	867953.12	867953.12	0.00	0.00	867953.12
Lillyvale Top Structure	1861879.36	1861879.36	0.00	0.00	1861879.36

### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

#### INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

##### Indigent Support

ADM embarked on Indigent campaigns and registration throughout its 7 local municipalities that it is servicing; this is an ongoing exercise. During the period under review; 2 480 consumers have been registered under ADM Indigent Register. ADM has appointed the services of Field Verification Officers to do door – to – door registration in order to register those consumers that are deemed to be indigent but some are unable to visit ADM local offices. This subsidy is only granted to those households whose gross income does not exceed two times the Government social grant as prescribed. 6kl is granted and any excess is billed according to the normal tariff fee applicable to other domestic consumers. All applications received are analysed for correctness before submission for approval. The grant is valid for a maximum period of twelve (12) months. When the indigent consumer level of income improves, the grant is cancelled. A communication is made three months prior the expiry date for the registered indigent consumer to re – apply.





Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
			Access	%	Access	%	Access	%	Access	%
Year 2009/10	239 560	239 560	103 496	43.20	63 229	25.42	N/A	N/A	Bulk Only	Bulk Only
Year 2010/11	240 000	240 000	111 990	46.66	64 956	26.14	N/A	N/A	Bulk Only	Bulk Only
Year 2011/12	240 000	240 000	118 718	49.46	69 763	29.07	N/A	N/A	Bulk Only	Bulk Only
Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered										
Services Delivered	Year 2010/11		Year 2011/12							
	Actual 000'	Budget 000'	Budget	Adjustment Budget	Actual 000'	Variance to Budget				
Water	249 397	223 523	223 523 000		194 535	28 988 000				
Waste Water (Sanitation)	11 621	48 900	48 900 000		18 240	30 660 000				
Electricity	N/A	N/A	N/A		N/A	N/A				

Waste Management (Solid Waste) Bulk ONLY	1 073	800	420 000	363	57 176
Total	262 091		272 843 000	213 138	59 705 176

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

**Indigent Support**

ADM embarked on Indigent campaigns and registration throughout its 7 local municipalities that it is servicing; this is an ongoing exercise. During the period under review; 2 480 consumers have been registered under ADM Indigent Register. ADM has appointed the services of Field Verification Officers to do door – to – door registration in order to register those consumers that are deemed to be indigent but some are unable to visit ADM local offices. This subsidy is only granted to those households whose gross income does not exceed two times the Government social grant as prescribed. 6kl is granted and any excess is billed according to the normal tariff fee applicable to other domestic consumers. All applications received are analysed for correctness before submission for approval. The grant is valid for a maximum period of twelve (12) months. When the indigent consumer level of income improves, the grant is cancelled. A communication is made three months prior the expiry date for the registered indigent consumer to re – apply.

**COMPONENT B: ROAD TRANSPORT**

**INTRODUCTION TO ROAD TRANSPORT**

ADM does not have Roads function. The function of Roads in Amathole District Municipality is split between Local Municipalities and the Provincial Department of Roads and Public Works, in that Local Municipalities are responsible for Municipal Roads and the Provincial Department is responsible for provincial roads.

ADM, through its Municipal Support Unit (MSU), is providing support to its local municipalities in areas where they need assistance. The municipalities construct new access roads each financial year through their MIG funding for their communities, but this service can be construed as a waste of resources because these roads deteriorate after sometime due to lack of maintenance. In order for the access roads to remain sustainable they ought to be maintained periodically, failure to do so will result in roads gradually deteriorating until they have completely vanished.

### 3.7 ROADS

#### INTRODUCTION TO ROADS

The National Department of Transport has initiated a priority program that will see the Amathole District Municipality rolling out the Road Asset Management System (RAMS) throughout the district utilizing the Rural Transport Services and Infrastructure Grant. Even though the ADM is not a roads authority, it was chosen by the National Department of Transport because of its status as a Water Services Authority as well as its good track record. A consultant has been appointed to carry out the road asset inventory throughout the District and process would carry on until the 2013/14 financial year. On completion of the RAMS systems, the national Department of Transport will through National Treasury fund rehabilitation, upgrading and construction of rural roads. The role of districts during the implementation phase is still being assessed.

#### COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

ADM does not have a roads function at the present moment. Only on completion of RAMS will the role districts be revised if necessary.

### 3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

#### INTRODUCTION TO TRANSPORT

The National Land Transport Act 5 of 2009 assigns planning responsibilities for land transport to municipalities. This is to be executed in conjunction with other spheres of government.

In terms of the powers and functions devolved by the Local Government Municipal Structures Act, 117 of 1998, Amathole District Municipality (ADM) is responsible for municipal public transport, which is a shared function with local municipalities in terms of services and infrastructure provision. In addition, ADM is responsible for regulation of the passenger transport services in all areas within the district.

Section 84 of the **Municipal Structures Act** (Act 117 of 1998) deals with the division of powers and functions between District and Local municipalities:

Integrated development planning for the district municipality as a whole with regard to Municipal Public Transport is to perform the following functions.

- Must exercise any power concerning the regulation of passenger transport services for the district as a whole.
- Develop a transport strategy and plan for the district
- Determine a service delivery mechanism for the performance of the function
- Develop or maintain the capacity to perform the function
- Make and administer bylaws in terms of section 156(2) of the Constitution
- Build the capacity of the local municipalities in its area to perform all the functions, excluding regulatory function, where capacity is lacking.

Transport Service Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	Year 2010/11		Year 2011/12						
		Target	Actual	Target		Actual				
Service Indicators		*Previous Year		*Previous Year	*Current Year				*Following Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)			(x)	
<i>All households to have access to basic social amenities within 2-10 km walking distance by 2014</i>	4 public transport projects implemented per approved budget (100% complete)	All plans to provide for transport facilities	<b>Met</b>		Developed Road Asset Management system throughout the District	Progress report - Developed Road Asset Management system throughout the District				
<i>All households to have access to basic social amenities within 2-10 km walking distance by 2014</i>	Completion of 3 existing transport projects that commenced in 2010/11 financial year	3 New non-motorised Public Transport projects implemented Four projects in Butterworth added, total 15 projects	<b>Not met</b>		100% construction complete	Dutywa Non-motorised infrastructure complete. Keiskammahoe Public Transport Facility original scope of work completed. Contractor appointed on Willowvale Public Transport Facility and started with construction.				

Employees: Transport Management Services					
Job Level	Year 2010/11	Year 2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	2	2	1	1	50%
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL:

The project completed was the provision on non motorized / side walk walks from Dutywa CBD to King Hintsa FET College. Other projects that commenced in the financial year but were delayed are Keiskammahoek Public Transport Facility and Willowvale Public Transport Facility.

ADM has had the following impact in these three service delivery priorities:

- Provision of transport Infrastructure to improve pedestrian safety and public transport operations.
- The institution has successfully reviewed its Integrated Transport Plan (Major review 2011/12 Financial Year).
- ADM continues to engage on integrated planning through liaising with the Provincial Department of Transport.

Transport has, for a long time, not been prioritized at the same level as other services like water and sanitation. This has been a major concern as projects emerging from the ITP (even though valid projects) were not funded. Legislation is also not clear in linking powers and functions i.e Municipal Structures Act and National Land Transport Act.

## COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

### INTRODUCTION TO PLANNING AND DEVELOPMENT

To ensure accessibility to land development through key spatial development features, provision of adequate and sustainable human settlements and organized methods of settlement planning; and promote Regional Economic development, business enterprise development, tourism development, film industry development, unearth and management of heritage resources, agriculture and agrarian reform contribution as well as environmental management consideration through **promotion of community livelihood through economic growth.**

### 3.10 PLANNING

#### INTRODUCTION TO PLANNING

Development Planning is aimed at strategically addressing issues that relates to matters **of community livelihood support and sustainable development with economic impact Programmes including appropriate economic development thrusts**, through integration of activities in the following components:

- Land Administration
- Spatial Planning
- Housing Development
- Land Development Fund Management

#### SERVICE DELIVERY PRIORITIES

##### Land Redistribution

- ❑ A total of **270 627 hectares was accessed** for benefit of communities who previously did not have access to land ownership at **R33 million** has been spent on **buying the land and developing infrastructure and constructing services** in the acquired land in mostly rural areas within the district. These are parcels of land also aimed at assisting both **Settlement and Commonage** purposes for the communities. These areas are as follows :

AM AHLATHI – Kubusie, Ndlovini, Mgwali/Bholo/Lujilo, Cobongo, Gasela, Cenyulands, NKONKOBÉ – Mt Pleasant  
NXUBA – Worteldrift, Adelaide  
BCM - Ducats in East London, Macleantown

### Security of Tenure

- ❑ A total of 1184 **individual Title Deeds** have been issued to various beneficiaries realising the Section 25 Constitutional provisions. These are for areas of BCM, GREAT KEI and AMAHLATHI
  
- ❑ **Settlement upgrading of 52 village areas** for the benefit of more than **53 133 households** was achieved. This was a process aimed at enhancing orderly settlement through planning and survey. The villages are located as follows:

AM AHLATHI: Cenyu; Gasela in Stutterheim ; Cenyulands in Stutterheim; Ndlovini in Stutterheim

GREAT KEI: Mpethu/Gugura in Komga ( Zone 10 Settlement); Kwelera 8 Villages; Mooiplaas 13 Villages

NGQUSHWA: Lewis; Mavathulana

NKONKOB E: Mt Pleasant; Victoria post; Msobomvu ; Hala; Hertzog

MBHASHE: Elliotdale ; Willowvale –

**Land use development is not a district function, it is performed at local level.**

Employees: Planning Services					
Job Level	Year 2010/11	Year 2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	3	3	0	0%
4 - 6	6	6	6	0	0%
7 - 9	12	13	12	1	8%
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	21	22	21	1	5%

Financial Performance 2011/12: Planning Services					
					R'000
Details	2010/11	2011/12			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	1	99	-	2	(0)
Expenditure:			-		
Employees	6,081	6,922	-	6,715	(0)
Repairs and Maintenance	-	-	-	-	0
Other	1,138	3,209	-	1,603	(0)
Total Operational Expenditure	7,219	10,130	-	8,318	-22%
Net Operational Expenditure	7,218	10,032	-	8,316	-21%



### 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

#### INTRODUCTION TO ECONOMIC DEVELOPMENT

The goal of the Economic Development through Local economic development section is to facilitate and promote local economic development and job creation through tourism development and promotion, agricultural development, business enterprise development, heritage resources management, environmental management, and industrial development. ADM's strategy towards such has been through the process of identifying economic sectors which got the potential to contribute to economic development.

Key sectors that have been identified because of their nature of the area are:

Tourism; Agriculture (includes forestry and fishing); Heritage; Manufacturing and Industrial development; and Environment.

This is being achieved through the following broad Strategic Objectives: "To facilitate Regional Economic Development and create enabling environment for business to thrive".

The formulation of Amathole Regional Economic Development Strategy which was adopted in 2006/07 financial year, LED unit interventions and the operations of ADM economic development agency (Aspire) strive towards realizing the aforementioned strategic objective. Moreover, ADM prides itself about the successes of Aspire which is an implementing agent for the small towns' regeneration and corridor development (special economic development).

Economic Employment by Sector			
Sector	No of jobs		
	2009 No.	2010 No.	2011 No.
<b>Agriculture</b>	7,827	7,440	7,090
<b>Mining</b>	106	124	139
<b>Manufacturing</b>	11,325	10,894	11,235
<b>Electricity</b>	236	210	202
<b>Construction</b>	4,847	5,059	5,242
<b>Trade</b>	19,136	19,248	19,552
<b>Transport</b>	4,068	4,166	4,109
<b>Finance</b>	4,088	3,973	4,089
<b>Community services</b>	46,691	47,249	48,770
<b>Households</b>	9,917	9,429	9,221
<b>Total</b>	<b>108,241</b>	<b>107,793</b>	<b>109,648</b>

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
Year 2009/10	8	175
Year 2010/11	16	250
Year 2011/12	16	450

Local Economic Development Policy Objectives Taken From IDP							
Service Objectives	Outline Service Targets	Year 2010/11		Year 2011/12			
		Target	Actual	Target	Actual		
Service Indicators		*Previous Year		*Previous Year	*Current Year		
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	
<b>Service Objective xxx</b>							
<i>To facilitate and promote regional economic development (even beyond the existence of districts)</i>	6 projects implemented including ASPIRE programmes per approved budget	Signed Service Level Agreement	<b>Met</b>		Implementation of all 5 AREDS projects	1. ADM Investment Conference and Strategy: 2. Industrial Development Strategy: 3. LED Impact Assessment: 4. Training of LED Practitioners: Training conducted 5. Implementation of the AREDS 6. Progress on ASPIRE along the four strategic corridors:	
<i>To facilitate an enabling environment for businesses to thrive.</i>	8 SMME and Cooperatives projects implemented per approved budget	Adopted SMME Strategy	<b>Met</b>		Implementation of 7 SMME and Cooperatives projects	1. SMMEs and Coops Supported: 2. Hosting of Cooperative Indaba: 3. Operationalisation of Butterworth Skills Development Centre: 4. Development of the Informal Trade Strategy: 5. Operationalization of Nkonkobe Incubation Centre 6. UFH Partnership: Partnership is in place 7. Implementation of Cooperative Strategy: 7 cooperatives were supported during the the Business Connect exhibition, database collection has been done and an information dissemination session has been held.	
<i>To position ADM as a destination of choice</i>	10 Tourism projects implemented per approved budget	Adopted Tourism Master Plan	<b>MET</b>		Implementation of 10 Tourism projects	1. 11 exhibition shows were attended 2. Assisted 6 crafters during the 11 exhibition shows 3. Tourism Marketing Bureau establishment plan is in place and complete	

						<p>4. DTOs and LTOs: Assisted Mquma LTO, Amahlathi LTO and Ngqushwa LTO with marketing material</p> <p>5. ADM Tourism Events: Supported, hosted and Co-hosted 10 tourism</p> <p>6. Amathole Craft Market: Projects designs and operational plan in place</p> <p>7. Mthontsi Lodge: An EIA has been developed and an application for re-zoning</p> <p>8. Nxuba Dam Chalet: EIA is complete</p> <p>9. Film Development Programme: 3 capacity building programme for 10 emerging film makers</p> <p>10. Sport Tourism Events: 2 sport tourism events were assisted</p>			

Employees: Local Economic Development Services					
Job Level	Year 2010/11	Year 2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	6	7	7	0	0%
4 - 6	4	6	5	1	17%
7 - 9	9	13	11	2	15%
10 - 12	0	9	9	0	0%
13 - 15	0	1	1	0	0%
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	19	36	33	3	8%

Financial Performance 2011/12: Local Economic Development Services					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	656	1,268	-	2	(1)
Expenditure:			-		
Employees	6,481	10,353	-	8,508	(0)
Repairs and Maintenance	-	-	-	-	
Other	12,059	14,418	-	14,074	(0)
Total Operational Expenditure	18,540	24,771	-	22,583	(0)
Net Operational Expenditure	(17,884)	(23,502)	-	(22,581)	(0)

#### COMPONENT D: COMMUNITY & SOCIAL SERVICES

Amathole District Municipality does not perform the following functions:

- Community and Social Services functions
- Cemeteries and Crematoriums
- Child Care, Aged Care and Social programs

These functions are performed at local level.

## COMPONENT E: ENVIRONMENTAL PROTECTION

### INTRODUCTION TO ENVIRONMENTAL PROTECTION

Section 24 of the constitution of RSA, states that everyone has a right to an environment that is not harmful to their well being or health and to have the environment protected for the present and future generations. Our livelihood depends entirely onto the environment, i.e., economic drivers such as agriculture, tourism, mining all depend on the environment. Conserving the environment and preventing soil erosion, desertification, and flooding is essential. Unsustainable farming techniques not only impact natural ecosystems but also ultimately make farming itself impossible.

### 3.12 POLLUTION CONTROL

#### INTRODUCTION TO POLLUTION CONTROL

##### **Environmental Pollution Control**

The Municipal Health Services Unit undertook the identification of polluting agents and their sources in all local municipalities within the district. Since January 2010 ADM is an Atmospheric Emission Licensing Authority in terms of the Air Quality Act, 2004 (Act No. 36 of 2004). Currently a Service Level Agreement is facilitated between ADM and Department of Economic Development and Environmental Affairs to undertake atmospheric emission licensing on behalf of ADM.

A total of 187 waste water samples were taken for analysis, of which 29 samples complied with the General Authorization Standards. A total of 83 borehole water samples were taken for analysis, treated and untreated of which 29 did not comply due to the general water quality.

##### **Waste Management**

- Eleven legal and illegal waste dumping sites were visited for assessment.
- 3 Officials were trained in theoretical and practical waste management.
- Reviewal of Health Care Waste Management Plan was done internally.

An audit of health care waste generators, covering the whole Amathole District Municipality area was carried out. The audit included the following:

Hospitals	Animal Research	Blood Bank
Physicians office	Veterinary	Funeral Parlours
Clinics	Old Age Homes	Mortuaries
Dental Clinics	Research Centres	Tattoo Parlours
Laboratories	Pharmacies	Home Health Care
Acupuncturists	S.P.C.A	Institutions for Disabled Persons
Nursing Homes	Psychiatric Clinics	
	Autopsy Centres	

The audit revealed that 45 percent of health care waste generated cannot be accounted for, therefore, suggesting the likelihood of illegal dumping, burying and/or burning of waste.

Pollution Control Policy Objectives Taken From IDP						
Service Objectives  <i>Service Indicators</i> <b>(i)</b>	Outline Service Targets  <b>(ii)</b>	Year 2010/11		Year 2011/12		
		Target	Actual	Target		
		*Previous Year <b>(iii)</b>	<b>(iv)</b>	*Previous Year <b>(v)</b>	*Current Year <b>(vi)</b>	
<b>Service Objective xxx</b>						
<i>To monitor the quality of water provided to all consumers in ADM</i>	98% of drinking water samples tested that comply with prescribed standards	98% of drinking water samples tested that comply with prescribed standards	99.5% of drinking water samples tested that comply with prescribed standards	98% Drinking Water	Met Report reflecting that 99.2% was complied with and the test report from Amatola Water are provided.	
<i>To monitor the quality of water provided to all consumers in ADM</i>	58% of waste water samples that comply with prescribed standards	55% of waste water samples tested that comply with prescribed standards	55.8% of waste water samples tested that comply with prescribed standards	55%	59% was complied with and the test reports from Amatola Water are provided, calculations are as follows: <b>Q1=54.%+Q2=67%+Q3=58%+Q4=57%=59%.</b>	
<i>Reduce the impact and vulnerability of climate change</i>	Functional Environmental Pollution Control Unit	Functional Environmental Pollution Control Unit	Functional Environmental Pollution Control Unit	Adopted climate change strategy	<b>Met</b> Minutes of the Amathole District Municipality meeting held on the 29 April 2011 where a Climate Change Strategy was Adopted is submitted.	

**Employees: Pollution Control**

Job Level	Year 2010/11	Year 2011/12			
	Number of Employees	Number of posts	Number of Employees	Vacancies	Vacancy rate
0-3	Nil	Nil	Nil	Nil	0%
4-6	2	2	2	Nil	0%
7-9	1	1	1	Nil	0%
10-12	1	3	1	2	67%
13-15	0	0	0	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
<b>Total</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>33%</b>



### Financial Performance: Pollution Control

Details	Year 2010/11	Year 2011/12			
	Actual	Original Budget	Adjustment Budget	Actual EXP	Variance
Total Revenue		<b>R1 969 937</b>	<b>R1 949 236</b>		
Expenditure:				<b>R1 308 962</b>	<b>33%</b>
Repairs & Maintenance					
Other					
Total Operating expenditure				<b>R1 308 962</b>	
Net Operating expenditure					

The above indicated amounts are deducted from the total budget for health inspections in the table that is in page 124 as it is the main function of the unit. The Repairs and Maintenance are located in the cost centre for MHS budget and are not separated for pollution control.

The variance between expenditure and the adjusted budget is due to the two posts that could not be filled. For the four filled posts, the candidates started three months after the commencement of the financial year.

**COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:**

No capital Projects were undertaken by Municipal Health Services during the period under review.

3.13 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

INTRODUCTION TO BIO-DIVERSITY AND LANDSCAPE

Amathole is an extremely diverse region ranging from the misty Amathole Mountains Range, a multitude of rivers and streams as well as watered Wild Coast. The region has a mild and temperate temperature climate, unspoiled estuaries, afro montane forests, well known natural features and game reserves.

This biodiversity of natural resources provides the district with numerous opportunities for growth, development, agriculture, industry, biodiversity management and tourism.

Amathole has developed a Climate Change and Vulnerability study in 2010 and key strategies emanating from this study are the following interventions: Implementing Renewable Energy projects (wind farms , solar and biogas). Also to intensify Recycling and Environmental Awareness campaigns.

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

The biodiversity of Amathole DM is very diverse and is represented in 5 biomes that describe the different biotic communities. These biomes are Savannah (34.5%), Grassland (31.5%), Albany Thicket (29.6%), Indian Coastal Belt (3.7%) and Forestry (0.6%). These vegetation types are important as they are used for biodiversity planning and management purposes. Amathole District Municipality needs to provide guidance on monitoring and reporting systems to the different local municipalities as this will ensure consistency and coordination throughout the district.

Capacity constraints at a local level in terms of environmental management functions are acknowledged as fundamental constraint that needs to be addressed to improve overall growing waste problem.

Bio-Diversity; Landscape and Other Policy Objectives Taken From IDP							
Service Objectives	Outline Service Targets	Year 2010/11		Year 2011/12			
		Target	Actual	Target		Actual	
Service Indicators		*Previous Year		*Previous Year	*Current Year		
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	
<b>Service Objective xxx</b>							
<i>District-wide coordination and enhancement of environmental management activities</i>	Implementation of the Integrated Environmental Management Plan	Adopted Air quality management Strategy	<b>Met</b>		Implementation of 7 Environmental Management projects	Environmental Week Celebrations: 4 awareness campaigns were conducted 2. Amendment of Air Quality Management By-Law: Final Air Quality Management By-Law in place 3. Hosting of Environmental Youth Summit: Environmental Youth Summit was hosted on the 21 September 2011 at Chintsa 4. Implementation of Climate Change Strategy: Workshop and climate change symposium were conducted, greening project undertaken, carbon mitigation project completed. 5. Implementation of the Mbashe Recycling Project: 30 beneficiaries are currently receiving a stipend for the project 6. Implementation of Pelargonium Project: Project is ongoing	
<i>Reduce the impact and vulnerability of climate change</i>	Functional Environmental Pollution Control Unit	Enhanced capacitating	<b>MET</b>		Functional Environmental Pollution Control Unit	Functional Environmental Pollution Control Unit	

## COMPONENT F: HEALTH

This component includes: health inspections.

### 3.14 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC.

#### INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC

#### **MUNICIPAL HEALTH SERVICES**

The Municipal Health Services Unit is entrusted in terms of the National Health Act, 2003 (Act No. 61 of 2003), with the following functions:

- Water quality monitoring;
- Food control;
- Waste management
- Health surveillance of premises;
- Surveillance and prevention of communicable diseases, excluding immunization;
- Vector Control;
- Environmental Pollution control;
- Disposal of the dead.

This is one of the core functions of the Amathole District Municipality (ADM) in terms of Section 32 of the Act. At present the function is awaiting the devolution process of transferring the resources that are utilized by the Provincial Department of Health for the delivery of this service within the area of jurisdiction of Amathole District Municipality.

**Health Inspection and Etc. Policy Objectives Taken From IDP**

Service Objectives	Outline Service Targets	Year 2010/11		Year 2011/12				
		Target	Actual	Target	Actual			
Service Indicators		*Previous Year		*Previous Year	*Current Year			
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)		
<b>Service Objective xxx</b>								
<i>To provide Effective comprehensive food control programme</i>	400 Food handlers capacitated	400 Food handlers capacitated	521 food handlers capacitated		85 (new) Food handlers capacitated	<b>Met 498</b> food handlers have been capacitated through trainings in 10/11 period and the attendance registers for trainings held at different LM's are provided <b>Q1=21+Q2=76+Q3=233+Q4=168</b> resulting to <b>498</b> food handlers capacitated for this financial year and in <b>2009/10</b> financial year <b>355</b> food handlers were capacitated, The attendance registers are provided and the annual target for <b>10/11</b> which is 85 is achieved as the department actually trained <b>143</b> food handlers when the registers are compared		
<i>To provide Effective comprehensive food control programme</i>	100 Certificates of Acceptability issued	100 Certificates of Acceptability issued	104 Certificates of Acceptability issued		100%	306 certificates of acceptability for food handling premises are provided: <b>306/674*100=45%+171% from Q1+Q2+Q3=216%</b> , therefore the deliverable target has been achieved comparing the percentages obtained throughout the 4 quarters		
To Monitor the Quality of drinking water	Sampling of the water supply at strategic water sampling points	98% of drinking water samples complying to the National standards	98%	100%		100%		

Employees: Health Inspection and Etc					
Job Level	Year 2010/11	Year 2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	5	9	9	0	0%
7 - 9	11	18	18	0	0%
10 - 12	0	4	4	0	0%
13 - 15	10	13	11	2	15%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	27	45	43	2	4%

Financial Performance 2011/12: Health Inspection and Etc					
					R'000
Details	2010/11	2011/12			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	5	148	-	6	-2360%
Expenditure:					
Employees	7 538	11 583	-	9 983	-16%
Repairs and Maintenance	-	-	-	17	100%
Other	3 149	7 439	-	6 126	-21%
Total Operational Expenditure	10 687	19 022	-	16 126	-18%
Net Operational Expenditure	(10 682)	(18 873)	-	(16 120)	-17%

## COMPONENT G: SECURITY AND SAFETY

This component includes: fire; disaster management

ADM does not perform Security and Safety function.

### 3.15 FIRE

#### INTRODUCTION TO FIRE SERVICES

##### **FIRE SERVICES**

The ADM provides the Fire Services function at Great Kei, Mnquma, Mbhashe and Ngqushwa local municipalities as assigned by the MEC.

##### **COMMUNITY AWARENESS**

Eighty seven [87] community awareness programmes were held at schools and community gatherings

##### **FIRE COMPLIANCE INSPECTIONS**

Fifty three [53] compliance certificates were issued.

##### **INSTITUTIONAL DEVELOPMENT**

- The Kei Mouth and Willowvale stations are still under construction.
- Two of the existing fire engines were refurbished and two new fire engines were procured during the 2011-2012 financial year.

##### **Challenges**

- -Delays occurred in the construction of the Kei Mouth Station when the original Contractor was dismissed due to non-performance
- -Willowvale Station was delayed due to challenges in the sourcing of a suitable site on which to locate the station.
- The building of a satellite station at Hamburg is being planned for the 2012-2014 period.

##### **Strategic Challenges**

- Non-provision / poor provision of fire services by Local Municipalities responsible for the function i.e. Amahlathi, Nxuba and Nkonkobe

##### **DISTRICT FIRE RISK MANAGEMENT PLAN**

- The District Fire Risk Management Plan underwent internal review and will undergo a major review in 2012-2013.

**AMATHOLE DISTRICT MUNICIPALITY**

**FIRE STATISTICS Jan 2005 to Dec 2011**

	Mbhashe			Mnquma			Great Kei			Ngqushwa			
	Fires	MV A	SS	Fires	MVA	SS	Fires	MVA	SS	Fire s	MV A	SS	TOTAL
<b>TOTAL 2005</b>	<b>99</b>	<b>57</b>	<b>53</b>	<b>123</b>	<b>39</b>	<b>1</b>	<b>66</b>	<b>13</b>	<b>17</b>	<b>55</b>	<b>10</b>	<b>0</b>	<b>533</b>
<b>TOTAL 2006</b>	<b>49</b>	<b>45</b>	<b>31</b>	<b>84</b>	<b>53</b>	<b>32</b>	<b>55</b>	<b>18</b>	<b>15</b>	<b>78</b>	<b>19</b>	<b>0</b>	<b>479</b>
<b>TOTAL 2007</b>	<b>137</b>	<b>93</b>	<b>31</b>	<b>206</b>	<b>64</b>	<b>6</b>	<b>157</b>	<b>47</b>	<b>5</b>	<b>163</b>	<b>28</b>	<b>10</b>	<b>947</b>
<b>TOTAL 2008</b>	<b>81</b>	<b>59</b>	<b>22</b>	<b>117</b>	<b>63</b>	<b>9</b>	<b>86</b>	<b>51</b>	<b>14</b>	<b>100</b>	<b>25</b>	<b>6</b>	<b>633</b>
<b>TOTAL 2009</b>	<b>131</b>	<b>28</b>	<b>7</b>	<b>142</b>	<b>39</b>	<b>17</b>	<b>121</b>	<b>30</b>	<b>6</b>	<b>65</b>	<b>18</b>	<b>1</b>	<b>605</b>
<b>TOTAL 2010</b>	<b>154</b>	<b>53</b>	<b>18</b>	<b>160</b>	<b>50</b>	<b>33</b>	<b>74</b>	<b>68</b>	<b>1</b>	<b>29</b>	<b>39</b>	<b>4</b>	<b>683</b>
<b>TOTAL</b>	<b>111</b>	<b>73</b>	<b>2</b>	<b>163</b>	<b>60</b>	<b>29</b>	<b>65</b>	<b>48</b>	<b>9</b>	<b>29</b>	<b>29</b>	<b>16</b>	<b>654</b>



2011			2										
TOTAL INCIDENTS TO DATE	762	408	184	995	368	127	624	275	67	519	168	37	4534

*Fires – all fire incidents attended*

*MVA – Motor Vehicle Accidents attended*

*SS – Special Services (Hazardous materials spills, etc)*

***The average response time has not been tallied to date but this will be implemented***

Fire Service Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	Year 2010/11		Year 2011/12		
		Target	Actual	Target		Actual
Service Indicators		*Previous Year		*Previous Year	*Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
<b>Service Objective xxx</b>						
<i>Enhancement of the provision of efficient and effective fire services</i>	44 awareness campaigns conducted	25 Volunteers capacitated	<b>Met 288</b> training reports with the attendance registers of trainings conducted in different LM's are provided <b>Q1=5+Q2=33+Q3=203+Q4=47</b> resulting to <b>288</b> training reports for this financial year		44 awareness campaigns conducted	122 awareness campaigns conducted
<i>Enhancement of the provision of efficient and effective fire services</i>	Establish 2 Satellite fire station	2 Fire Stations complete	<b>NOT MET</b> 1 Fire Station complete		1 Satellite fire station	Consultant appointed, Geo-tech survey appointment letter, Elemental estimates.

Employees: Fire Services					
Job Level	Year 2010/11	Year 2011/12			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy					
Other Fire Officers					
0 - 3	0	0	0	0	0%
4 - 6	0	1	1	0	0%
7 - 9	53	64	64	0	0%
10 - 12	4	4	4	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	57	69	69	0	0%

Financial Performance 2011/12: Fire Services					
					R'000
Details	2010/11	2011/12			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	2 806	2 502	-	3 920	36%
Expenditure:					
Fire fighters		-	-	-	
Other employees	11 500	13 490	-	13 905	3%
Repairs and Maintenance	53	195	-	64	-203%
Other	3 336	4 960	-	3 988	-24%
Total Operational Expenditure	14 888	18 644	-	17 958	-4%
Net Operational Expenditure	(12 082)	(16 143)	-	(14 038)	-15%

3.16 DISASTER MANAGEMENT

INTRODUCTION TO DISASTER MANAGEMENT

**DISASTER MANAGEMENT**

The Amathole District Municipality is responsible for the coordination of Disaster Management across all seven of its Local Municipalities.

**District Disaster Management Centre**

The Construction of the District Disaster Management Centre started in 2010 and completed in 2011.

Equipment and resources were procured for the Disaster Management Centre .

District Centre in East London	Amahlathi	Great Kei	Mbhashe	Mnquma	Ngqushwa	Nkonkobe	Nxuba
1 x Chief Disaster Management Officer 2x Snr Disaster Management Officers 1 x Reception Control room Officer 1 X data Custodian	1 x Disaster Management Officer	1 x Disaster Management Officer	1 x Disaster Management Officer	1 x Disaster Management Officer	1 x Disaster Management Officer	1 x Disaster Management Officer	1 x Disaster Management Officer

**Disaster Risk Reduction Projects Implemented:**

**Awareness and Relief**

- Fifty-six Disaster Risk Management Awareness campaigns were held;

- Two municipalities, i.e. Nxuba and Mnquma Municipalities participated in activities of the International Strategy for Disaster Reduction;
- Three Disaster Management Officers and seven Volunteers attended a course on Disaster Damage Assessment;
- Relief building material was distributed to beneficiaries at municipalities as follows:  
Ngqushwa- 144  
Nkonkobe -151,  
Mbhashe -61,  
Amahlathi- 110,  
Mnquma-39.

#### **Review of Sector Plans.**

- The Disaster Management Framework was reviewed internally to cater for environmental changes.
- Contingency Plans of seven local municipalities were developed.

**Guidelines** for Humanitarian Response and Relief to Disasters were developed.

#### **Challenges**

- Insufficient funding for disaster response and recovery
- Sector Departments and other stakeholders do not show commitment of their role of disaster management.

Disaster Management, Etc Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	Year 2011/12		Year 2010/11		
		Target	Actual	Target		Actual
Service Indicators		*Previous Year		*Previous Year	*Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
<b>Service Objective xxx</b>						
<i>To reduce the vulnerability of communities to climate change and other disasters</i>	Reviewed LM Disaster Contingency Plans submitted to 7 LMs council for approval	7 reviewed LM Disaster Contingency plans submitted to LMs	7 LM final reviewed Disaster Contingency plans submitted to LMs		Adopted Disaster Risk Management Plan	<b>MET</b> Adopted Disaster Risk Management Plan with the minutes and attendance register of the ADM council meeting held on the 29 April 2011 where the plan was adopted are submitted
<i>To reduce the vulnerability of communities to climate change and other disasters</i>	Developed Disaster Response Policy submitted to 7 LM's	Developed Disaster Response guidelines submitted to 7 LMs	Developed Disaster Response guidelines submitted to 7 LMs		Disaster Management capacity building initiatives	<b>MET</b> 9 Disaster Management capacity building initiatives have been conducted throughout this financial year and reports for the conducted initiatives have been provided
<i>To reduce the vulnerability of communities to climate change and other disasters</i>	Disaster relief policy adopted by Council	Disaster relief guidelines adopted by Council	Guidelines for provision of posts - Disaster Humanitarian relief and a copy of the Community Services Standing Committee Agenda of the 6th August 2012		Adopted Risk & Vulnerability Assessment Strategy	<b>MET</b> Adopted Risk And Vulnerability Assessment Strategy with the minutes and the attendance of the ADM council meeting held on the 29 April 2011 where this item was adopted

Employees: Disaster Management					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	1	3	3	0	0%
7 - 9	8	8	8	0	0%
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	10	12	12	0	0%

Financial Performance 2011/12: Disaster Management					
					R'000
Details	2010/11	2011/12			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	5 438	8 770	-	1 070	-719%
Expenditure:			-		
Employees	2 278	3 440	-	2 934	-17%
Repairs and Maintenance	3	3	-	3	4%
Other	7 907	5 326	-	4 022	-32%
Total Operational Expenditure	10 188	8 770	-	6 959	-26%
Net Operational Expenditure	(4 750)	-	-	(5 889)	100%

## COMPONENT H: SPORT AND RECREATION

### 3.17 SPORT AND RECREATION

#### INTRODUCTION TO SPORT AND RECREATION

ADM decided to establish a sports desk under Special Programmes Unit to respond to requests made by various sports bodies within its jurisdiction. The focus of the sports desk is development of all sporting codes in the district especially the traditional sports. It is in two folds ie Sports as focused in ADM local municipalities and Employee Sports.

One of the first things that ADM did was to make sure that it establishes structures where all sports federations meet to discuss sports development. ADM also sits in the ADM Sports Council. In these meetings stakeholders discuss issues like resource allocation , capacity building and implementation of Sports Programmes. Every year ADM organises the Mayor's tournament. The latter is a competition between all local municipalities in the ADM's jurisdiction. In these tournament the local municipalities benefit in terms of the economic activities that take place during this period. Sports federations especially those from rural areas enjoy support of the district.



**Sport and Recreation Policy Objectives Taken From IDP**

Service Objectives	Outline Service Targets	Year 2011/12		Year 2010/11				
		Target	Actual	Target		Actual		
Service Indicators		*Previous Year		*Previous Year	*Current Year			
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)		
<b>Service Objective xxx</b>								
<i>To promote and capacitate different sporting codes throughout the district</i>	Implemented 3 sport development programmes	3 Implemented Sport development programs			Annual sports activities undertaken 4 per annum	<b>MET</b> 4 reports relating to the Mayor's Cup were submitted in Quarters 1, 2, 3 and 4 of the 2010/11 financial year		
<i>To promote and capacitate different sporting codes throughout the district</i>	4 District Sports Fora	4 District Sports Fora			Attendance register and minutes of the forum (4)	<b>MET</b> 4 Sport Forums were held during the 2010/11 financial year and supporting evidence was availed		

Employees: Sport and Recreation					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9	1	1	1	0	0
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.18 EXECUTIVE AND COUNCIL

Employees: The Executive and Council					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	44	47	43	4	9%
4 - 6	25	31	30	1	3%
7 - 9	42	50	44	6	12%
10 - 12	18	26	23	3	12%
13 - 15	34	39	37	2	5%
16 - 18	0	0	0	10	#DIV/0!
19 - 20	0	0	0	12	#DIV/0!
Total	163	193	177	38	20%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers</i>					

Financial Performance 2011/12: The Executive and Council					
R'000					
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	22 823	47 492	-	21 782	-118%
Expenditure:					
Employees	18 846	40 964	-	40 651	-1%
Repairs and Maintenance	-	-	-	1	100%
Other	5 441	6 081	-	5 223	-16%
Total Operational Expenditure	24 286	47 045	-	45 874	-3%
Net Operational Expenditure	(1 463)	447	-		

INTRODUCTION FINANCIAL SERVICES

Strategic priority: To ensure unqualified audit in respect of accounting and financial reporting by 2014. ADM achieved the following:

- Prepared annual financial statements in-house
- Developed and implemented a monitoring tool and reconciliations register
- Provided management responses and time bound action plans in response to internal and external audit queries

**Preparation of Annual Financial Statements**

Section 126(1) of the Municipal Finance Management Act No. 56 of 2003 requires that the Accounting Officer of a municipality

- a. The Amathole District Municipality prepares its own annual financial statements for submission to the Auditor General South Africa. These statements have been submitted in compliance with the legislative timeframes.
- b. Monitoring of reconciliations
- c. Monthly reconciliations were performed for all ledger accounts and balances to ensure that sufficient documentation is available to support the figures as disclosed in the annual financial statements.
- d. Management responses to audit queries
- e. After the Audit report and management letter were issued by the Auditor General, action plans to address the matters in both these documents were compiled. The actions included timeframes and responsible parties. The progress on the resolution of the audit queries was monitored closely by the Executive management

**Credit rating**

The Amathole District Municipality received an A3.za national scale issuer rating from Moody's Investment Services. This rating reflects the municipality's adequate financial fundamentals, notwithstanding a marked historical volatility, and its virtually debt-free status. The rating also considers the municipality's consistently sound liquidity position, meaning that the municipality is able to pay its debts when they fall due. The rating further reflects the municipality's negligible financial leverage and sound liquidity profile.

Amathole's relative position reflects its negligible financial leverage and sound liquidity profile.

The municipality's credit strengths include its virtually debt free status, sound liquidity and adequate financial results, while its credit challenges include low maintenance on infrastructure and weak revenue collection on water and sanitation services.

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	Year 2010/11		Year 2011/12			Year 2012/13	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Water - B	24 707	28.80%	16 565	8 401	14.31%	27 855	28%
Water - C	75 025	36.95%	50 300	25 510	43.46%	79 181	38%
Sanitation	69 772	18.34%	46 778	23 724	40.41%	72 827	20%
Other	3 142	62.05%	2 107	1 068	1.82%	3 142	50%

Financial Service Policy Objectives Taken From IDP							
Service Objectives  <i>Service Indicators</i> <b>(i)</b>	Outline Service Targets  <b>(ii)</b>	Year 2011/12		Year 2010/11		Year  <b>(viii)</b>	
		Target	Actual	Target			Actual
		*Previous Year <b>(iii)</b>	<b>(iv)</b>	*Previous Year <b>(v)</b>	*Current Year <b>(vi)</b>		<b>(vii)</b>
<b>Service Objective xxx</b>							
<i>Increase own income by 10% in the 2011/2012 financial year</i>	50% revenue collection	50% collection	Target not met; collected 37,12%		50%	<b>36%</b> is achieved for this financial year and is calculated as follows: <b>Q1=30%+Q2=32.03+Q3=38.32%+Q4=41.71=36%</b> for this financial year.	
<i>To enhance revenue management</i>	40 compliance certificates issued and generation of R16 000	40 compliance certificates issued and generation of R16 000	61 compliance certificates issued and generation of R16 100		8 Certificates issued	<b>MET 53</b> issued certificates are provided: Q1=12+Q2=12+Q3=15+Q4=14 resulting to <b>53 compliance</b> certificates issued for this financial year.	
<i>To enhance revenue management</i>	Collection of fire levies	60% Collection of fire levies	65.25% Collection of fire levies		Fire levies	<b>MET</b> An amount of R1 834 875.35 has been collected and R1 801 000 was budgeted for the financial year as per the Venus report provided, <b>R1 834 875.35/R1 801 000=101%</b> .	

Employees: Financial Services					
Job Level	2010/11	Year 2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	9	7	2	22%
4 - 6	7	17	14	3	18%
7 - 9	18	22	20	2	9%
10 - 12	38	44	43	1	2%
13 - 15	68	72	61	11	15%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	135	164	145	19	12%

Financial Performance Year 2011/12: Financial Services					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	65 986	81 346		91 284	11%
Expenditure:					
Employees	33 088	47 563	-	39 608	-20%
Repairs and Maintenance	32	77	-	46	-68%
Other	25 419	32 441	-	32 165	-1%
Total Operational Expenditure	58 540	80 081	-	71 819	-12%
Net Operational Expenditure	(7 446)	(1 265)	-	(19 465)	94%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

#### INTRODUCTION TO HUMAN RESOURCE SERVICES

One of the key programmes was the implementation of the District Human Resources Development Plan wherein previously disadvantaged persons were trained to acquire skills. An amount of R 500 000 was budgeted and utilized fully.

The HR Depths also sets aside funds for purposes of offering Bursaries to students coming from previously Disadvantaged groups and the funds were fully utilized.

In line with the Council's Bursary scheme, a considerable number of employees are offered bursaries to further enhance themselves, lastly, the learnership programme where most departments within ADM are expected to absorb students was implemented successfully.



Human Resource Services Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	Year 2010/11		Year 2011/12		
		Target	Actual	Target		Actual
Service Indicators		*Previous Year		*Previous Year	*Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
<b>Service Objective xxx</b>						
<i>To attract retain and professional and competent workforce for ADM</i>	Implemented retention programme for task grades 15 and above	4 Progress reports	<b>MET</b>		Labour turnover of less than 5% at task grades 15 and above	ACHIEVED (percentage is sitting at 3.00% for the entire year-signed Annual report submitted showing annual percentage)
<i>To attract retain professional and competent workforce for ADM</i>	Implemented of Change management strategy for HR and Administration	Completed HRD Strategy	<b>MET</b>		Annual report indicating implementation of all change management strategy	ACHIEVED (signed Annual report showing implementation was submitted)
<i>To attract retain professional and competent workforce for ADM</i>	Implementation of Recruitment policy	HR Policies	<b>MET</b>		All Funded vacant posts filled within 3 months	NOT ACHIEVED (some posts took longer than 3 months to fill)average time taken to fill posts is more than 3 months
T 3.25.3						

Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	4	4	0	0%
4 - 6	4	3	3	0	0%
7 - 9	7	9	8	1	11%
10 - 12	6	6	6	0	0%
13 - 15	3	3	3	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	24	25	24	1	4%

Financial Performance 2011/12: Human Resource Services					
					R'000
Details	2010/11	2011/12			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	268	157	-	671	77%
Expenditure:			-		
Employees	12 163	13 441	-	13 756	2%
Repairs and Maintenance	-	-	-	-	-
Other	4 600	8 813	-	7 488	-18%
Total Operational Expenditure	16 763	22 254	-	21 244	-5%
Net Operational Expenditure	(16 494)	(22 097)	-	(20 572)	-7%

**COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:**

The HR Function has performed reasonably well considering that there was implementation of a retention strategy to retain staff which is a policy which had been developed in the previous year. Staff Development was also conducted satisfactorily even though funding is always not sufficient. Both Councillors and Officials were trained as per training plan.

The HR Dept. also undertook a project to print all Institutional Policies into booklets and made those available to all staff and the public.

The Dept. also reviewed a majority of the policies to ensure they were relevant and in-line with current resolutions.

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**3.21 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES**

This component includes: Information and Communication Technology (ICT) services.

**INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES**

The ICT Unit within the Amathole District is responsible for developing and maintaining a centralized information management system, integration of systems and availability of electronic information at all times. The ICT unit is also responsible for providing ICT and GIS (Geographic Information Systems) support to local municipalities through the shared services concept that is still in its infancy stages but has produced commendable results in GIS support. To achieve this objective the ICT infrastructure has to be built on a secure, easily scalable hardware and network infrastructure that is able to meet ADM computing needs. In pursuit of this

In pursuit of this strategic ideal the ICT unit embarked on the following major projects:

**1. Disaster Recover Planning**

The ICT unit identified that it was important to develop an IT Disaster Recovery Plan (IT DRP) as a guiding document to activities that must occur to resume ICT services should a disaster occur and which critical operations and more importantly must be given the highest priority in the order of high to low. A BIA (Business Impact Analysis) was done of the existing applications systems currently in use at ADM and the activities\steps to occur clearly defined including the responsible officials.

Mindful of budget and human resourcing constraints, particular care has been taken to ensure the plan is practical and achievable, without compromising the standards which should be in the plan and also taking into account the risks identified in the strategic risk register. This plan was adopted by council.

## 2. Virtualization of the Network

To ensure maximum uptime and data integrity, the ICT unit identified a need for a highly redundant, easily scalable server and storage infrastructure to be implemented at the ADM head offices in East London. The existing server hardware had reached its end of life thereby posing a huge risk to ADM as there would be no replacement parts and support of this hardware should it fail to operate. This was also an opportunity to now take advantage of technological developments (virtualization) thereby consolidating the multiple server's into few manageable physical servers and reducing operating costs with an ability to share resources and provide a server within a few minutes. We have also been able to backup all the information centrally into one source.

## 3. Development of a Master Strategic Plan

The IT MSP had been drafted in 2007 and needed to be reviewed, updated and aligned to the Amathole District Municipality's current business strategies and goals. Key outputs of the project were identified as:

- Provide an overview of deployed ICT
- Identify the problems and challenges of the existing investment in ICT at ADM
- Identify the current projects and actions; and
- Determine the Total Cost of Ownership (TCO) of the ADM's investment in technology
- Design of a future state and an implementation plan

The report identified the five main domains:

**UserWare:** This is the desktop environment enabling users to access the systems:

**ProcessorWare:** Servers and computers running the systems, applications and data

**NetTelWare:** Networks, Telecommunications infrastructure enabling the systems to communicate

**ManageWare:** Management personnel responsible for running the business

**BusinessWare (BW):** SystemsWare, DevelopWare and DataWare supporting business operations

### SUMMARY OF FINDINGS

Due to the numerous challenges within the ADM ICT environment, remedial actions were classified under three categories, which are:

**Fix IT:** focuses on fixing or resolving areas which need urgent attention or which can pose a danger to the institution if left unresolved for long;

**Standardize IT:** this focuses on standardization of infrastructure and implementation of policies which will lead to standardized systems or processes of acquisition of systems and infrastructure; and

**Revolutionise IT:** this introduces major changes to the ICT environment. These changes will lead to ADM realizing more value from its IT investment.

The Master Strategic Plan has been adopted by council.

#### **GEOGRAPHIC INFORMATION SYSTEM**

##### **GIS BASE DATA CAPTURING AND VERIFICATION FOR ADM AND ITS LOCAL MUNICIPALITIES (LMs)**

GIS assists ADM with quantifying need and prioritizing service delivery. It also assists it with its day-to-day functions such as development planning, water and sanitation, disaster management, local economic development, tourism, and infrastructure roll-out and project management

Despite ADM having GIS for such a long period of time, the use of GIS technology at the DM has been severely limited by the lack of quality GIS data for the Region. ADM found that much of its GIS information is incomplete, inaccurate and outdated. In pursuit of an excellent information system, the District Municipality embarked upon a survey of priority facilities and community assets that were deemed critical for effective decision-making by the Municipality

The community assisted in pointing out features sometimes not easily visible from the roads, particularly in the denser settled areas. They have also assisted with providing information that is sometimes not visible to the data capturer.

Spatial information is mission-critical to local government in order to deliver on its mandates. This GIS verification study provides an important foundation for the ADM and its LMs to manage data within their area of jurisdiction. A greater variety of datasets are now available, in which decision makers can place a high degree of confidence in. All data has a high degree of spatial accuracy.

The table below shows the number of facilities captured per local municipality.



Land is both a source of revenue for municipalities and a source of expense because municipal assets are installed, they need to be maintained and they depreciate while they serve the citizens for the purpose they were intended for, e.g. conducting water or electricity.

The final number of properties per category and per local municipality is listed in the table below :

<b>LMs</b>	<b>SG Approved</b>	<b>Quitrent</b>	<b>Registered</b>	<b>Unregistered</b>
<b>Great Kei</b>	17 138	0	8 664	8 561
<b>Mbhashe</b>	4 954	7 604	3 327	1 742
<b>Mnquma</b>	11 854	14 781	10 790	2 925
<b>Nxuba</b>	8 144	0	7 542	628
<b>TOTALS</b>	<b>42 090</b>	<b>22 385</b>	<b>30 323</b>	<b>13 856</b>

Once municipalities have an accurate picture of the exact status of every land parcel in the region, municipalities can validate information contained in the other critical municipal information systems i.e. billing system to discover discrepancies, both at District Municipality and at Local Municipality level. ADM is finally in the position to do this for the first time.

The remaining three municipalities namely: Ngqushwa, Nkonkobe, Amahlathi will be done in the 2012/13 financial year.

ICT Services Policy Objectives Taken From IDP								
Service Objectives	Outline Service Targets	Year -1		Year 0				
		Target	Actual	Target		Actual		
Service Indicators		*Previous Year		*Previous Year	*Current Year			
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)		
<b>Service Objective xxx</b>								
<i>Ensure an integrated responsive ICT Function by 2014</i>	Reviewed ICT strategy and implementation plans submitted to council for approval	GIS Strategy	<b>NOT MET</b>		Reviewed ICT strategy and implementation plans submitted to council for approval	The ICT Strategy was adopted in the 4th quarter/ MET		
<i>To mainstream &amp; integrate GIS with other information management systems by 2014</i>	30 verified databases per site	4 verified databases per LM	<b>Not MET</b>		18 verified databases per LM			



Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	2	3	3	0	0%
7 - 9	3	2	2	0	0%
10 - 12	5	9	9	0	0%
13 - 15	1	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	12	15	15	0	0%

Financial Performance 2011/12: ICT Services					
					R'000
Details	2010/11	2011/12			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	30 903	(1 330)	-	67	2089%
Expenditure:			-		
Employees	4 099	5 359	-	4 760	-13%
Repairs and Maintenance	134	440	-	156	-182%
Other	37 950	11 216	-	10 514	-7%
Total Operational Expenditure	42 183	17 015	-	15 430	-10%
Net Operational Expenditure	(11 280)	(18 345)	-	(15 363)	-19%

3.22 PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES

Risk Management Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	Year -1		Year 0						
		Target	Actual	Target		Actual				
Service Indicators		*Previous Year		*Previous Year	*Current Year					
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)				
<b>Service Objective xxx</b>										
<i>To ensure that strategic and operational risks threatening organisational objectives are identified and managed to an acceptable level.</i>	Submission of Risk Plan to council approval	Adopted Disaster Risk Management Plan	<b>MET</b> Adopted Disaster Risk Management Plan		Submission of Risk Plan to Risk Management Committee					
<i>To ensure that strategic and operational risks threatening organisational objectives are identified and managed to an acceptable level.</i>	100% implementation of risk plans	100% implementation	Updated Risk Registers for all 2010/11 quarters were availed.		Submit Risk Registers					

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	5	5	0	0%
4 - 6	1	2	2	0	0%
7 - 9	11	17	15	2	12%
10 - 12	2	5	3	2	40%
13 - 15	1	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	18	29	25	4	14%

Financial Performance 2011/12: Property; Legal; Risk Management and Procurement Services					
					R'000
Details	2010/11	2011/12			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	-	-	-	21	100%
Expenditure:					
Employees	576	1 825	-	1 409	-29%
Repairs and Maintenance	-	3	-	-	0%
Other	35	2 789	-	1 754	-59%
Total Operational Expenditure	611	4 617	-	3 164	-46%
Net Operational Expenditure	(611)	(4 617)	-	(3 142)	-47%

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year (2012/13).

KPI NO.	INDICAT OR CODE	DEPARTMENT	STRATEGIC OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE ON ANNUAL TARGETS	REMEDIAL ACTIONS
<b>KPA:1 MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT</b>								
1.	MTI 1:1	Land Human Settlement and Economic development	Ensure Coherent Strategic SDF to guide development	Ensure IDP sector plans comply with the District SDF	Compliance Report indicating compliance of Sector Plans to SDF	Annual Compliance report	Signed quarterly report advising on the adoption of IDP sector plans was submitted in Q4. Extract of Council minutes adopting plans and extract of IPF with adopted plans was attached.	N/A as the target has been achieved
2.	MTI 1:2	Land Human Settlement and Economic development		Review and update District SDF	Reviewed District SDF submitted to council for approval	Reviewed SDF	SDF and Council Agenda and Minutes submitted. IDP extract were submitted in Q4 whereby SDF appears on list of plans adopted.	N/A as the target has been achieved
3.	MTI 1:3	Health and Protection		Review of Sector plan ensuring alignment with the district SDF	Reviewed Sector Plans submitted to council for approval	Reviewed Sector Plans submitted to council for approval	Reviewed Sector plans for the department together with minutes for the council meeting where these plans were approved are submitted, the list of the plans: 7 LM	N/A as the target has been achieved

							Community Safety Strategies and District community Safety Plan; Rava, Disaster Risk Management Policy Framework, Fire Risk Management Plan, Health Care Risk Waste Management Plan Communicable Diseases Prevention and Control Strategy	
		Engineering					Final Sector plans submitted  in 4th quarter with Council Minute extract and IDP extract showing approved sector plans and are : Final WSDP Document, Reviewed Integrated Transport Plan and Integrated Waste Management Plan	N/A as the target has been achieved
		Land Human Settlement and Economic					"Minutes and Agenda of council meeting, quarterly report showing summary of Sector Plans that have	Final Draft Review of the Agricultural sector plan will be submitted to Council for approval before the end of first quarter

		development					been adopted and the one outstanding and final draft copies were submitted in Q4. IDP extract and variance report were also submitted.	2012/13 financial year
4.	MTI 2:1	Corporate Services	Policy to address training requirements of staff to ensure compliance with new legislation and new requirements for the development of the institution	Assess special needs and provision of resources	20 scheduled WSP training conducted	20 scheduled WSP training conducted	Actual trainings held this year = 24 made up of Q1=6,Q2=7,Q3=6,Q4= 5	N/A as the target has been achieved
5.	MTI 2:2	Corporate Services			4 trainings per WSP conducted for councillors	4 scheduled training conducted for Councillors'	Actual trainings held this year = 5 made up of Q1=1,Q2=1,Q3=1,Q4= 2	N/A as the target has been achieved
6.	MTI 2:3	Corporate Services		Implementation of HRD Strategy	1 approved and budget programme per HRD strategy implemented	Annual report indicating full implementation of 1 the HRD programme	An annual report indicating implementation of the HRD strategy is submitted and proof of the trainings is in the quarterly evidence files.	N/A as the target has been achieved
7.	MTI 3:1	Corporate Services	To attract and retain professional and competent workforce for ADM	Implementation of the Retention Strategy	Implemented retention programme for task grades 15 and above	Labour turnover of less than 5% at task grades 15 and above	A signed annual report together with supporting evidence indicating a Labour turnover of less than 5% is submitted. The report indicates that the	N/A as the target has been achieved

							percentage is sitting at 3.00% for the entire year	
8.	MTI 3:2	Corporate Services		Implement the change management strategy for Corporate Services post amalgamation of HR and Administration	Implemented of change management strategy	Annual report indicating implementation of all change management strategy	A signed annual report indicating implementation of all change management strategy is submitted, however according to the evidence submitted since quarter 1, block activities that were to be implemented this year have not all been implemented therefore the target is not achieved.	The department will apply for funding after declarations of savings, by departments and thereafter, implement the key deliverables which could not be implemented in 2011/12, due to limitations in terms of financial resources.
9.	MTI 3:3	Corporate Services		Improve the turnaround time in filling of vacant posts	All Funded vacant posts filled within 4 months	All Funded vacant posts filled within 3 months	The target has not been achieved and the reason is stated as: (some posts took longer than 3 months to fill) average time taken to fill posts is more than 3 months)	All the posts that are yet to be filled will be consolidated into a report and an action plan be developed to ensure they are immediately filled.
10.	MTI 4:1	Corporate Services	Ensure safe driving and prudent use of ADM vehicles	Promotion of safe driving within ADM	4 Safe driving Awareness Campaign conducted	4 Safe driving Awareness Campaign conducted	Actual number of safe driving awareness campaigns held this year is 8 made up of Q1=2+Q2=3+Q3=2+Q4=	N/A as the target has been achieved

							1	
11.	MTI 4:2	Corporate Services	Ensure safe driving and prudent use of ADM vehicles	Promotion of safe driving within ADM	Eye Testing conducted to officials driving ADM vehicles	Eye Testing conducted to officials driving ADM vehicles	4 Eye tests were done for officials driving council vehicles since quarter 2	N/A as the target has been achieved
12.	MTI 4:3	Corporate Services	To resource and capacitate the Accidents and Transgression investigation function by 2012	Review fleet management policies and procedures	Reviewed Fleet Management Policy submitted to council for approval	Approved Fleet Management Policy and procedures	Approved Fleet Management Policy and procedures were submitted in the 3rd quarter and was approved by the council, minutes are submitted.	N/A as the target has been achieved
13.	MTI 5:1	Strategic Planning	Ensure an integrated responsive ICT Function by 2014	Review of ICT strategy	Reviewed ICT strategy and implementation plans submitted to council for approval	Reviewed ICT strategy and implementation plans submitted to council for approval	The ICT Strategy was adopted in the 4th quarter and the copy of the strategy was provided	N/A as the target has been achieved
14.	MTI 6:1	Strategic Planning	To mainstream & integrate GIS with other information management systems by 2014	Verification of ADM GIS database	30 verified databases per site	18 verified databases per LM	A report on the implementation status of the GIS Base Data captured and verification project done in 2011-12 and data sets verified is submitted.	N/A as the target has been achieved



15.	MTI 7:1	Strategic Planning	To ensure ADM security in the event of disaster by 2013	Develop and review Enterprise Wide Business Resilience Strategies	IT data recovery plan	Adopted IT disaster recovery plan	The disaster recovery plan was adopted in the 4th quarter	N/A as the target has been achieved
16.	MTI 7:2				TOR on ADM Business continuity	TOR on Business continuity	TOR were submitted in the 4th quarter for the Business Continuity Plan	N/A as the target has been achieved
17.	MTI 8:1	Health and Protection	To reduce the vulnerability of communities to climate change and other disasters	Major review of Disaster Management Contingency Plans impacting the 7 LMs	Reviewed LM Disaster Contingency Plans submitted to 7 LMs council for approval	7 reviewed LM Disaster Contingency plans submitted to LMs	7 LM final reviewed Disaster Contingency plans submitted to LMs in the 4th Quarter where submission letters were submitted as proof.	N/A as the target has been achieved
18.	MTI 8:2	Health and Protection		Improve disaster response.	Developed Disaster Response Policy submitted to 7 LMs	Developed Disaster Response guidelines submitted to 7 LMs	Signed and stamped submission letters to 7 LM's a service providers report and the copies of the Guidelines are submitted.	N/A as the target has been achieved
19.	MTI 8:3	Health and Protection			Disaster relief policy adopted by Council	Disaster relief guidelines adopted by Council	A signed Memo which report on the correction made to this target and an agenda showing items to be discussed in the Community services standing committee	N/A as the target has been achieved

							meeting reflecting this Guideline is submitted also the Guidelines were submitted in the 4th quarter.	
20.	MTI 9:1	Health and Protection	To ensure by-law enforcement and compliance	By-law enforcement and implementation	Training of staff on implementation of by-laws	Training of staff on implementation of by-laws	A signed annual report that summarises all the trainings done for staff on By laws during the year is submitted, proof of attendance is filed in quarterly evidence.	N/A as the target has been achieved
		Chief Financial Officer					Report submitted states that staff was trained in August 2011.	N/A as the target has been achieved
21.	MTI 9:2	Health and Protection	To ensure by-law enforcement and compliance	By-law enforcement and implementation	Implementation and enforcement of by-laws (CFO=2, H&P=4, ENG=1)	Implementation of enforced by-laws	A signed annual report reflecting Health and Protection By laws that were enforced during the year, supporting evidence of enforced by-laws during the year is filled in quarterly evidence files.	N/A as the target has been achieved
		Engineering					As per evidence submitted throughout the year, the	N/A as the target has been achieved

							department has met this target. Unit inspection reports indicating compliance/non-compliance were submitted.	
		Chief Financial Officer					BTO has two by-laws to implement and enforce. Enforcement done every month and reported upon quarterly. Reports have been submitted illustrating non-compliance in the different LMs.	N/A as the target has been achieved
22.	MTI 10:1	Strategic Planning	To ensure a coordinated operations system across the Municipal Line Functional Departments	Institutionalize Municipal Operations Strategy	Implementation plan of Municipal Operations Strategy developed and implemented	Implementation plan of Municipal Operations Strategy developed and implemented	An annual report on the developed and implemented Municipal Operations Strategy with the activities undertaken during the year is submitted.	N/A as the target has been achieved
23.	MTI 11:1	Strategic Planning	To promote and enhance communication in all ADM	Implement the reviewed Communications Strategy and	16 communication programmes	16 communication programmes	An Annual report that depicts 16 communication programmes	N/A as the target has been achieved

			programmes	Action Plan			implemented throughout the 4 quarters is submitted and evidence is filed in the evidence files of Q1-Q4.	
24.	MTI 11:2	Strategic Planning		Review the Communication Strategy and Action Plan	Reviewed Communication Strategy and Action Plan submitted to council for approval	Adopted Communication Strategy and Action Plan	Minutes of the council meeting sat on the 25 May 2012 when the strategy was adopted together with the Action plan were submitted in the 4 <sup>th</sup> quarter, the minutes of the council meeting will be signed in the next council meeting to sit on the 31/08/12.	N/A as the target has been achieved

**KPA: 2 BASIC SERVICE DELIVERY AND INFRASTRUCTURE INVESTMENT**

KPI No	INDICATOR CODE	DEPARTMENT	STRATEGIC OBJECTIVE	STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE AS PER ANNUAL TARGETS	REMEDIAL ACTIONS
25.	SDI 1:1	Engineering	All households to have access to basic social amenities within 2-	Implementation of the integrated Transport Plan	4 public transport projects implemented per approved budget	Developed Road Asset Management system throughout the District	Progress report advising of progress on a Multi year project. The progress is that EC DRPW centre line has been developed and a	As all funds have been transferred into ADM account, the service provider is doing everything possible to speed up progress. Activities could be implemented parallel are done as such. The funder has accepted

			10 KM walking distance by 2022		(100% complete)		base for the GIS is developed	reasons to the delays and agreed to rollover the funds without any penalties to ADM. The funder has also accepted the fact that the program will catch up in the next financial year. A formal letter in this regard will be forwarded to ADM shortly.
26.						100% construction complete	<p>Evidence submitted during the year states that:</p> <ul style="list-style-type: none"> <li>-Upgrading of Elliotdale PTF: the project is at detailed designed stage thus not complete</li> <li>-Willowvale PTF upgrade: Project not complete due to insufficient funding</li> <li>- Dutywa Non motorised Infras: completed 9/12/11</li> <li>- Upgrade Butterworth PTF: not complete due to SP poor performance</li> <li>-Keiskammahoek PTF:</li> </ul>	<p>Willowvale PTF that was meant to be completed by end June 2012 not yet completed due to cash flow problems that were experienced by the contractor.</p> <p>Support has been given to the Contractor by both ADM and the Consultant through the organization of a cession for the supply of construction material.</p>

							SP experienced cash flow problems and thus delayed project. complete now completion certificate from SP provided  -As per the information provided only 1 project has been completed.	
27.	SDI 2:1	Engineering	Provision of adequate, potable and sustainable water and sanitation services to all by 2014	Fast track Implementation of Water Conservation & Demand Management [WCDM] initiatives in identified towns	12,500 domestic meters installed per approved budget	12 500 domestic meters installed - lesser number if funding is a limitation.	Only <b>792</b> meters have been installed as per evidence in the files delays owing to various ward councillors preventing installation. This occurred in Bhofolo in Fort Beaufort and Peddie.	Not all meters could be installed owing to objections from councillors and communities in Nkonkobe and Ngqushwa  Ongoing negotiations with councillors to try and resolve the issue. If resolved the meter installations will be implemented under the retro-fit programme in Nkonkobe and by ADM staff in Peddie
28.	SDI 2:2	Engineering		Provision of interim water supply	1 interim water supply project implemented 100%	100% construction complete on project	No evidence has been submitted. SCM processes have delayed construction.	The scope of the work was extended due to the water service interruption in the area. The leaks assessment was included in the new scope and it had to be the first assignment for the project.

								The project is a multiyear and funded, It now needs to go to the next BEC.
29.	SDI 2:3	Engineering	Provision of new water supply	26 161 households newly connected to sustainable water supply per approved budget	26,161 new connections for the year Total to-date 224,621 households connected	For the 11/2 financial year certificate of completion from various consultants are submitted and confirms that <b>4323</b> connections have been made up to date.	Poor performance of the appointed service provider resulted termination and delays were experienced  The request to retain unspent funding has been sent to national treasury and the plan is to spend within the three months for the new financial plan. The introduction of functionality during the tender process will assist in appointing the relevant and efficient contractors who will be able to deliver on time and this has since been effective in May 2012.	
30.	SDI 2:4	Engineering		Bulk and reticulation services provided (100% complete)	100% construction complete on project	No evidence has been submitted. In Q4 only expenditure summary report was submitted.	The contract is for 12 months and not for 6 months as shown under the deliverables.  The contractor is on site and the planned completion date is in May 2013. The Construction progress is being monitored monthly.	

31.		Engineering				Both projects 100% complete and completion reports submitted.	According to the annual report submitted Worteldrift is at the Updating of Design stage while Mgwali is sourcing MIG grant. Neither of the two have started with construction	Mgwali: Detailed designs are currently being finalised by Consultants and it is envisaged that the project will be advertised before the end of the Financial Year. Worteldrift: The Consultant has received the Approval letter for implementation. It is envisaged that the project will be advertised within current Financial Year.
32.	SDI 2:5	Engineering		Improve remote monitoring of water storage & consumption [asset]	ADM Telemetry system installed at highest priority installations	All installation, commissioned and tested	Signed quarterly report for Q4 and close out report from SP and expenditure report were submitted in 4th quarter.	N/A as the target has been achieved
33.	SDI 2:6	Engineering		Provision of sanitation services	4 000 households newly connected to sustainable sanitation per approved budget	4 000 households connected this year-total to date = 99,494	Householder VIP toilet acceptance certificates, Progress Summary Report and Expenditure Report were submitted in the 4th quarter, and the actual connections made as per Completion certificates submitted is <b>4665</b>	We have manage to connect <b>4665</b> by June 2012
34.		Engineering				Submit final	Evidence of submission	



						technical report for Ixarha and Morgan Bay sewerage project to MIG	of technical report was submitted in Q4 evidence.	N/A as the target has been achieved
35.	SDI 3:1	Engineering			Develop 2 Master plans	Final results from 2 Master	Ngqushwa and Amahlathi Water Services Final Master Plans submitted.	The two final master plans provided are the same as the final results from two master plans it was a situation of different wording but it means the same thing. Results are referring to the outcomes of the documents as to what has been discovered from the study.
36.	SDI 3:2	Engineering	Ensure sustainable and viable water services infrastructure by 2012	Develop mechanisms to ensure effective management of water infrastructure by 2012	Projects implemented per the Infrastructure Refurbishment Plan and develop new plans	100% spending of the approved budget of R28 million of 2010/11 budgets and the Final Refurbishment Plan	Supporting Evidence for submission of technical report was received during Q4, Refurbishment Plan progress report for 11/12 and completion certificates were also submitted in Q4, but what has been actually performed is: All planned refurbishment projects, except Daliwe Sewage upgrade and Fort Beaufort Bulk Water Upgrade completed. The Fort	Contractors are on site and these projects will be completed during the 2012/2013 financial year.

							Beaufort Bulk Upgrade was delayed owing to the inability of the appointed contractor to implement the project and a second appointment had to be made. This delayed the project substantially.	
37.	SDI 3:3	Engineering			Dam Safety and Operating Rules developed for 20 dams in ADM	Dam safety operating rules approved by management and dam safety inspection report submitted to DWA	Dam safety operating rules approved by management (report submitted to June 26 EMC which was postponed) and dam safety inspection report submitted to DWA	During the 4 <sup>th</sup> quarter of 11/12 the term of the existed HOD's expired, and the appointment of the new HOD's delayed and that affected internal processes, In the next Management meeting documents will be submitted
38.	SDI 3:4	Engineering			WSA/WSP Business Model developed and submitted to council	Final WSP submitted to Council for approval.	The model has been submitted to WG and needs to go to other levels which is the EMC level	The item will be submitted to the next EMC meeting so the item goes to all levels until council as the main target; The <b>Business Model</b> was tabled at the EMC meeting of the <b>17 July 2012</b> .
39.		Engineering				Final Safety Plan submitted to Council for noting or approval	The plan was to be tabled in the last EMC meeting, but it did not sit.	The <b>Business Model</b> has since been tabled at the EMC meeting of the <b>17 July 2012</b>

40.	SDI 4:1	Engineering			Implemented Drought Intervention Plan in 7 towns	Implemented Drought Intervention Plan in 7 towns	No evidence submitted. SP report was submitted in Q4. Report does not illustrate the progress in each of the 7 towns.	Implement project as soon as councillors hand over sites.
41.	SDI 4:2	Engineering	Ensure development of sustainable impact response protocols	Exploration, Development and Provision of alternative & sustainable water resources [Desalination, drilling, re-use, rainwater harvesting, etc"]	Butterworth Pipe Replacement Strategy and Plan approved by EMC	Butterworth Pipe Replacement Strategy and Plan approved by EMC	Report to council, SP progress and costed design report were submitted in Q4. No evidence submitted for annual to illustrate submission to EMC. Insufficient evidence	The strategy <i>will</i> be tabled on the next EMC which will be the <b>11 September 2012</b> as per ADM calendar.
42.	SDI 4:3	Engineering			Chintsa East Dam spillway protection works completed	Chintsa East Dam spillway protection works completed	In Q4 detailed report was submitted advising of delays, but there is no evidence submitted to support Annual target.	Contractor on site will complete project during the 2012/2103 financial year.
43.	SDI 5:1	Engineering	To facilitate provision of compliant waste management by Local	Ensure permitted waste site and transfer stations are operated according to	Great Kei solid waste site completed in terms of scope of works	Great Kei solid waste site completed in terms of scope of works	Upgrading completed and in Q4 expenditure report, SP close out report, pictures of site were submitted. Annual report also submitted.	N/A as the target has been achieved

44.	SDI 5:2	Engineering	Municipalities in the district by 2012	permit conditions	2 Transfer stations completed	Construction completed on 2 transfer stations	Target not complete as still awaiting response from DEAT regarding application for compliance.	ADM continues to engage DEDEA on the approval of the License Applications. Their response is attached herewith for perusal
45.	SDI 6:1	Chief Financial Officer	Provision of adequate, potable, and sustainable water to all by 2014	Fast track implementation of WC and DM initiatives in identified towns	Additional 1200 consumers registered as indigent	1200 consumers registered as indigent	Report and disc with details of individuals registered has been submitted. 1200 was the target and BTO registered 2 480	N/A as the target has been achieved
46.	SDI 7:1	Strategic Planning	To promote water conservation	To communicate issues relating to water and sanitation and the need to conserve water.	3 account flyers and posters developed	3 account flyers developed	3 Account flyers have been developed and submitted Q1=1 + Q3=1 + Q4=1=3	N/A as the target has been achieved
47.	SDI 7:2	Strategic Planning			12 school visits per annum conducted to promote water conservation	12 school visits per annum conducted to promote water conservation	The annual report submitted indicate school visits done this year made up of Q1=3+Q2=3+Q3=3+Q4=3 summing up to 12 as per submitted evidence	N/A as the target has been achieved
48.	SDI 8:1	Health and Protection	Provide and mainstream MHS as a core function of	Implement reviewed MHS Business Plan	100% implementation of the MHS	100% implementation of the MHS business	Through evidence submitted not all business plan objectives that were to be	A date for selection from the applicants received is to be scheduled with Corporate Services in

			ADM		Business Plan	plan	implemented in this year, have been 100% implemented as objective no 1 has not been fully implemented since some of the vacant posts have not been filled.	August 2012.
49.	SDI 9:1	Health and Protection	To prevent and control communicable diseases	To conduct awareness at schools on communicable diseases at schools and communities	58 awareness campaigns at schools and communities	58 awareness campaigns at schools and communities	Awareness campaigns held over the quarters sums up to 83 made up of Q1=26+Q2=19+Q3=21+Q4=17= 83 in total	N/A as the target has been achieved
50.	SDI 10:1	Health and Protection	To monitor the quality of water provided to all consumers in ADM	Implement continuous drinking water and waste water quality monitoring program	98% of drinking water samples tested that comply with prescribed standards	98% of drinking water samples tested that comply with prescribed standards	The target for the year has been achieved as the department has manage to test 99.5% of drinking water complying with prescribed standards and evidence was submitted in the 4th quarter and is still applicable for Annual target	N/A as the target has been achieved

51.	SDI 10:2	Health and Protection			58% of waste water samples tested that comply with prescribed standards	55% of waste water samples tested that comply with prescribed standards	The target for the year has been achieved as the department has manage to test 55,8% of waste water complying with prescribed standards and evidence was submitted in the 4th quarter and is still applicable for Annual target.	N/A as the target has been achieved
52.	SDI 11:1	Health and Protection	Reduce the impact and vulnerability of climate change	Implement measures to reduce carbon footprint within the institution and district	Functional Environmental Pollution Control Unit	Functional Environmental Pollution Control Unit	The Environmental Pollution control unit is functional; also evidence of activities and initiatives undertaken during the year proves that.	N/A as the target has been achieved
53.	SDI 12:1	Health and Protection	Strengthen the co-ordination of crime prevention programmes	Coordinate social crime prevention initiatives at District and Local Municipalities	10 Social Crime prevention initiatives conducted	10 Social Crime prevention programs supported	11 social crime prevention programs held over the quarters made up of Q1=3+Q2=3+Q3=3+Q4= 2= 11 in total	N/A as the target has been achieved
54.	SDI 13:1	LHSED	To facilitate the development	Implementation of the Land Reform and	17 LRSP projects implemented per approved budget	Implementation of all 17 LRSP projects	"The annual report states that the following projects have not been	The factors that have resulted in the projects not being fully implemented are matters beyond the control of

			of sustainable and viable human settlement by 2014	Settlement Plan			<p>implemented:</p> <ul style="list-style-type: none"> <li>* Development of 4 Zone Plans in Mnquma</li> <li>*Development of 2 Zone Plans in Nkonkobe</li> <li>*Development of Butterworth Commonage Management Plan</li> <li>*Adelaide Zone Plan</li> <li>*LR &amp; SP Implementation plan</li> <li>*SDF Shared service centre</li> <li>*Key Milestones towards individual Tenure Security to 2500</li> <li>* Completion of 9 Keiskammahoek Villages</li> <li>* Development of Butterworth Commonage Management Plan</li> <li>* Transfer of Kubusie, Worteldrift and Mooiplaas properties</li> <li>* Planning of 14 villages</li> </ul>	the department. Issues such as legal process, lack of funding and delays in the procurement process have played a factor.
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							<ul style="list-style-type: none"> <li>*Survey of 7 villages-</li> <li>* Conclusion of LRSP ADM/DLA contract</li> <li>* Implementation of restitutions as per development plans</li> <li>* Land Parcels Identification</li> <li>* Review of Restitution Development Plan</li> </ul>	
55.	SDI 13:2	Engineering			2 completed sports fields in Nkonkobe	100% construction complete and close-out reports submitted on both projects	According to annual report construction on Platform Sport-field has been completed on 11-07-2012. No close out report has been submitted. Financial constraints resulted in only one Sport-field being constructed.	<p>Penalties are being levied on the contractor for the delays. It is expected that completion will be achieved by the 6th of July 2012.</p> <p>The Blackwood Sports field will not be further implemented.</p>
56.	SDI 13:3	LHSED		Implementation of the Housing Strategy	Implementation of 3 Housing Strategy projects per approved budget	Implementation of 3 Housing Strategy projects per approved budget	Development of social housing feasibility study- Final Draft Feasibility Study in Place but still needs to be presented to Technical Team before implementation	The Feasibility study has been delayed due to lack of commitment from identified Local Municipalities.



							-900 beneficiaries- 980 beneficiaries have been approved from PDoHS -Implementation of Housing Projects- Report on the district housing analysis forum held on the 15th June 2012 and it appears on District Housing Analysis Forum Meeting	
57.	SDI 14:1	Corporate Services	Maintain the good image and condition of ADM vehicles	Establishment of a functional car wash facility for ADM	100% construction of car wash	100% construction of car wash	A service provider's Final report on the completion of the car wash, pictures of the car wash and the registers of the cars that came for the wash are submitted which proves the 100% construction of the car wash	N/A as the target has been achieved
58.	SDI 15:1	Engineering	Ensure billing of all metered water consumers by 2014	Co sourcing of revenue management function until 2012	Functional competency centre for consumer data maintenance	Functional competency centre for consumer data maintenance	No evidence has been submitted but in Q4 a disc was submitted whereby data saved illustrated that the competency centre was functional	N/A as the target has been achieved

		Chief Financial Officer					Competency centre is functional and also a report is submitted advising SP appointed to establish initial plan and process flows.	N/A as the target has been achieved
59.	SDI 15:2	Chief Financial Officer			95% of read meters to total active meters	95% of read meters to total active meters	Report submitted providing a summary and refers to the quarterly Venus reports submitted	N/A as the target has been achieved
60.	SDI 15:3	Chief Financial Officer		Ensure billing of metered consumers	89% of billed meters to total read meters	89% of billed meters to total read meters	90% of meters has been billed as at 30 June 2012, a report is submitted providing a summary and refers to the quarterly Venus reports submitted	N/A as the target has been achieved
61.	SDI 16:1	Health and Protection	Reduce the impact and vulnerability of climate change	Address year 2007 disaster damage backlogs	Relief building material provided in 3 LMs (Amahlathi, Nqushwa and Nkonkobe)	Relief building material provided in 3 LMs (Amahlathi, Nqushwa and Nkonkobe)	Relief building material provided in 3 LMs (Amahlathi, Nqushwa and Nkonkobe), In Q2 and Q3 relief materials were delivered to 3 LM's i.e. in Nkonkobe and Nqushwa in the 2nd Quarter and Amahlathi	N/A as the target has been achieved

							in the 3rd quarter also letters of promise by recipients and payment documents are in the files.	
62.	SDI 17:1	Health and Protection	Enhancement of the provision of efficient and effective fire services	Establishment of one fire satellite station	1 Satellite fire station	1 Satellite fire station	The target has not been achieved, as the Fire station has not been completed yet.	The appointment of a consultant underwent some delays but there has been an appointment, The project has been submitted for inclusion in the multi year project list for 2012-2013.

**KPA: 3. LOCAL ECONOMIC DEVELOPMENT**

KPI No	INDICAT OR CODE	DEPARTMENT	STRATEGIC OBJECTIVE	STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE ON ANNUAL TARGETS	REMEDIAL ACTIONS
63.	LED 1:1	Land Human Settlement and Economic Development	To position ADM as a destination of choice	Implementation of the Tourism Master Plan	10 Tourism projects implemented per approved budget	Implementation of 10 Tourism projects	<p>"Annual report is submitted. and the following was reported upon in Q4</p> <p>1. Attendance of exhibition shows: Attended the Tourism Indaba on the 12-15th May 2012 in Durban with supporting evidence</p> <p>2. Crafters Support</p>	

						<p>Programme: Supporting evidence to show the assistance of 6 crafters during the Eastern Rand Show and National Grahamstown Arts Festival</p> <p><b>3. Tourism Marketing Bureau:</b> An establishment plan is in place and completes</p> <p><b>4. DTOs and LTOs:</b> Assisted Mnquma LTO with marketing material and a workshop for LTO roles and responsibility</p> <p><b>5. ADM Tourism Events:</b> report with supporting evidence is submitted regarding the assistance of 6 crafters during the National Grahamstown Arts Festival</p> <p><b>6. Amathole Craft Market:</b> Due to insufficient funding SP could not be appointed for the construction of craft market therefore the following was done: Projects designs and operational plan are in place.</p>	N/A as the target has been achieved
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							<p>7. Mthontsi Lodge: An EIA has been developed and an application for re-zoning</p> <p>8. Nxuba Dam Chalet: EIA is complete</p> <p>9. Film Development Programme: 10 emerging film makers have been trained on script development</p> <p>10. Sport Tourism Events: Report on the boxing tournament that was held on the 19th May 2012 states that Isizwe AND Ntsika Promotions were promoters."</p>	
64.	LED 2:1	Land Human Settlement and Economic Development	To resuscitate the agric sector in the District by 2016	Implementation of the Agricultural Plan	8 Agricultural projects implemented per approved budget	Implementation of 8 Agricultural projects	<p>"Evidence submitted in Q4 and annual report state the following:</p> <p>1. Support to Fresh Produce Market: 500 fruit trees have been procured for Mbozi Siyondla groups</p> <p>2. Support to Agro-processing and value adding initiatives: 2 Hammer mill have been</p>	Insufficient funding hindered implementation of the following: development of Agricultural Plans for 3LMS and the renovation of Ripplemead Citrus Packshed.

							<p>purchased for Sheshegu and Tswelilitye maize growers</p> <p><b>3. Renovations of Citrus Packshed:</b> The funding is insufficient to implement the project.</p> <p><b>4. Agricultural Relief:</b> 100 JOJO Tanks were Purchased. Supplied and delivered garden production inputs to beneficiaries in Adeliade</p> <p><b>5. Infrastructure</b> Support to individual farmers: 2 emerging farmers were supported</p> <p><b>6. Provision of production inputs and Mechanisation Services:</b> Support provided in Mmquma and Mbashe LM is ongoing</p> <p><b>7. Development of Agricultural Plans in 3 LMs:</b> A service provider has been appointed to assist in the development of the Amahlathi LM Agricultural Plan and is in the situational analysis phase. Due to</p>	
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							budget constraints only 1LM has been assisted. <b>8. Hosting of Agricultural Indaba: Post Conference report outlines the progress to date on implementation of the resolutions</b>	
65.	LED 3:1	Land Human Settlement and Economic Development	To reclaim and preserve our heritage resources	Implementation of the Heritage Resources Management Plan	15 Heritage Resource Management projects implemented	All 15 HRM projects implemented	<p>1. SEK Mqhayi Language Conference: Report attached with Venus report and conference evaluation meeting minutes and resolutions submitted accompanied by numerous communication between ADM and Prof Opland about literature material.</p> <p>2. Early African Intellectuals: Rough cut of the Documentary DVD</p> <p>3. Heritage Awareness: 4 Campaigns were held</p> <p>4. Heritage Month Celebrations: planning session and report executed</p> <p>5. Restoration of ZK</p>	N/A as the target has been achieved

							<p>Matthews House: Restoration completed by CBS Construct and Projects and completion certificate submitted</p> <p><b>6.</b> Restoration of Jon Tengo Jabavu House: Amathole Museum commissioned to do impact assessment and fencing is complete</p> <p><b>7.</b> Heritage Route Development: Liberation Heritage sites catalogues and the booklet available</p> <p><b>8.</b> Liberation Heritage Route: Catalogue and booklet</p> <p><b>9.</b> Wars of Land Dispossession- an attachment from service provider is submitted. Interpretive boards completed</p> <p><b>10.</b> ADM Annual Heritage Festival: Held on the 5 May 2012</p> <p><b>11.</b> Rehabilitation of identified heritage sites: 1 heritage site has been rehabilitated and handed over to local</p>	
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							<p>municipality</p> <p><b>12.</b> Oral History Collection: Interview held with Noziphe Tshisela. An unsigned/initialled transcript has been submitted.</p> <p><b>13.</b> Repatriation of Heritage Property from Foreign Countries: Quarterly report submitted.</p> <p><b>14.</b> Armed Struggle Living Museum: Pictorial designs are done</p> <p><b>15.</b> Public Open Spaces for ritual purposes: Desktop study is done</p>	
66.	LED 3:2	Land Human Settlement and Economic Development	To reclaim and preserve our heritage resources	Rehabilitation & integration of military veterans both socially & economically	Rehabilitation and Integration Plan for military veterans submitted to council for adoption	Rehabilitation and Integration plan	Development of social and rehabilitation of military veterans' policy framework was submitted in Q4 but has not been adopted by the council yet.	Rehabilitation and Social Integration of Military Veterans Policy complete and will be submitted to council for adoption
67.	LED 4:1	Land Human Settlement and Economic	To facilitate an enabling environment for businesses to	Implementation of the SMME and Cooperatives	7 SMME and Cooperatives projects implemented per	Implementation of 7 SMME and Cooperatives	"Annual report and evidence from Q4 states supports that:	Procurement process delayed the establishment of Butterworth Incubation Development Centre. There was also a delay in signing

		Development	thrive.	Strategy	approved budget	projects	<p>1. SMMEs and Coops Supported: SMMEs and Coops were supported in 4 events</p> <p>2. Hosting of Cooperative Indaba: Cooperatives Indaba was hosted on the 5-7 December 2011</p> <p>3. Operationalization of Butterworth Skills Development Centre: installation of furniture has been delivered but completion has been delayed by procurement processes.</p> <p>4. Development of the Informal Trade Strategy: Informal Strategy adopted by Council</p> <p>5. Operationalization of Nkonkobe Incubation Centre: Draft MOU is in place</p> <p>6. UFH Partnership: Partnership is in place</p> <p>7. Implementation of Cooperative Strategy: 7 cooperatives were supported during the Business Connect exhibition, database</p>	MOA
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							collection has been done and an information dissemination session has been held.	
68.	LED 5:1	Land Human Settlement and Economic Development	To facilitate and promote regional economic development (even beyond the existence of districts)	Implementation of the AREDS strategy.	6 projects implemented including ASPIRE programmes per approved budget	Implementation of all 5 AREDS projects	<p>1. ADM Investment Conference and Strategy: Close out report from SP on the Conference held on 25-26 April 2012 is submitted, attendance register, summary on action plans resulting from Investor Conference and expenditure report.</p> <p>2. Industrial Development Strategy: Industrial Development Strategy doc has been submitted. Extract of Council Minutes to support that the strategy document has been approved as well as extract of IDP list of approved plans</p> <p>3. LED Impact Assessment: Appointment letter for</p>	Procurement processes delayed LED Impact Assessment Study

							Service provider is submitted but procurement process resulted in delays. 4. Training of LED Practitioners: LED Research and Training Strategy draft document is submitted. Attendance register on training conducted on the 7-8 June 2012 is submitted and report on training is submitted. 5. Implementation of the AREDS: Strategy Document on file.	
69.	LED 5:2	Chief Financial Officer	Influence procurement policies to favour SMMEs/ Co-operatives	Reviewed SCM policy submitted to Council for approval	Reviewed SCM policy submitted to Council for approval	Reviewed SCM Policy submitted with attendance register for the SCM strategy workshop but has not been approved by the council yet	Submission of SCM Policy for approval to the next council in August	
70.	LED 5:3	Chief Financial Officer		1 SCM supplier workshop conducted	1 SCM supplier workshop conducted	Performance report submitted detailing the performance of SP. Attendance and expenditure report	N/A as the target has been achieved	

							attached	
71.	LED 6:1	Engineering	Reduce the impact and vulnerability of climate change	Implement measures to reduce carbon footprint within the district	Research Report on Renewal Technology submitted to council.	Final Renewable Energy Research report submitted to council	District Renewable Energy Scoping Assessment was submitted in Q4 and was awaiting EMC meeting. No evidence has been submitted for annual	The report will be tabled on the next EMC which will be the <b>11 September 2012</b> as per ADM calendar.
72.	LED 7:1	Land Human Settlement and Economic Development	District-wide coordination and enhancement of environmental management activities	Implementation of the Integrated Environmental Management Plan	7 Integrated Environmental Management projects implemented per approved budget	Implementation of 7 Environmental Management projects	<p>1. Environmental Week Celebrations: Report on the 2 day event, attendance register and Venus report have been submitted.</p> <p>2. Amendment of Air Quality Management By-Law: Final Air Quality Management By-Law submitted with quarterly report and Venus extract. Council minutes submitted as evidence of council approval.</p> <p>3. Environmental Youth Summit progress report: Report on the resolution of galvanizing and mobilize youth on</p>	N/A as the target has been achieved

							<p>environment issues and attendance register.</p> <p><b>4.</b> Implementation of Climate Change Strategy: 50 trees have been planted in Hamburg</p> <p><b>5.</b> Implementation of the climate change symposium</p> <p><b>6.</b> Implementation of the Mbashe Recycling Project: 30 beneficiaries are currently receiving a stipend for the project</p> <p><b>7.</b> Implementation of Pelargonium Project: Project is ongoing</p>	
<b>73.</b>		Engineering				EPWP Compliance report	EPWP compliance reports have been submitted each quarter.	N/A as the target has been achieved
<b>74.</b>	LED 8:1	Engineering	To ensure all programmes are aligned to EPWP	Implementation of Projects in line with the EPWP	No of Capital projects complying with EPWP	Annual report depicting 55 projects compliant with EPWP	The report submitted shows the number of 65 projects that have been reported upon and are deemed compliant. The report does not depict the project merely the	N/A as the target has been achieved

							sector.	
75.		Engineering				Annual Compliance report on 1100 FTE's created	Report submitted showing the number of FTE's created and supported by report from Public Works	N/A as the target has been achieved
76.	LED 9:1	Health and Protection	To provide effective comprehensive food control programme	Implement effective food control program	400 Food handlers capacitated	400 Food handlers capacitated	Actual Food handlers capacitated throughout the quarters are 521 made up of Q1=100+ Q2= 154+Q3=136+ Q4=131	N/A as the target has been achieved
77.	LED 9:2	Health and Protection	To provide effective comprehensive food control programme	Implement effective food control program	100 Certificates of Acceptability issued	100 Certificates of Acceptability issued	The actual certificates issued is 104 made up of Q1=28+Q2=26+Q3=25+ Q4=25	N/A as the target has been achieved
78.	LED 10:1	Strategic Planning	To promote and enhance communication in all ADM programmes	Implement the reviewed Communications Strategy and Action Plan	12 advertorials	12 advertorials	A consolidated Annual report on 12 Advertorials published this year is submitted and the actual Advertorials have been submitted made up of Q1=3+Q2=3+Q3=3+Q4=3	N/A as the target has been achieved

**KPA 4: MUNICIPAL FINANCE VIABILITY AND MANAGEMENT**

KPI No	INDICAT OR CODE	DEPARTMENT	STRATEGIC OBJECTIVE	STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE ON ANNUAL TARGETS	REMEDIAL ACTIONS
79.	MFV 1:1	Chief Financial Officer	To ensure unqualified audit in respect of accounting and financial reporting by 2014	Monitoring tool for reconciliations: for all departments that have reconciliations	12 monthly reports on reconciliations submitted by departments	12 monthly reports in spreadsheet format on reconciliations submitted	12 monthly reconciliation reports in a spreadsheet format on reconciliation for from July2011-June 2012 submitted	N/A as the target has been achieved
80.	MFV 1:2	Chief Financial Officer		Review and implement asset management policy and clarify roles and responsibilities	Review Asset Management policy submitted to Council for approval.	Reviewed asset management policy submitted to council for approval	Final version of Asset Management Policy has been submitted with email as proof of submission to Council	N/A as the target has been achieved
81.	MFV 1:3	Engineering		Valuate and verify all water and sanitation assets	Valuation complete for the district	All assets valued and verified for the district	Quarterly report submitted in Q4 advised that asset verification was completed and updating of asset register was outstanding. Report from SP support this by	N/A as the target has been achieved



							illustrating that phase has been completed, A system printout with a list of assets loaded is submitted	
82.	MFV 1:4	Corporate Services	Intensify management accountability and response to internal and external audit queries	Appropriate management responses provided within specified timeframes	Management responses and time-bound action plans submitted to IA and BTO for AG	A signed proof of submission of management responses to BTO and Internal Audit is submitted together with the time frame management letter.	N/A as the target has been achieved	
		Chief Financial Officer				Audit Action plan submitted with EMC agenda and Mayoral Committee Agenda where it appears as an item	N/A as the target has been achieved	
		Engineering				Report submitted advising that audit action plan and management letter have been updated.	N/A as the target has been achieved	
		Strategic Planning				An updated management letter and Audit Action Plan and	N/A as the target has been achieved	

						minutes of the EMC (17 July 2012) where these documents were submitted and discussed are submitted.	
		Health and Protection				There were no issues that were raised by AG for this department	N/A as there were no issues raised
		Land Human Settlement and Economic Development				"Management Responses and Audit Action plan submitted Email with AAP sent to BTO/IA was submitted in Q4"	N/A as the target has been achieved
83.	MFV 1:5	Strategic Planning			All agreed internal and external audit recommendations implemented within specified timeframes	All agreed IA and AG audit action plans implemented	Agreed Action plans that are due have been implemented as per Evidence submitted in KPI 82. N/A as there were no issues raised

84.	MFV 1:6	Chief Financial Officer		Co-sourcing of asset management function to strengthen asset management capabilities	Complete Final Asset Register  Complete and accurate Asset Reconciliation	Complete Final Asset Register  Complete and accurate Asset Reconciliation	Asset register loaded to VENUS and updated with additions.  Reconciliations have been performed and signed off and an Asset register report submitted	N/A as the target has been achieved
85.	MFV 1:7	Chief Financial Officer		Provide on-site financial reporting and audit support	Audit Support: Financial Statements compliant with MFMA and GRAP submitted to AG on time  All requested audit information submitted on time	Audit Support: Financial Statements compliant with MFMA and GRAP submitted to AG on time  All requested audit information submitted on time	Annual Financial Statements for 10/11 have been submitted and the target was achieved in quarter 1	N/A as the target has been achieved
86.	MFV 2:1	Director: Strategic Planning	To ensure LMs are fully capacitated to effectively render services that are within	Implement 3 municipal support capacity building	3 multi- disciplinary projects in LMs [GRAP compliant register (Mnquma), Audit	Implement 3 municipal support capacity building projects	The 3 projects on municipal support were all implemented in Q4 and were complete.	N/A as the target has been achieved

			their powers and functions	projects	issues (Nxuba and Mbashe) and Capacity Building in all LMs]			
87.	MFV 3:1	Director: Health and Protection	Ensure 100% expenditure of project funds by 2014	Increase weighting of project expenditure on SDBIP	Spending on projects not less than 80% of departmental projected budget	Spending on projects not less than 80% of departmental projections	A signed report and a printout from BTO confirm that this department has spent 93.82% on the budget that was allocated to it.	N/A as the target has been achieved
		Chief Financial Officer					Evidence submitted during the year illustrates that this target has been met	N/A as the target has been achieved
		Corporate Services	Ensure 100% expenditure of project funds by 2014	Increase weighting of project expenditure on SDBIP	Spending on projects not less than 80% of departmental projected budget	Spending on projects not less than 80% of departmental projections	The department has over spent on their projections in quarter 4 by 134.93% and it is still applicable to Annual.	N/A as the target has been achieved
		Director: Strategic Planning					A printout from BTO confirms that the department has spent 124.54% on both internal and externally funded projections.	N/A as the target has been achieved

		Engineering					"Report submitted summarizing the expenditure for the year and advising why target has not been met.	The department has established a technical team to analysis documents going to the BSC. So that they can go through easily to the BEC and BAC for appointment. This will allow projects starting on time and having enough time for spending.
		Land Human Settlement and Economic Development	Ensure 100% expenditure of project funds by 2014	Increase weighting of project expenditure on SDBIP	Spending on projects not less than 80% of departmental projected budget	Spending on projects not less than 80% of departmental projections	No annual report was submitted but in Q4 the following was submitted:  Quarterly report on expenditure is submitted along with attachment detailing expenditure.	Monthly review of cash flow projection
88.	MFV 4:1	Chief Financial Officer	Increase own income by 10% in the 2011/2012 financial year	Fully implement the revenue enhancement strategy (strategy altered)	80% billing	80% increase in billing	The target has been met. Billing has increased by 20% on top of 61% baseline which gives us 81% as at 30 June 2012 also shown by quarterly reports	N/A as the target has been achieved
89.	MFV 4:2	Chief Financial			50% revenue collection	50% collection	Evidence submitted during the year illustrates that this	One on one meetings with key accounts customers are being held to emphasize on the payment of

		Officer					target has not been met as collection is at 37,12%	outstanding debt, Government departments are taking the call seriously and have promised to make payments.
90.	MFV 5:1	Director: Health and Protection Services	To enhance revenue management	Conduct inspections to ensure compliance with SANs 10090 & 10040	40 compliance certificates issued and generation of R16 000	40 compliance certificates issued and generation of R16 000	61 Certificates issued made up of Q1+Q2+Q3+Q4 together with an amount R16 100 collected	N/A as the target has been achieved
91.	MFV 5:2	Director: Health and Protection Services		Monitor collection of fire levies for fire services	Collection of fire levies	60% Collection of fire levies	A signed annual report on fire levies collected this year which is 65.25% is submitted.	N/A as the target has been achieved
92.	MFV 6:1	Chief Financial Officer	To ensure tariffs are fair, cost effective, affordable and aligned with by-laws	To review tariff policy to include guidelines for the setting of tariffs that are financially viable and legally sound	Reviewed tariff policy incorporating tariff setting guidelines unique to ADM submitted to council for approval	Reviewed tariff policy incorporating tariff setting guidelines unique to ADM submitted to council for approval	A summary report is submitted advising that the target was met in Q3. In Q3 evidence submitted was extract of council agenda and new tariffs document	N/A as the target has been achieved

**KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

KPI No	INDICAT OR CODE	DEPARTMENT	STRATEGIC OBJECTIVE	STRATEGY	INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE ON ANNUAL TARGETS	REMEDIAL ACTIONS
93.	GGP 1:1	Strategic Planning	Ensure compliance with Circular 32 of the MFMA in terms of Structure and content and Enhancing effectiveness of the Oversight Committee	Develop an appropriate institutional model for oversight function	Oversight Framework submitted to council for approval	Oversight Framework submitted to council for approval	Minutes to the EMC are provided and the extract/minutes for the Council meeting held on the 26 August 2011 and the physical framework is provided. And the Framework was actually approved in quarter 1 of 11/12	N/A as the target has been achieved
94.	GGP 2:1	Internal Audit	To prepare and execute a risk based operational audit plan which will focus on improving systems on internal controls implemented by management	Assess effectiveness of system of internal controls	Submitted and approved risk based audit plan - 80% completion of audit plan, 20% attributed to ad-hoc assignments.	80% completion of audit plan, 20% attributed to ad-hoc assignments, changing circumstances and changes in risk profile)	A status report with a list of completed Audit reports is submitted reflecting that out of 28 Audits that were planned 24 are completed and were submitted during the year which is 86% completion	N/A as the target has been achieved
95.	GGP 3:1	Strategic	To ensure by-law	Facilitate implementatio	Facilitate by law	Facilitate by law	A report on the activities conducted by	N/A as the target has been

		Planning	enforcement	n and review of by-laws in ADM	enforcement	enforcement	this department to ensure the attainment of the Annual target which is to ensure by Law enforcement is submitted, also highlighting that the department does not actually enforcing they are just facilitating in the whole process.	achieved
96.	GGP 4:1	Strategic Planning	To promote and deepen local democracy	Conduct community awareness programmes on the Public Participation Strategy & Petition Policy	40 Public Participation awareness events to be conducted	40 Public Participation awareness events to be conducted	Actual awareness's conducted is more than 40 that was planned this year (54) actual.	N/A as the target has been achieved
97.	GGP 4:2	Strategic Planning			Development and printing of fliers on the framework policy	Fliers printed and distributed	The target was achieved in the 2nd Quarter, and evidence of Fliers printed and distributed is in the files	N/A as the target has been achieved
98.	GGP 4:3	Strategic Planning			Training sessions of Community Leaders in all 7 Local Municipalities	Training sessions of Community Leaders in all 7 Local Municipalities	A signed annual report on the training sessions of community leaders held in Q2,3 and 4 is submitted	N/A as the target has been achieved



99.	GGP 5:1	Strategic Planning	To ensure effective co-ordination of integrated planning, implementation, monitoring and evaluation across the District	Strengthen IGR Fora.	4 District Technical Fora	4 District Technical Fora	A signed annual report on the 8 Fora held throughout the quarters is submitted and evidence is in the files.	N/A as the target has been achieved	
					4 District Political Fora	4 District Political Fora			
100	GGP 5:2	LHSED			4 Sittings of the LRSP & Housing Forum	4 LRSP & Housing Forum	4 LRSP and Housing Forum were held during the financial year and the following evidence has been submitted ,District Housing Forum Meeting Programme, signed minutes, attendance register and various housing analysis project reports have been submitted each quarter	N/A as the target has been achieved	
101	GGP 5:3	LHSED			4 Sittings of the LED Forum	4 LED Forum	4 LED Forum were held during the financial year also submitted are the following, Minutes, attendance register and expenditure report for LED Forum have been submitted each quarter	N/A as the target has been achieved	
102	GGP 5:4	Engineering			4 Solid Waste Forum and 4	4 Solid Waste Forum and 4 Water Forum	Minutes of DSWF meeting, quarterly report and attendance	N/A as the target has been achieved	

					Water Forum		register for WATER Forum meeting were submitted in Q4. Report submitted for annual.	
103	GGP 5:5	Strategic Planning		Development of the Annual report	Adopted annual report	2010/11 annual report	2010/11 annual report was submitted and the target was achieved in the 4 <sup>th</sup> quarter also the Annual report was available in the 4th quarter	N/A as the target has been achieved
104	GGP 5:6	Strategic Planning		Alignment of IDP, SDBIP and SDF	Integrated Development Plan aligned to the SDF submitted to council for approval	IDP aligned to SDF approved by council by 30 June 2012	The IDP and SDF were submitted in the 4th quarter with proof of approval by the council	N/A as the target has been achieved
105	GGP 5:7	Corporate Services		Monitor and Evaluate implementation of IDP	Ensure 70% achievement in each Key Performance Area in all 4 quarters	Ensure 70% achievement in each Key Performance Area in all 4 quarters	The department has not achieved 70% in each KPA in all 4 quarters.	Regular meetings have already started to ensure good performance and a departmental operational plan is being developed for monitoring purposes
		Strategic Planning					In Q1 MTI was 67% and in Q2 SDI was 50% and in Q3 MFV was 33% therefore this target is	The department will ensure that equal attention is given to all KPAs in the new financial year, in order to achieve a minimum of 70% in

							not achieved	each quarter.
		Health and Protection					The department has achieved above 70% on all KPA,s in Q 1,2 for Q 3 MTI = 50% and Q 4 MFV = 67%	All the targets that led to the department not achieving 70% will be implemented in 2012/13 i.e. filling of vector control posts as some have already achieved.
		LHSED					The department has not achieved above 70% in all quarters for all KPA's	Monthly projects meeting will be convened to assess the progress on the project milestones.
		Chief Financial Officer					The department has not achieved above 70% in all quarters,Q3 LED = 50%, GGP=50% and Q4 GGP=50%	Bi-monthly meetings will be held with Managers, where progress will be monitored on all KPAs and support given where there is lack thereof.
		Engineering					The department has not achieved above 70% in all quarters	But we are currently working close on the SDBIP and Operational Plan to address challenges with regards to projects beforehand
106	GGP 5:8	Strategic Planning			Functional IT/IS system in performance management, monitoring and evaluation	Functional IT/IS system in performance management, monitoring and evaluation	The system is functional as reports that are printed from the system for quarterly reviews indicate its functionality have been submitted	N/A as the target has been achieved

107	GGP 5:9	Health and Protection		Strengthened Community Safety Forums	4 capacity building programs conducted	4 Capacity building programs for stakeholders conducted	Actual capacity programs conducted throughout the quarters are 7 made up of Q1=1+ Q2= 1+Q3=2+ Q4=3	N/A as the target has been achieved
108	GGP 5:10	Health and Protection		Coordinate Health and Protection consultative forums sessions	60 Health and protection consultative sessions	60 forums	Actual forums held this year = 70 made up of Q1=15 +Q2 = 18 +Q3= 18 + Q4 = 19	N/A as the target has been achieved
109	GGP 6:1	Health and Protection	To provide effective Disaster Management	Capacity building in Disaster management	40 multi-disciplinary capacity awareness campaigns	40 multi-disciplinary capacity awareness campaigns	44 Disciplinary capacity awareness campaigns held this year made up of Q1=2 + Q2=10 + Q3=18 + Q4= 14	N/A as the target has been achieved
110	GGP 7:1	Health and Protection	Enhancement of the provision of efficient and effective fire services	Conduct awareness campaigns	44 awareness campaigns conducted	44 awareness campaigns conducted	Actual awareness campaigns held throughout the quarters = 122 made up of Q1=27+ Q2 = 16 + Q3 = 48 + Q4 =31	N/A as the target has been achieved
111	GGP 8:1	Director: Strategic Planning	To ensure mainstreaming	Develop of strategies for: HIV and Aids,	HIV and Aids, Youth and Children Frameworks and	HIV and Aids, Youth and Children Frameworks and Implementation	The Frameworks were approved by the council in the 4th quarter	N/A as the target has been achieved

			of special programmes into ADM programmes	Youth and Children	Implementation Plans submitted to council for approval	Plans submitted to council for approval		
112	GGP 8:2			Implement programs for designated groups	6 SPU Programmes	Quarterly report as per implementation plan	A signed annual report that talks to all the programmes/activities that were implemented throughout the quarters in all the 14 projects and the progress on each is submitted	N/A as the target has been achieved
113	GGP 8:3			Strengthen fora for SPU designated groups	24 seminars/ workshops for SPU	24 seminars/ workshops for SPU	A signed annual report on all seminars held throughout the quarters which are 24 as per evidence is submitted.	N/A as the target has been achieved
114	GGP 8:4			Commemorate 7 national days of importance in ADM	Reports on the 7 events on national days	Reports on the 7 events on national days	A signed annual report on the 7 events on national days that were held this year, in Q1=2 + Q2=3 +Q3=1 + Q4=1 as per submitted evidence is submitted.	N/A as the target has been achieved
115	GGP 9:1	Director: Strategic	Promote National building and Moral	To facilitate capacity building for	Capacity building initiatives in 3	Capacity building initiatives in 3 LMs	A signed annual report on the capacity building initiatives held during	N/A as the target has been achieved

		Planning	Regeneration Movement	MRM structure in District and LMs	LMs on MRM	on MRM	the year on MRM is submitted and evidence to support the events is in the files	
116	GGP 10:1	Director: Strategic Planning	To promote and enhance communication in all ADM programmes	Promote and enhance District Communication Fora	4 DCFs organized and held	4 DCFs held	An annual report on the District Communication's forum held which are 4 this year is submitted.	N/A as the target has been achieved
117	GGP 11:1	Director: Strategic Planning	To promote and capacitate different sporting codes throughout the district	Develop and implement a Sports development Strategy and Policy	Framework and implementation plan for sporting activities submitted to council for approval	Framework and implementation plan for sporting activities submitted to council for approval	The Framework has not been approved by the council and will be tabled in August.	Strategy will be approved in August Council meeting
118	GGP 11:2	Director: Strategic Planning			Implemented 3 sport development programmes	3 Implemented Sport development programmes	3 sports programme have been implemented this year in Q1,Q2 and Q4 evidence is in the files.	N/A as the target has been achieved
119	GGP 11:3	Director: Strategic Planning		Strengthen ADM Sports Fora.	4 District Sports Fora	4 District Sports Fora	A signed annual report for the 4 DSF held throughout the quarters is submitted evidence is	N/A as the target has been achieved

							in the Q1-Q4 files.	
120	GGP 12:1	Director: Strategic Planning	To ensure LMs are fully capacitated to effectively render services that are within their powers and functions	Conduct capacity building initiatives at all 7 local municipalities within ADM	14 multi-disciplinary capacity building projects conducted in all 7 local municipalities	14 Capacity building projects in all 7 local municipalities	Insufficient evidence as outstanding evidence on all the projects has not been submitted.	<p>KPI 120.6- June invoice will be paid in July for the 11/12 financial year. Follow up with service providers and request any outstanding invoices for work already performed.</p> <p>KPI 120.12 – A request to redirect the funding for the Development of Computerised tracking system for council resolutions for Ngqushwa LM to be utilised for upgrading the server for Ngqushwa has been sent to the Department of Cooperative Government and traditional Affairs for approval.</p> <p>KPI 120-14 – To extend the project for a month to conclude the analysis and proposals</p>
121	GGP 13:1	Director: Strategic Planning	To ensure that strategic and operational risks threatening organisational objectives are identified and managed to an acceptable level.	Institutionalisation of Risk Management Plan	Submission of Risk Plan to council approval	Submission of Risk Plan to Risk Management Committee	A risk Plan was submitted for approval in the 1st quarter of 11/12 and signed plan signed by the MM is submitted in the evidence file	N/A as the target has been achieved
122	GGP	Director:		Conduct an	Submit Risk	Submit Risk	Risk registers that were	N/A as the target has been

	13:2	Strategic Planning		annual risk assessment and management of organisational risks	Registers	Registers	requested for each quarter during the year have been submitted	achieved
123	GGP 14:1	Health and Protection	Ensure effective integration of MHS	Integrate the devolved functions into ADM operations	50% implementation of the devolution agreement between ADM and ECDOH	50% implementation of the devolution agreement between ADM and ECDOH	N/A ,This target has not been implemented this year at all	The target has not been implemented at all this year
124	GGP 15:1	Health and Protection	To ensure effective co-ordination of integrated planning, implementation, monitoring and evaluation across the District	Management of staff performance (below section 57 managers)	Staff performance agreements signed in all departments and actual performance assessed.	Staff performance agreements signed in all departments and actual performance assessed.	All AA's and PP'S that were sampled in all Quarters were received and they were assessed.	N/A as the target has been achieved
		Director: Strategic Planning					All AA's and PP'S that were sampled in all Quarters were received and they were assessed.	N/A as the target has been achieved
		Chief Financial Officer					Quarterly checklists and reports submitted confirming that BTO employees have been evaluated. With the AAs and PPs sampled during	Monthly meetings will be held between managers and staff, to monitor the performance, and PPs and AAs will be signed as expected. HR will be invited to attend meetings where PMS will be



							the year it was noted that AAs and PPs were signed and evaluated on the same day. Some employees appeared on the checklists as evaluated when in fact they were no longer employed by ADM.	discussed, and we will utilize them to assist in the implementation.
		Engineering					AA and PP reviewed during the year illustrated that staff performance assessment is not being implemented properly by department.	Meetings will be arranged with divisions to address the implementation of AA's and PP's
		Corporate Services					A list of AA's that were sampled throughout the quarters was submitted together with a checklist from departments.	N/A as the target has been achieved
		Land Human Settlement and Economic Development					Checklist were submitted in Q4 but there were issues with the sampled AA's and PP's whereby some had goals and evaluations signed on the same day	Will rectify the errors made and make resubmission

							(N Nqobile), some were not evaluated (V Kwaru)	
125	GGP 15:1	Corporate Services	To ensure effective co-ordination of integrated planning, implementation monitoring and evaluation across the District	Management of staff performance (below section 57 managers)	Staff performance agreements signed in all departments and actual performance assessed.	Staff performance agreements signed in all departments and actual performance assessed.	A signed quarterly report on the implementation of PMS in ADM together with signed checklists from all the departments was submitted in Q4 which is still applicable for Annual.	N/A as this target has been achieved
126	GGP 16:1	Health and Protection	Address training requirements of staff to ensure compliance with new legislation and new requirements for the development of the institution	Assess special needs and provision of resources	All scheduled skills enhancement initiatives attended	All scheduled skills enhancement initiatives attended	A signed annual report on the scheduled skills enhancement initiatives attended, which were scheduled by Corporate Services department and by the department itself is submitted, proof of attendance s provided in quarterly evidence files	N/A as this target has been achieved
		Corporate Services					An annual report on the trainings held this year is submitted	N/A as this target has been achieved

		Engineering					Report advising of performance throughout the year. Quarterly evidence submitted during the year illustrates that schedules skills enhancement initiatives have been attended	N/A as this target has been achieved
		Land Human Settlement and Economic Development					The target was approved to be removed by the Executive Mayor. Memo is available.	N/A as the target was removed
127	GGP 17:1	Corporate Services	To resource and capacitate the Accidents and Transgression investigation function by 2014	Review fleet management policies and procedures	All instances of non-compliance and usage reported to user departments	Instances of non-compliance and usage reported to user departments	Annual proof of non-compliance submitted to departments was furnished as evidence also During the quarters i.e. Q1-Q4 quarterly reports indicating complying and Non complying officials and Netstar report were submitted, and proof of submission of non complying official reports to user departments has been	N/A as this target has been achieved

							submitted in the form of an email to HOD 's of departments.	
128	GGP 17:2	Corporate Services		Strengthen operations of the accident committee	Functional and effective Accident Committee	Functional (11 sittings per year)  Effective Accident Committee (investigative skills)	An annual report on the functionality of the Accident committee which indicates 11 sittings held is attached, also an Invoice from the SP that was training the Accident committee which serves as proof that the AC members were trained on how to investigate is attached together with the attendance register are submitted.	N/A as this target has been achieved

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

### (PERFORMANCE REPORT PART II)

#### INTRODUCTION

The Local Government Municipal Systems Act 32 of 2000 requires a municipality to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration, including the recruitment, selection and appointment of persons as staff members. The IDP and the budget process for 2011/2012 financial year culminated in the creation of an overall personnel budget of **R341 137 723.00** for officials and Councillors.

The total number of officials appointed during the year under review is **364**. It was expected that by the end of the year all vacant positions would have been filled and the extent of expenditure should be 100%, however, the actual expenditure is **R323 178 865.90** which is **94.74%** as at 30 June 2012. This percentage illustrates that ADM had an under expenditure in the personnel budget. In certain instances, the filling of vacant posts took longer prescribed period of 4 months.

4.1 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	0%		No specific policy adopted by Council on this issue
2	Attraction and Retention	one hundred	one hundred	adopted by Council in 2010
3	Code of Conduct for employees	one hundred	one hundred	Adopted by Council in 2009
4	Delegations, Authorisation & Responsibility	one hundred	one hundred	Reviewed annually with last review done in 2012
5	Disciplinary Code and Procedures	one hundred	one hundred	adopted in 2009 by Council
6	Essential Services	one hundred	one hundred	signed and adopted by LLF in 2010
7	Employee Assistance / Wellness	one hundred	one hundred	Adopted in 2010 by Council
8	Employment Equity	one hundred	one hundred	adopted by Council and reviewed annually
9	Exit Management			
10	Grievance Procedures	one hundred	one hundred	adopted by Council in 2005
11	HIV/Aids	one hundred	one hundred	adopted in December 2005
12	Human Resource and Development	one hundred	one hundred	
13	Information Technology	one hundred	one hundred	
14	Job Evaluation			
15	Leave			
16	Occupational Health and Safety	one hundred	not yet	adopted in 2010 by Council
17	Official Housing			
18	Official Journeys			
19	Official transport to attend Funerals			
20	Official Working Hours and Overtime	one hundred	one hundred	
21	Organisational Rights	one hundred	one hundred	Signed in April 2010
22	Payroll Deductions			
23	Performance Management and Development	one hundred	one hundred	reviewed policy not yet adopted by Council, current PMS policy still under review. Current policy was approved in 2006.
24	Recruitment, Selection and Appointments	one hundred	one hundred	

25	Remuneration Scales and Allowances			
26	Resettlement			
27	Sexual Harassment	one hundred	one hundred	
28	Skills Development	one hundred	one hundred	
29	Smoking	one hundred	one hundred	
30	Special Skills			
31	Work Organisation			
32	Uniforms and Protective Clothing	one hundred	one hundred	adopted a plan in 2010
33	Other: substance abuse	one hundred	one hundred	to be adopted in December 2012

#### 4.2 INJURIES, SICKNESS AND SUSPENSIONS

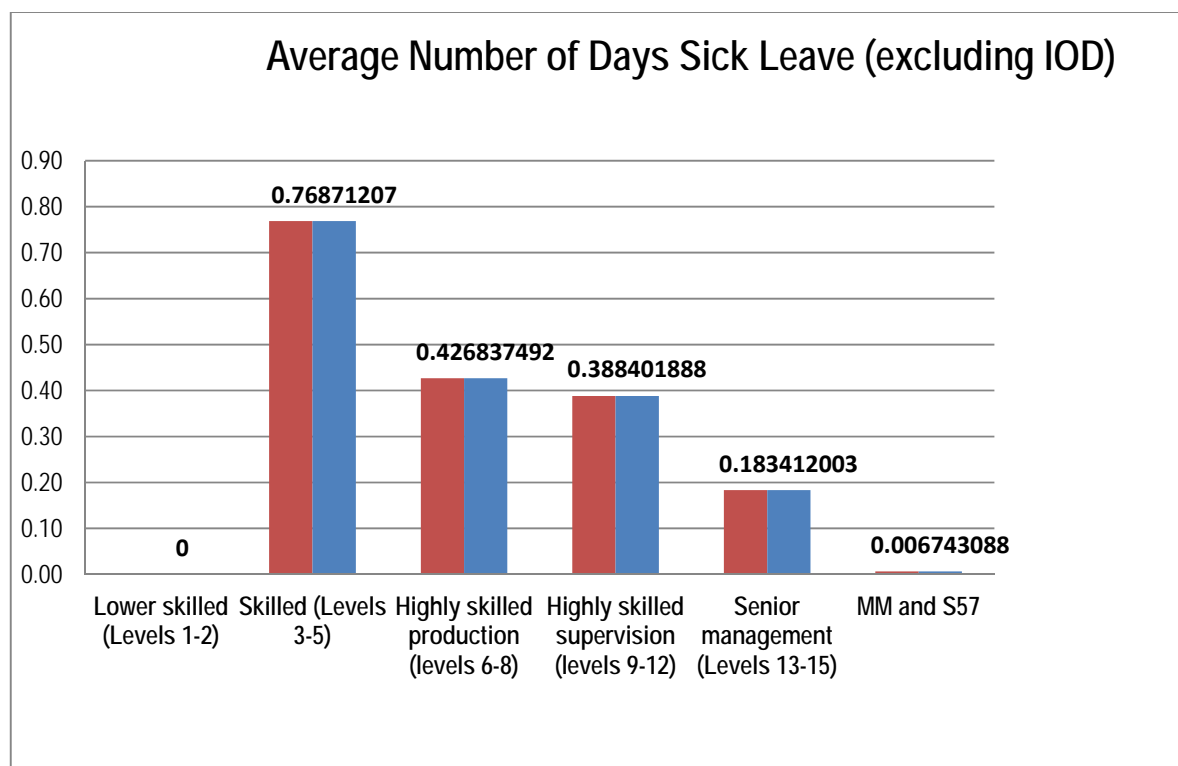
Number and cost of injuries on duty (IOD'S)

**Injuries required basic medical attention:** Two employees from Great Kei and Nkonkobe were injured on duty, a Meter Reader sustained sprain on the right wrist while he was preparing to read the meters and the General Assistant from Nkonkobe sprained his right ankle. Both employees were booked off for three days by Medical Practitioners. There are no costs involved.

**Temporary total disablement:** A Driver working on Water & Sanitation from Great Kei was involved in a car accident towards the end of August while executing his duties. He sustained fractures on both legs as well as the rapture of the abdomen where his abdominal contents were exposed. He was admitted in Frere Hospital but he is now discharged but booked off for whole of October and is healing well. The total sick leave that has been assigned to him is 60 days. The total cost estimate is R37 108 which is his salary.

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	6	2	0%	3	0
Temporary total disablement	60	1	0%	60	37108
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
<b>Total</b>	<b>66</b>	<b>3</b>	<b>0%</b>	<b>63</b>	<b>37108</b>

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	0	0%	0	0	0.00	0
Skilled (Levels 3-5)	1140	80%	242	502	0.77	323 988
Highly skilled production (levels 6-8)	633	95%	117	317	0.43	289 015
Highly skilled supervision (levels 9-12)	576	92%	116	481	0.39	523 134
Senior management (Levels 13-15)	272	86%	57	176	0.18	378 550
MM and S57	10	90%	4	7	0.01	23 087
<b>Total</b>	<b>2631</b>	<b>74%</b>	<b>536</b>	<b>1483</b>	<b>1.77</b>	<b>1537774</b>





Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Secretary to CFO SCM violation	SCM Violation	2012/03/22	Disciplinary tribunal: case not finalised due to withdrawal of PO	Not yet finalised
Accountant: Assets	Gross insurbodination	2012/09/21	Disciplinary case not finalised due to lapse of 3 months: condonation to be sought	Not yet finalised
Manager: IGR	Gross negligence	2012/08/10	Demotion for one month	2012/04/19
Municipal Support Manager	Gross Negligence	2012/08/10	Demotion for one month	2012/04/19

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Secretary to CFO	Breach of SCM Policy. Wilful use of municipal property for personal gain	Yes	ongoing

#### 4.3 PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
There is currently no reward system at levels below S57 employees. Council is in the process of developing one.					
MM and S57	Female	1	1		100%
	Male	6	6		100%
<b>Total</b>		<b>7</b>	<b>7</b>		
<i>Has the statutory municipal calculator been used as part of the evaluation process ?</i>					Yes

**COMMENT ON PERFORMANCE REWARDS:**

At the present moment the institution does not have performance rewards system for employees below Section 57. However, the Manager: Employee Performance has been appointed on the 1 July 2012. Amongst his priorities is to review the Employee Performance Management Policy which will subsequently incorporate the implementation of performance rewards system within Amathole District Municipality.

4.4. SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 2011/12	Number of skilled employees required and actual as at 30 June Year 2011/12											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year 2010/11	Actual: End of Year 2011/12	Year 2011/12 Target	Actual: End of Year 2010/11	Actual: End of Year 2011/12	Year 2011/12 Target	Actual: End of Year 2010/11	Actual: End of Year 2011/12	Year 2011/12 Target	Actual: End of Year 2010/11	Actual: End of Year 2011/12
MM and s57	Female	1							0	0	0			
	Male	6				1	1	0	0	0				1
Councillors, senior officials and managers	Female	48				7	18	21	0	0	0			21
	Male	68				8	27	27	0	0	0			27
Technicians and associate professionals*	Female	263				121	41	43	0	0	0			43
	Male	133				97	47	45	0	0	0			45
Professionals	Female	60				22	116	114	0	0	0			114
	Male	58				13	72	77	0	0	0			77
Sub total	Female	127					175	178	0	0	0			
	Male	180					147	150	0	0	0			
<b>Total</b>		<b>307</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>268</b>	<b>644</b>	<b>656</b>	<b>0</b>					<b>328</b>

# Chapter 5

Skills Development Expenditure										
R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	1								
	Male	6								
Legislators, senior officials and managers	Female	48			315000	315000	223000	223000	538000	538000
	Male	68			385000	385000	377000	377000	762000	762000
Professionals	Female	60			62000	62000			62000	62000
	Male	58			38000	38000			38000	38000
Technicians and associate professionals	Female	39			24000	24000			24000	24000
	Male	65			76000	76000			76000	76000
Clerks	Female	90			133000	133000			133000	133000
	Male	75			67000	67000			67000	67000
Service and sales workers	Female	64			62000	62000			62000	62000
	Male	98			88000	88000			88000	88000

Plant and machine operators and assemblers	Female	63	133000	133000	108000	108000			241000	241000
	Male	70	367000	367000	142000	142000			509000	509000
Elementary occupations	Female	122			93000	93000			93000	93000
	Male	489			207000	207000			207000	207000
Sub total	Female	487			596000					
	Male	1418	500000		654000	654000				
<b>Total</b>		<b>1905</b>		<b>0</b>	<b>1250000</b>	<b>654000</b>	<b>0</b>	<b>0</b>	<b>1250000</b>	<b>654000</b>
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	189608 2.70

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Levels below Section 57	Female	
	Male	No increase in salaries
MM and S 57	Female	1
	Male	2
<b>Total</b>		<b>3</b>

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Area Manager, Regional Environmental Health Practitioner	16	Task 13,14	Post level 4	As a result of Job evaluation results
Senior Accountant	12	Task 12	Post level 5	As a result of Job evaluation results
Accountant	16	Task 11	Post level 6	As a result of Job evaluation results
Senior Building Inspector	20	Task 10	Post level 7	As a result of Job evaluation results
Special Program Assistant	27	Task 9	Post level 8	As a result of Job evaluation results
Cashier, Senior Insurance Clerk, Secretary	55	Task 5	Post level 9	As a result of Job evaluation results
Foreman, Senior Leave Records Clerk	39	Task 5,6,7	Post level 10	As a result of Job evaluation results
Admin Assist, Control Room Operator	22	Task 6,5	Post level 11	As a result of Job evaluation results
Creditors Clerk, Clerk Archives	4	Task 5	Post level 12	As a result of Job evaluation results
Senior Accountant	2	Task 11	Post level 5/4	As a result of Job evaluation results
HRD Officer, Senior Environmental Health Practitioner	5	Task 12	Post level 7/6	As a result of Job evaluation results
Artisan Plumber, Payroll Administration	42	Task 9,10	Post level 8/7	As a result of Job evaluation results
Technical Assistant	3	Task 6	Post level 12/11	As a result of Job evaluation results
Foreman	2	Task 7	Post level 10/9	As a result of Job evaluation results

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
There are no employees appointed to posts not approved				

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

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

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL STATEMENTS

The annual financial statements have been prepared on the accrual basis of accounting and in accordance with historical cost convention, unless otherwise specified. The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003). The principle accounting policies adopted in the preparation of the annual financial statements are set out in the annual financial statements contained in this document.

#### **Financial performance**

The municipality reflects adequate financial performance for the 2012 financial year.

With total revenue of R1 158 million in 2012 financial year, the Amathole District municipality is one of the largest district municipalities in South Africa. Typical of district municipalities in the country, the Amathole's revenue sources predominantly comprise operating fiscal transfers from the national government that accounted for 75% of operating revenues in 2012. Equitable share makes up the bulk (60%) of these operating fiscal transfers and are utilized at the municipality's discretion to provide basic services to poor communities within its jurisdiction.

The Amathole District municipality is one of few district municipalities in the country that provides water and sanitation services to all local municipalities within its jurisdiction. However, given the widespread poverty in the area, the revenue collection is very low, at 30 - 40%, which places a large burden on the municipality to sustain this service. As a result of its responsibility regarding service delivery for seven local municipalities within its jurisdiction, administration and general expenses comprise a large (76%) portion of total expenditure.



### Financial Position

The Amathole District Municipality has maintained a sound liquidity position over the past few years, supported by sustained transfers from the national government and disciplined cash flow management. In the 2012 financial year the municipality reported cash and cash equivalents of R817 million. The municipality maintained a strong liquidity at 2.8. The favourable liquidity ratio thus illustrates the municipality's strong capacity to defray operating costs as and when they fall due.

Note: Statements of Revenue Collection Performance by vote and by source are included at **Appendix K**

### 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Attached in the Consolidated AFS – Volume II

Financial Performance of Operational Services						
						R '000
Description	2010/11	2011/12		Year 0 Variance		
	Actual	Original Budget	Adjustment s Budget	Actual	Original Budget	Adjustment s Budget
<b>Operating Cost</b>						
Water	327,633	384,852	410,127	391,869	1.79%	-4.66%
Waste Water (Sanitation)	79,078	87,383	87,383	98,269	11.08%	11.08%
Waste Management	203	2,000	2,000	1,645	-21.55%	-21.55%
Housing	24,345	6,878	6,878	31,255	77.99%	77.99%
Component A: sub-total	431,258	481,113	506,388	523,039	8.02%	3.18%
Planning	7,219	10,130	10,130	8,318	-21.78%	-21.78%
Local Economic Development	18,540	76,510	228,403	48,482	-57.81%	-371.11%
Component B: sub-total	25,759	86,641	238,534	56,801	-52.53%	-319.95%
Health	34,134	26,645	26,645	26,825	0.67%	0.67%
Security and Safety	25,076	27,414	27,414	24,917	-10.02%	-10.02%
Corporate Policy Offices and Other	224,288	266,895	271,074	309,967	13.90%	12.55%
Component D: sub-total	283,497	320,953	325,133	361,709	11.27%	10.11%
<b>Total Expenditure</b>	<b>740,514</b>	<b>888,707</b>	<b>1,070,055</b>	<b>941,549</b>	<b>5.61%</b>	<b>-13.65%</b>

**COMMENT ON FINANCIAL PERFORMANCE:**

Under spending due to amongst things, slow recruitment processes, moratorium on filling of posts, poor spending on internally funded projects.

**5.2 GRANTS**

Grant Performance						
R' 000						
Description	2010/11	2011/12		2011/12 Variance		
	Actual	Budget	Adjustment s Budget	Actual	Original Budget (%)	Adjustment s Budget (%)
<b><u>Operating Transfers and Grants</u></b>						
<b>National Government:</b>	<b>360,018</b>	<b>554,511</b>	<b>550,888</b>	<b>548,760</b>	<b>-1.05%</b>	<b>-0.39%</b>
Equitable share	25,349	321,457	321,457	323,470	0.62%	0.62%
Municipal Systems Improvement	570	693	693	721	3.84%	3.84%
Department of Water Affairs	11,349	9,333	12,111	12,111	22.94%	0.00%
Levy replacement Expanded Public Works Programmes Inc.	303,950	208,824	208,824	208,824	0.00%	0.00%
		11,704	7,803	3,634	222.03 %	-114.70%
<b>Provincial Government:</b>	<b>9,400</b>	<b>1,250</b>	<b>1,250</b>	<b>930</b>	<b>34.41%</b>	<b>-34.41%</b>
Health subsidy	9,007					
Housing						
Ambulance subsidy						
Sports and Recreation						
Expanded Public Works Programmes Inc.	392	1,250	1,250	930	-	-34.41%
<b>District Municipality:</b> <i>[insert description]</i>	-	-	-	-		
<b>Other grant providers:</b> <i>[insert description]</i>	-	-	-	-		
<b>Total Operating Transfers and Grants</b>	<b>369,418</b>	<b>555,761</b>	<b>552,138</b>	<b>549,690</b>	<b>-1.10%</b>	<b>-0.45%</b>

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year 2010/11	Actual Grant Year 2011/12	Year 0 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
<b>Parastatals</b>						
Department of Water Affairs		3,548				
DHLG & TA		15				
LG SETA	771	1,363				
Department of Water Affairs	24,999	3,722				
<b>Foreign Governments/Development Aid Agencies</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<b>Private Sector / Organisations</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						

### 5.3 ASSET MANAGEMENT

#### INTRODUCTION TO ASSET MANAGEMENT

ADM has a dedicated unit for managing assets namely Asset Management. The unit is under the Budget and Treasury Office. The total value of the ADM Assets is R 2,5bn.

ADM Asset Management is made up of the following classes of assets:

- Infrastructure Assets
- Community Assets
- Land and Building
- Investment Property
- Office Equipment

Furniture and Fittings

Plant and Equipment

Motor Vehicles

Intangible Assets

ADM is currently rolling out its multi-year Asset Management Strategy. As part of this roll out, the District Municipality is at the initial stage of developing Asset Management Plans.

During the 2011/12 financial year, the structure of the Asset Management unit was reviewed and approved by Council. Additional ten posts were created in order to expand the Asset Management unit. Now the structure of the unit has a total number of fourteen posts. The unit is in the process of populating the vacant posts created by the structure review exercise.

The key elements of ADM Asset Management Policy are as follows:

Roles and Responsibility

Classification of Assets

Recognition Criteria

Measurement

Asset Impairment

Asset Verification

Disclosure

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2011/12				
Asset 1				
Name	Mbashe North Phase 3			
Description	Water Asset			
Asset Type	Infrastructure Asset			
Key Staff Involved	Water Services Provision			
Staff Responsibilities	To keep the asset in good and working condition			
	2008/09	2009/10	2010/11	2011/12
Asset Value				22,797,083.00
Capital Implications	Capitalised as Infrastructure Assets			
Future Purpose of Asset	To Provide Water to the community			
Describe Key Issues	None			
Policies in Place to Manage Asset	Asset Management Policy Version 2			
Asset 2				
Name	Idutywa East Water Supply Phase 4			

Description	Water Asset			
Asset Type	Infrastructure			
Key Staff Involved	Water Services Provision			
Staff Responsibilities	To keep the asset in good and working condition			
	2008/09	2009/10	2010/11	2011/12
Asset Value				14,888,186.00
Capital Implications	Capitalised as Infrastructure Assets			
Future Purpose of Asset	To Provide Water to the community			
Describe Key Issues	None			
Policies in Place to Manage Asset	Asset Management Policy Version 2			
<b>Asset 3</b>				
Name	Crouch's Bush Scheme D			
Description	Water Asset			
Asset Type	Infrastructure			
Key Staff Involved	Water Services Provision			
Staff Responsibilities	To keep the asset in good and working condition			
	2008/09	2009/10	2010/11	2011/12
Asset Value				10,060,978.00
Capital Implications	Capitalised as Infrastructure Assets			
Future Purpose of Asset	To Provide Water to the community			
Describe Key Issues	None			
Policies in Place to Manage Asset	Asset Management Policy Version 2			

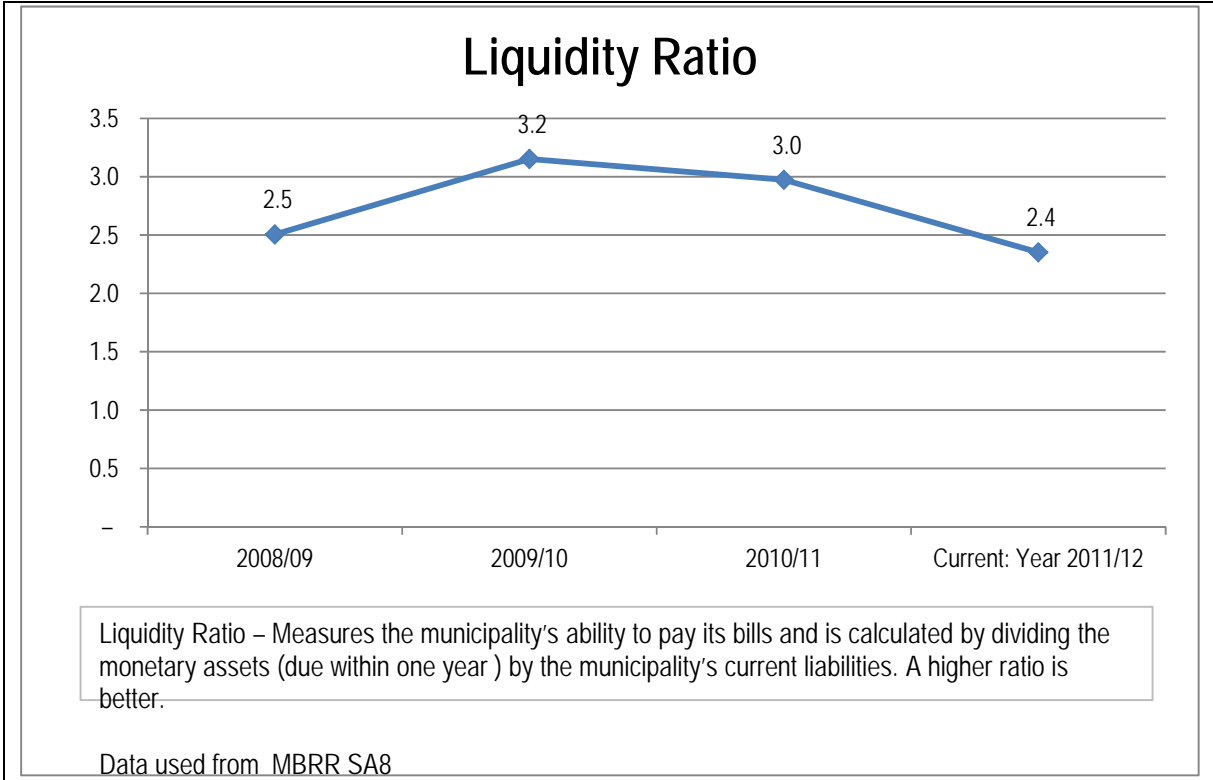
Repair and Maintenance Expenditure: Year 2011/12				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	26,541	14,299	13,812	48%

**COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:**

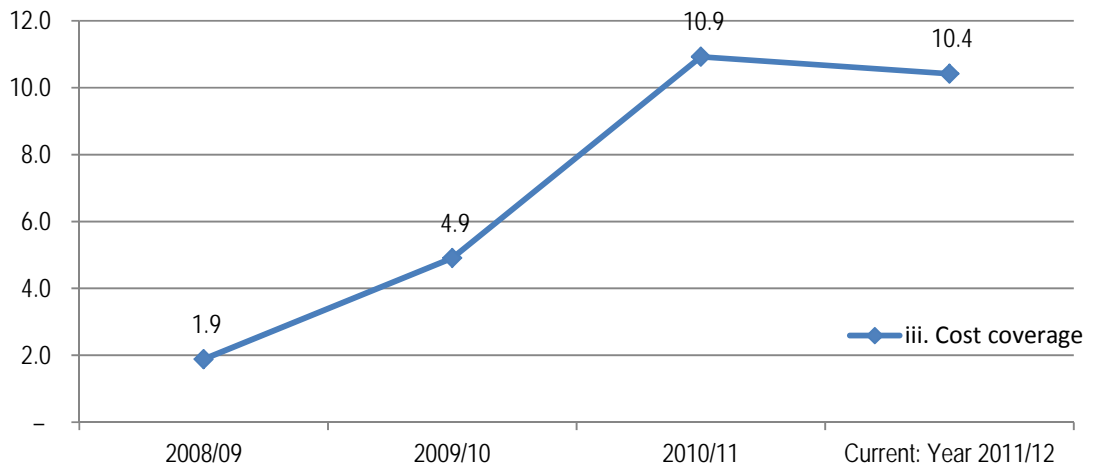
Budgeting for repairs and maintenance is for both reactive and planned maintenance. It is very difficult to budget accurately for reactive maintenance as it is not possible to predict when infrastructure is going to fail. Nevertheless, adequate budget provision needs to be available in order to attend to problems if and when they occur. As a relatively young Water Services Provider, the ADM is still developing adequate preventative maintenance plans and is also still developing the capacity to accurately budget for these requirements. In this regard the ADM has recently completed the compilation of a comprehensive, componentized asset register and is now in the process of develop asset management plans based on the condition assessment and remaining useful life of this infrastructure.

Lengthy procurement processes often delay maintenance activities and in order to address this the ADM is currently in the process of developing 3 year term tenders with critical suppliers and specialist service providers in order to ensure that procurement issues do not delay much needed maintenance.

**5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS**



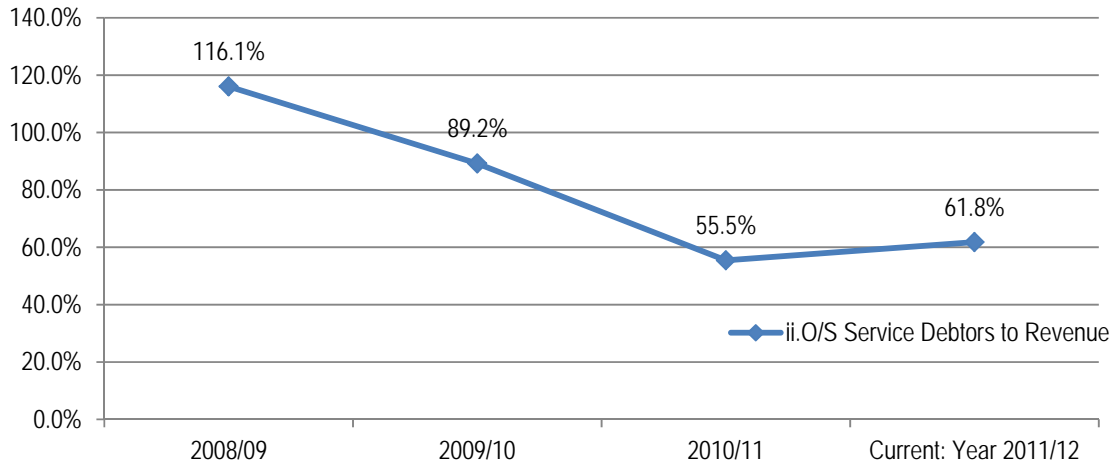
## Cost Coverage



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

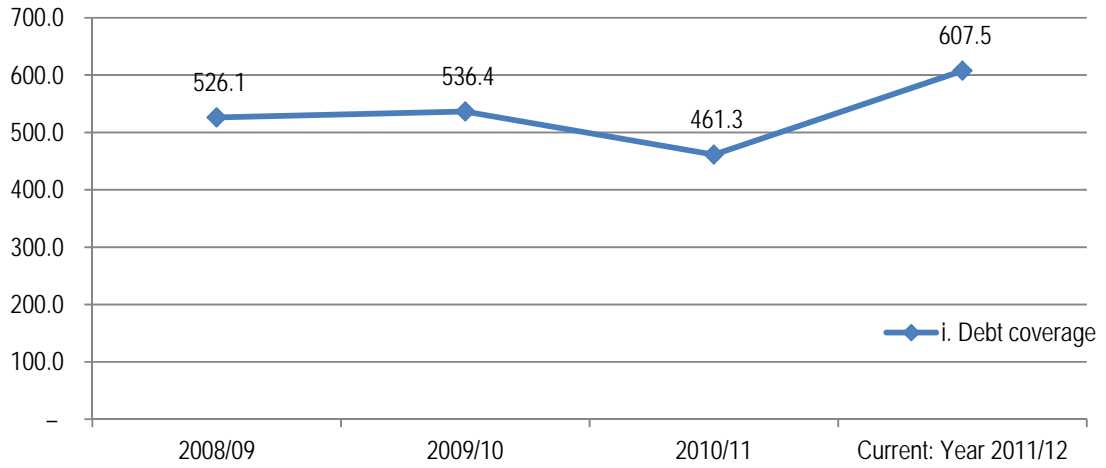
## Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.



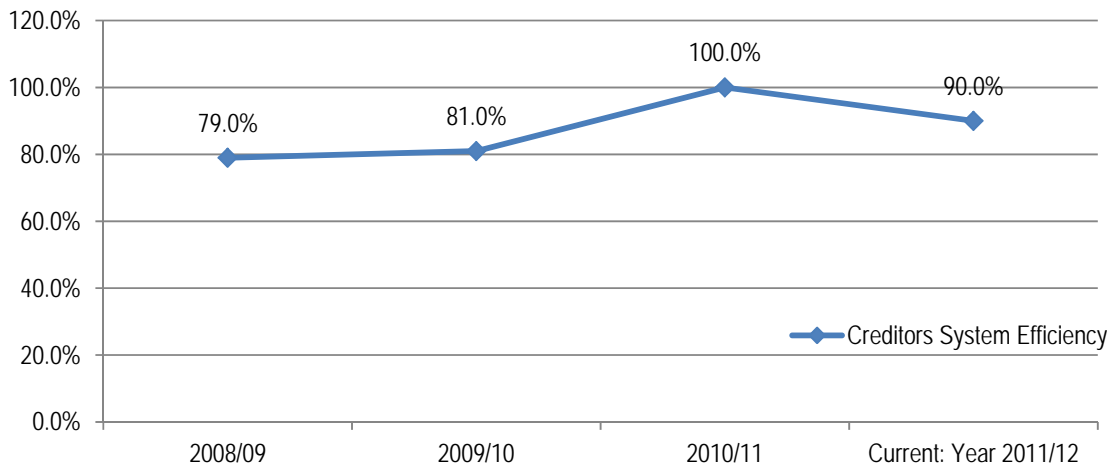
## Debt Coverage



Debt Coverage- The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

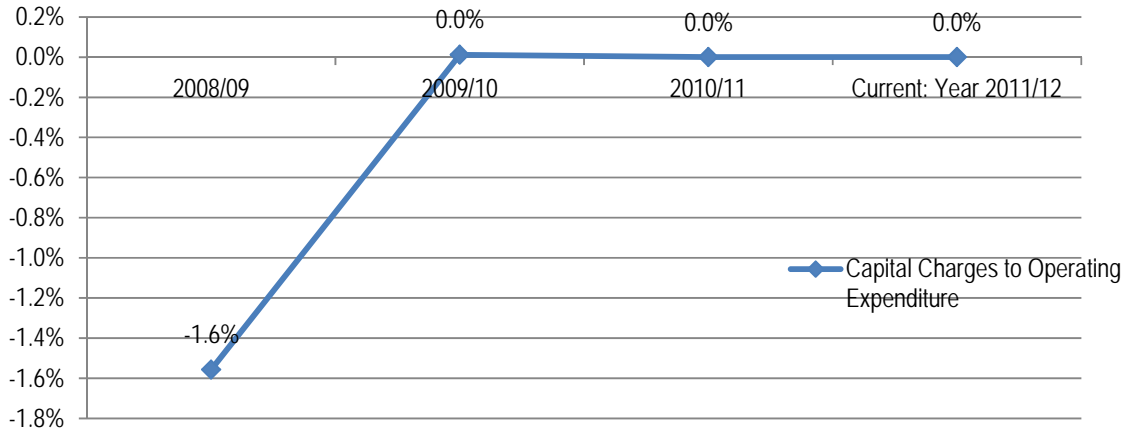
## Creditors System Efficiency



Creditor System Efficiency - The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

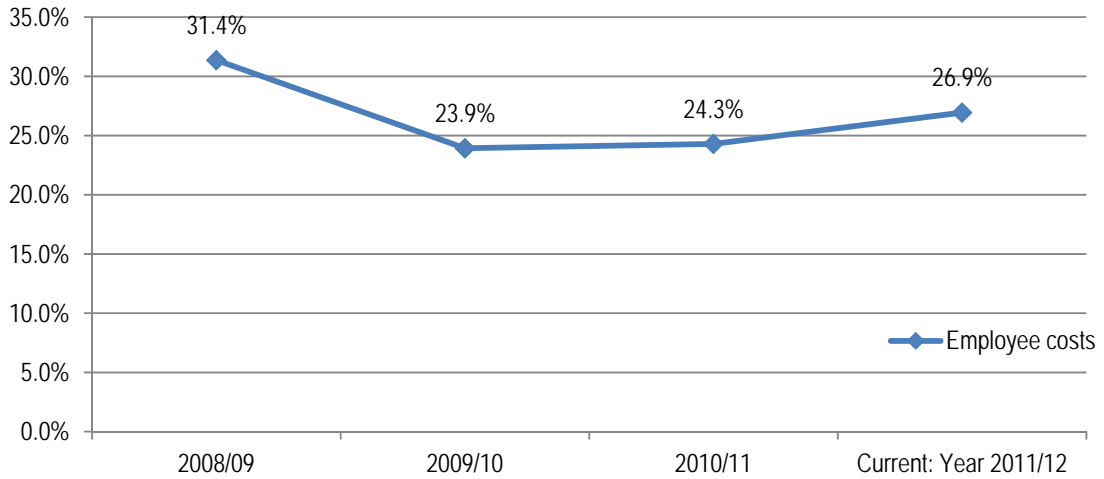
## Capital Charges to Operating Expenditure



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

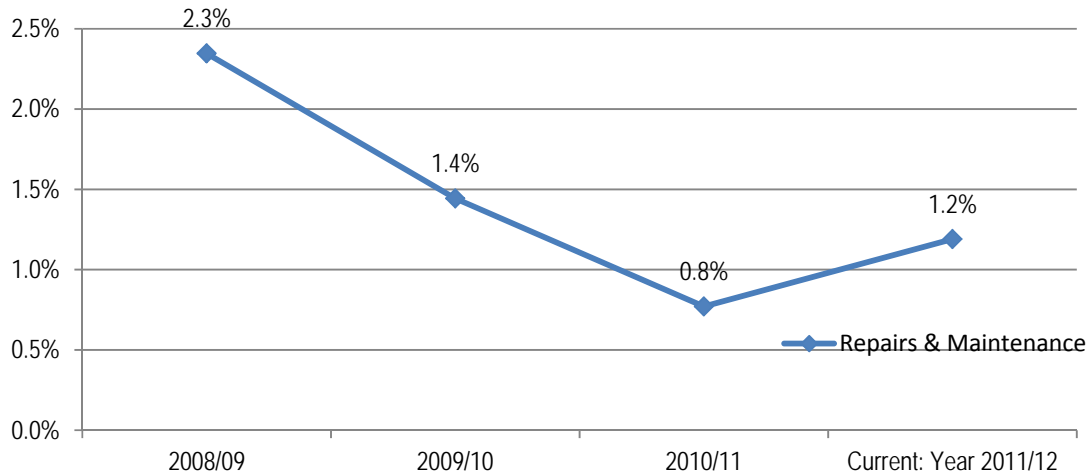
## Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

## Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

### COMMENT ON FINANCIAL RATIOS:

#### **Liquidity Ratio**

This ratio provides an indication of the municipality's ability to pay its short term debts in the short-term (viability of an entity). These ratios focus on current assets (debtors, bank and cash, inventory) and current liabilities (trade and sundry creditors, provisions, accruals).

The Amathole District municipality reflects a strong liquidity ratio meaning that is able to pay its debts when they fall due. This ratio has been fairly consistent in the prior years, but has decreased in the current year .due to an increase in the current liabilities.

#### **Cost coverage**

The municipality's available cash is sufficient to cover its operating costs, with 2012 yielding a cover of 10 months and is consistent with the prior year. The cash situation of the municipality is healthy due to good financial management.

#### **Total outstanding service debtors**

This ratio indicates that 62% of the consumer debtors are outstanding. This percentage is high and is indicative of the low collection rate. However the ratio has improved each financial year due to efforts of the municipality's revenue section in the application of the municipality's debt collection and credit policy.

#### **Debt coverage**

The municipality has a very low debt gearing. The ADM does not have any external debt except in the form of finance lease obligations for office equipment (R0.7 million) in accordance with GRAP 13 on leases. The ADM is thus able to repay its debt obligations when due.

#### **Creditors system efficiency**

The ratio must be compared to the municipality's credit terms which it receives from suppliers and that determined by the MFMA to determine whether the management of accounts payable is effective or not. The longer the credit terms the better for the municipality as the credit is usually interest free. Trade creditors carry no explicit cost. However, when cash discounts are being offered, the cost of not taking the discount is an implicit cost. Additional strain is placed on working capital requirements if creditor's payment days are significantly less than the debtor's collection period.

Payment can only be made upon receiving the original invoice. The Budget and Treasury office has implemented procedures and controls to ensure that invoices are received and paid within the legislative timeframes .i.e. payment within 30 days of receipt of invoice. This intervention has greatly improved the payment turn-around times to ensure compliance with the MFMA.

#### **Capital charges to operating expenditure**

This ratio is an indication of capital charges in relation to operating expenditure. This ratio could be used to assess the cost/extent of financing. The cost of capital includes finance costs and depreciation.

This ratio is very low as the only finance and capital payments are as a result of finance lease payments. The municipality rents copiers and fax machines. These lease agreements are classified as finance leases in accordance with GRAP 13: Leases (applicable accounting standard). The municipality only has finance lease obligations and no external borrowings, hence the ratio is below 1%. The ratio is consistent from year to year. The finance charges recognized are in accordance with the GRAP standard on leases.

#### **Employee costs**

This ratio is reasonable for the municipality and indicates that 27% of the revenue has been spent on employee costs.

#### **Repairs and maintenance**

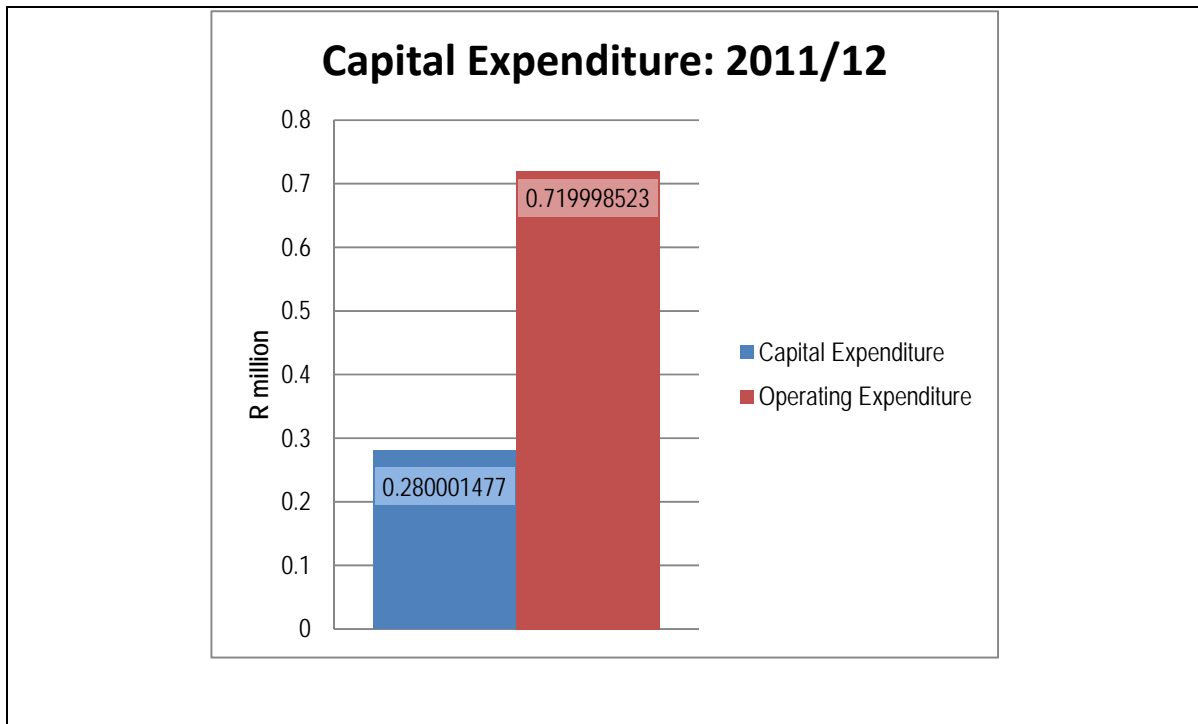
Currently the ratio is very low. The amount of repair expenditure will depend on the age of the assets. It is anticipated that this rate will increase due to age of the infrastructure assets. The ratio can be used to assess whether asset management is effective or not. To ensure that assets are adequately maintained, a programme for the planned maintenance and replacement of all fixed and moveable assets is essential. The magnitude of deferred maintenance due to past and present capacity deficiencies must be considered.

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spend. Highlight the 5 largest projects (see T5.7.1) and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to **Appendices M** (relating to the new works and renewal programmes), **N** (relating to the full programme of full capital projects, and **O** (relating to the alignment of projects to wards).

5.5 CAPITAL EXPENDITURE



5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: 2010/11 to 2011/12							R' 000
Details		2010/11	2011/12				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
<b>Source of finance</b>							
	Grants and subsidies		362,027		345,577	-100.00%	-4.54%
	Other		54,108		35,665	-100.00%	-34.09%
<b>Total</b>		-	<b>416,135</b>	-	<b>381,242</b>		
<i>Percentage of finance</i>							
	Grants and subsidies		87.0%		90.6%		
	Other		13.0%		9.4%		
<b>Capital expenditure</b>							

	Water and sanitation		320,658		305,922	-100.00%	-4.60%
	Other		95,478		75,320	-100.00%	-21.11%
<b>Total</b>		<b>-</b>	<b>416,135</b>	<b>-</b>	<b>381,242</b>		
<i>Percentage of expenditure</i>							
	Water and sanitation		77.1%		80.2%		
	Other		22.9%		19.8%		

#### 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: 2011/12			Variance: Current Year 2011/12	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Idutywa East Water Supply Project	18,000		46,822	-160%	100%
Mbhashe North Regional Water Scheme	20,000		28,461	-42%	100%
Ibika - Centane Regional Water Supply	21,000		23,853	-14%	100%
Mncwasa Water Supply Scheme	18,000		21,726	-21%	100%
Crouch's Bush Water Supply Project	15,000		13,740	8%	100%

\* Projects with the highest capital expenditure in Year 0

<b>Name of Project - Idutywa East Water Supply Project</b>	
Objective of Project	
Delays	
Future Challenges	
Anticipated citizen benefits	
<b>Name of Project - Mbhashe North Regional Water Scheme</b>	
Objective of Project	
Delays	
Future Challenges	
Anticipated citizen benefits	
<b>Name of Project - Ibika - Centane Regional Water Supply</b>	

Objective of Project	
Delays	
Future Challenges	
Anticipated citizen benefits	
<b>Name of Project - Mncwasa Water Supply Scheme</b>	
Objective of Project	
Delays	
Future Challenges	
Anticipated citizen benefits	
<b>Name of Project - Crouch's Bush Water Supply Project</b>	
Objective of Project	
Delays	
Future Challenges	
Anticipated citizen benefits	

#### 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Service Backlogs as at 30 June Year 2012				
	Households (HHs)			
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	150 620	62.76%	89 380	37.24%
Sanitation	92400	38.50%	147 600	61.50%
Electricity	N/A to ADM (LMs & DME)	%		%
Waste management	N/A to ADM – Provision of Bulk Only (LMs)	%		%
Housing	N/A to ADM (LMs & Province)	%		%



Municipal Infrastructure Grant (MIG)* Expenditure Year 2011/12 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust- ments Budget	
<b>Infrastructure - Road transport</b>				%	%	
<i>Roads, Pavements &amp; Bridges</i>				%	%	
<i>Storm water</i>				%	%	
<b>Infrastructure - Electricity</b>				%	%	
<i>Generation</i>				%	%	
<i>Transmission &amp; Reticulation</i>				%	%	
<i>Street Lighting</i>				%	%	
<b>Infrastructure - Water</b>				%	%	
<i>Dams &amp; Reservoirs</i>				%	%	
<i>Water purification</i>	211,579		220,552	%	%	
<i>Reticulation</i>				%	%	
<b>Infrastructure - Sanitation</b>		249,403		%	%	
<i>Reticulation</i>				%	%	
<i>Sewerage purification</i>	60,219		28,851	%	%	
<b>Infrastructure - Other</b>				%	%	
<i>Waste Management</i>				%	%	
<i>Transportation</i>				%	%	
<i>Gas</i>				%	%	
<i>Other Specify:</i>	10,064		9,830	%	%	
				%	%	
				%	%	
				%	%	
<b>Total</b>	<b>281,862</b>	<b>249,403</b>	<b>259,233</b>	<b>%</b>	<b>%</b>	

**COMMENT ON BACKLOGS:**

The total allocated Municipal Infrastructure Grant (MIG) for the municipality was R321 323 000 and the municipality managed to spend R259 232 947 (80.7%), the application to retain the unspent funds was sent to National Treasury for approval. Amathole District Municipality by virtue of being a Water Services Authority has an obligation to spend the bulk of the MIG funding rendering Water and Sanitation Services, as such 75% of the expenditure was utilized in addressing Water Backlog and 7% addressed sanitation backlog and the rest is for operational budget and other projects such as Solid Waste and Housing Services.

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The municipality's consistently strong liquidity profile over the past few years reflects a viable administrative system geared towards fiscal discipline despite challenges associated with the collection of revenues. The municipality prepares highly informative and comprehensive annual financial statements, including a balance sheet that is independently audited by the Auditor General. The district municipality received an unqualified audit opinion for the financial year ended 30 June 2011, following a qualification in the prior year. The qualifications normally do not contain any material qualifications that affect the cash flow of the municipality.

#### 5.9 CASH FLOW

Cash Flow Outcomes					R'000
Description	2010/11	Current: 2011/12			
	Audited Outcome	Original Budget	Adjusted Budget	Actual	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Ratepayers and other	71,606	303,740	121,269	72,544	
Government - operating	792,156	544,364	545,487	923,230	
Government - capital	-	-	-	-	
Interest	62,981	20,000	20,000	65,134	
Dividends	-	-	-	-	
<b>Payments</b>					
Suppliers and employees	(658,350)	(595,208)	(595,208)	(651,757)	
Finance charges	(194)	-	-	(115)	
Other	(1,967)	-	(181,348)	(254)	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>266,231</b>	<b>272,896</b>	<b>(89,800)</b>	<b>408,781</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds on disposal of PPE	221,691	-	-	1,518	
Decrease (Increase) in non-current debtors	(115)	-	-	(40)	
Decrease (increase) other non-current receivables	-	-	-	-	
Decrease (increase) in financial assets	3,277	-	-	(4,920)	
<b>Payments</b>					
Capital assets	(479,762)	(54,108)	(54,108)	(350,669)	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(254,910)</b>	<b>(54,108)</b>	<b>(54,108)</b>	<b>(354,111)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					

<b>Receipts</b>				
Short term loans	-	-	-	-
Borrowing long term/refinancing	425	-	-	(271)
Increase (decrease) in consumer deposits	201	-	-	173
<b>Payments</b>				
Repayment of borrowing	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>626</b>	<b>-</b>	<b>-</b>	<b>(98)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>11,948</b>	<b>218,787</b>	<b>(143,908)</b>	<b>54,572</b>
Cash/cash equivalents at the year begin:	279,773	378,453	(760,505)	291,721
Cash/cash equivalents at the year end:	291,721	597,240	(904,413)	346,293

Source: MBRR A7

**COMMENT ON CASH FLOW OUTCOMES:**

**Cash flow outcome**

The municipality reflects an increase of R55 million in its cash and cash equivalents for the 2012 financial year. This increase is as a result of the grant funding received from National government and savings on the municipality's operating budget.

The receipts of the municipality exceeded the payments during the 2012 financial year therefore yielding a net cash inflow of R408 million, while the investing activities resulted in a net outflow of cash as a result of the purchase of property, plant and equipment of R351 million. The municipality does not have significant financing activities.

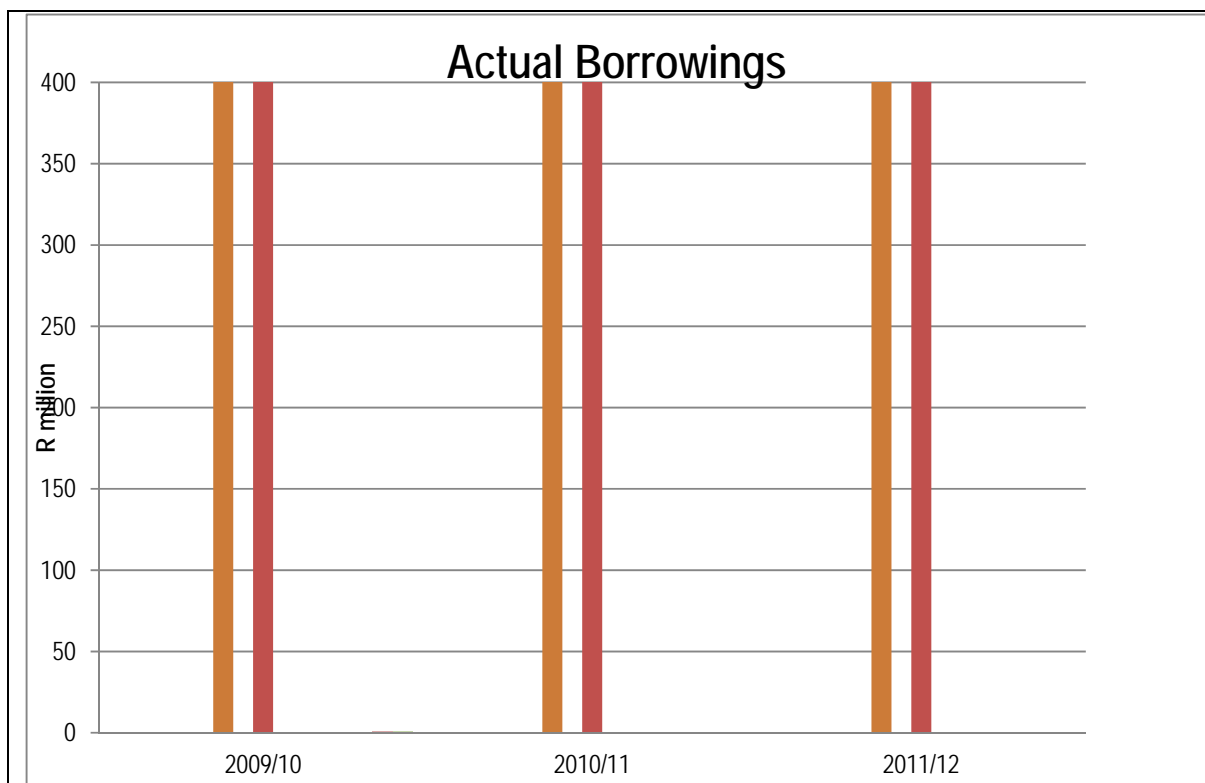
**5.10 BORROWING AND INVESTMENTS**

**INTRODUCTION TO BORROWING AND INVESTMENTS**

**Debt Profile**

As opposed to metros and local municipalities, district municipalities typically feature low gearing; this reflects the very limited service responsibilities attributed to these levels of government. The Amathole district municipality has settled its long-term loans of roughly R10 million that it inherited when it took over the water and sanitation function from various local municipalities in its jurisdiction in 2007. Amathole's only long-term debt is in respect of financial lease obligations totalling only R0.7 million. The district does not plan to raise any loans in the medium-term.

Actual Borrowings: Year -2 to Year 0			
	R' 000		
Instrument	2009/10	2010/11	2011/12
<b>Municipality</b>	0	0	0
Long-Term Loans (annuity/reducing balance)	0	0	0
Long-Term Loans (non-annuity)	0	0	0
Local registered stock	0	0	0
Instalment Credit	0	0	0
Financial Leases	616	1,041	770
PPP liabilities	0	0	0
Finance Granted By Cap Equipment Supplier (Operating lease liability)	214	282	472
Marketable Bonds	0	0	0
Non-Marketable Bonds	0	0	0
Bankers Acceptances	0	0	0
Financial derivatives	0	0	0
Other Securities	0	0	0
<b>Municipality Total</b>	<b>830</b>	<b>1,323</b>	<b>1,242</b>
<b>Municipal Entities</b>			
Long-Term Loans (annuity/reducing balance)	0	0	0
Long-Term Loans (non-annuity)	0	0	0
Local registered stock	0	0	0
Instalment Credit	0	0	0
Financial Leases	0	0	0
PPP liabilities	0	0	0
Finance Granted By Cap Equipment Supplier (Operating lease liability)	12	33	54
Marketable Bonds	0	0	0
Non-Marketable Bonds	0	0	0
Bankers Acceptances	0	0	0
Financial derivatives	0	0	0
Other Securities	0	0	0
<b>Entities Total</b>	<b>12</b>	<b>33</b>	<b>54</b>



Municipal and Entity Investments			
			R' 000
Investment* type	2009/10	2010/11	2011/12
	Actual	Actual	Actual
<b>Municipality</b>			
Securities - National Government	-	-	-
Listed Corporate Bonds	-	-	-
Deposits - Bank	469,467	466,190	471,109
Deposits - Public Investment Commissioners	-	-	-
Deposits - Corporation for Public Deposits	-	-	-
Bankers Acceptance Certificates	-	-	-
Negotiable Certificates of Deposit - Banks	-	-	-
Guaranteed Endowment Policies (sinking)	-	-	-
Repurchase Agreements - Banks	-	-	-
Municipal Bonds	-	-	-
Other			
<b>Municipality sub-total</b>	<b>469,467</b>	<b>466,190</b>	<b>471,109</b>

<b>Municipal Entities</b>			
Securities - National Government	-	-	-
Listed Corporate Bonds	-	-	-
Deposits - Bank	-	-	-
Deposits - Public Investment Commissioners	-	-	-
Deposits - Corporation for Public Deposits	-	-	-
Bankers Acceptance Certificates	-	-	-
Negotiable Certificates of Deposit - Banks	-	-	-
Guaranteed Endowment Policies (sinking)	-	-	-
Repurchase Agreements - Banks	-	-	-
Other	-	-	-
<b>Entities sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Consolidated total:</b>	<b>469,467</b>	<b>466,190</b>	<b>471,109</b>

**COMMENT ON BORROWING AND INVESTMENTS:**

**Debt profile**

The finance lease obligations are recognized in accordance with the GRAP standards and pertain to the rental of office machines.

**Investment profile**

The municipality has R460 million capital invested in five reputable financial institutions, earning interest of R24 million at an average of 5.97%.

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.12 SUPPLY CHAIN MANAGEMENT

#### SUPPLY CHAIN MANAGEMENT

Section 3(1)(b) and (c) of the SCM Regulations states that the accounting officer of a municipality must at least annually review the implementation of the SCM policy and when necessary submit proposal for the amendment of the policy to council. During the reviewal process undertaken during the 2011/2012 financial year, it became apparent that certain issues needed to be included in the SCM Policy, inter alia, the revised Preferential Procurement Regulations of 2011 released by National Treasury aligning the Regulations with the aims of the Broad-Based Black Economic Empowerment Act and its associated Codes of Good Practice. The revised Preferential Procurement Regulations was implemented on 7 December 2011. The policy has since been reviewed and adopted by Council.

Section 117 of the MFMA states that: “No councilor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, not attend any such meeting as an observer.” The Accounting Officer established a committee system that is consistent with the MFMA and Municipal SCM Regulations for competitive bids consisting of:

- A bid specification committee
- A bid evaluation committee
- A bid adjudication committee

Rules and procedures governing the functioning of the abovementioned bid committees were developed.

Chapter 6 of the Municipal Regulations on Minimum Competency Levels states that: “The accounting officer and any other official of a municipal entity involved in the implementation of the SCM Policy of the municipal entity must generally have the skills, experience and capacity to assume and fulfil the responsibilities and exercise the functions and power in respect of Supply Chain Management.” The regulations indicate the minimum competency levels for Heads and Managers in Supply Chain Management. The Head of Supply Chain, Manager : Acquisitions and Demand and the Manager : Contracts is still busy with the Minimum Competency Training.

### 5.13 GRAP COMPLIANCE

#### GRAP COMPLIANCE

GRAP is the acronym for **Generally Recognized Accounting Practice** and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications. The annual financial statements have been prepared on the accrual basis of accounting and in accordance with historical cost convention, unless otherwise specified. The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any

interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No. 56 Of 2003).

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.



## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA S45 states that the results of performance measurement... must be audited annually by the Auditor-General.

## COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 2010/11

### 6.1 AUDITOR GENERAL REPORTS YEAR 2010/11 (PREVIOUS YEAR)

The municipality received an unqualified audit opinion with an emphasis of matter for the 2011 financial year.

The emphasis of matter paragraph reported the following:

- \* Prior year comparatives for commitments, investment properties and property, plant and equipment were restated by material amounts.
- \* Irregular expenditure to the value of R0.5 million was incurred as a result of the contravention of the SCM process.
- \* Fruitless and wasteful expenditure to the value of R0.3 million was incurred.
- \* The municipality reflected material impairments to the consumer debtors of R92 million
- \* Material losses of R60 million for water distribution losses were disclosed in the annual financial statements

The 2011 audit report also reported on matters relating to legal regulatory requirements and internal control weaknesses.

### Auditor-General Report on Financial Performance: Year 2010/11

Audit Report Status*:	Unqualified with other matters specified
Non-Compliance Issues	Remedial Action Taken
<p><b>Material restatement of comparative figures</b>                      1) Capital commitments as disclosed were restated by an amount of R49.7 million due to incorrect contract values reported in the prior year.</p> <p>2) Investment properties were restated by an amount of R49.8 million due to the recognition of previously unreported properties in the current year. This was mainly due to disputes in ownership.</p> <p>3) Property, plant and equipment was restated by R1,241 billion due to previously unreported assets in the current year.</p>	<p>1) The capital commitments register was updated with tenders awarded, variations, extensions and payments including accruals. The classification of capital commitments was checked. The capital commitments register was reconciled to the work in progress register. In addition, the opening balances were also investigated and corrected where necessary.</p> <p>2 &amp; 3) The asset register was updated with additions and disposals. Physical verifications were performed. The asset register was reconciled to the general ledger.</p>
<p><b>Irregular expenditure</b>                      The municipality incurred irregular expenditure of R546 238 during the 2011 financial year as a result of contraventions of the supply chain management (SCM) process by procuring from suppliers whose companies are owned by personnel in the service of the state.</p>	<p>The asset register was updated with all additions and disposals during the 2012 financial year.                      Depreciation was calculated.                      Work in progress was reconciled and supported evidence.                      Infrastructure assets were componentised.                      Asset verification was performed.</p>
<p><b>Fruitless and wasteful expenditure</b>                      During the 2011 financial year, the municipality incurred fruitless and wasteful expenditure amounting to R374 420 as a result of delays in occupation of offices being let and payment disputes.</p>	<p>Controls were implemented accordingly for the identification and prevention of fruitless and wasteful expenditure. B14</p>
<p><b>Material losses impairments and under spending</b>                      1) The municipality recognised a debt impairment of R91.8 million during 2011 financial year as a result of receivables not considered recoverable.</p> <p>2) The municipality incurred water losses of R60.4 million in both distribution and from providing unmetered water points.</p> <p>3) During the 2011 financial year, the municipality reflected under spending of R6.5 million relating to the Extended Public Works Program Grant (EPWP)</p>	<p>1) The municipality applies its debt collection and credit policy after which business and domestic accounts with outstanding debt older than 90 days are submitted to debt collectors for collection.</p> <p>2) Contractors were appointed to install bulk and zonal meters so that water balances reflecting consumption can be produced. A telemetry system has been installed to augment the meter reading information.</p> <p>3) The EPWP grant is an incentive based grant and there is thus no direct link between the allocation and current expenditure. However the municipality has developed an action plan to ensure that projects implemented by the municipality satisfy the criteria of the incentives so as to fully utilise the grant allocation.</p>

<p><b>Report on other legal and regulatory requirements</b></p> <p><b>Predetermined objectives</b></p> <p>1) The validity, accuracy and completeness of the following target; 921 384 people with access to water, 921 384 not met) could not be established as sufficient appropriate audit evidence could not be provided.</p> <p>2) A reported target of: 40% households with adequate sanitation, 40% accumulative, not met; validity, accuracy and completeness could not be established due to relevant source documentation not being provided.</p>	<p>1) These targets were based upon census data. The target for the 2011/12 financial year was revised to reflect number of households instead of number of people.</p> <p>2) The target was erroneously set on cumulative achievements instead of annual results. The target for the 2011/12 financial was revised.</p>
<p><b>Compliance with laws and regulations</b></p> <p><b>Annual financial statements, performance and annual reports</b></p> <p>1) The annual financial statements that were submitted for auditing contained material misstatements of capital assets, current assets, equity, liabilities, expenditure and disclosure items.</p> <p>2) The performance report was not prepared as required by section 46 of the Municipal Systems Act No. 32 of 2000 and section 121(3)(c) of the Municipal Finance Management Act No. 56 of 2003(MFMA). The 2009/10 annual report was not submitted to the oversight committee within the stipulated time frames.</p> <p>3) The accounting officer did not make public the council's oversight report on the 2010/11 annual report within seven days of its adoption, as required by section 129(3) of the MFMA due to a delay in the publishing of the annual report.</p>	<p>1) The identified misstatements were subsequently corrected resulting in an unqualified audit opinion. A preparation plan for the financial year end and financial statement preparation was prepared indicating timeframes and responsibilities. Reconciliations are being prepared on a monthly basis for account balances in the ledger.</p> <p>2) Process and were implemented to ensure that the annual report for 2010/11 year was submitted to the relevant oversight committees within the stipulated timeframes.</p> <p>3) Process and were implemented to ensure that the annual report for 2010/11 year was published within stipulated timeframes.</p>
<p><b>Procurement and Contract management</b></p> <p>Awards were made to service providers whose members are persons in the service of the state which contravenes the requirements of SCM regulation 44.</p>	<p>The Municipality does not have the capability to determine who is in the employ of the State as required by the Regulations. Thus compensating controls were implemented in the form of all bidders being required to complete a declaration of whether or not they are in the employ of the state. If the Declaration is not completed or the bidder declares that one of their shareholders are in the service of the state, this bid will be rejected. Where a bidder declares that none of their shareholders are in the service of the state, upon award a condition is contained in the appointment letter requesting awarded bidders to once again declare that they are not in the service of the state.</p>

<p><b>Expenditure management</b> The accounting officer did not take reasonable steps to prevent irregular expenditure and fruitless and wasteful expenditure as required by section 62(1)(d) of the MFMA.</p>	<p>Controls were implemented accordingly for the identification and prevention of fruitless and wasteful expenditure. Timely reporting of identified and un prevented instances of irregular expenditure and fruitless and wasteful expenditure has also being performed to facilitate investigation by Council.</p>
<p><b>Conditional grants</b> The municipality did not always submit quarterly reports to the transferring national officer on non financial performance in respect of the allocation received for the Municipal Infrastructure Grant, Financial Management Grant and Water Services Operating Subsidy Grant as required by section 11(2)(c) and 12(2)(c) of the Division of Revenue Act.</p>	<p>MIG: Non Financial Quarterly reports are submitted to National Treasury via Provincial Local Government utilising the template given. Copies of the reports are available for all quarters of the 2012 financial year. Water Services Operating Subsidy Grant: Reports are sent to both Treasury and Department of Water Affairs on a monthly basis. These monthly reports are available for the 2012 financial year. FMG: Reports are sent monthly to Treasury and are available for the 2012 financial year.</p>
<p><b>Asset management</b> The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained a management, accounting and information system which: accounts for the assets of the municipality as required by section 63(2)(a) of the MFMA.</p> <p>The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained an effective system of internal control for assets(including an asset register) as required by section 63(2)(c) of the MFMA.</p>	<p>The asset register was updated with all additions and disposals during the 2012 financial year. Depreciation was calculated. Work in progress was reconciled and supported evidence. Infrastructure assets were componentised. Asset verification was performed.</p>
<p><b>Financial and performance management</b> The AFS submitted for auditing purposes were incomplete as a result of inadequate review by management and over reliance on the consultants appointed to assist in the preparation of the AFS. The transfer of skills from the consultants to the municipal officials was not adequate as the consultants were engaged continuously during the completion of the audit. AFS balances and disclosures had to be re-audited a number of times to ensure fair presentation. Excessive reliance by management on both the consultants and the audit process to achieve fair presentation is not creating a sustainable platform for achieving clean administration. The system for capital commitments and accounts receivable impairment was not kept up to date during the year and only completed during the preparation of the AFS, this process was found to be inadequate and had to be recalculated during the audit. Whilst for property plant and</p>	<p>The annual financial statements were drafted in house using the template as provided by the Office of the Accountant General. A preparation plan for the financial year end and AFS preparation indicating timeframes and responsibilities was maintained to track progress. The commitments register and fixed asset register have been updated before the 2012 audit. The debt impairment is provided monthly while a final top up for the year is performed at year end based on risk and past recoverability trends per category of debtor.</p>

equipment the fixed asset register is not being appropriately maintained and reconciled throughout the year resulting in the asset register being resubmitted several times for audit and furthermore the information supplied to the expert infrastructure values by management was inaccurate to the extent that the valuation.	
Despite an adequate risk assessment process, the municipality did not respond to and adequately monitor the risks identified. As a result, there were numerous instances of non-compliance with the MFMA, MSA, SCM and MPPM regulations.	The municipality has set-up Risk Committees (Risk Management and Risk Committees) to ensure establishment and monitoring of risk management processes. The risk committee are sitting on a monthly and quarterly basis to monitor risks.

Auditor-General Report on Service Delivery Performance: Year 2010/11	
Audit Report Status:	
Non-Compliance Issues	Remedial Action Taken
Actual performance not reflected in the Annual Performance Report	Departments submit Actual performance information on a quarterly basis for both Met and Not met targets which will then feed to the Annual Performance report
Performance information being reported beyond a year & no comparatives been disclosed.	A comparison of 11/12 and 12/13 SDBIP has been done

## COMPONENT B: AUDITOR-GENERAL OPINION YEAR 1 (2011/12))

### 6.2 AUDITOR GENERAL REPORT YEAR 2011/12

The audit report for the 2011/12 financial was issued by the Office of the Auditor General on 7 December 2012.

Auditor-General Report on Financial Performance 2011/12	
Status of audit report: Unqualified audit opinion with no emphasis of matter but with non-compliance with laws and regulations	
Non-Compliance Issues	Remedial Action Taken
Budgets Not all the monthly budget statements were submitted within the required timeframes to the mayor and relevant provincial treasury, as required by section 71(1) of the MFMA	An MFMA compliance checklist is being complied and will be monitored to assist in ensuring compliance with legislated timeframes.

<p><b>Annual financial statements, performance report and annual report</b> The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA as material misstatements of capital assets, payables, receivables, expenditure and disclosure items identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.</p>	<p>The municipality has identified activities to address the findings on capital assets, payables, receivables, expenditure and disclosures. These activities include improving business processes for the construction of infrastructure projects, in so doing to maintain a complete and accurate commitments register, work in progress register and retention register. The asset management strategy and policy will be reviewed to ensure that all expenditure is correctly capitalised. Reconciliations of all control and suspense accounts will be scrutinised to ensure that all reconciling and long outstanding items are identified and resolved.</p>
<p><b>Expenditure management</b> Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA  The accounting officer did not take reasonable steps to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.</p>	<p>The receipt of invoices is centralised at the Budget and Treasury office so as to maintain a register of invoices in order to track progress during the 30 day payment period.  A policy for the Irregular, fruitless and wasteful and unauthorised expenditure has been developed. Procedures are in place to prevent, detect and rectify irregular expenditure.</p>
<p><b>Conditional grants</b> The municipality did not submit the last quarter's performance reports to the transferring national officer, the relevant provincial treasury and the National Treasury within 30 days after the end of the quarter, as required by section 12(2)(c) of DoRA.  The municipality did not submit an evaluation of its performance in respect of programmes or functions funded or partially funded by an allocation to the transferring national officer within two months after the end of the financial year, as required by section 12(6) of DoRA</p>	<p>These performance reports are received for verification from Treasury. The municipality will verify all quarterly performance reports and submit to Treasury.  Processes are being established to ensure that all grants, stated in section 12(6), performance is evaluated and a report is sent to the transferring national officer within the legislated timeframes. The project managers of these grants have been informed of this DoRA requirement.</p>

Auditor-General Report on Service Delivery Performance: Year 2011/12	
Status of audit report: There were no material findings on the annual performance report concerning the usefulness and reliability of the information.	
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Not Applicable	

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 1

Audit report for the 2011/12 financial year is attached as Volume II.

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 2011/12:

From the 2006/07 financial year where the municipality received an adverse audit opinion from the Auditor General to the 2010/11 financial year where the municipality received an unqualified opinion with emphasis of matter, there has been significant improvement. The municipality has put in a considerable amount of time and effort in resolving the challenges that have led to qualifications in prior years. The areas of qualification include the following; revenue and receivables, property, plant and equipment, capital commitments, irregular expenditure and fruitless and wasteful expenditure.

The municipality has developed action plans to address the matters that are identified in the audit report issued by the Auditor General. In an effort to resolve the emphasis of matter issues contained in the 2010/11 audit report, management has strengthened and implemented control processes and procedures. These action plans have assisted in the municipality retaining an unqualified audit opinion for the 2011/12 financial year. The municipality has further made improvements by resolving the items that were noted in the emphasis of matter paragraph in the 2010/11 audit report.

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES: Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief financial officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief financial Officer)..... Dated

## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.



<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance</b>	Indicators should be specified to measure performance in relation to input,

<b>Indicator</b>	activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: <i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i> <i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>

## APPENDICES

### APPENDIX A: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

#### APPENDIX A (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
						R' 000
Vote Description	2010/11	2011/12		2011/12 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote2 - Executive & Council	22,823	47,492	-	21,782	-118%	100%
Vote4 - Strategic Management	88,765	65,301	151,133	58,052	-12%	-160%
Vote5 - Corporate Services	23,806	66,031	7,000	66,689	1%	90%
Vote6 - Budget & Treasury	72,532	81,346	-	91,284	11%	100%
Vote8 - Engineering Department	497,845	592,512	-	558,409	-6%	100%
Vote9 - Health & Protection Department	61,804	62,878	-	83,013	24%	100%
Vote10 - O&m Water And Sanitation	145,561	278,350	25,275	207,974	-34%	88%
Vote11 - Land Human Settlements & Eco Development	55,472	81,618	-	51,515	-58%	100%
Vote12 - Municipal Management	47,457	29,315	(2,060)	19,216	-53%	111%
Vote13 - Agency Services	4,425	-	-	-	0%	0%
<b>Total Revenue by Vote</b>	<b>1,020,489</b>	<b>1,304,843</b>	<b>181,348</b>	<b>1,157,933</b>	<b>0%</b>	<b>0%</b>

APPENDIX A (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	2010/11	2011/12		Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Service Charges - water revenue	70,496	66,164		99,732	34%	100%
Service Charges - sanitation revenue	43,402	59,665		69,772	14%	100%
Service Charges - other	1,851	1,922		3,142	39%	100%
Rentals of facilities and equipment	269	255		311	18%	100%
Interest earned - external investments	40,142	15,000		37,947	60%	100%
Interest earned - outstanding debtors	22,838	-		27,187	100%	100%
Fines	-	10			0%	0%
Transfers recognised - operational	795,609	555,893	554,770	871,358	36%	36%
Other revenue	42,871	605,934	788,404	48,484	-1150%	-1526%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1,020,512</b>	<b>1,304,843</b>	<b>1,343,174</b>	<b>1,157,933</b>	<b>-12.69%</b>	<b>-16.00%</b>

APPENDIX B: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
				R' 000		
Neighbourhood Development Partnership Grant	34,000	34,000	34,000	0%	0%	
Rural Transport infrastructural Grant	1,688	1,688	940	80%	80%	
Expanded Public Works Programme	9,333	12,111	12,111	-23%	0%	
Public Transport Infrastructure and Systems Grant	11,704	7,803	3,634	222%	115%	
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	790	790	721	10%	10%	
Financial Managememt Grant	1,250	1,250	930	34%	34%	
<i>Other Specify:</i>						
NDPG in kind	3,000	3,000				
Regional Bulk Infrastructural Grant	55,700	55,700	55,579	0%	0%	
<b>Total</b>	<b>117,465</b>	<b>116,342</b>	<b>107,916</b>	<b>9%</b>	<b>8%</b>	

APPENDIX C: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX C (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
Description	R '000						
	2010/11	2011/12			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2012/13	2013/14	2014/15
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	183,900	360,546		307,987	390,338	409,116	456,487
<b>Infrastructure: Road transport - Total</b>	–	–		–	–	–	–
<i>Roads, Pavements &amp; Bridges</i>							
<i>Storm water</i>							
<b>Infrastructure: Electricity - Total</b>	–	–		–	–	–	–
<i>Generation</i>							
<i>Transmission &amp; Reticulation</i>							
<i>Street Lighting</i>							
<b>Infrastructure: Water - Total</b>	172,847	260,439		269,305	274,125	276,945	295,103
<i>Dams &amp; Reservoirs</i>	1,483						
<i>Water purification</i>	166,558	211,579		220,552	222,196	225,441	230,703
<i>Reticulation</i>	4,805	48,860		48,754	51,929	51,504	64,400
<b>Infrastructure: Sanitation - Total</b>	9,101	60,219		28,851	116,213	132,171	161,384
<i>Reticulation</i>							
<i>Sewerage purification</i>	9,101	60,219		28,851	116,213	132,171	161,384
<b>Infrastructure: Other - Total</b>	1,953	39,889		9,830	–	–	–
<i>Waste Management</i>							
<i>Transportation</i>	328						
<i>Gas</i>							
<i>Other</i>	1,624	39,889		9,830			

<b>Community - Total</b>	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							

Capital Expenditure - New Assets Programme*							
R '000							
Description	2010/11	2011'12			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2012/13	2013/14	2014/15
<b>Capital expenditure by Asset Class</b>							
<b>Heritage assets - Total</b>	-	-		-	-	-	-
Buildings							
Other							
<b>Investment properties - Total</b>	-	-		-	-	-	-
Housing development							
Other							
-							
<b>Other assets</b>	<b>22,195</b>	<b>29,463</b>		<b>20,648</b>	<b>34,269</b>	<b>21,270</b>	<b>22,226</b>
General vehicles	19,923	11,959		14,383	16,462	7,104	7,433
Specialised vehicles		4,610		2,239	4,500	4,739	4,971
Plant & equipment	98	1,533		159	2,079	1,399	1,446
Computers - hardware/equipment	694	2,454		1,457	1,558	1,640	1,718
Furniture and other office equipment	1,480	6,208		2,326	7,090	4,460	4,671

Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings	-	2,700		83	2,581	1,928	1,986
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<b><u>Agricultural assets</u></b>	-	-			-	-	-
<i>List sub-class</i>							
<b><u>Biological assets</u></b>	-	-			-	-	-
<i>List sub-class</i>							
<b><u>Intangibles</u></b>	-	-			-	-	-
Computers - software & programming							
Other ( <i>list sub-class</i> )							
<b>Total Capital Expenditure on new assets</b>	<b>206,095</b>	<b>390,010</b>		<b>328,635</b>	<b>424,607</b>	<b>430,387</b>	<b>478,713</b>
<b><u>Specialised vehicles</u></b>	-	4,500		2,239	4,500	4,739	4,971
Refuse							
Fire		4,500		2,239	4,500	4,739	4,971
Conservancy							
Ambulances							



APPENDIX C (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
							R '000
Description	2010/11	2011'12			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2012/13	2013/14	2014/15
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	-	-		-	-	-	-
Infrastructure: Road transport -Total	-	-		-	-	-	-
<i>Roads, Pavements &amp; Bridges</i>							
<i>Storm water</i>							
Infrastructure: Electricity - Total	-	-		-	-	-	-
<i>Generation</i>							
<i>Transmission &amp; Reticulation</i>							
<i>Street Lighting</i>							
Infrastructure: Water - Total	-	-		-	-	-	-
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	-		-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
<b>Community</b>	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							

Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
<b>Heritage assets</b>	-	-		-	-	-	-
Buildings							
Other							
<i>Table continued next page</i>							
<i>Table continued from previous page</i>							
<b>Capital Expenditure - Upgrade/Renewal Programme*</b>							
R '000							
Description	2010/11	2011'12			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2012/13	2013/14	2014/15
<b>Capital expenditure by Asset Class</b>							
<b>Investment properties</b>	-	-		-	-	-	-
Housing development							
Other							
<b>Other assets</b>	<b>4,106</b>	<b>24,645</b>		<b>14,833</b>	<b>18,011</b>	<b>9,000</b>	<b>9,406</b>
General vehicles	2,909	6,182		3,082	7,486	3,754	3,904
Specialised vehicles					-	-	-
Plant & equipment		5			235	248	260
Computers - hardware/equipment	832	1,323		1,094	963	976	1,023
Furniture and other office equipment	365	583		830	3,828	4,022	4,219
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings					500	-	-
Other Land							
Surplus Assets - (Investment or Inventory)							
Other		16,552		9,827	5,000	-	-
<b>Agricultural assets</b>	-	-		-	-	-	-
<i>List sub-class</i>							

<b>Biological assets</b>	-	-	-	-	-	-
<i>List sub-class</i>						
<b>Intangibles</b>	-	-	-	-	-	-
Computers - software & programming						
Other ( <i>list sub-class</i> )						
	4,106					
<b>Total Capital Expenditure on renewal of existing assets</b>	4,106	24,645	14,833	18,011	9,000	9,406
<b>Specialised vehicles</b>	-	-	-	-	-	-
Refuse						
Fire						
Conservancy						
Ambulances						

APPENDIX D – CAPITAL PROGRAMME BY PROJECT YEAR 1

Capital Programme by Project: 2011/12					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
<b>Water</b>					
CROUCH'S BUSH WATER SUPPLY(R22,981,182.8	15,000		13,740	100%	-9%
DONTSA WATER SUPPLY	2,300		2,037	100%	-13%
EHLOBO MGCWE & ZINGQAYI W/SU	5,000		(2,351)	100%	313%
EKUPHUMLENIAND 9 VILLAGES W/S PHASE2	3,000		3,839	100%	22%
FISH RIVER PUMPING SCHEME PHASE3	3,000		4,732	100%	37%
GATYANA (ASAP)	8,000		1,531	100%	-423%
GCUWA WEST WATER SUPPLY	100		354	100%	72%
IBIKA-CENTANE W/S SCHEME	21,000		23,853	100%	12%
IDUTYWA EAST WATER SUPPLY	18,000		46,822	100%	62%
KOLOMANE BULK WATER SUPPLY	1,000		293	100%	-241%
MBHASHE NORTH W/S	20,000		28,461	100%	30%
MGWALI SOUTH WATER SUPPLY	10,000		3,944	100%	-154%
MNCWASA REGIONAL WATER SUPPLY PHASE 3	18,000		21,726	100%	17%
MNCWASA REGIONAL WATER SUPPLY PHASE 4			5,658	100%	100%
MNCWASA REGIONAL WATER SUPPLY PHASE2			8,042	100%	100%
MNNCWASA REGIONAL W/S(27 207 593.00)			3,030	100%	100%
MYOYO WATER SUPPLY(42 306 905.52)			12,113	100%	34%
NGCIZELE WATER SUPPLY(R 4343 844.60)	8,000		1,764	100%	-353%
NGQAMAKWE REGIONAL WATER SUPPLY-F STUDY	1,000		125	100%	-698%
NGQUSI WATER SUPPLY	1,000		1,076	100%	7%
QWANINGA WATER SUPPLY 2&3(16 77 641.00)	4,000		2,406	100%	-66%

QWANINGA WATER SUPPLY PHASE 4	4,000		244	100%	-1538%
QWANINGA WATER SUPPLY PHASE 5			394	100%	100%
STUT WATER TRAEET WORKS	3,000		40	100%	-7392%
WATER DEMAND MANAGEMENT	500		204	100%	-145%
RUNLETES WATER SUPPLY (1 187 628)	1,000		53	100%	-1785%
SUNDWANA WATER SUPPLY	15,000		11,332	100%	-32%
UPGRADING OF BULK WATER SUPPLY PHASE2	5,000		6,497	100%	23%
WEST VICTORIA EAST W/S PHASE3	14,000		15,673	100%	11%
WEST VICTORIA EAST			70	100%	100%
XORA REGIONAL W/S PHASE 1B	15,000		1,528	100%	-882%
XORA REGIONAL W/S PHASE 1C&D			1,071	100%	100%
XORA REGIONAL W/S PHASE 1E&F			251	100%	100%
<b>Sanitation/Sewerage</b>					
GUBEVU SANITATION	1,000		1,598	100%	37%
KEI ROAD TREATMENT WORKS(R18 651 090)	1,500		1,554	100%	3%
KOTANA SANITATION PHASE 2	5,000		7,985	100%	37%
KUMBANGA & GWEBE SANITATION	3,000		56	100%	-5277%
MHLOLOZI SANITATION PHASE 2	8,000		205	100%	-3798%
NGQUSHWA WARD 12 SANITATION(R1 454 523)	2,000		2,704	100%	26%
NGUSHWA WARD 5 SANITATION (R2 150 237)	250		311	100%	20%
PEDDIE TOWN & MATHAMBEKA BUCKET ERADICAT	250		39	100%	-537%
PEDDIE WASTEWATER TRETMENT WORKS	5,000		112	100%	-4384%
WILLOWVALE SEWARAGE SITE/FEASIBILTY STUD	2,000		5	100%	-43058%
ADELAIDE AND BEDFORD BEP PAHSE3	6,000		11,429	100%	48%
ADELAIDE AND BEDFORD BEP PHASE4	6,000		1,818	100%	-230%
BHOFOLO & NEWTOWN BEP PHASE5	2,000		515	100%	-288%

BULK UPGRADING-SEYMOUR WTW(5754501.12)	1,000		447	100%	-124%
CENTANI BUCKET ERADICATION(3 511 805.00)	1,100		74	100%	-1378%
<b>Housing</b>					
TEKO SPRINGS HOUSING	4,300		5,633	100%	24%
<b>Waste Management</b>					
ELLIOTDALE SOLID SOLID WASTE	300		97	100%	-208%
EASTERN REGIONAL SOLID WASTE	500		69	100%	-624%
IDUTYWA PUBLIC TRANSPORT FACILITY	1,873		517	100%	-263%
NXUBA MUNICIPAL OFFICES		2,971	14	-20924%	100%

APPENDIX E – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 1

Capital Programme by Project by Local Municipality: 2011/12		
		R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water		
CROUCH'S BUSH WATER SUPPLY(R22,981,182.8	MNQUMA	
DONTSA WATER SUPPLY	AMAHLATHI	
EHLOBO MGCWE & ZINGQAYI W/SU	MNQUMA	
EKUPHUMLENIAND 9 VILLAGES W/S PHASE2	NKONKOBE	
FISH RIVER PUMPING SCHEME PHASE3	NXUBA	
GATYANA (ASAP)	MBHASHE	
GCUWA WEST WATER SUPPLY	MNQUMA	
IBIKA-CENTANE W/S SCHEME	MNQUMA	
IDUTYWA EAST WATER SUPPLY	MBHASHE	
KOLOMANE BULK WATER SUPPLY	NKONKOBE	
MBHASHE NORTH W/S	MBHASHE	
MGWALI SOUTH WATER SUPPLY	MBHASHE	
MNCWASA REGIONAL WATER SUPPLY PHASE 3	MBHASHE	
MNCWASA REGIONAL WATER SUPPLY PHASE 4	MBHASHE	
MNCWASA REGIONAL WATER SUPPLY PHASE2	MBHASHE	
MNNCWASA REGIONAL W/S(27 207 593.00)	MBHASHE	
MYOYO WATER SUPPLY(42 306 905.52)	MNQUMA	
NGCIZELE WATER SUPPLY(R 4343 844.60)	MNQUMA	
NGQAMAKWE REGIONAL WATER SUPPLY-F STUDY	MNQUMA	
NGQUSI WATER SUPPLY	MNQUMA	
QWANINGA WATER SUPPLY 2&3(16 77 641.00)	MBHASHE	
QWANINGA WATER SUPPLY PHASE 4	MBHASHE	
QWANINGA WATER SUPPLY PHASE 5	MBHASHE	
STUT WATER TRAEET WORKS	AMAHLATHI	
WATER DEMAND MANAGEMENT		
WEST VICTORIA EAST	NKONKOBE	
RUNLETES WATER SUPPLY (1 187 628)	NOGUSHWA	
SUNDWANA WATER SUPPLY	MBHASHE	
UPGRADING OF BULK WATER SUPPLY PHASE2		
WEST VICTORIA EAST W/S PHASE3	NKONKOBE	

XORA REGIONAL W/S PHASE 1B	MBHASHE	
XORA REGIONAL W/S PHASE 1C&D	MBHASHE	
XORA REGIONAL W/S PHASE 1E&F	MBHASHE	
<b>Sanitation/Sewerage</b>		
GUBEVU SANITATION	AMAHLATHI	
KEI ROAD TREATMENT WORKS(R18 651 090)	AMAHLATHI	
KOTANA SANITATION PHASE 2	MNQUMA	
KUMBANGA & GWEBE SANITATION	MBHASHE	
MHLOLOZI SANITATION PHASE 2	MBHASHE	
NGQUSHWA WARD 12 SANITATION(R1 454 523)	NGQUSHWA	
NGQUSHWA WARD 5 SANITATION (R2 150 237)	NGQUSHWA	
PEDDIE TOWN & MATHAMBEKA BUCKET ERADICAT	NGQUSHWA	
PEDDIE WASTEWATER TRETMENT WORKS	NGQUSHWA	
WILLOWVALE SEWARAGE SITE/FEASIBILTY STUD	MBHASHE	
ADELAIDE AND BEDFORD BEP PAHSE3	NXUBA	
ADELAIDE AND BEDFORD BEP PHASE4	NXUBA	
BHOFOLO & NEWTOWN BEP PHASE5	NKONKOB	
BULK UPGRADING-SEYMOUR WTW(5754501.12)	NKONKOB	
CENTANI BUCKET ERADICATION(3 511 805.00)	MNQUMA	
<b>Electricity</b>		
<b>Housing</b>		
TEKO SPRINGS HOUSING	MNQUMA	
<b>Waste Management</b>		
ELLIOTDALE SOLID SOLID WASTE	MBHASHE	
EASTERN REGIONAL SOLID WASTE	MNQUMA	
IDUTYWA PUBLIC TRANSPORT FACILITY	MBHASHE	
NXUBA MUNICIPAL OFFICES	NXUBA	



**APPENDIX F – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71**

**MFMA Section 71 Returns Not made during Year 1 According to Reporting Requirements**

Return	Reason Return has not been properly made on due date
RME M01	Repairs and maintenance for July and August submitted on 26 October 2012 as only advised late of this reporting requirement.
RME M02	Repairs and maintenance for July and August submitted on 26 October 2012 as only advised late of this reporting requirement.
BSAC M01	Balance sheet for July only submitted on 17 August 2012, due to difficulties in balancing balance sheet for the month. The same for March balance sheet, which was only submitted on 30 April 2012.
BSAC M09	Balance sheet for July only submitted on 17 August 2012, due to difficulties in balancing balance sheet for the month. The same for March balance sheet, which was only submitted on 30 April 2012.

## APPENDIX G – MUNICIPAL / ENTITY FUNCTIONS

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
<b>Constitution Schedule 4, Part B functions:</b>		
Air pollution	Yes	
Building regulations	Yes	
Child care facilities	No	
Electricity and gas reticulation	No	
Firefighting services	Yes	
Local tourism	Yes	
Municipal airports	Yes but limited to airports serving the area of the district municipality as a whole	
Municipal planning	Yes	
Municipal health services	Yes	
Municipal public transport	No	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	
Stormwater management systems in built-up areas	No	
Trading regulations	No	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	

Beaches and amusement facilities	No	
Billboards and the display of advertisements in public places	No	
Cemeteries, funeral parlours and crematoria	Yes but limited to the cemeteries and crematoria serving the area of a major proportion of municipalities in the district	
Cleansing	No	
Control of public nuisances	No	
Control of undertakings that sell liquor to the public	No	
Facilities for the accommodation, care and burial of animals	No	
Fencing and fences	No	
Licensing of dogs	No	
Licensing and control of undertakings that sell food to the public	No	
Local amenities	No	
Local sport facilities	No	
Markets	Yes but limited to fresh produce markets serving the area of a major proportion of the municipalities in the district	
Municipal abattoirs	Yes but limited to abattoirs serving the area of a major proportion of the municipalities in the district	
Municipal parks and recreation	No	
Municipal roads	No	
Noise pollution	Yes	
Pounds	No	
Public places	No	
Refuse removal, refuse dumps and solid waste disposal	Yes but only in respect of solid waste disposal sites serving more than one local municipality in the district	
Street trading	No	

Street lighting	No	
Traffic and parking	No	
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		<i>TD</i>

## VOLUME II: ANNUAL FINANCIAL STATEMENTS

The completed Annual Financial Statements will be Volume II of the Annual Report.

**CONSOLIDATED ANNUAL FINANCIAL STATEMENTS ARE ATTACHED AS VOLUME II**