



**DRAFT
CONSOLIDATED
ANNUAL REPORT**

**2011/12
FINANCIAL
YEAR**

JOE GQABI DISTRICT MUNICIPALITY

Volume 1

30 December 2012

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Acronyms

AFS	Annual Financial Statements
AG	Auditor General
AGM	Annual General meeting
Agri EC	Agri-Eastern Cape
AIDS	Acquired Immune Deficiency Syndrome
ARV	Antiretroviral
ASB	Accounting Standards Board
ASGISA	Accelerated and Shared Growth Initiative for South Africa
BDS	Business Development Services
CCNA	Cisco Certified Network Associate
CDW	Community Development Worker
CETA	Construction Education and Training Authority
CFO	Chief Finance Officer
CIP	Comprehensive Infrastructure Plan
CMIP	Consolidated Municipal Infrastructure Programme
CoA	Certificate of acceptability
COGTA	Department of Cooperative Governance and traditional Affairs
CPMD	Certificate Programme in Management Development for Municipal Finance
CS2007	Statistics South Africa Community Survey 2007
DEAET	Eastern Cape Department of Economic Development and Environmental Affairs
DEDEA	National Department of Economic Development and Environmental Affairs
DHIS	District Health Information System
DIMAFU	District Mayors Forum
DLGTA	Department of Local Government and Traditional Affairs
DM	District Municipality
DoRA	Division of revenue Act
DTSG	District Technical Steering Group
DWA	Department of Water Affairs
EC	Eastern Cape
ECATU	Eastern Cape Appropriate Technology Unit
ECDC	Eastern Cape Development Corporation
ECSECC	Eastern Cape Socio-economic Consultative Council
EEP	Employment Equity Plan
EHP	Environmental Health Practitioner
EPWP	Expanded Public Works Programme
EXCO	Executive Committee
FMG	Financial Management Grant
FP	Food Premises
FTE	Full Time Equivalent
GDS	Growth and Development Summit
GGP	Gross Geographic Product
GIS	Geographic Information System
GRAP	Generally recognised Accounting Practice
HDI	Historically Disadvantaged Individual
HIV	Human Immunodeficiency Virus
HR	Human Resource
IAS	International Audit Standards
ICROP	Integrated Community Registration Outreach Programme
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
ISRDP	Integrated Sustainable Rural Development Programme
IT	Information Technology
ITP	Integrated Transport Plan
JGDM	Joe Gqabi District Municipality

LED	Local Economic Development
LED	Local Economic Development
LGSETA	Local Government Sector Education Training Authority
LGTAS	Local Government Turn Around Strategy
LM	Local Municipality
MFMA	Municipal Finance Management Act, 2003
MIG	Municipal Infrastructure Grant
MSA	Municipal Systems Act, 2000
MSIG	Municipal Systems Improvement Grant
MTEF	Medium Term Expenditure Framework
NAFU	National African Farmers Union
ND	National Diploma
ND	National Diploma
NGO	Non Governmental Organisation
NLTA	National land Transport Act, 2008
NQF	National Qualifications Framework
NT	National Treasury
OHSA	Occupational Health and Safety Act, 1993
OSD	Occupation Specific Dispensation
PAA	Public Audit Act, 2004
PGDP	Provincial Growth and Development Strategy
PHC	Primary Health Care
PMS	Performance Management System
PMTCT health	Prevention of Mother to Child Transmission
PMU	Project Management Unit
POP	Proof of Payment
PPP	Public Private Partnerships
PT	Provincial Treasury
PVA	Project Vatable Amount
PWC	PriceWaterHouse Coopers
RSA	Republic of South Africa
SALGBC	South African Local Government Bargaining Council
SAPS	South African Police Service
SASSA	South African Social Security Agency
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SEDA	Small Enterprise Development Agency
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprises
SOP	Standard Operating Procedure
StatsSA	Statistics South Africa
STC	Secondary Tax on Companies
TB	Tuberculosis
VAT	Value Added Tax
VIP	Ventilated Improved Pit
WSA	Water Services Authority
WSDP	Water Services Development Plan
WSP	Water Services Provider
WTW	Water Treatment Works
WWTW	Waste Water Treatment Works

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: Executive Mayor's Foreword

a. Legal Requirement

The Municipal Finance Management (Act 53 of 2003) (MFMA) requires every municipality and every municipal entity to prepare an annual report for every financial year. In compliance with this provision and with a view of providing a detailed report regarding performances of the Joe Gqabi District Municipality (JGDM) during the 2011/12 financial year, on financial and non-financial aspects, I present this report as a Consolidated Annual Report of the District for the period beginning in July 2011 to June 2012. The report covers the District municipality and the District economic development entity, the Joe Gqabi Economic Development Agency (JoGEDA).

b. Vision and mission

The vision of the Joe Gqabi District Municipality is:

“An improved quality of life for all residents”

The mission of the District is:

“Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating government and communities within a sustainable environment.”

This mission is premised on the following key elements which all of us should work towards:

- ◆ Fight poverty
- ◆ Stimulate the economy
- ◆ Meet basic needs
- ◆ Improve service delivery quality
- ◆ Capacity building
- ◆ Sustainable development

As a municipality, our plans and action seek to fast-track the progress we have attained and sustain our achievements with regard to the above six elements. Active community participation and stakeholders engagement remains critical if we are to achieve progress on these elements.

c. Key Policy Developments

The District has managed to maintain a high level alignment and linkages between its programmes and those of national and provincial government. The twelve (12) outcomes of government have also been taken into account as they directly correspond with the strategic objectives of the District. The relationship between the medium term strategic framework (MTSF), 12 Priority Outcomes and role of Local Government, Provincial Strategic Priorities, Outcome 9 Agreement inform the Strategic Focus Areas of the JGDM. These Strategic focus areas also clearly linked to the social and economic development

trajectory of the District as informed by the 2011 Mandate for Local Government as well as communities.

d. Key Service Delivery Performance and Improvements

Based on the vision for the future of the District and the quantification of this vision into high-level targets, the strategies and targets for achieving the vision were determined. These strategies are closely aligned to the Provincial Growth and Development Plan as well as to the District economic potentials identified. They also take into account all the priority issues of the District and its communities. Our strategic objectives, performance indicators and targets are contained in our IDP, budget and SDBIP. Annual progress realised in attaining the set targets and objectives are contained in our audited annual performance report, which is an attachment in this report. Achievements and improvements can be summed up as detailed below.

With regard to infrastructure development and service delivery the District committed itself to improve drinking water quality, effluent quality, reduce water losses, eradication of alien plants, improve basic level of access to basic services, improve municipal health services and perform the roads maintenance function as per our partnership with the Department of Roads and Public works in the Province.

In line with growing demand and the requirement to constantly ensure supply of clean portable water, the District has continued to maintain and expand water purification works and waste water treatment works. Compliance with drinking water quality and effluent standards has seen consistent improvements. More than R5.6 million was spent in this programme. The impact of this programme has led the District to retain its status on the blue drop assessment whereby two blue drops were achieved. The open natural sources however still remain a challenge in rural areas of Elundini local municipality which impacts negatively on water quality results. The District is committed to expedite water provision project to eliminate the use of open natural sources. Where these systems still exist, they will be protected from animals.

To improve water safety throughout the District, water safety plans will be developed for all towns. In the current year, the District initiated development of two water safety plans though limited progress was achieved due to cash flow challenges within the institution.

With regard to environmental management and with specific reference to the implementation of the Working for Water and Working for Wetlands programme significant progress was achieved which almost doubled the target of 600 ha for the year to 10 849 ha of land where alien plants were eradicated.

In line with the national target of achieving universal access to basic services by 2014, about 7 346 households were provided with the basic level of water provision against the target of 5 000. Similarly, the number of households provided with the basic level of sanitation were 7 180 against the target of 5 000. Acceleration of work occurred through the appointment of additional contractors. The acceleration of the rural sanitation programme by appointing more contractors has resulted in more toilets being delivered over the period. This level of performance serves to demonstrate the commitment of the District of ensuring a better quality of life for all.

On the municipal health services front, the District continued with its programme to monitor and evaluate formal urban waste sites and quarterly reports were produced. Certificates of acceptability were issued to 25 compliant premises. Businesses are only closed if they pose a significant health risk.

To improve maintenance of municipal road networks as per the service level agreement that is in place between the District and the Department of Roads and Public Works, all approved funds were spent. About 4 905 kilometres of gravel roads were graded and maintained.

With regard to Local Economic Development (LED), the JGDM adopted its comprehensive LED Strategy in 2009. The reviewal of the Strategy commenced in the 2011/12 financial year. Support was provided to the Elundini and Senqu local municipalities as they were also in the process of reviewing their LED strategies and plans. The other phases of the development of the plan will be finalised in the 2012/13 financial year. The reviewal is, *inter alia*, informed by the development trajectory of the new Council which has identified key economic development programmes that the District and its agency, JoGEDA, should focus on in the next five years. This exercise will further enhance the implementation plan and identify realistic short to medium term projects and the long term projects.

A number of LED related stakeholder forums existed during the year including the Agricultural Forum and the District Tourism Organisation. Due to the nature of the District engagements focus is placed on forestry, cooperatives and social development matters. In addition, the Economic Cluster was established during the year and is chaired by the DEDEA. A District Support Team for LED was redefined (previously the LED practitioners network) after the changed mandate following the end of the Thina Sinako Programme.

The District Strategy is implemented using a combination of both existing internal and external structures within the Ukhahlamba Municipality. The primary external delivery structure that will support the Strategy will be the Joe Gqabi Economic Development Agency, JoGEDA. The following are programmes that are prioritised for JoGEDA to implement over the next five years:

- ◆ Aliwal Private Hospital / Joe Gqabi Memorial Hospital
- ◆ Aliwal Spa & Gariiep Tourism Development
- ◆ Senqu Plastics Manufacturing
- ◆ Business Incubator Hubs
- ◆ Elundini Integrated Middle Income Housing Development – Maclear, Elundini
- ◆ Maize-Meat Hub Feedlot
- ◆ Senqu Commercial Property Development

The District developed an SMME and Cooperatives Strategy which is focusing on targeted support for SMMEs and cooperatives. SEDA will be utilised as a special vehicle for the implementation of the strategy. Currently SMMEs are supported through a collaborative effort between the District, local municipalities, ECDC, DEDEA and SEDA. This strategy encompasses matters pertaining to business expansion and retention. Moreover, an invoice based payment system was introduced to link SMMEs and Cooperatives to

funding sources in partnership with ECDC, Thina Sinako and the District Municipality. This project cost about R5 million and it was implemented in the 2011/12 financial year.

The District has further developed and adopted an SMME and cooperatives development plan which seeks to outline key objectives, strategies and projects that the District will engage in to support these special sectors. The District is in the process of facilitating the establishment of a cooperatives development agency in Elundini local municipality. This programme is implemented in partnership with DEDEA.

Rural development is the critical element that is necessary for the District for the upliftment of the communities' standard of living. The District plays an active role in supporting rural development initiatives through coordination and facilitation. Programmes undertaken include projects undertaken within the Elundini local municipality.

Key job creation measures undertaken include Expanded Public Works programme through implementation of Community Works Programme, LED and capital projects. A total of 482 job opportunities were created during the year under review.

With regard to institutional development and transformation, the District achieved about 75% in filling budgeted positions and all efforts were made to ensure that position was filled within 3 months of them being vacant. All senior management positions were filled and all had entered into performance agreements which were monitored quarterly.

Several training initiatives were undertaken for both councillors and officials of the municipality as per the workplace Skills Plan (WSP). About 20 candidates were taken through work experience programmes including internship.

The scarce skills and retention policy for JGDM was reviewed and adopted in March 2011. The purpose of the policy is to provide suitable incentives and recognition to staff in order to facilitate the provision of a working environment which is conducive to meeting the needs of staff and which will ensure that required talent is sourced, acknowledged and retained. A Succession Policy was also adopted in March 2011.

To improve the management of the institution policies adopted include Recruitment and Selection Policy, IT Policy, Overtime, Relocation, Health and Safety, Harassment policies, Alcohol and Drug, Working Hours policy, Attendance Register Policy, Gifts and Gracia Policy, Rent Subsidy policy, Promotion and transfer policy, Employee Assistance Policy, Standby Policy, Subsistence and travel, Uniform and protective clothing, Supply Chain Management Policy. This is not an exhaustive list of the policies available for the better management of the institution. The Human Resource policies are reviewed annually and Council approved the 2011/12 in March 2010.

As far as the financial management and viability is concerned, the budget of the municipality for the 2011/12 financial year was adopted by Council in June 2011. The budget was informed by the adopted Integrated Development Plan (IDP) which became the basis for the Service Delivery and Budget Implementation Plan (SDBIP) and performance agreements for Section 56 managers.

Due to the quality and reliability of the annual financial statements prepared and submitted for auditing by the Auditor General, the District received an unqualified audit opinion. What now remains is for the District to address all matters raised with a view of attaining a clean audit opinion.

The District is constantly striving towards achieving clean governance and enhanced public and stakeholder participation. The effectiveness of implementation of performance management system has been consistently improving. The mid-year performance report and the annual performance report were compiled and audited by the internal audit unit and the Auditor General. There were no issues identified by the Auditor General with regard to the submitted annual performance report.

e. Public Participation

To promote and facilitate inter-governmental relations and cooperation the established intergovernmental structures have continued to meet. The established structures include the District Mayors Forum, IDP and Budget Representative Forum, Technical Task Group and its clusters, traditional leaders' forum, etc.

The communities and stakeholders of the District were engaged through various mechanisms and methods. Community outreach meetings led by the Executive Mayor were held in all local municipalities within the District. All issues raised were either responded to or included in the Integrated Development Plan. Issues that relate to the competencies of other spheres of government were communicated to the concerned Departments.

f. Future Actions

The District Council has approved its five-year IDP which contains strategic focus areas, objectives and strategies for the next five years. These are detailed below:

Service Delivery and Infrastructure Provision

Strategic Focus Area	Strategic objectives	JGDM Development Strategies
Universal Access to Basic Services	Provide universal access to basic services	Maintain and rehabilitate all water and sanitation infrastructure
		Support municipalities in the provision of quality basic services
		Provide fire, emergency and rescue services
		Create and maintain stakeholder engagement initiatives to deal with service delivery challenges
		Prioritise rural areas and farming community in the provision of water and sanitation services
		Expand Free Basic Services - presently covering water and electricity - to include refuse removal to all poor households
		Expand and speed up the provision of universal access to water and sanitation
		Facilitate universal access to energy throughout the District
		Expand provision and quality of municipal health services
Build Economic and Social Infrastructure	Improve transport networks within the District	Support rehabilitation of all road networks within the villages throughout the District
		Facilitate and support the review all municipal spatial plans and continuously update all spatial planning information
	Facilitate creation of sustainable settlements	Participate and support initiatives geared towards revitalisation of strategic towns
		Lobby the various service providers to install communication towers throughout the District
Environmental conservation and protection	Facilitate environmental management and conservation	Implement working for water and working for wetlands
		Implement environmental conservation

Local Economic Development

Strategic Focus Area	Strategic objectives	JGDM Development Strategies
Job Creation And Poverty Alleviation	Facilitate and implement job creation and poverty alleviation initiatives	Implement projects and programmes through labour intensive mechanisms to create more employment opportunities
		Encourage better working conditions in the farming community and improve access to government services
		Encourage and support initiatives geared towards mass job creation and sustainable livelihoods, including the community works programme
		Support and expand existing rural development programmes throughout the District targeting poverty pockets
		Facilitate increase in the number of youth participating in job creation, skills development and national youth service programmes organised by the National Youth Development Agency and other agencies.
		Identify, support and implement economic development flagship and anchor projects
		Facilitate and support regional economic development
	Facilitate and support local supplier development initiatives and strengthen implementation of the new BBBEE regulations	

Strategic Focus Area	Strategic objectives	JGDM Development Strategies
	initiatives	Create and maintain stakeholder engagement initiatives
		Promote and market the District

Financial Management and Viability

Strategic Focus Areas	Strategic objectives	JGDM Development Strategies
Sound and transparent governance	Ensure effective financial management and reporting	Comply with all statutory financial reporting and compliance with SCM policy and legislation
		Improve financial administrative capacity of the District
		Implement fraud and anti-corruption measures
		Develop and maintain up-to-date asset management system
		Continue with revenue enhancement strategy development and implementation

Institutional Development and Transformation

Strategic Focus Area	Strategic objectives	JGDM Development Strategies
Human Resource Development	Improve human resource capacity	Effectively empower and develop the Council's workforce
		Encourage and support capacity and skills building initiatives of communities
		Attract, retain skills and encourage skills transfer initiatives
		Maintain good working conditions for staff and ensure continued existence of labor related structures
		Implement shared services within the District focusing on performance management, internal audit, risk, communications, information technology, integrated development planning and finance
		Ensure that funded vacant posts are filled.
	Continuously develop and strategically utilise information technology, legal services and other internal services to provide more efficient government	Ensure legislative compliance and improved legal capacity of the District
		Strategically utilise ICT to improve government efficiency
		Ensure availability of office space

Good Governance and public participation

Strategic Focus areas	Strategic objectives	JGDM Development Strategies
Inter-governmental Coordination	Facilitate intergovernmental cooperation	Promote intergovernmental cooperation initiatives
Sound and transparent governance	Communicate effectively with communities	Regular and effective communications with communities
		Strengthen platforms that promote democracy, community participation and empowerment in matters of local government
		Work closely with traditional leadership structures in the implementation of rural development programmes
		Strengthen internal communications
	Maintain positive community perceptions of the District	
Ensure integrated planning and	Promote performance management among councillors and officials	

	performance management	Implement effective planning and reporting mechanisms
		Establish and support municipal oversight systems, mechanisms and processes
		Ensure and maintain clean governance
Build Economic and Social Infrastructure	Facilitate the development of a healthy and inclusive society	Implement HIV and AIDS programmes
		Implement programmes targeting the special groups (SPU)

g. Agreements / Partnerships:

Orio Grant funding: The District submitted an application for funding to the Netherlands government through the ORIO infrastructure funding. ORIO finalized the appraisal of the applications received in the first Call for Proposals by selecting 11 projects with a combined grant amount of 8, 4 million euro for the development phase. The total preliminary project budget including implementation, operation and maintenance for these 11 projects is approximately 317 million euro, of which the preliminary grant amounts to 137 million euro. ORIO will soon take the next steps with the applicants to prepare the grant arrangements for the development phase. International, of which 20 were included in the final ranking. 11 Projects were selected according to their rank, given the available budget. In South Africa, Elundini Water Program was selected. The programme will provide new water infrastructure for 107 villages in the rural areas of Elundini and Senqu local municipalities. The District secured an amount of R240 million which will benefit 32 000 households.

Roads maintenance: The District is currently implementing roads maintenance function in Gariiep and Maletswai municipalities on behalf of the Department of Roads and Transport. The current agreement is for three years from 2010 to 2013 with a budget of R 30 million per year. During the past year the District formalised the appointment of 72 casual workers who have been working in the roads section for some time. The District Council has resolved that the R13 million be cascaded to Elundini and Senqu. The SLA is being negotiated to take into account this new development. Overall, these massive infrastructure projects will, as they assist in alleviation of the service delivery backlogs, provide thousands of jobs opportunities in line our strategic goal of alleviating poverty and stimulating economic development within the region.

Cross Border Aid Agreement on Disaster Management: The District has initiated a process to sign a Cross Border Aid Agreement with departments and other municipalities offering disaster and fire services in an attempt to cater for risks and community vulnerabilities.

Working on Fire, Working on Water and Working on Wetlands: The District has an on-going service level agreement with the Department of Economic Development and Environmental Affairs with respect to the implementation of the Working on Fire and Working on Water programme and an agreement with South African National Biodiversity Institute for Working on Wetlands. This programme is aimed at eradication of all alien species in the identified areas.

h. Conclusion

Given the performances reported in this annual report I am confident that the Joe Gqabi District Municipality is indeed on course to realise its vision of improving the lives of all communities within the District. These performances are due to us political representatives working together with our officials, communities and stakeholders. For sustained performance it is therefore important to ensure that all these relations and partnerships we have created are maintained and enhanced for improved service delivery attainment.

(Signed by :) _____

Executive Mayor
Cllr ZI Dumzela

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW

a) **Alignment of services to IDP indicators and Council priorities**

The Council adopted its IDP and Budget for the 2011/12 financial year in June 2011. The adopted IDP formed the basis for the budget. The IDP contains Council priorities and annual indicators and targets as required by the legislation. To ensure alignment between the IDP and service delivery during the year, a draft Service Delivery and Budget Implementation Plan was presented before Council with the draft IDP and budget in March 2011. A revised SDBIP was tabled before Council in June 2011 with the final IDP and budget. This SDBIP formed the basis for the performance agreements of the Section 56 Managers and the Municipal Manager. The final SDBIP for the 2011/12 financial year was approved by the Executive Mayor in June 2011. The SDBIP and performance agreements of the Municipal Manager and Section 56 Managers were tightly aligned with the IDP and budget as approved by the Council.

b) **Service delivery performance**

The Council approved a revised version of the performance management policy in March 2011. The approved policy guided the municipality in measuring, monitoring and reporting of performance information on both the institutional SDBIP and the Section 56 Managers. Quarterly reports, mid-year performance and budget assessment and the annual performance reports were compiled timeously and audited prior to presenting the reports before Council.

As far as performance is concerned, the District recorded satisfactory performance during the mid-year performance and budget assessment period despite financial challenges that were confronted by the institution. These performances were sustained for the remainder of the year.

c) **Financial sustainability as represented by the financial health ratios**

The preparation and adoption of the 2011/12 budget preceded the following:

- The implementation of the Task exercise and therefore the quantification thereof was not fully possible.
- The Municipality's Fixed Asset Register and the resultant material restatement of the Infrastructure Assets. An additional R34 Million of Depreciation had to be provided for.

In preparing the 2011/12 Budget, the following was not provided for or was overlooked:

- Eskom in the amount of R10.92 Million for rural pump stations.
- Drought Relief in the form of water carting which needed a further R7.5 Million.
- Planned maintenance expenditure required an extra R4 Million.
- The newly commissioned pump stations at Steynsburg, Mt. Fletcher and Ugie required maintenance budget of R8 Million.
- The introduction, during the current financial year, of Task Grades was not adequately budgeted for when the budget was adopted in May 2011; and

- Payment of prior year suppliers out of current equitable share.

As stated in this report the cash flow situation of the Municipality was in a very poor state of health. The consequence of this was that suppliers were not paid within the stipulated 30 days period. A concerted effort was made to pay suppliers within the MFMA deadline of 30 days and this is reflected in the age analysis in the financial statements.

Consequently, the municipality found itself under serious financial distress. The weak financial position that the municipality found itself means that some projects, programmes, indicators and targets which were planned could not be achieved within the 2011/12 financial year.

d) Efforts to conserve power and water in offices and other facilities

It is important that government takes a leading role in conserving natural resources by cutting back on utilities such as power and water. Just like other services provided by a municipality, if more water is demanded, facilities like water treatment plants will either have to be expanded or new facilities will need to be constructed. Water treatment plants are expensive to build and operate. Thus water conservation measures must be implemented by municipalities to encourage and compliment the conservation measures the residents are requested to adopt in their own housekeeping. Measures and methods that are currently in place to improve water-use efficiency at District-owned facilities include metering and close monitoring of usage accounts.

The District is committed to step up efforts in energy conservation and emissions reduction. Energy consumption is properly controlled. Within the District, all heating utilities are only utilised when critically necessary. Several service providers have been invited to present various energy saving alternatives and options. This is important because all effort you make to conserve energy leads to saving money while protecting the environment. To sustain and expand the current initiatives, the District intends to develop policies that will make conserving energy a priority in all operations as these can result in real fiscal savings over the long-term. Energy conservation measures will also provide the District with a particularly appealing way to address global warming and other energy-related issues.

e) Administrative policies and expenditure restrictions

A number of human resources and finance related policies were reviewed and adopted by Council in March 2011. Critical in these policies was the critical skills attraction and retention policy which seek to ensure that the critical skills are retained within the District. Performance management Policy was also reviewed by the same period.

As mentioned above, the District experienced cash-flow challenges are various austerity measures on expenditure had to be put in place. These included limitations on catering for meetings, restrictions on conferences and other events outside the municipality, reduction of travel and accommodation budget, foreign travel, councillor and staff perks, advertising and public relations activities. Attention was also given to ensuring value for money is obtained when using consultancy and other outsourced services. Various guidelines and circulars were issues to staff members. Budget adjustments were also effected where certain

goals could no longer be met due the financial constraints.

f) Shared service arrangements

The District has shared services with the Joe Gqabi Development Agency (JoGEDA) which was at its establishment phase and did not have the necessary capacity to perform certain functions. The services included audit, IT services and Internal Audit. JoGEDA was also supported in the area of finance and human resources.

The provision of shared services performed between the District and local municipalities on areas such as fire fighting continued to exist during the year under review. Provision of this shared service presented the District with some challenges as the local municipalities did not adequately budget for their part in providing the service.

g) Changes resulting from demarcation process

The District has not been affected by the Section 26 Redetermination of municipal boundaries.

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

a) Municipal functions

The JGDM, in a manner similar to other district municipalities, has a have a range of functions that are prescribed in terms of Section 84 of the Municipal Structures Act, and other Relevant Legislation, such as for example Health, Fire Services and Municipal Roads. Powers and Function of District Municipalities as per S84 of the Municipal Structures Act are as follows:

- ◆ Municipal Planning
- ◆ Portable Water
- ◆ Sanitation
- ◆ Solid Waste Disposal Sites
- ◆ Municipal Roads
- ◆ Regulation of Passenger Transport Services
- ◆ Municipal Airport
- ◆ Municipal Health Services
- ◆ Fire Fighting
- ◆ Fresh Produce Markets
- ◆ Cemeteries and Crematoria
- ◆ Local Tourism
- ◆ Building Regulation
- ◆ Noise Pollution

b) Population Details

Table : Population details

Age	Year 0 (2011 Census)		
	Male	Female	Total
Age: 0 - 4	20 653	20 314	40 967
Age: 5 - 9	19 926	19 641	39 567
Age: 10 - 19	41 045	38 120	79 165
Age: 20 - 29	28 089	28 573	56 662
Age: 30 - 39	17 716	20 063	37 779
Age: 40 - 49	12 696	17 593	30 289
Age: 50 - 59	11 120	16 388	27 508
Age: 60 - 69	8134	11 488	19 622
Age: 70+	6 064	12 144	18 208

Table : Households and socioeconomic status

Population	Females aged 5 - 14	Males aged 5 - 14	Females aged 15 - 34	Males aged 15 - 34	Unemployment	Number of households	Poor households in municipal areas (less than R 19 600 per annum)
349 768	40 070 (11.4%)	38 255 (10.9%)	58 356 (16.6%)	58 485 (16.7%)	46% (broad definition) 35% (official definition)	97 775	59 206 (61%)

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Year 0	5%	46%	61%	21%	30%	11%
T 1.2.4						

The highest population recorded by the Census 2011 is the age group 10 – 19 which stood at above 41 000. This is followed by the age group 20 -29. The older age groups number continues to decline with the increase in the number of years. This presents the District with an opportunity to design its programmes and intervention in manner that supports the youth, within the legislated mandate of the District. The Age group 0 – 4 also represents a greater proportion of the population. This may have various implications for the health sector in terms of provision of the necessary health services.

The total population of the District as reflected in the table above stood at 349768 in 2011. Unemployment remains very high for the District due to absence of productive economic activities within the District. Using the broad definition of unemployment, which is an appropriate one to measure unemployment in the District, about 46% of the population is unemployed. About 61% of households are poor, with annual earnings of less than R19 600. This creates a humongous challenge for the District in terms of recovery of user fees from provision of services.

Housing backlogs, as measured by those living in informal settlements, is reflected to be 5%. The proportion of the population in low skilled employment, as measures by those with grade 12 and less that are employed, stood at 21%. This means that 21% of the employed population only has a grade 12 qualification. In terms of illiteracy levels, which refers to those with less that Adult Basic Education Training (ABET) and grade B and less to no schooling reflected 11%.

The HIV prevalence within the District as measured by the 2011 National Antenatal Sentinel HIV & Syphilis Prevalence Survey in South Africa, reflected high prevalence between 2009 which stood at 24% and 30% in 2011. This shows an increase in the prevalence rates within the District over the period under review. The HIV and AIDS programmes need to be enhanced for the District to play a critical part in the fight against HIV and AIDS.

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

As mentioned above, the District is committed to ensuring consistent service delivery to communities in a sustainable manner. All service delivery matters are treated as matters of high priority. A significant portion of the budget is allocated for the water and sanitation function annually. The tables below provide a brief summary on some of the achievements that were realised during the year under review.

Proportion of Households with minimum level of Basic services	
	Year 0
Electricity service connections	69%
Water - available within 200 m from dwelling	65%
Sanitation - Households with at least VIP service	78%
Waste collection - kerbside collection once a week	28%

From the table above, it is evident that the service with the lowest level of access remains waste collection. It must be noted that though this is a function of local municipalities, the District does provide assistance to municipalities. Water and sanitation services still face some challenges as issues around growing demand; aging infrastructure and limited operations and maintenance budget continue to be raised in various District service reports. Key issues that affect service delivery within the District can be summed up as follows:

Water and Sanitation Challenges

- ◆ The current MTEF MIG allocations are committed to current projects and therefore the target to eradicate the water and sanitation backlog by 2014 will be difficult to meet.
- ◆ Sufficient funding is not available for the operation and maintenance of water and sanitation systems after they have been built.
- ◆ Poor water systems, especially in deep rural areas where traditional water sources are still being used, are influencing the health of communities as water quality is at times is compromised.
- ◆ Dilapidated water and sanitation infrastructure in certain towns leads to significant water losses as well as interrupted and unreliable service to affected communities.
- ◆ Lack of qualified operators at some of the water treatment plants which compromise water quality. This is however getting addressed through the assistance of the DWA.

- ◆ Lack of funding to deal with the upgrading and refurbishment of existing water and sanitation infrastructure.

Water and Sanitation possible solutions

- ◆ An extensive water conservation and demand management programme to be implemented to reduce water losses and increase water conservation awareness amongst users.
- ◆ Temporary water provision such as water carting and the protection of springs will alleviate water shortages in some areas.
- ◆ Increase MIG allocations in order to meet the eradication of the backlogs target of 2014.
- ◆ Advocate for an increase of the equitable share allocation as a WSA depends on this grant for its operations and maintenance.
- ◆ Secure funding for the refurbishment and upgrading of existing infrastructure. Engagements with overseas donor have been initiated.

Challenges confronting the District in terms of the electrification programme can be summed as follows:

- ◆ Electricity provision is not the function of the District
- ◆ Lack of maintenance in areas managed by municipalities as this impacts on the supply of electricity to pumps in WTWs and WWTWs.
- ◆ There are a number of schools, clinics and other social facilities that do not have a regular supply of electricity (if any supply at all) and this has negative impact on their operations.
- ◆ Wards 4,7,8,12,13,14,15,16 of Elundini still have no plans by Eskom for electricity supply. Electricity backlog statistics show that 25 000 households are not electrified and there are no plans in place by Eskom to rectify the situation before 2014.
- ◆ The District area will be unable to meet the national electrification targets.

In order to address the identified challenges possible solutions include the following:

- ◆ Urgent intervention in the issue of electricity supply in Elundini is needed.
- ◆ Some areas will need to be supplied with non- grid electricity particularly in Elundini and Senqu rural areas and support is needed.
- ◆ More emphasis should be on ensuring that schools and clinics have access to electricity

Road and Transport Challenges

- ◆ Road classification restricts the various role-players in the maintenance of roads and is therefore not responsive to community needs.
- ◆ Municipalities do not have the financial resources in the short to medium term to build up the required fleet to maintain roads, especially as roads are not an income generating service.
- ◆ Surfaced roads are deteriorating and insufficient funding is being allocated to ensure their constant and effective maintenance.

Road and Transport possible solutions

- ◆ Shared fleet between all the role-players in the roads maintenance sphere.
- ◆ Financial injection into the District to enable effective provision of services.

Waste Management Challenges

- ◆ Insufficient financial resources to meet the current demands and backlogs.
- ◆ Insufficient knowledge within communities on waste management and this leads to pollution and health risks.
- ◆ Implementation of bylaws around waste management is a significant challenge.

Waste Management possible solutions

- ◆ Increased awareness around waste management matters.
- ◆ Collaborative interventions by the municipalities, Provincial and National departments that have a role to play in waste management so that a sustainable solution can be found to meet the backlogs and resource constraints.
- ◆ Continued support for cleaning campaigns.

Spatial planning challenges:

- ◆ While there is consultation taking place there is actually very little “integrated planning” taking place. This is due to the emphasis on a tick list based evaluation of the IDP and SDFs and not on the actual integration of planning.
- ◆ The Provincial government continues to make land development decisions outside of the recommendations contained in the SDF.
- ◆ There are few capacitated personnel within the regional offices that are knowledgeable on spatial planning.

Integrated development planning possible solutions:

- ◆ Greater coordination of spatial planning between Provincial and local government activities should take place centred on the District as a spatial area.
- ◆ There should be direct linkages between spatial plans of the District and Provincial level. Provincial sector plans should be applicable to the District.
- ◆ Planning capacity should be built within all spheres of government.
- ◆ Alignment to the District SDF should be enforced and supported by the Office of the Premier.

1.4 SERVICE DELIVERY OVERVIEW

Under the KPA of Infrastructure Development and Service Delivery the District had set itself the following strategic objectives as per the IDP:

- ◆ To maintain and expand water purification works and waste water treatment works in line with growing demand

- ◆ To improve water and sanitation quality and ensure continuity of services
- ◆ o develop and implement water management plans to reduce water losses
- ◆ To implement the working for water and Working for wetlands programme
- ◆ To meet basic needs and eliminate backlogs in water and sanitation by 2014
- ◆ To continuously perform municipal health services within the District
- ◆ To improve maintenance of municipal road networks
- ◆ To expand municipal services to rural nodes.

With regard to drinking water quality and effluent water quality compliance with SANS 241 significant progress was achieved especially on drinking water. The open natural sources still remain a challenge in rural areas of Elundini which impacts negatively on water quality results. Moreover, most of the waste water treatment plants are non-functional due to historic lack of operation and maintenance. The District has however put in place various initiatives aimed at correcting the situation which include expedition of water provision projects to eliminate the use of open natural sources as well as improving effluent quality through implementation of ACIP projects at the identified waste water treatment works. The development of water and sanitation infrastructure refurbishment master plan will also play a critical role in alleviating the situation. The draft master plan has already been presented to the Infrastructure Services Standing Committee. Furthermore, the District spend an amount of R5.7 million out of the allocated R6 million on operation and maintenance of all waste water treatment works and water purification works.

Water quality in the District Municipality is steadily improving as a result of internal systems that are effective and functional, despite challenges such as the availability of an accredited laboratory, availability of sampling equipment and transport.

The Blue Drop System as mentioned is incentive based and provides recognition to Municipalities who excel in the management of their water supply systems and provide an excellent water quality. This recognition is in the form of a prestigious Blue Drop Award. All 14 systems are tested on monthly basis in accordance with Blue Drop System, including the new systems in Sterkspruit and Steynsburg. For the year under review, the District achieved two blue drops for the Ugie and Sterkspruit Water Supply Systems.

The development of Water Safety Plans for water system for two towns with a view of reducing water losses was not realised due to cash flow challenges which meant that funding was not available to appoint service providers to compile the plans.

With regard to the implementation of the working for Water and Working for Wetlands programme, eight projects under Working for Water and one project under Working for Wetlands were implemented. About 10 849 ha of alien plants were eradicated.

To achieve the target of eliminating backlogs in water and sanitation by 2014, about 7 346 households were provided with basic level of water during the 2011/12 financial year against the target of 5000 households. This level of performance was due to acceleration of work through the appointment of additional contractors. With regard to sanitation, 7 180 of households provided

with basic level of sanitation as opposed to the target of 5000 households. Similarly, acceleration of the rural sanitation programme was due to the appointment of more contractors which resulted in more toilets being delivered over the period under review. The provision of free basic services to indigents is also implemented vigorously by the municipality.

Municipal health services are one of the services offered by the District. The District sought to evaluate formal urban waste sites as well as monitor and evaluate premises and issued them with a certificate of acceptability where they comply. Quarterly reports on the number of formal urban waste sites evaluated were compiled and 107 inspections were conducted and 25 certificates of acceptability were issued.

To improve maintenance of municipal road networks, the District graded about 4 905 kilometres of roads in Gariep and Maletswai local municipalities as per the service level agreement with the Department of Roads and Public Works. This less than the anticipated number of kilometres of 8400 km. Fewer kilometres were graded as planned due to teams also doing patch gravelling on certain roads sections with same maintenance teams and occasional breakdowns of very old DRPW Motor Graders.

In terms of disaster, fire and rescue services the District intended signing fire fighting service level agreement (SLA) with neighbouring District municipalities in order to tap on each others resources when needed. Approval of the draft SLA was granted by the Technical Services Standing Committee albeit the project is on hold due to lack of budget. With regard to reported fire and disaster cases the District managed to respond to all the incidents.

1.5 FINANCIAL HEALTH OVERVIEW

Under the KPA of Financial management and Viability the District had set itself the following strategic objectives as per the IDP:

- ◆ To develop and implement annual budget
- ◆ To obtain clean audit report by 2013
- ◆ To improve procurement systems to eliminate corruption and ensure value for money
- ◆ To improve financial management and reporting
- ◆ To ensure that capital budget is spent or committed before the end of June 2012

Subsequent to intense community and stakeholder engagement session, the District compiled its IDP for the 2011/12 financial year. This process culminated to the draft budget which was presented before Council in March 2011 and later adopted in June 2011. The budget was tightly aligned to the adopted IDP. All financial policies and the reviewed policies were adopted with the draft IDP and Budget in March 2012.

There has been positive progress made towards the commitment of attainment of a clean audit report by 2013. This is manifest by various indicators which include resolution of all audit issues identified by Auditor General in the 2010/11 financial year. The District has seen significant improvement in the manner in which the financials are managed as evidence by the attainment of two consecutive unqualified audit opinions for the 2010/11 and 2011/12 financial years. The Council and Management have put in place various mechanisms that seek to ensure that the possibility of regression of minimised.

In order to eliminate corruption and fraud as well as ensure value for money through improved procurement systems, the Supply Chain Management policy is reviewed annually. The purpose of the review is to eliminate all loopholes identified during implementation and bring the policy to date with the Treasury Regulations, guidelines and Circulars. In addition, the anti-fraud and anti-corruption policy was reviewed.

To improve financial management and reporting, all required grant expenditure returns were made and a 100% expenditure on all grants was recorded. However, some of the Municipal Finance Management Act, 2003 (MFMA) reports, which include Section 52 (d), 66 and 71 reports were not compiled as there was no full-time CFO to oversee the preparation of financial reports.

In terms of dealing with water and sanitation service provision, as a Water Services Authority, the District appointed local municipalities to be Water Service Providers. Service level agreements were signed with all four local municipalities with a view of clarifying roles, duties and responsibilities between the District, local municipalities and the communities.

The lack of financial resources meant that the planned development of an Investment Strategy and Revenue Enhancement Strategy for the District could not continue as the identified budget was frozen. The target will be considered in the budget of the 2013/14 financial year.

With regard to debt coverage and cost coverage ratios a positive result was achieved. Debt coverage was boosted by the fact that more revenue was realised and there were less finance charges as interest stemmed from only one loan. Cost coverage was possible through strict financial controls that were implemented due to cash flow challenges.

As far as the objective of ensuring that capital budget was spent or committed before the end of financial year under review, 100% of the capital budget was spent in terms of integrated development plan.

Training of staff on effective usage of the financial system is a priority for the District due to staff turnover which may lead to capacity gaps. There are ongoing programmes aimed at training staff on the finance system. The new Samras System has been introduced and was run live from 4 October 2010. Staff has been subjected to intensive training on the new processes required by the system.

Due to the financial difficulties that were experienced by the District various austerity measures had to be put in place. Some of the expenditure related issues that were addressed that enhanced the revenue of the municipality are as follows:

- ◆ Focusing on Core powers and functions (Water and Sanitation, Disaster Management, Fire Fighting, Municipal Health Services and Tourism) and only contributing minimally to unfunded mandates such as special programmes, economic development and HIV and Aids,
- ◆ If a grant allocation was received and it was for a core power and function then they could staff the function linked to the duration of the grant but if a grant was received for a non-core power and function then staff could not be sourced and the section then had to rely on the current structure. This was to ensure that staff employed by the institution were focused on the core powers and functions and not nice to have issues
- ◆ Cut overtime to only emergency issues and pre-approval would need to be obtained by a senior manager prior to this happening. Overtime was also not paid as cash but rather in kind by crediting the leave register.
- ◆ Significantly reduced leave encashment (it was limited to only when the employee left the institution)
- ◆ A moratorium was placed on the filling of “new posts” (meaning posts that are new on the organogram) instead the institution had to make use of staff rotation, succession planning and redeployment.
- ◆ All luxuries were cut including meals for meetings and all entertainment allowances were stopped.
- ◆ Insistence on sharing of transport by officials and Councillors to reduce travel costs
- ◆ Payments were only made 30days from the date of invoice so that the maximum amount of interest could be achieved by the institution before payment
- ◆ Strict budgetary control and fiscal discipline was implemented so that no expenditure could occur unless budgeted and the funds received and no over expenditure was allowed.

Financial Overview: Year 0				R' 000
Details	Original budget	Adjustment Budget	Actual	
Income:				
Grants	200	205	203	
Taxes, Levies and tariffs	345	355	365	
Other	100	80	78	
Sub Total	645	640	646	
Less: Expenditure	644	640	645	
Net Total*	1	0	1	
* Note: surplus/(deficit)				T 1.4.2

1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

Under the KPA of Municipal Transformation and institutional development the District had set itself the objective of improving human resource capacity. Indicators that were set under this objective included filling of positions filled within 3 months of being vacant, recruitment for work experience, implementation of Workplace Skills Plan, transfer of water and sanitation staff from local municipalities, extension of the main office building, etc. It can be reported that:

- ◆ All positions were filled within 3 month of them being vacant.
- ◆ Employee satisfaction survey was conducted
- ◆ Twenty recruited for intern and work experience programmes. This achievement was less than target of thirty due to budget constraints
- ◆ 100% of the budget was spent on implementing workplace skills plan
- ◆ Due to delays have been experienced from DWA, the transfer of water and sanitation staff from LMs could not be concluded within the specified time
- ◆ All scheduled Mayoral and Council meetings were held
- ◆ The Delegations Framework was reviewed

1.7 AUDITOR GENERAL REPORT

The District has managed not to regress from an unqualified audit opinion in the 2011/12 financial year. Based on the unqualified report received from the Auditor General there are limited key audit actions required for special intervention and rather a need for continuation, improvement and refinement of the established systems and record keeping.

In order to maintain this record and further improve to attain a clean audit report, the institution is to continue with the OPCAR (operation clear audit report) reporting template that monitors corrective matters undertaken to the prior year audit as well as PAF (preparation audit file) which sets in place the framework for all information to be collected for the 2011/12 financial year's audit. Furthermore, the Audit Action team consisting of key role-players in the audit is to continue its work to coordinate, resolve problems and share resources to continue with the improved audit results

1.8 STATUTORY ANNUAL REPORT PROCESS

Statutory guidelines provide clear and consistent direction to achieve good planning outcomes and accountability in process. In the process of planning and reporting, starting from the budget and IDP process plan, SDBIP compilation and reporting, auditing of performance and finances, annual reports, oversight reports, etc, as a process allows government to appraise progress on the achievements of the desired goals in terms of service provision and policy. This process therefore allows for proper resource allocation and policy development.

The importance of alignment between the IDP, Budget and Performance Management System is critical. The adopted IDP provides service delivery status quo and details community needs and institutional capacity assessment. The IDP contains Council priorities and annual indicators and targets as required by the legislation. The IDP therefore forms the basis for the budget. Subsequent to the approval of the budget, a Service Delivery and Budget Implementation Plan (SDBIP) must be approved.

The SDBIP is an annual implementation plan based on the matters identified in the IDP and focusing on those catered for in the budget. The SDBIP forms the basis for the performance agreements of the Section 56 Managers and the Municipal Manager. This process allows for proper monitoring and evaluation which leads to improved planning for the subsequent financial year.

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Joe Gqabi District Municipality is a category C municipality with four municipalities within its jurisdiction. The District has a history of stable Councils. The Joe Gqabi District Municipality has an Executive Mayoral system. The Executive Mayor is the political champion of the IDP and budget processes and chairs the DIMAFU.

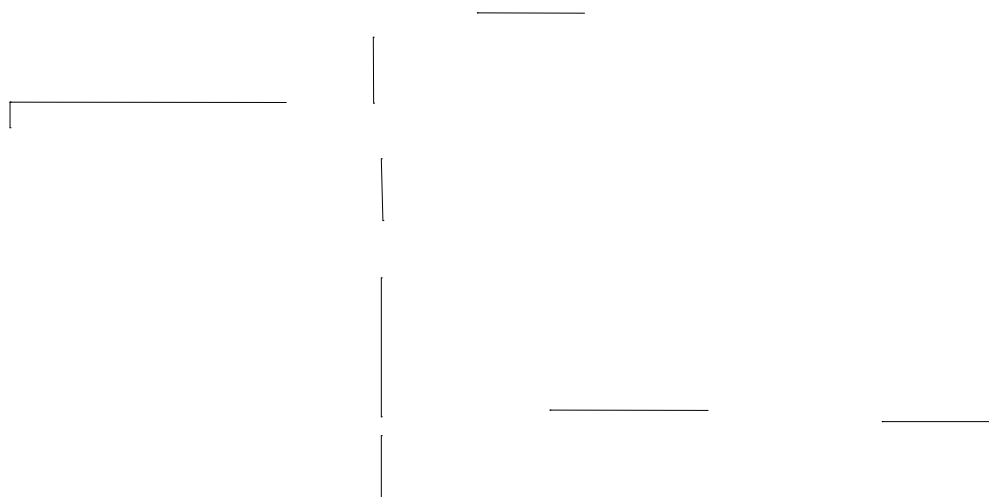
The District had four standing committees which are chaired by portfolio councillors who head different portfolios ranging from community services and planning, corporate services, finance and technical services. These standing committees report to the Mayoral Committee which is chaired by the Executive Mayor. The Executive Mayor reports on the progress of implementation of Council resolutions to Council which is chaired by the Speaker of Council. The political component consists of the Executive Mayor, the Speaker, and 24 councillors including the portfolio councillors.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

The Joe Gqabi District Municipality has an executive mayoral system. The District has five standing committees which are chaired by portfolio councillors who head different portfolios ranging from community services and planning, corporate services, finance and technical services. The political structure is depicted below.



The standing committees mentioned above report to the Mayoral Committee which is chaired by the Executive Mayor, who reports on the progress of implementation of Council resolutions to Council which is chaired by the Speaker of Council. The Executive Mayor is the political champion of the IDP and budget processes. The Executive Mayor also drives planning and development throughout the District by constant political engagement with Mayors of local municipalities within the District through the District Mayors Forum (DIMAFO).

With regard to the frequency of meetings, the Council meets quarterly. The Mayoral committee meets monthly. The Municipal Oversight Committee meets quarterly as per approved Constitution. Standing committees meet monthly.

Furthermore, for all the above-mentioned structures, special meetings are convened as and when necessary.

The Audit Committee is an independent statutory committee appointed by the Council of the Joe Gqabi District Municipality to perform the duties as required by Section 166 of the Municipal Finance Management Act of 2003. The Audit Committee also deals with auditing of performance information.

The Audit Committee adopted appropriate formal terms of reference and an Audit Charter. The Charter regulates the affairs of the Committee in compliance with legislation, international standards and best practice. The terms of reference for the performance audit function, which was approved by Council in March 2011, have also been approved.

The audit committee's role and responsibilities include statutory duties per the MFMA and further responsibilities assigned to it in terms of the adopted Audit Charter Internal Audit Annual Operational Plan and Audit Action Plan.

Effectiveness of internal controls, Quality of Reports Submitted, Performance Management, Risk management, Effectiveness of the internal audit function, Evaluation of Financial Statements and performance information are some the matters that the audit committee deals with. The committee meets quarterly and as when required.

The Municipal Public Accounts Committees (MPAC) was established by Council to serve as an oversight committee that will exercise oversight over the executive obligations of Council. Council established the MPAC in November 2011.

The MPAC assists Council to hold the executive and municipal entities to account, and to strengthen the oversight arrangements in municipalities. The MPAC reports directly to Council through the Speaker of the municipality and interfaces with the other committees of council through the Speaker, where relevant.

The committee comprises of councillors excluding the Executive Mayor, Speaker, Chief Whip and members of Mayoral Committee. The Chairperson of the Committee, Councillor TZ Notyeke, was appointed through a Council Resolution following the resignation of Councillor Ntaba who served as the first Chairperson. The committee has 6 members.

The work of MPAC is closely linked to the planning and reporting cycle of council. The MPAC meetings are held quarterly subsequent to the meetings of the Audit Committee. This is to allow the Audit Committee to consider reports and make recommendations to Council. This process concludes with the evaluation of the annual report and to make recommendations to Council through the Oversight Report. The Oversight Report on the annual report will be considered by the MPAC in February 2013 and tabled before Council for adoption in March 2013.

Other Councillors

PROPORTIONAL ELECTED COUNCILLORS

Cllr V Mbulawa
Cllr D F Hartkopf
Cllr N Ngubo
Cllr C N Manxeba

REPRESENTATIVE COUNCILLORS

Senqu Local Municipality M W Mpelwane
Cllr SS Tindleni
Cllr A Kwinana
Cllr G Mvunyiswa
Cllr L Tokwe
Cllr I van der Walt

Elundini Local Municipality L S Baduza
Cllr G M Moni
Cllr A M Ntaba
Cllr M R Moore
Cllr D D Mvumvu

Maletswai Local Municipality
Cllr N S Mathetha
Cllr S E Mbana

Gariiep Local Municipality
Cllr T Z Notyeke (Chairperson of the Municipal Accounts Committee)

POLITICAL DECISION-MAKING

All political decision are taken by Council and other council structures according to the prescripts of the legislation and the Delegations Framework and Register of the District

2.2 ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the head of administration and serves as an accounting officer as per the prescripts of the MFMA. The institution has four directorates, namely Community Services and Planning, Technical Services, Financial Services and Corporate Services. For improved coordination of the activities of the Office of the Municipal Manager a position of Chief Operations Officer was created and filled in 2010. Coordination of plans and actions happens through various means and mechanisms which include monthly meetings of Top Management and bilateral engagements between the directors.

With regard to major structural changes made or structural reviews that were effected during the year, the water service authority as well as the Disaster, Fire and Rescue Services function was moved from the Technical Services Department to the Community Services Department. This was done to allow the Technical Services to deal with the water service provision function which was taken-over by the District from the local municipalities.

The detailed organogram is attached as annexure.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The IDP preparation process requires an extensive consultation and participation of communities, all role players and key stakeholders in order to achieve shared understanding of the municipal development trajectory and alignment. Although municipalities are expected to establish participation structures, it will however be critical to consider utilising existing arrangements, and adapt them if necessary, and avoid duplication of mechanisms.

There have been effective and efficient operations of structures such as DIMAFU, IDP and Budget Representative Forum, IDP and Budget Steering Committee, Ward Committees, IGR Structures (District Technical Support Group and the four clusters).

2.3 INTERGOVERNMENTAL RELATIONS

National Intergovernmental Structures

Participation of the JGDM in National Forums is critical. This enables the municipality to be able to present its case to the key stakeholders, explore service delivery alternatives and funding options as well as learn and share best practice. Alignment between the national plans and targets is also facilitated through the participation of the District in National Forums. The District participated in all SALGA and Department of Cooperative Governance initiatives during the year under review.

Provincial Intergovernmental Structure

In the same way as the participation of the JGDM in National Intergovernmental Structures and with a view of ensuring provincial alignment between service delivery plans and targets, the District participated in various provincial intergovernmental forums. These included the political and technical MuniMecs, IGR cluster meetings and other ad hoc meetings called by the Provincial Department of Local Government and Traditional Affairs. These activities assist in promoting alignment and information sharing between the District and various government Departments that are operating within the District. These engagements are critical as some issues that are raised by the communities relate to the competences of other government Departments.

Relationships with Municipal Entities

The JGDM adopted its comprehensive LED Strategy in 2009. The Strategy is implemented using a combination of both existing internal and external structures within the Joe Gqabi District Municipality. The primary external delivery structure that will support the Strategy will be the District economic development entity, Joe Gqabi Economic Development Agency, JoGEDA. The entity therefore is the implementation arm of the District with respect to economic development matters.

District Intergovernmental Structures

District Mayors Forum (DIMAFO): DIMAFO is constituted by the Executive Mayor of the District and Mayors and Municipal Managers of all municipalities. Its key responsibilities include:

- ◆ Monitoring progress on the preparation and implementation of IDPs and Budgets
- ◆ Ensuring intergovernmental co-ordination and alignment between local and district municipalities' IDPs, Sector Departments plans, budgets and related activities.

Traditional Leaders Forum: The traditional leader's forum is in place and it is chaired by the Speaker of the District. Its main purpose is to bring on board traditional leadership and ensure that participation of traditional leadership in matters of local government does take place. This is critical as development takes place on land which in some places of the District is under the administration of the traditional leaders.

Local Economic Development Forums: A number of LED related stakeholder forums existed during the year including the Agricultural Forum and the District Tourism Organisation. In addition, the Economic Cluster was established during the year and the District Support Team for LED was redefined (previously the LED practitioners network) after the changed mandate following the end of the Thina Sinako Programme.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

In terms of section 17 (2) of the Municipal Systems Act of 2000 a municipality must establish and organise its administration to facilitate a culture of accountability amongst its staff. Section 16 (1) states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. Section 18 (a) - (d) requires a municipality to supply its community with information concerning municipal governance, management and development.

The manner in which the District sought to achieve these objectives is detailed under the KPA of good governance and public participation whereby the following strategic objectives were set:

- ◆ To strengthen internal control systems
- ◆ To manage and coordinate IDP processes within the District and local municipalities
- ◆ To develop and implement performance monitoring and management systems
- ◆ To promote and facilitate inter-governmental relations
- ◆ To encourage participation of the communities in municipal processes
- ◆ To implement special programmes including HIV and AIDS programmes

In terms of improvements made during the year and benefits derived from these activities during the year, the following can be reported:

- ◆ The oversight report on the Annual Report was presented to the Oversight Committee in February 2012.
- ◆ All planned Performance and Audit Committee meetings were held. A meeting was held in each quarter.
- ◆ Following engagements with local municipalities an IDP and Budget Framework and Process Plan was adopted by Council in August 2011.
- ◆ The draft IDP and Budget were compiled and presented to Council as draft in March 2012 and adopted as final documents in June 2012.
- ◆ The SDBIP for the 2011/12 financial year was approved by the Executive mayor timeously in compliance with the legislation. All Section 56 managers entered into performance agreements with the municipality
- ◆ The Annual Performance Report was compiled and presented to the Audit Committee and Auditor General timeously.
- ◆ The draft annual report was considered by Council in January 2012 and the final report was adopted in March 2012. The mid-year performance and

budget assessment report was compiled and presented to Council in January 2012.

- ◆ The performance management policy, mainstreaming strategy, etc were developed and approved by Council.
- ◆ In terms of stakeholder engagements, two IGR TSG meetings, four DIMAFU meetings, four IDP and budget representative Forum meetings two Traditional Leaders forum meetings were convened. sitting (Input)
- ◆ The Executive Mayors public consultation meetings were undertaken in all four local municipalities as planned.
- ◆ There was very limited expenditure on special programmes which include HIV and AIDS programmes, youth, women, children and the disabled people due to budget constraints.

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The IDP preparation process requires an extensive consultation and participation of communities, all role players and key stakeholders in order to achieve shared understanding of the municipal development trajectory and alignment. The District Council adopted a Public Participation Strategy, which outlines the programme for public participation. The strategy guides community participation and engagement in the District. The strategy promotes a number of participation mechanisms to enhance meaningful community involvement in matters of the Council. At the District level, these mechanisms include community based planning, political outreach and stakeholder engagement sessions.

Joe Gqabi District Municipality reviewed and approved a communication strategy in March 2012. The objectives of the communication strategy are to raise awareness amongst citizens in the District about initiatives aimed at bettering the lives of people through job creation, agrarian reform and poverty eradication programmes. To provide a framework for strengthened coordination and cooperation of various spheres and sectors of government and to ensure that all residences/communities of the District, especially the poor and rural, are part of, and participate in programmes aimed at bettering their lives. The Strategy also seeks to outline community mobilisation processes.

The following are institutionalised mechanisms to enable effective participation of all stakeholders in the planning process:

District Technical Task Group: This structure is comprised of Municipal Managers, senior managers of municipalities, IDP and PMS Managers, and Sector Departments. Its primary role is to consider items submitted by its sub-clusters and resolve matters identified in the submitted reports or make recommendations. Where necessary matters are elevated to the DIMAFO level.

IDP and Budget Representative Forum: This forum is composed of various interest groups, sector departments, civil society groups, traditional leadership, etc. Its main role is to offer a platform to stakeholders to represent the interests of constituents in the IDP and budget processes; provide an organizational mechanism for discussion, negotiation and decision making between the stakeholders including the municipal government; ensure communication between all stakeholder representatives including the municipal government; and Monitor the performance of the planning and implementation processes.

IGR Clusters: There are four clusters that were established, namely economic and infrastructure; governance and finance cluster; social needs cluster; and safety and justice cluster. The primary objective of the clusters is to facilitate inter-governmental coordination in terms of planning, budgeting, implementation and monitoring between all spheres of government.

All clusters have started to sit bi-monthly while their subcommittees meet monthly to discuss service delivery, policy issues, integration, coordination, monitoring, and evaluation issues. All clusters have terms of reference in place and clearly spelt out roles and responsibilities.

To further enhance communications between the District and the communities, the District utilises its website. Reports included include performance agreements and performance reports, financial reports, general public notices, employment opportunities, updates on recent events and so forth. It must however be noted that the local newspapers and radio stations are also utilised with a view of reaching a greater number of the community as the majority of community members do not have access to internet.

EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

The Executive Mayor conducted his community outreach meetings with communities in each of the four local municipalities. The value of these meetings is that critical information of provided with respect to review of IDP and budget compilation. A reflection of the performance of past and current projects also assist the monitoring and evaluation goals of the municipality by ensuring that projects are completed in time and they serve the purpose for which they were planned. The participation by various interest groups has been increasing albeit at a modest rate. The Executive Mayor is committed in ensuring that key stakeholders are robbed in to participate and shape the District's development trajectory.

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 of Municipal Systems Act 2000	T 2.5.1

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The JGDM has established a set of processes, customs, policies, laws, and institutional arrangements that make the District a viable institution. Policies in place include human resource policies, participation of various structures in Council matters, mainstreaming and special groups' policies, delegations framework, by-laws, etc. These policies are reviewed annually to ensure that they are always up-to-date and relevant at all times. Compliance with all laws affecting local government is always ensured. Enforcing these standards will ensure corporate success, strong stakeholder and community confidence, positive impact on service delivery, proper inducement of the workforce to work as a unit and be committed to meet the objectives of the institution and promote the District as a brand and a pot of excellence.

2.6 RISK MANAGEMENT RISK MANAGEMENT

All entities face uncertainty and the challenge for management is to determine how much uncertainty it is prepared to accept as it strives to grow stakeholder value. Enterprise risk management is the process that will enable management to identify, assess the face of uncertainty and is therefore integral to value creation and preservation. Risk assessment is performed with a view to identify and rate the risks facing the organisation. These risks could then be categorised. The creation of general organisational risk awareness and thus an improved control environment throughout all management structures. The top five identified risks for the institution are:

- ◆ Inadequate budget to implement the IDP
- ◆ Cash flow challenges
- ◆ Negative effects of fraud and corruption on service delivery
- ◆ Non compliance with occupational health and safety requirements
- ◆ Inability to retain staff

2.7 ANTI-CORRUPTION AND FRAUD

The prevention of fraud is the most important component of our municipal strategy in dealing with fraud and corruption. The anti-fraud and corruption strategy developed by this municipality includes the fraud prevention plan as one of the outputs of the strategy. The risk of fraud is seen as a sub-component of risk within an organisation. As such risk management activities will include the estimation of the likelihood of the occurrence of fraud.

The objective of the anti-fraud and anti-corruption strategy of the District is to develop and foster a climate within the Joe Gqabi District Municipality where all employees, service providers and communities of the District strive for the ultimate eradication of fraud, corruption, theft and maladministration by means of the

application of the full spectrum of both pro-active and re-active measures at their disposal.

The strategy also sets down the stance of the Joe Gqabi District Municipality to fraud as well as re-enforcing existing regulations aimed at preventing, reacting to, and reducing the impact of fraud, corruption, theft and maladministration where these dishonest acts subsist. In order for the District to meet the objectives of the strategy it strives to create a culture which will facilitate the disclosure of information by staff and all involved relating to criminal and other irregular conduct in the workplace in a responsible manner by providing clear guidelines for the disclosure of such information and protection against reprisals as a result of such disclosure; and promote the eradication of criminal and other irregular conduct within Joe Gqabi District Municipality.

Joe Gqabi District Municipality will ensure that a fraud and corruption information system is developed for the following purposes:

- ◆ Recording all allegations;
- ◆ Tracking progress with the management of allegations;
- ◆ To facilitate the early identification of systemic weaknesses and recurring risks, and inform managers and employees of systemic weaknesses/risks; and
- ◆ Provide feedback to employees and other whistle blowers on the management of allegations.

Management has ensured that financial systems and controls that are in place in Joe Gqabi District Municipality address the following:

- ◆ Effective, efficient and economic use of resources;
- ◆ Proper record keeping of the financial affairs of Joe Gqabi District Municipality;
- ◆ Effective, efficient and transparent systems of financial and risk management and internal control;
- ◆ Effective, efficient and transparent systems of internal audit;
- ◆ Prevention of irregular or fruitless and wasteful expenditure; and
- ◆ Institution of disciplinary or, when appropriate, criminal proceedings against employees who have committed an act of financial misconduct or other offence, including fraud and corruption.
- ◆ The finance policies, procedures and other prescripts of Joe Gqabi District Municipality prescribe various controls, which, if effectively implemented, would limit fraud and corruption within Joe Gqabi District Municipality.

The District is committed to the implementation and monitoring of this strategy. To ensure successful implementation the following processes are adhered to:

- ◆ Division of duties,
- ◆ Internal audit review of processes
- ◆ Reviews by the Audit Committee
- ◆ Exclusion of politicians and officials as members of the Audit Committee
- ◆ Condemnation by the Executive Mayor and the Municipal Manager of corrupt practices and involvement of the police as soon as grounds for suspicion become evident
- ◆ Recovery of Losses
- ◆ Confidentiality assurance
- ◆ Protection of Whistle Blowers

- ◆ Protection against Harassment or victimisation
- ◆ Anonymous allegations provision

The Audit Committee report which contains recommendations and a report on the functionality of the Committee are contained in this report as Appendix.

2.8 SUPPLY CHAIN MANAGEMENT

The Joe Gqabi District Municipality Supply Chain Management Policy is in place and it is renewed annually. The policy seeks to encourage socio-economic transformation within the District by redressing the skewed distribution of wealth and therefore contribute to the alleviation of poverty. The Policy will achieve the above by providing employment opportunities to HDI's and communities, enabling socio-economic transformation objectives to be linked to fair, transparent, equitable, competitive and cost effective procurement practices.

The Policy sets out clear guidelines to service providers/contractors who perform projects on behalf of the Municipality to use local labour based human resources to ensure job creation and development of HDIs in communities where projects will be undertaken.

Major achievements and goals have been realized through the targeted procurement processes and Policies of the UDM. The future focus will be to further enhance the Policy by considering new legislation that has been enacted.

To further enhance the effectiveness of the supply chain management processes of the District, the supply chain management function has been centralised. To ensure the new system works as anticipated, the capacity of the Supply Chain Management Unit has also been increased.

2.9 BY-LAWS

The Municipal Systems Act requires municipalities to pass and implement by-laws for the betterment of the community within the terms of the legislation. The municipality has the following by-laws in place.

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption (Yes/No)	Dates of Public Participation	By-Laws Gazetted * (Yes/No)	Date of Publication
Community Fire Safety	N/A	Yes	TBD*	Yes	11 September 2009
Passenger Transport	N/A	Yes	TBD*	Yes	11 September 2009
Water Services	N/A	Yes	TBD*	Yes	07 March 2008

**Note: See MSA section 13.* T 2.9.1

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	15/06/2012
All current budget-related policies	Yes	2010, 2011
The previous annual report (Year -1)	Yes	12/04/11
The annual report (Year 0) published/to be published	Awaiting Draft	Expected date : March 2013
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	17/08/2012
All service delivery agreements (Year 0)	Yes	As received
All long-term borrowing contracts (Year 0)	No - No existing documents	n/a
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes	Updated on a monthly base
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	Awaiting claim from insurance for disposal of old IT equipment -expected date : March 2013
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes	As received
Public-private partnership agreements referred to in section 120 made in Year 0	No	No existing documents
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	Quarterly, Mid-Yearly

Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.

T 2.10.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

The District municipality has installed suggestion boxes in all municipal offices. Public queries and comments are also administered through the Presidential hotline service. All issues identified through these mechanisms are dealt with as they are raised. In addition, the District intends to conduct community satisfaction surveys in order to facilitate enhanced engagement with the communities on their satisfaction levels with the municipality and services offered.

Satisfaction Surveys Undertaken during: Year -1 and Year 0				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:				
(a) Municipality	None	n/a	n/a	n/a
(b) Municipal Service Delivery	None	n/a	n/a	n/a
(c) Mayor	None	n/a	n/a	n/a
Satisfaction with:				
(a) Refuse Collection	n/a	n/a	n/a	n/a
(b) Road Maintenance		n/a	n/a	n/a
(c) Electricity Supply	n/a	n/a	n/a	n/a
(d) Water Supply	None	n/a	n/a	n/a
(e) Information supplied by municipality to the public	None	n/a	n/a	n/a
(f) Opportunities for consultation on municipal affairs	None	n/a	n/a	n/a
* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory				T 2.11.2

CHAPTER 3

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

With regard to drinking water quality and effluent water quality compliance with SANS 241 significant progress was achieved especially on drinking water. The open natural sources still remain a challenge in rural areas of Elundini which impacts negatively on water quality results. Moreover, most of the waste water treatment plants are non-functional due to historic lack of operation and maintenance. The District has however put in place various initiatives aimed at correcting the situation which include expedition of water provision projects to eliminate the use of open natural sources as well as improving effluent quality through implementation of ACIP projects at the identified waste water treatment works.

The development of water and sanitation infrastructure refurbishment master plan will also play a critical role in alleviating the situation. The draft master plan has already been presented to the Infrastructure Services Standing Committee. Furthermore, the District spend an amount of R5.7 million out of the allocated R6 million on operation and maintenance of all waste water treatment works and water purification works.

With regard to the implementation of the working for Water and Working for Wetlands programme, eight projects under Working for Water and one project under Working for Wetlands were implemented. About 10 849 ha of alien plants were eradicated.

Municipal health services are one of the services offered by the District. The District sought to evaluate formal urban waste sites as well as monitor and evaluate premises and issued them with a certificate of acceptability where they comply. Quarterly reports on the number of formal urban waste sites evaluated were compiled and 107 inspections were conducted and 25 certificates of acceptability were issued.

To improve maintenance of municipal road networks, the District graded about 4 905 kilometres of roads in Gariep and Maletswai local municipalities as per the service level agreement with the Department of Roads and Public Works. This less than the anticipated number of kilometres of 8 400 km. Fewer kilometres were graded as planned due to teams also doing patch gravelling on certain roads sections with same maintenance teams and occasional breakdowns of very old DRPW Motor Graders.

COMPONENT A: BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

The District has in place water and sanitation implementation plans. The adopted water and sanitation plans provide a comprehensive analysis of the status quo in each of the services, including information on backlogs, provision of free basic services and service levels. In accordance with its by-laws the JGDM is providing services by means of three levels of service. They are Basic, Intermediate and Full Service Levels. Basic level of service refers to where the community accessing water through communal standpipe situated at a maximum distance of 200meters from the furthest homestead and the basic level of service for sanitation is a ventilated improved pit latrine. The intermediate level of service consists of yard connections and a flush toilet. The full level of service refers to house connections.

3.1. WATER AND SANITATION PROVISION

WATER PROVISION

The District is a Water Service Authority (WSA) and local municipalities were appointed as Water Service Providers (WSPs). The District municipality adopted Water Services Development Plan (WSDP) in September 2008 covering the 2007/2008 to 2011/2012 financial years. The adopted WSDP was reviewed during the 2011/12 financial year. Following the Water Indaba held in March 2012, the WSDP would be reviewed and only critical elements and chapters of the document will be reviewed with a particular focus on the funding model and relationships between WSP and WSAs. The RRU of WDA has committed funding and expertise for this project.

All towns in the District are characterised by aging infrastructure which is about 50 years old. In terms of new infrastructure investments, there has been slow progress in addressing the existing backlogs as the available budget is consumed by operations and maintenance requirements. This diverts the commitments from dealing with new infrastructure to ensure sustainability of the current infrastructure.

The demand and levels of service provided has also increased for a greater proportion of the population leading to bulk water and sanitation infrastructure operating at over capacity. Inadequacy of resources such as vehicles, shortage of skills relating to operations and maintenance requirements remains a challenge. Nevertheless, in order to optimally achieve this and thus meet key policy and legislative requirements, new and effective institutional arrangements and other strategies continue to be put in place.

The National Water Act (Section 2(h) (iii)) requires WSAs to prepare water conservation and water demand management strategies in order to achieve more efficient use of water. Many of the elements of such a strategy are part of the WSDP requirements. The WSDP identifies the following as key activities that could be embarked on to ensure more efficient use of water:

- ◆ Water resource management

- ◆ Distribution management
- ◆ Consumer / end user demand management
- ◆ Effluent / return flow management

The implementations of water conservation and water demand management strategies do not only refer to measures that reduce water wastage and inefficient use, but also include measures to effectively manage and sustain efficiency targets. Some of the priority requirements are to install systems that measure and identify certain key parameters such as minimum night flows and systems to enable detailed and regular water audits and water balances.

The Water Conservation and Demand Management Strategy should address the following main water conservation issues:

- ◆ Water Loss Control programme
- ◆ Asset Operations and Maintenance programme
- ◆ Catchment erosion prevention and mitigation programme
- ◆ Management and rehabilitation of wetlands programme
- ◆ Alien vegetation removal programme
- ◆ Accounting and Cost Recovery systems improvement programme
- ◆ Capacity building programme
- ◆ Public Information and consumer education programme
- ◆ Development of bylaws that will support the sustainable management of all water and sewage related resources
- ◆ Institutional arrangement establishment

The four local municipalities were appointed by the District to operate and maintain the distribution networks within their respective towns. An SLA that regulates the WSA and WSP function between the District and the local municipalities has been signed with each local municipality. The District made use of different institutions to fulfil the role of Water Services Providers (WSP) during the year. The different municipal areas as well as corresponding WSP is shown in table 3 below:

Municipal Area	WSP
Elundini local municipality area (the towns of Mt. Fletcher, Maclear and Ugie)	Elundini Local Municipality
Elundini local municipality rural areas	Sintec Consulting (interim arrangement)
Senqu local municipality (the towns of Rhodes, Lady Grey, Barkly East and Rossouw)	Senqu Local Municipality
Senqu local municipality (the town of Sterkspruit and surrounding rural areas)	Amatola Water
Maletswai local municipality (the towns of Aliwal North and Jamestown)	Maletswai Local Municipality
Gariiep local municipality (the towns of Venterstad, Oviston, Steynsburg and Burgersdorp)	Gariiep Local Municipality

Water quality in the District Municipality is steadily improving as a result of internal systems that are effective and functional, despite challenges such as the availability of an accredited laboratory, availability of sampling equipment and transport.

The Blue Drop System as mentioned is incentive based and provides recognition to Municipalities who excel in the management of their water supply systems and provide an excellent water quality. This recognition is in the form of a prestigious Blue Drop Award. All 14 systems are tested on monthly basis in accordance with Blue Drop System, including the new systems in Sterkspruit and Steynsburg. For the year under review, the District achieved two blue drops for the Ugie and Sterkspruit Water Supply Systems.

The development of Water Safety Plans for water system for two towns with a view of reducing water losses was not realised due to cash flow challenges which meant that funding was not available to appoint service providers to compile the plans.

To achieve the target of eliminating backlogs in water and sanitation by 2014, about 7 346 households were provided with basic level of water during the 2011/12 financial year against the target of 5000 households. This level of performance was due to acceleration of work through the appointment of additional contractors. With regard to sanitation, 7 180 of households were provided with basic level of sanitation as opposed to the target of 5000 households. Similarly, acceleration of the rural sanitation programme was due to the appointment of more contractors which resulted in more toilets being delivered over the period under review. The provision of free basic services to indigents is also implemented vigorously by the municipality.

In responding to communities that are living in poverty and are deficient in this basic service, the District developed an indigent policy that guides the implementation of free basic services. The local municipalities have indigent registers and policies in place and implement free basic services for energy as well as waste disposal. The District municipality provides FBS within the provisions of the Indigent Policy. A process to update the indigent registers is underway in local municipalities in order to ensure improved access to FBS and improve revenue collection. The District has entered into an SLA with local municipalities in terms of provision of the indigent services.

Water Service Delivery Levels

Regional/local water scheme	Borehole	Spring	Rain water tank	Dam/pool/ stagnant water	River/ stream	Water vendor	Water tanker	Other
52567	11151	9436	2610	3960	10101	1673	4388	1889

According to the Census 2011 information above, about 54% of the population of the District had access to the basic level of access to water. This is in contrast with the 75% access as reported in the performance report of the District. However it is evident that the District still has some strides that must be made to ensure universal access to the basic level of water. The existence of 9 436 households that still access their water from springs means that the spring protection initiatives must be continued to ensure that animals are barred from accessing the same springs that are used by communities.

Households - Water Service Delivery Levels below the minimum

Formal Settlements	Total households	92 942	Informal Settlements	Total households	4 235
	Households below minimum service level	32 799		Households below minimum service level	1 020
	Proportion of households below minimum service level	35%		Proportion of households below minimum service level	24%

T 3.1.4

SANITATION PROVISION

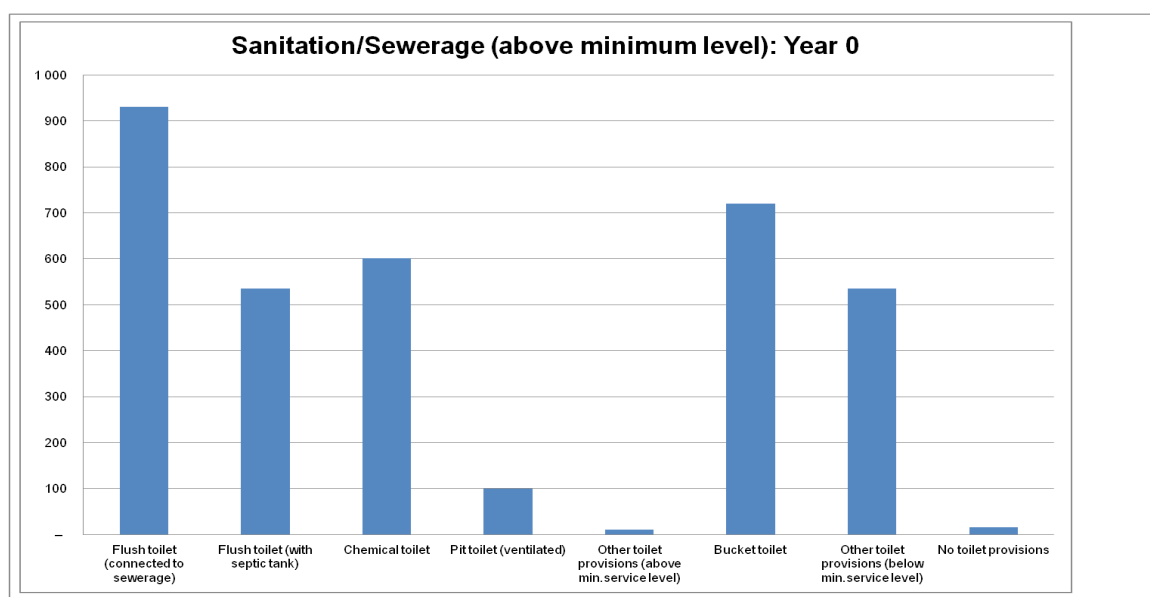
The District operates and maintains all water and sanitation bulk services except for Sterkspruit, Ugie, Steynsburg and Mt Fletcher WTWs which are operated by service providers. Semester chemical samples are taken of final effluent from each wastewater treatment works (WWTW). Insufficient analysis of surplus currently takes place due to the lack of proper database. Twenty-two (22) permitted WWTW are located in the four local municipalities (Elundini 6, Senqu 9, Maletswai 2, and Gariiep, 5). They consist of oxidation ponds and activated sludge systems. The staff is deployed to the local municipalities to perform this function and the District budgets for this function within waste management budget.

To meet the national targets will require the injection of financial and human resources as depicted in the table below. The backlogs and the budget include bulk infrastructure development.

Backlog Eradication funding needs

	2008/09 (R 000)	2009/10 (R 000)	2010/11 (R 000)	2011/12 (R 000)	2012/13 (R 000)	2013/14 (R 000)	2014/15 (R 000)	2015/16 (R 000)
WATER	R152,691	R178,082	R89,699	R55,699	R55,699	R55,699	R55,699	R55,699
SANITATION	R67,246	R29,523	R34,199	R32,549	R34,176	R35,885	R38038	R9 732
TOTAL	R219,937	R207,605	R123,898	R88,248	R88 248	R91 584	93, 737	R65, 431

Source: WSDP 2008



Sanitation Service Delivery Levels	
	*Households
Description	Year 0
	Outcome
	No.
<u>Sanitation/sewerage: (above minimum level)</u>	
Flush toilet (connected to sewerage)	23 308
Flush toilet (with septic tank)	2 879
Chemical toilet	3 512
Pit toilet (ventilated)	20 571
Other toilet provisions (above min. service level)	0
<i>Minimum Service Level and Above sub-total</i>	50 270
<i>Minimum Service Level and Above Percentage</i>	51.4%
<u>Sanitation/sewerage: (below minimum level)</u>	
Bucket toilet	1 730
Other toilet provisions (below min. service level)	29 037
No toilet provisions	16 738
<i>Below Minimum Service Level sub-total</i>	47 505
<i>Below Minimum Service Level Percentage</i>	48.6%
Total households	97 775
*Total number of households including informal settlements T 3.2.3	

Households - Sanitation Service Delivery Levels below the minimum	
Description	Households
	Year 0
	Actual No.
Formal Settlements	
Total households	96 151
Households below minimum service level	46 276
Proportion of households below minimum service level	48%
Informal Settlements	
Total households	1 623
Households below minimum service level	1 229
Proportion of households below minimum service level	76%
	T 3.2.4

				Water Se
Service Objectives	Service Targets	Year -1	Year 0	Year 1
		Target	Actual	Target
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)
Service Objective xxx				
To meet basic needs and eliminate backlogs in water and sanitation by 2014	Additional Households provided with minimum water supply during the year (Number of households (HHs) without supply at year end)	1955 additional HHs (37154 HHs outstanding)	6844 additional HHs (24443 HHs outstanding)	1955 additional HHs (37154 HHs outstanding)
	Number of households provided with basic level of sanitation in 2011/12 financial year (Output)	65%	75%	65%
To maintain and expand water purification works and waste water treatment works in line with growing demand	% compliance with SANS 241 for drinking water quality as per BDS (Outcome)	99%	96%	99%
To improve water and sanitation quality and ensure continuity of services	Number of Blue Drops achieved	2	2	2
<p><i>Note: This statement should include no more than the top four priority service objectives, including milestones that relate to the blue water drop status as set out by the Water Affairs department. The indicators and targets</i></p>				

specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.

Capital Expenditure Year 0: Water and Sanitation Services					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	144629000				
Lady Grey Bulk Water Project	9 591 000				
Mt Fletcher Villages - Bulk Water Supply Scheme	10 538 000				
Lady Grey: Kwezi Naledi Sanitation	1 500 000				
Sterkspruit: Upgrading of WTW and Bulk Lines	35 000 000				
Senqu Rural Sanitation Programme	35 000 000				
Senqu Rural Water Programme	10 000 000				
Elundini Rural Sanitation Programme	35 000 000				
Elundini Rural Water Programme	8 000 000				
Aliwal North WTP Upgrade	3 000 000				
Steynsburg Waterborne Sanitation PHASE 3	9 000 000				
Jamestown sanitation Phase 2	11 000 000				
Maclear Upgrading of Bulk Water Services	1 000 000				
Maclear Upgrading of Bulk Sanitation	1 000 000				

PMU	3 000 000				
Ukhahlamba Planning Studies	2 000 000				
RHIP: Senqu Rural Water & Sanitation	9 000 000				
RHIP: Elundini Rural Water & Sanitation	9 000 000				
MIG PVA: Aliwal North Water Tower	3 000 000				
Sterkspruit WWTW Upgrading ACIP	6 000 000				
Venterstad/Oviston ACIP	3 700 000				
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					

T 3.2.9

Employees: Water 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	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%
<i>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.</i>					
T3.1.7					
Financial Performance Year 0: Water Services					
R'000					

Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	2	100%
Expenditure:					
Employees	878	–	24	877	100%
Repairs and Maintenance	–	–	–	–	#DIV/0!
Other	974	3 000	470	4 007	25%
Total Operational Expenditure	1 852	3 000	294	4 754	37%

Net Operational Expenditure	1 852	3 000	294	5	4 752	37%
<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>						T 3.1.8

Financial Performance Year 0: Sanitation Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	0	0	0	-32%	
Expenditure:						
Employees	-	-	-	-	#DIV/0!	
Repairs and Maintenance	0	0	0	0	2%	
Other	452	1 187	75	1	500	-138%
Total Operational Expenditure	452	1 188	75	1	500	-137%
Net Operational Expenditure	452	1 188	75	1	500	-137%
<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>						T 3.2.8

3.3 ACCESS TO ELECTRICITY

Provision of electricity is not a function of the District. Eskom is the main provider of electricity through the District though there are some areas that are under the local municipalities. The Census 2011 statistics show a noticeable improvement of 69% access to the basic level of electricity from 59% in 2007. The majority of the backlog is in the informal settlements. Details are shown below.

Households - Electricity Service Delivery Levels

Energy: (above minimum level)	Total households Electricity (at least min. service level)	Percentage Access	Formal Settlements	Total households below minimum service level	Proportion of households below minimum service level	Informal Settlements	Total households below minimum service level	Proportion of households below minimum service level
	97 775	69.0%		95 071	30%		1 623	70%
	67 433			28 512			1 147	

T 3.3.4

Although most of the Senqu communities have access to electricity, there are some communities that still need to be electrified either in the form of electricity installation or in upgrading of the existing lines as most of the lines, particularly in Sterkspruit and surrounding villages, are very weak.

In a nutshell Electrification challenges for the District generally are:

- ◆ Maintenance in areas managed by municipalities
- ◆ Supply in the rural areas is not at a capacity to support economic growth
- ◆ The implementation of free basic electricity supply is still a challenge
- ◆ Some areas will need to be supplied with non- grid electricity particularly in Elundini and Senqu LM rural areas
- ◆ There are a number of schools, clinics and other social facilities that do not have a regular supply of electricity (if any supply at all) and this has an impact on the service they can offer
- ◆ Lack of an electrification plan for the District
- ◆ Additional infrastructure capacity is required to eradicate backlogs in the District, particularly areas in Elundini local municipality
- ◆ Service providers do provide free basic electricity but there is a challenge in extending the service to commercial farming and rural areas
- ◆ Electricity service providers would need to mobilise additional funding for electrification and maintenance requirements.

3.4 WASTE MANAGEMENT

The waste management function is an area for local municipalities. The District plays its role through the Municipal Health Services (MHS) mandate, as required in the powers and functions allocation described in section 84(1)(e) and (i), respectively, of the Municipal Structures Act, 1998 (Act 117 of 1998). The district municipality has a specific role to play in the monitoring and regulation of waste disposal in its area as well as developing a waste strategy for the district.

The District municipality has prioritized the review of the Integrated Waste Management Plan (IWMP). The existing plan dates back to 2005. Currently Waste Management Services (WMS) are rendered on a weekly basis to most of the residents in urban areas of the District by the four local municipalities, but there are substantial backlogs. Refuse collection is a function of local municipalities. The census 2011 statistics show the status quo as follows.

Area type	Removed by local authority/ private company at least once a week	Removed by local authority/ private company less often	Communa l refuse dump	Own refuse dump	No rubbish disposal	Other
Formal residential	25353	674	566	6713	1077	273
Informal residential	560	7	68	746	232	11
Traditional residential	343	140	497	41657	11123	721
Farms	101	29	126	3845	785	143
Parks and recreation	-	6	-	68	-	-
Collective living quarters	92	-	2	10	-	-
Industrial	-	-	1	1	1	-
Small holdings	-	-	-	6	3	1
Vacant	235	6	11	647	154	28
Commercial	671	8	11	15	6	-
TOTAL	27355	870	1282	53708	13381	1177
%	28.0%	0.9%	1.3%	54.9%	13.7%	1.2%

The table above shows that refuse removal backlogs was the highest in formal settlements. Access to refuse removal services is very low in the informal settlements. In the traditional area type a large number of households made use of their own refuse damp.

3.5 HOUSING

Provision of Housing is a function performed by the Department of Human Settlements and the local municipalities. The role of the District is limited to influencing physical development within municipalities through the application of the District Spatial Development Framework.

The key challenges for Human Settlement going forward will be to improve delivery of low-income housing and eliminate all challenges being experienced

and further facilitate development of middle-income housing projects throughout the District.

Key issues identified for intervention by the Human Settlement Department include:

- ◆ Lack of land available for housing development. Explore expropriation of land in order to give priority to public interest and municipal development plans
- ◆ Lack of bulk services on identified land for housing development
- ◆ Rectify poor quality of RDP houses as a result of poor workmanship, complete unfinished projects and identify bottlenecks in blocked housing projects
- ◆ Building of sustainable human settlements. Integrate housing developments and prioritise indigents in areas close to work opportunities.
- ◆ Ensure that all built houses are occupied.
- ◆ Use local labour and resources and ensure that joint-ventures when external contractors are being used.
- ◆ District Municipalities to be accredited for housing development.
- ◆ Ensure maximum public participation in housing development to ensure ownership.
- ◆ Decentralise registration systems and the ability of the systems to link nationally.
- ◆ Explore development of low income rental housing middle income low cost housing

The housing status quo in all local municipalities in the District is reflected below.

Type of dwelling by Tenure status

Type of dwelling	Tenure status				
	Rented	Owned but not yet paid off	Occupied rent-free	Owned and fully paid off	Other
House or brick/concrete block structure on a separate stand or yard or on a farm	7251	2758	10665	29866	3346
Traditional dwelling/hut/structure made of traditional materials	1940	1869	5730	20804	3644
Flat or apartment in a block of flats	729	87	356	1031	85
Cluster house in complex	30	8	34	46	21
Townhouse (semi-detached house in a complex)	99	29	32	92	10
Semi-detached house	198	18	202	284	18
House/flat/room in backyard	412	30	339	637	31
Informal dwelling (shack; in backyard)	298	105	339	691	67
Informal dwelling (shack; not in backyard; e.g. in an informal/squatter settlement or on a farm)	254	58	820	1325	191
Room/flatlet on a property or larger dwelling/servants quarters/granny flat	118	4	48	24	17
Caravan/tent	26	-	45	11	3
Other	178	14	140	177	90
TOTAL	11533	4980	18750	54988	7523
%	11.8	5.1	19.2	56.2	7.7

The table shows that about 52% of dwellings within the District are owned and fully paid off. This is followed by 19% of dwellings that are occupied rent-free. The third largest category of tenure status is 12% of dwellings that are rented.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

The District developed an indigent policy that guides the implementation of free basic services. The local municipalities have indigent registers and policies in place and implement free basic services for energy as well as waste disposal. The District municipality provides FBS within the provisions of the Indigent Policy. A process to update the indigent registers is underway in local municipalities in order to ensure improved access to FBS and improve revenue collection.

COMPONENT B: ROAD TRANSPORT

INTRODUCTION TO ROAD TRANSPORT

In terms of the ITP which was adopted by Council in 2004, the road network in JGDM can be divided into National, Trunk, Main Roads, and Access Roads. Only one National road, the N6 from Aliwal North to the far side of the Stormberg Pass (103 km), falls inside the JGDM boundaries. The N6 national road passes through Aliwal North and Jamestown. The N6 is the main access road through the District and links the interior of the country with the Eastern Cape coastal areas. The N6 road is under the jurisdiction of the South African National Road Agency Limited and is in a good condition.

3.7 ROADS

The deterioration of road networks is impacting very negatively on farming in the whole region. Farmers are struggling to get their produce to the markets and farm workers have to pay higher taxi fees due to the bad condition of the roads. The closing down of the railway system also increases transport costs because all inputs and products now have to be transported by road. This places an ever-increasing burden on the road infrastructure.

The District is currently implementing rural gravel roads maintenance in Gariiep and Maletswai municipalities on behalf of the Department of Roads and Transport. The current agreement is for three years from 2010 to 2013 with a budget of R 30 million per year. During the past year the District formalised the appointment of 72 casual workers who have been working in the roads section for some time.

Overall, these massive infrastructure projects will, as they assist in alleviation of the service delivery backlogs, provide thousands of jobs opportunities in line our strategic goal of alleviating poverty and stimulating economic development within the region.

Key challenges with regard to roads maintenance and transportation can be summed up as follows:

- ◆ Road classification restricts the various role-players in the maintenance of roads and is therefore not responsive to community needs.
- ◆ Municipalities do not have the financial resources in the short to medium term to build up the required fleet to maintain roads, especially as roads are not an income generating service.
- ◆ Surfaced roads are deteriorating and insufficient funding is being allocated to ensure their constant and effective maintenance.

Road Service Policy Objectives Taken From IDP				
Service Objectives	Outline Service Targets	Year -1		
		Target	Actual	Previous Year
Service Indicators		*Previous Year		*Previous Year
(i)	(ii)	(iii)	(iv)	(v)
Service Objective				
To improve maintenance of municipal road networks	% expenditure of the budget for maintenance of roads in terms of the SLA with DPW&R as per the National Financial year (Input)	100% of R28M	100% of R28M	100% of R28M
	Number of km's graded as per the SLA (Outcome)	New	New	New
	Number of roads maintained as per the SLA (Outcome)	New	New	New
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be</i></p>				

fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.

Employees: Road 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	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.

T3.7.7

Financial Performance Year 0: Road Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	–	–	–	00 5	100%	
Expenditure:						
Employees	5 582 1	1 441 1	16 517	16 517	31%	
Repairs and Maintenance	–	–	–	–	-	
Other	6 956	8 181 1	11 665	11 665	-56%	
Total Operational Expenditure	2 538 2	9 622 2	28 182	28 182	-5%	

Net Operational Expenditure	2 538	2 9 622	28 182	27 682	-7%
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.					T 3.7.8

3.8 LOCAL ECONOMIC DEVELOPMENT

The JGDM adopted its comprehensive LED Strategy in 2009. The reviewal of the Strategy commenced in the 2011/12 financial year. The reviewal is, *inter alia*, informed by the development trajectory of the new Council which has identified key economic development programmes that the District and its agency, JoGEDA, should focus on in the next five years. This exercise will further enhance the implementation plan and identify realistic short to medium term projects and the long term projects.

The District LED Plan is aligned with the National Local Economic Development Framework, Growth and Development priorities as agreed upon by the social pact and compact, the PGDP pillars as well as the National Spatial Development Perspective principles. This is further entrenched in the activities of the clusters (government Departments, organs of the state and donors) and all the IGR structures operating in the District.

The institution has developed an SMME and Cooperatives Strategy which is focusing on targeted support for SMMEs and cooperatives. SEDA will be utilised as a special vehicle for the implementation of the strategy. Currently SMMEs are supported through a collaborative effort between the District, local municipalities, ECDC, DEDEA and SEDA. This strategy encompasses matters pertaining to business expansion and retention. Moreover, an invoice based payment system was introduced to link SMMEs and Cooperatives to funding sources in partnership with ECDC, Thina Sinako and the District Municipality. This project cost about R5 million and it was implemented in the 2011/12 financial year.

During the next five years, the District (with support of Joe Gqabi Economic Development Agency) will focus on the following economic development programmes. The District Strategy is implemented using a combination of both existing internal and external structures. The primary external delivery structure that will support the Strategy will be the Joe Gqabi Economic Development Agency, JoGEDA. The following are programmes that are prioritised for JoGEDA to implement over the next five years:

- ◆ Aliwal Private Hospital / Joe Gqabi Memorial Hospital
- ◆ Aliwal Spa & Gariiep Tourism Development
- ◆ Senqu Plastics Manufacturing
- ◆ Business Incubator Hubs
- ◆ Elundini Integrated Middle Income Housing Development – Maclear, Elundini
- ◆ Maize-Meat Hub Feedlot
- ◆ Senqu Commercial Property Development
- ◆ Small town revitalisation (Sterkspruit vision 2016, Ugie, Maclear and Mt Fletcher)
- ◆ Local supplier development programme

- ◆ Tourism and heritage routes development
- ◆ Irrigation schemes (Senqu , Maletswai and Elundini)
- ◆ EPWP, CWP and Mass job creation
- ◆ Elundini, Gariep Residential Housing Project
- ◆ Business Incubation Hubs
- ◆ Youth development initiatives (including other Special Groups)

Type of sector by Level of education

	Grade 0 - Grade 7 / Std 5/ ABET 3	Grade 8 / Std 6 / Form 1 - Grade 12 / Std 10 / Form 5	NTC I / N1/ NIC/ V Level 2 - NTC III /N3/ NIC/ V Level 4	N4 / NTC 4 - N6 / NTC 6	Certificate with less than Grade 12 / Std 10 - Diploma with Grade 12 / Std 10	No schoolin g	Higher Diplo ma - Higher Degre e Maste rs / PhD
In the formal sector	6422	16805	209	282	2880	2043	3896
In the informal sector	3818	5378	45	44	323	1242	454
Private household	2642	3390	33	17	170	853	203
Do not know	491	742	3	3	32	179	23
Unspecified	-	-	-	-	-	-	-
Not applicable	128992	92792	559	370	1681	26589	1424
TOTAL	142365	119107	849	716	5086	30906	6000
%	46.7	39.0	0.3	0.2	1.7	10.1	2.0

The low level of education within the District is one of the key challenges. In order to improve this situation the District needs to strengthen programmes dealing with education health and employment opportunities.

The poor level of higher education in the District could be attributed to the lack of institutions of higher learning in the District. The low level of education amongst the inhabitants of the District clearly has a negative effect on both the employability of the labour force and the attractiveness of the District to external investment. The low average levels of education in the District are attributable to the poor provision of education in the rural areas of the Eastern Cape.

The Department of Education (DoE) allocated R149m over the present MTEF to upgrade 19 mud schools and 26 others. A new special school is to be built in Aliwal North costing R6.5m. This is insufficient to eradicate the 25 mud structures in Senqu and the 95 mud structures in Elundini, as well as the seven schools affected by disaster in Elundini.

The District has prioritised education as it is very critical to the eradication of poverty. This will assist to provide better opportunities for employment which leads to household poverty reduction. The low levels of education within the region increases the levels of dependency on government grants and this becomes a vicious cycle of poverty and underdevelopment.

Key sectors and or activities that create the majority of job opportunities within the District include:

- ◆ Commercial plantations as well as the rehabilitation of existing plantations
- ◆ Agricultural sector
- ◆ Municipal run capital projects;
- ◆ Small scaled job creation / poverty alleviation projects
- ◆ EPWP/CWP activities.

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
Total (all initiatives)				
Year -2	2215	Unknown	2215	Employment records
Year -1	1042	Unknown	1042	Employment records
Year 0	2717	Unknown	2717	Employment records
EPWP registered projects	2717	0	2717	MIG
				T 3.11.5

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
Year -2	0	2 215
Year -1	0	560
Year 0	0	2 717
* - Extended Public Works Programme		T 3.11.6

Local Economic Development Policy Objectives Taken From			
Service Objectives Service Indicators	Outline Service Targets	Ye	
		Actual	
			*Pre Y

(i)	(ii)	(iv)	
Service Objective xxx			
To create job opportunities through Expanded Public Works programme, Community Works Programme, LED and capital projects	Number of job opportunities created through EPWP registered projects	482	5
	% expenditure of the approved LED budget (input)	New	N
To plan for medium to long term development of the local economy	Number of LED stakeholder fora held	4	
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; * 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. * 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the</i></p>			

reduction of performance management arrangement by municipalities in which IDPs play a key role.

Financial Performance Year 0: Local Economic Development Services					
Details	Year -1	Year 0			
	Actual R'000	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	-
Expenditure:					
Employees	971 ¹	1 815	2 663	2 663	32%
Repairs and Maintenance	–	–	–	–	-
Other	895 ¹³	12 759	0 779 ¹	7 785 ¹⁰	88%
Total Operational Expenditure	866 ¹⁵	14 574	3 441 ¹	0 448 ¹¹	87%
Net Operational Expenditure	866 ¹⁵	14 574	3 441 ¹	0 448 ¹¹	87%
<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>					T 3.11.9

3.9 SOCIAL PROGRAMMES

Gender equity is considered in lined with the Employment Equity Plan albeit equitable and desired levels have not been reached as yet. Management has been workshopped on gender mainstreaming approaches to ensure that pertinent matters are incorporated into all the plans and programmes. Emanating from these municipal programmes such as the EPWP, Community Works Programme and supply chain issues are structured in a way that promotes gender and equity.

The special programmes are currently being mainstreamed within the procurement processes of the municipality. The institutional arrangements supporting the youth, gender mainstreaming, women, disabled, the elderly and the children (special groups) exist within the municipality. The Special Programmes Unit is in place and requires more funding to implement some of the programmes necessary for these groups. The Special Programmes Unit is also responsible for gender mainstreaming matters. The youth, people with disability, children and women development plans are in place and these groups are consulted through the year through the established platforms. The review of these plans will have to be considered in the current budget.

The mainstreaming strategy was approved by Council in March 2011 and this contains activities, plans and programmes that are aimed at improving the conditions of the special groups, which includes women, the elderly, people with disabilities and men. The activities linked to the special groups are funded and monitored by the Office of the Executive Mayor. All special group fora are in place and functional and participate actively in IDP processes.

The special groups are accorded special preferential procurement treatment and mainstreamed in the supply chain management policy of the institution. The programmes which are as result of the activities of the special groups in development are tiresome project for the disabled, Multipurpose Youth Centre, and Community Garden in Venterstad. At an institutional level, fora for the disabled, men and women have been established and these are functional. Moreover, the District has improved accessibility of its buildings to the disabled.

COMPONENT E: ENVIRONMENTAL PROTECTION

INTRODUCTION TO POLLUTION CONTROL

The District municipality developed and adopted an Environmental Management Plan. The Environmental Management Plan covers the physical and biophysical environments (physiography, geology, soils, climate, hydrology and soil erosion, fauna and flora, the land use, land cover, land capability and conservation and the built environment).

3.10 POLLUTION CONTROL

The District is an authority in terms of air quality monitoring. However as this is still a new function, the necessarily financial resources and capacity to implement the function are still lacking. In the JGDM the most significant industrial contributors to air pollution in general have been identified as processing factories and the transport sector (exhaust fumes), which release toxic waste gases as a result of the combustion of fuels. Industrial activities are not a serious concern as these remain low, but include industrial processing by the following: Bokomo, PG Bison and DairyBell.

Generally, domestic contributors to air pollution are associated with wood, coal, waste and tyre burning. In addition, agricultural practices, involving indiscriminate veldt or forest burning of extensive areas, results in poor air quality and associated health issues. Burning of waste at local municipalities is also problematic. JGDM may not be subjected to the same pollution load as other districts, which are more intensely industrialised. The EMP sets clear indicators and targets that relate to air quality management that should be monitored by the District.

More baseline information for the JGDM is needed to make inventories and have records of the emissions data, so that predictions of future levels of emissions as well as measurements of changes in the emissions can be undertaken. At present no such baseline information can be sourced. The most relevant mitigation measures and areas that JGDM should focus on the use of biofuels, renewable energy, improved waste management and agricultural resource management.

3.11 BIO-DIVERSITY

Historical settlement in the JGDM has transformed the faunal landscape. Large mammals have largely been hunted out, although bird populations have possibly been less affected. In recent years, however, with the growth in the popularity of game farming, larger game species are being re-stocked.

The impact of land use activities on large birds, such as cranes is an area of concern. Crane populations in the area have provided a focus for conservation efforts by Eskom and the Endangered Wildlife Trust in the form of the South African Crane Working Group at Joelshoek near Maclear. Wetlands provide an important habitat for these birds and should be regarded as a high conservation priority where they are known to feed and/or nest in significant numbers. Blue Cranes are also being threatened by farmers who try to control the Guinea fowl population by laying out poison.

There are numerous wetlands scattered around the local municipalities of JGDM. In the JGDM, wetlands are threatened by agricultural and development activities. In particular, wetlands are heavily grazed by stock during the dry season. Wetlands are also often ploughed for crops as the higher water table and soil moisture content in the flatter areas is ideal for crops. Wetlands are also the receiving polluting materials from upstream litter and activities.

Working for Wetlands is a programme initiative aimed at delineating and qualifying wetlands in South Africa. A project currently being conducted in JGDM is the Gatberg wetlands project. These wetlands, located near Ugie, are considered to be of high significance for biodiversity conservation at a regional and national level. They provide habitat for a rich variety of birdlife, including the vulnerable Grey crowned crane and the critically endangered wattled crane and are important for water supply for towns, farms and wildlife. Other ecosystem services that they provide include stream flow regulation, flood attenuation, sediment trapping, phosphate assimilation, tourism and recreation, research, and education.

The most important alien species found in this area include: Black wattle (*Acacia mearnsii*), Nasella tussock (*Nasella trichotoma* = *Stipa trichotoma*), Honey Mesquite (*Prosopis glandulosa*), Prickly pear (a number of *Opuntia* spp.) and Jointed Cactus (*Opuntia aurantiaca*). Alien invading plant species threaten indigenous vegetation and biodiversity. Little is known about the extent of alien vegetation within the JGDM; however, there are large numbers of plantations in the municipality which may contribute to the levels of alien invasive plants in the area.

The district also suffers from the encroachment of “invasive” indigenous plant species that appear to dominate, such as, Slangbos (*Seriphium plumose* = *Stoebe vulgaris*) and Blue bush (*Pteronia incana*) (Plate 2-19), especially in the Maletswai and Senqu local municipalities in the vicinity of Jamestown and Lady Grey. These plant species are progressively invading new areas, resulting in the change in grassland species composition and a reduction of up to 75% of the primary grass production (Jordaan, 2009). Although not alien, these plants are considered invasive and require considerable veldt management in order to minimise the loss of grasslands.

Other protected areas are privately-owned nature reserves and game farms. Often, these protected areas do little to conserve the areas of high conservation importance. The only reserve currently managed by Eastern Cape Parks Board is the Oviston Reserve, which surrounds the Gariep dam.

COMPONENT F: HEALTH

INTRODUCTION TO MUNICIPAL HEALTH SERVICES

The District is responsible for the provision of Municipal Health Services (MHS). These services extend to include Water Quality control, Food control, Waste Management control, Surveillance and prevention of communicable diseases, Vector Control, Environmental Pollution Control, and Burial of the dead control. During the year functional integration with provincially employed Environmental Health Practitioners took place.

3.12 MUNICIPAL HEALTH SERVICES

This service directly impacts on many businesses of the District area by developing systems and protocols for the inspection of premises, reporting of incidents and certification of premises to perform various functions. However as the systems are all still paper based the turn around time for inspection reports and certificates of acceptability are not at the desired levels. In order to improve the provision of the service the district has developed by-laws which will be presented to Council for adoption.

Municipal Health Service prioritized areas for intervention can be summed up as follows:

- ◆ Development of appropriate by-laws and their implementation leading to the control of activities in the Municipal area.
- ◆ Water Quality monitoring and management in line with Department of Water Affairs (DWA) Blue Drop water quality systems
- ◆ Pollution control relating to sewerage spillages
- ◆ Food quality control as well as disposal of the dead
- ◆ Increased awareness and capacity building programmes for communities around all topics of municipal health and preventative health
- ◆ Strengthening of cooperative governance between all spheres of government so that there can be joint operations, and sharing of knowledge that may have impact on each other's programmes
- ◆ Effective District and Local Joint Outbreak Committees/Communicable Diseases including identification of coordinators in each municipal area.
- ◆ Sitting of any enterprise that could affect water quality (including dip tanks) should be done in consultation with municipal health services.
- ◆ Premises inspection especially of health facilities and early childhood development centres are needed.
- ◆

Municipal Health Services			
Service Objectives	Outline Service Targets	Year 0	Year 1

Service Indicators		Target	Actual	Actual	
		*Previous Year		*Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)
Service Objective					
To improve municipal health services within the District	Number of formal urban waste sites evaluated (Outcome)	12	7	1 quarterly report on each municipality	1 ea
Number of premises monitored, evaluated and issued with a certificate of acceptability	Number of illegal waste dumping points where compliance was enforced	37	29	80	10 25
	% of sewage spills where compliance was enforced	New	New	100%	10

Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns) indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) reduction of performance management arrangement by municipalities in which IDPs play a key role.

Employees: Municipal Health Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-18	0	0	0	0	0
16-17	1	1	1	0	0%
15-14	0	0	0	0	0
13-12	3	3	3	0	0%
11-10	12	12	12	0	0%
9-8	0	0	0	0	0
7-6	1	1	1	0	0%
5-4	0	0	0	0	0
3-2	3	3	3	0	0%
1-0	0	0	0	0	0
Total	20	20	20	0	0%

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 3.19.4

Financial Performance Year 0: Municipal Health Services					R'000
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Employees			1 531		-520%

	607	4 829		779	
Repairs and Maintenance	-	-	-	-	-
Other	1 372	2 056	796	212	-868%
Total Operational Expenditure	1 980	6 885	2 327	992	-594%
Net Operational Expenditure	1 980	6 885	2 327	992	-594%
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.					T 3.19.5

3.13 DISASTER, FIRE AND RESCUE SERVICES

The District has an adopted Disaster Management Policy and Framework dating to 2009 which captures all the information necessary for Disaster management planning within the District. The process to develop the District Disaster Management Plan has been initiated and service providers have been appointed. Progress has however been stalled by the financial constraints currently confronting the District. Vulnerability and risk assessment form part of the terms of reference for the appointed service providers. In response to the snow incidents, the District is in the process of developing an incidence protocol in partnership with all stakeholders, albeit this process has been stalled by lack of funding. This project is implemented by the District in partnership with SANRAL, with an interest on the N6 road.

The District Disaster Management Unit has been established to develop the District's capacity to deal with disasters. The roles and responsibilities of the centre is to coordinate, plan, capacity building, prevention and mitigation of potential disasters that the area is prone to such as tornados, floods, thunder storms, snow, swine fever, cholera and diarrhoea. In addition, local offices have been established by the District to perform the function at local municipality level.

The disaster management centre has been established with a District Disaster Management, Fire and Rescue Services Unit and four satellite offices in each municipality. A well equipped District disaster centre which meets all the requirements is in the process of being established in Barkly East and four satellite centres in Maclear, Burgersdorp, Aliwal North and Sterkspruit. Funding for these establishments has been sourced from MIG and Department of Corporative Governance and Traditional Affairs. This funding will not be sufficient for making these centres function optimally hence further investment in this regard would be required.

In addition, the JGDM has an infrastructure and Incident Command System (ICS), which is utilised as the communication system. The next phase development of the ICS will add connection capabilities to the early warning system. The District was a pilot for the GEM³ System installed by the Province but it is not linked to other municipalities as it is the first of its kind and does not match with existing systems. The District municipality has further installed an early warning system of disasters as a pilot project for Provincial Disaster Management Centre. The GEM³ system needs further updates in terms of information and maps.

The District is prone to runaway veldt fires as well as man made fires that affect properties and buildings. In performing its function with regard to fire fighting, the District municipality purchased fire fighting equipment which includes small fire-engines for each local municipal area and two medium fire fighting engines for the areas with the highest fire risk namely Aliwal North and Ugie as defined in the Spatial Development Framework of the District.

Fire fighting is a shared service between the District and the local municipalities but currently only the District is budgeting for this service, as the service is run on a full-time basis. Due to a lack of resources, disaster and fire fighting services operate on eight-hour basis and thereafter on standby in the areas of Elundini and Gariiep.

The District facilitated signing of Mutual Aid Agreement with neighbouring municipalities. The District has acquired additional customised fire fighting equipment in 2012. The District procured three fire engines, a rescue vehicle and two disaster response vehicles. This will help build and strengthen the capacity of the District capacity to deal with fire hazards within the region. Additional funding has been secured from the Working in Fire programme to deal with veld and forest fires. Twenty fore fire fighters have been employed to deal with this function. The Provincial Disaster Management centre also provides support as and when needed. Good relations with the farming community also enable the District to respond to fire incidents with high levels of success. This process allows for shared resources usage.

The District adopted and promulgated community fire safety by-laws which were adopted in 2009. These by-laws are applied in deal with mitigation, prevention and post disaster situations. Various other policies and bylaws have been developed which deal with fire related incidents namely tariffs, events management, fire dispensation policy, occupancy certificates and community safety. The services provided by the fire and rescue services centres are in accordance with the Fire Brigade Services Act of 1989. Community safety fire plan was adopted and gazetted.

Disaster and Fire Service Policy Objectives Taken From I			
Service Objectives	Outline Service Targets	Year -1	
		Target	Actual
Service Indicators		*Previous Year	
(i)	(ii)	(iii)	(iv)
Service Objective			
To expand municipal services to rural nodes	Signing of fire fighting SLAs with neighbouring District municipalities (input)	New	New
	% of fire and disaster incidents reported versus number responded to		100%
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are</i></p>			

*'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.*

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

INTRODUCTION TO CORPORATE POLICY OFFICES

The corporate policy offices deal with the guiding principles, systems and procedures by which the District operates. Included in this function are human resources, information communication technologies, legal services and Council support services.

3.13 EXECUTIVE AND COUNCIL

In terms of performance for the year under review, the District achieved about 75% in filling budgeted positions and all efforts were made to ensure that position was filled within 3 month of them being vacant. All senior management positions were filled and all had entered into performance agreements which were monitored quarterly.

Several training initiatives were undertaken for both councillors and officials of the municipality as per the workplace Skills Plan (WSP). About 20 candidates were taken through work experience programmes including internship.

The scarce skills and retention policy for JGDM was reviewed was adopted in March 2011. The purpose of the policy is to provide suitable incentives and recognition to staff in order to facilitate the provision of a working environment which is conducive to meeting the needs of staff and which will ensure that required talent is sourced, acknowledged and retained. A Succession Policy was also adopted in March 2011.

To improve the management of the institution policies adopted include Recruitment and Selection Policy, IT Policy, Overtime, Relocation, Health and Safety, Harassment policies, Alcohol and Drug, Working Hours policy, Attendance Register Policy, Gifts and Gracia Policy, Rent Subsidy policy, Promotion and transfer policy, Employee Assistance Policy, Standby Policy, Subsistence and travel, Uniform and protective clothing, Supply Chain Management Policy. This is not an exhaustive list of the policies available for the better management of the institution. The Human Resource policies are reviewed annually and Council approved the 2011/12 in March 2010.

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

The Executive and Council Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective									
Improved human resource capacity of the District	% Institutional budgeted positions filled within 3 months of being vacant	64%	75%	64%	100%	100%	100%	100%	100%
	Number of candidates recruited for intern and work experience programmes	2	2	2	30	20	20	20	20
	% budget spent on implementing workplace skills plan	100%	100%	100%	100%	100%	100%	100%	100%
	number of Scheduled Council meetings held	4	7	4	4	10	4	4	4
<i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. *</i>	T 3.24.3								

*'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.*

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.	%
0-18	0	0	0	0	#DIV/0!
16-17	0	1	0	1	17%
14-15	6	8	6	2	25%
12-13	3	3	3	0	14%
10-11	1	1	1	0	24%
8-9					8%
7-6	1	1	1	0	6%
Total	5	6	5	1	13%

*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 3.24.4

Financial Performance Year 0: The Executive and Council					R'000
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	–	–	187	87 ¹	100%
Expenditure:					
Employees	4 029	6 113	5 102	4 561	-34%

Repairs and Maintenance	-	-	-	-	-
Other	7 050	5 225	2 501	3 051	-71%
Total Operational Expenditure	1 080 ¹	1 338 ¹	7 603	7 612	-49%
Net Operational Expenditure	1 080 ¹	1 338 ¹	7 416	7 425	-53%
<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>					<i>T 3.24.5</i>

3.14 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The financial services function includes budget office, expenditure office and Supply Chain Management. There has been positive progress made towards the commitment of attainment of a clean audit report by 2013. This is manifest by various indicators which include resolution of all audit issues identified by Auditor General in the 2010/11 financial year. The District has seen significant improvement in the manner in which the financials are managed as evidence by the attainment of two consecutive unqualified audit opinions for the 2010/11 and 2011/12 financial years. The Council and Management have put in place various mechanisms that seek to ensure that the possibility of regression of minimised.

In order to eliminate corruption and fraud as well as ensure value for money through improved procurement systems, the Supply Chain Management policy is reviewed annually. The purpose of the review is to eliminate all loopholes identified during implementation and bring the policy to date with the Treasury Regulations, guidelines and Circulars. In addition, the anti-fraud and anti-corruption policy was reviewed.

To improve financial management and reporting, all required grant expenditure returns were made and a 100% expenditure on all grants was recorded.

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

Financial Service Policy Objectives Taken From IDP								
Service Objectives	Outline Service Targets	Year 1			Year 2	Year 3		
		Actual	Target		Actual	Target		
Service Indicators			*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective								
To obtain clean audit report by 2013	% resolution of audit issues identified by AG in prior year	100%	100%	100%	100%	100%	100%	100%
To improve financial management and reporting	% expenditure of all grants (Output)	100%	100%	100%	100%	100%	100%	100%
	% Opex budget actually spent on repairs and maintenance	100%	100%	100%	100%	100%	100%	100%
To ensure that capital budget is spent or committed before the end of June 2012	% capital budget actually spent in terms of integrated development plan (output)	100%	100%	100%	100%	100%	100%	100%
<i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set</i>	T 3.25.3							

for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management

arrangement by municipalities in which IDPs play a key role.

Employees: Financial Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
18	1	1	1	0	0%
16-17	3	3	3	0	0%
14-15	0	8	0	0	0%
13-12	3	3	3	0	0%
11-10	6	7	6	1	14%
9-8	4	4	4	0	0%
7-6	5	5	5	0	0%
5-4	4	4	4	5	125%
3-2	0	0	0	0	#DIV/0!
1-0	0	0	0	0	#DIV/0!
Total	22	12	22	1	8%

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 3.25.4

Financial Performance Year 0: Financial Services

R'000

Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	36 ²	300	120	1 711	82%
Expenditure:					
Employees	7 090	7 649	7 428	7 093	-8%
Repairs and Maintenance	-	-	-	-	-
Other	5 955	3 991	8 572	7 853	49%
Total Operational Expenditure	045 ¹³	11 640	6 000 ¹	14 947	22%
Net Operational Expenditure	808 ¹²	11 340	5 880 ¹	13 235	14%

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.

T 3.25.5

3.15 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The human resources function deals with such issues as the development and review of human resource policies, staff recruitment, administration of staff matters, etc. Under this function, the following can be reported:

- ◆ The organogram was reviewed during the year to ensure alignment to functions of the municipality
- ◆ A coordinated skills training programme has been undertaken in the institution
- ◆ The implementation of the task job evaluation system was completed
- ◆ A PMS policy was developed and adopted during the year. Cascading the policy to the level of middle management was implemented

The following are the challenges that still remain to be addressed:

- ◆ Shortage of skilled personnel and ability to attract and retain such personnel.
- ◆ Low skills level of the local population leading to unavailability of scarce skills.
- ◆ Development of the ICT systems to meet the requirements and demand.

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.	%
18					-
16-17	1	1	1	0	0%
14-15	6				-
12-13	1	1	1	0	0%
10-11	2	2	2	0	0%
8-9					-
6-7	2	2	2	0	0%
Total	6	6	6	0	0%

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.
T3.26.4

Financial Performance Year 0: Human Resource Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	014 ¹	500	860	109	-360%
Expenditure:					
Employees	399 ²	5 247	413 ⁵	392 ⁵	3%
Repairs and Maintenance	–	–	–	–	#DIV/0!
Other	179 ²	1 521	388	207	-635%
Total Operational Expenditure	578 ⁴	6 767	801 ⁵	599 ⁵	-21%
Net Operational Expenditure	564 ³	6 267	941 ⁴	490 ⁵	-14%
<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>					T 3.26.5

3.16 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

During the year under review, Information Technology function continued to offer services to the District, including satellite offices. Hardware, software and support services within the network infrastructure consist of category 5 cabling. This connects all computer infrastructure to the central server. Server based systems within the District include:

- Financial Management Systems
- HR Management Systems
- Institutional Communications
- The hosting of Municipal Websites
- GIS System

The District developed an IT Master System Development Plan. This plan identified the priorities in terms of processes, procedures and provided recommendations that should be considered in order to ensure preservation, integrity and availability of municipal data. The District further analysed and catalogued the available data in the Geographic Information Systems (GIS) of the Municipality.

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 - 18				0	-
16-17	1	1	1	0	0%
14-15	6	8	6	2	25%
12-13	1	1	1	0	0%
10-11	1	1	1	0	0%
8-9					-
6-7	1	1	1	0	0%
Total	4	4	4	0	0%

*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.*
T3.27.4

Financial Performance Year 0: ICT Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
<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>					
T 3.27.5					

3.17 LEGAL SERVICES

The legal services function within the municipality does exist. Improved legal enforcement by the institution has limited the current litigations. Most cases relate to historical issues. The municipality currently has no policy that manages legal risks. The municipality manages risks by implementing a monitoring tool which helps in checking compliance with policies and legislations. Moreover, development of by-laws is underway and this will assist with the management of risks as it creates a framework in which the municipality's actions can be regulated.

Financial Performance Year 0: Property; Legal; Risk Management and Procurement Services		
R'000		
Details	Year -1	Year 0

	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 117	0	–	–	-
Expenditure:					
Employees	2 897	145 ³	3 625	3 756	16%
Repairs and Maintenance	–	–	–	–	-
Other	1 057	902	431	138	-553%
Total Operational Expenditure	3 953	046 ⁴	4 056	3 894	-4%
Net Operational Expenditure	2 836	046 ⁴	4 056	3 894	-4%
<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>					T 3.28.5

CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

Vacancy Rate: Year 0			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0.00
CFO	1	1	100.00
Other S57 Managers (excluding Finance Posts)	3	3	100.00
Other S57 Managers (Finance posts)	0	0	0
Fire fighters	29	0	0.00
Senior management: Levels 13-17 (excluding Finance Posts)	18	15	83.33
Senior management: Levels 13-17 (Finance posts)	3	2	66.67
Highly skilled supervision: levels 9- 12 (excluding Finance posts)	49	0	0.00
Highly skilled supervision: levels 9- 12 (Finance posts)	9	0	0.00
Total	113	21	18.58

Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). 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 4.1.2

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year 0	12	20	167%

* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year

T 4.1.3

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	100	100	07 June 2011
2	Attraction and Retention	100	100	07 June 2011
3	Code of Conduct for employees	100	100	07 June 2011
4	Delegations, Authorisation & Responsibility	100	100	07 June 2011
5	Disciplinary Code and Procedures	100	100	07 June 2011

6	Essential Services	0	n/a	07 June 2011
7	Employee Assistance / Wellness	100	100	07 June 2011
8	Employment Equity	100	100	07 June 2011
9	Exit Management	0	n/a	07 June 2011
10	Grievance Procedures	100	100	07 June 2011
11	HIV/Aids	100	100	07 June 2011
12	Human Resource and Development	100	100	07 June 2011
13	Information Technology	100	100	07 June 2011
14	Job Evaluation	0	n/a	07 June 2011
15	Leave	0	n/a	07 June 2011
16	Occupational Health and Safety	100	100	07 June 2011
17	Official Housing	0	n/a	07 June 2011
18	Official Journeys	0	n/a	07 June 2011
19	Official transport to attend Funerals	0	n/a	07 June 2011
20	Official Working Hours and Overtime	100	100	07 June 2011
21	Organisational Rights	0	n/a	07 June 2011
22	Payroll Deductions	0	n/a	07 June 2011
23	Performance Management and Development	100	100	07 June 2011
24	Recruitment, Selection and Appointments	100	100	07 June 2011
25	Remuneration Scales and Allowances	0	n/a	07 June 2011
26	Resettlement	100	100	07 June 2011
27	Sexual Harassment	100	100	07 June 2011
28	Skills Development	0	n/a	07 June 2011
29	Smoking	100	100	07 June 2011
30	Special Skills	100	100	07 June 2011
31	Work Organisation	0	n/a	07 June 2011
32	Uniforms and Protective Clothing	0	n/a	07 June 2011
33	Alcohol and drugs policy	100	100	07 June 2011
34	Incapacity	100	100	07 June 2011
35	Bereavements	100	100	07 June 2011
36	Essential Use Scheme	100	100	07 June 2011
37	Rental	100	100	07 June 2011
38	Acting allowance	100	100	07 June 2011
39	Attendance register	100	100	07 June 2011
40	Bad weather inaccessibility	100	100	07 June 2011
41	Banking and deductions	100	100	07 June 2011

42	Gift Gratia	100	100	07 June 2011
43	Promotions and Transfer	100	100	07 June 2011
44	Union facility	100	100	07 June 2011
45	Standby allowance	100	100	07 June 2011
46	S&T and Travel	100	100	07 June 2011

Use name of local policies if different from above and at any other HR policies not listed.

T 4.2.1

Skills Matrix														
Management level	Gender	Employee s in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual : End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0
MM and s57	Female	3	1	1	3	1	3	3	2	2	3	1	3	3
	Male	4	1	1	4	4	1	4	2	2	4	4	1	4
Councillors, senior officials and managers	Female	18	5	5	5	18	18	18	0	10	18	18	18	18
	Male	25	5	7	2	25	25	25	0	25	25	25	25	25
Technicians and associate professionals*	Female	9	3	4	2	9	9	9	0	0	9	9	9	9
	Male	38	4	19	18	18	20	38	0	0	38	18	20	38
Professionals	Female	31	3	2	2	1	13	31	0	0	31	1	13	31
	Male	20	1	0	1	13	2	20	0	0	20	13	2	20
Sub total	Female	61	12	12	12	29	43	61	0	12	61	29	43	61
	Male	87	11	27	25	60	48	87	0	27	87	60	48	87
Total		148	23	39	37	89	91	148	4	39	148	89	91	148

*Registered with professional Associate Body e.g. CA (SA)

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4.5.1

CHAPTER 5

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary						
R' 000						
Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates					%	%
Service charges	11			1	0%	0%
Investment revenue	2 901	5 090	1 635	1 403	-263%	-17%
Transfers recognised - operational	249 627	216 265	213 560	218 034	1%	2%
Other own revenue	3 599	807	4 973	10 370	92%	52%
Total Revenue (excluding capital transfers and contributions)	256 138	222 162	220 168	229 808	%	%
Employee costs	82 079	72 948	84 363	77 855	6%	-8%
Remuneration of councillors	3 755	3 198	4 144	4 086	22%	-1%
Depreciation & asset impairment	37 472	6 477	40 459	40 459	84%	0%
Finance charges	2 804	810	2 541	2 650	69%	4%
Materials and bulk purchases		-	-	-	#DIV/0!	#DIV/0!
Transfers and grants	40 567	32 928	19 603	18 193	-81%	-8%
Other expenditure	164 909	114 246	140 216	104 021	-10%	-35%
Total Expenditure	331 586	230 607	291 326	247 264	0%	%
Surplus/(Deficit)	(75) 448)	(8) 445)	(71) 158)	(17) 456)	52%	-308%
Transfers recognised - capital	104 767	158 907	152 957	120 327	-32%	-27%
Contributions recognised - capital & contributed assets	-	-	-	-	#DIV/0!	#DIV/0!
Surplus/(Deficit) after capital transfers & contributions	29 319	150 462	81 799	102 871	-32%	20%
Share of surplus/ (deficit) of associate	-	-	-	-	0%	#DIV/0!
Surplus/(Deficit) for the year	29 319	150 462	81 799	102 871	-32%	20%
Capital expenditure & funds sources						
Capital expenditure	-	150 577	154 360	107 784	-40%	-43%
Transfers recognised - capital	-	124 325	149 460	104 775	-19%	-43%
Public contributions & donations		-	-	-	#DIV/0!	#DIV/0!
Borrowing		-	-	-	#DIV/0!	#DIV/0!
Internally generated funds		26 251	4 900	3 010	-772%	-63%

Total sources of capital funds	-	150 576	154 360	107 785	-40%	-43%
Financial position						0%
Total current assets	82 668	-	77 129	80 759	100%	4%
Total non current assets	1 184 622	-	1 298 673	(25 287)	100%	5236%
Total current liabilities	100 836	-	124 864	(1 215 716)	100%	110%
Total non current liabilities	23 981	-	23 271	25 732	100%	10%
Community wealth/Equity	1 142 426	-	1 227 667	1 245 456	100%	1%
						#DIV/0!
Cash flows						#DIV/0!
Net cash from (used) operating	48 633	117 285	117 285	56 613	-107%	-107%
Net cash from (used) investing	(29 429)	154 360	154 360	(29 963)	615%	615%
Net cash from (used) financing	(1 700)	-	-	-	#DIV/0!	#DIV/0!
Cash/cash equivalents at the year end	37 879	306 320	306 320	1 949	-15617%	-15617%
						#DIV/0!
Cash backing/surplus reconciliation						
Cash and investments available	-	-	-	-	%	%
Application of cash and investments	-	-	-	-	%	%
Balance - surplus (shortfall)	-	-	-	-	%	%
Asset management						
Asset register summary (WDV)	-	-	-	-	%	%
Depreciation & asset impairment	-	-	-	-	%	%
Renewal of Existing Assets	-	-	-	-	%	%
Repairs and Maintenance	-	-	-	-	%	%
Free services						
Cost of Free Basic Services provided	-	-	-	-	%	%
Revenue cost of free services provided	-	-	-	-	%	%
Households below minimum service level						
Water:	-	-	-	-	%	%
Sanitation/sewerage:	-	-	-	-	%	%
Energy:	-	-	-	-	%	%
Refuse:	-	-	-	-	%	%

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1

T 5.1.1

Description	Year -1		Year 0			Year 0 Variance				
	Actual		Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget			
Operating Cost										
Water	747	46	8 716	959	788	115	100	41.74%	-15.05%	
Waste Water (Sanitation)	-		-	-	-			-	-	
Electricity	-		-	-	-			-	-	
Waste Management	503	25	4 478	689	994	23	93	73.96%	74.80%	
Housing	-		-	-	-			-	-	
Component A: sub-total	250	72	3 194	649	782	139	194	57.29%	28.31%	
Waste Water (Stormwater Drainage)								-	-	
Roads	3 184)	(4 022)	(6	357)	(2	9)	(26	-23715.58%	-776.67%
Transport								-	-	
Component B: sub-total	3 184)	(8 455	624	554	8	9	11.50%	9.73%	
Planning	252	8	596	820	299	9	6	-84.07%	-55.89%	
Local Economic Development								-	-	
Component B: sub-total	252	8	596	820	299	9	6	-84.07%	-55.89%	
Planning (Strategic & Regulatory)								-	-	
Local Economic Development								-	-	
Component C: sub-total	-		-	-	-					
Community & Social Services										
Environmental Protection	725	6	6 393	629	907	5	2	-119.95%	-93.66%	
Health	033	3	900	4	1	75	52	-72.62%	-44.63%	
Security and Safety	324	8	2 769	120	040	8	8	65.56%	-1.00%	
Sport and Recreation								#DIV/0!	#DIV/0!	
Corporate Policy Offices and Other	4 722)	(12	8 914)	(24	793)	(243	(215	-15.35%	-12.80%	
Component D: sub-total	6 640)	(10	8 852)	(23	326)	(228	(204	-16.90%	-12.03%	
Total Expenditure	9 321)	(2	5 607)	(13	310	(70	6	2249.14%	1222.34%	
<p>In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</p>									T 5.1.2	

5.2 GRANTS

Grant Performance						
R' 000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<u>Operating Transfers and Grants</u>						
National Government:	(352 905)	(374 977)	(363 823)	(329 164)		
Equitable share	(117 105)	(133 460)	(133 460)	(133 460)		
Municipal Systems Improvement	(65 9)	(79 0)	(881)	(32 5)		
Department of Water Affairs	–			–		
Levy replacement	(7 880)	(14 127)	(14 127)	(14 127)		
Other transfers/grants [insert description]	(227 261)	(226 600)	(215 355)	(181 252)		
Provincial Government:	–	–	–	–		
Health subsidy	–			–		
Housing	–			–		
Ambulance subsidy	–			–		
Sports and Recreation	–			–		
Other transfers/grants [insert description]						
District Municipality:	–	–	–	–		
[insert description]						
Other grant providers:	–	–	–	–		
[insert description]						
Total Operating Transfers and Grants	(352 905)	(374 977)	(363 823)	(329 164)		

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.

T 5.2.1

5.3 ASSET MANAGEMENT

Asset Management encompasses planning/demand management, acquisitions, use, maintenance, and disposal of assets. Joe Gqabi District Municipality should use assets to affect efficient and effective service delivery to the community within the District Municipality.

The Asset Management Policy governs the management of assets owned by Joe Gqabi District Municipality (both operationally and financially) to ensure that they are managed, controlled, safeguarded and used in an efficient and effective manner. In other words, the purpose of the Asset Management Policy is to facilitate the management of assets both operationally and financially (accounting

treatment). For purposes of implementing this policy effectively, all delegated authority complies with the Delegations of Authority Framework.

The Accounting Officer (AO) is responsible for the management of the assets of that municipality in terms of section 63 of the MFMA which prescribes the following:

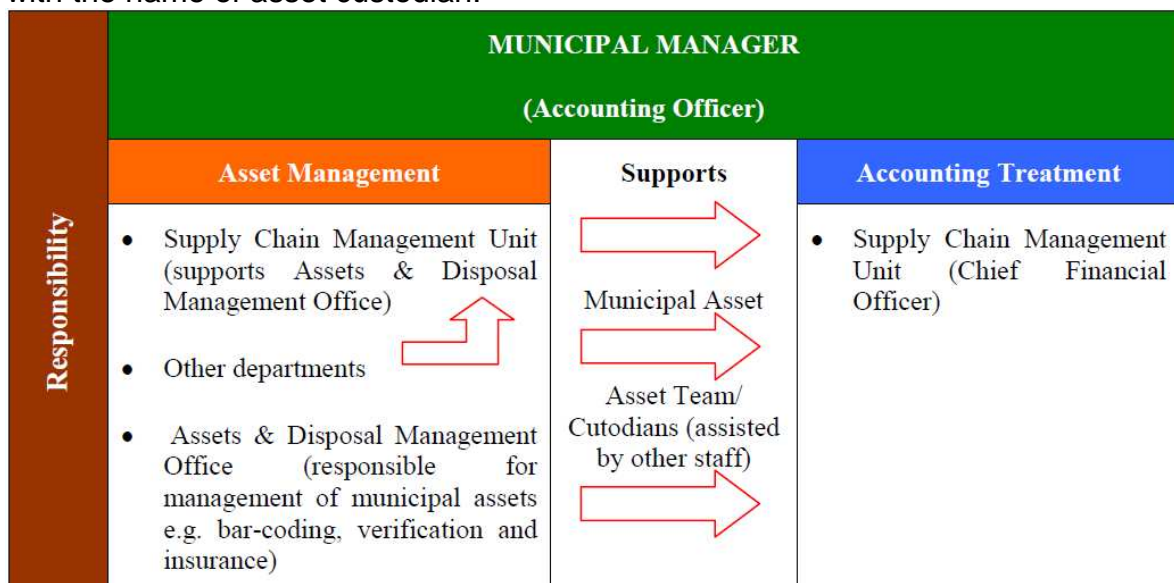
- ◆ Safeguarding and maintenance of assets.
- ◆ Implementation of an information system that accounts for the assets.
- ◆ Ensuring that assets are valued in terms of generally recognised accounting practice.
- ◆ Maintaining a system of internal control of assets (e.g. an asset register).

The CFO shall be the asset registrar of the municipality, and shall ensure that a complete, accurate and up-to-date computerised asset register is maintained. The following duties have been delegated to the CFO:

- ◆ To ensure that Council assets are accounted for in accordance with generally recognised accounting practice.
- ◆ To ensure that the general ledger is reconciled to the asset register.
- ◆ To review the reconciliation between the general ledger and the asset register
- ◆ To provide the Auditor-General or his personnel, on request, with the financial records relating to assets belonging to Council as recorded in the general ledger.

In addition to the above, the HOD's are responsible to ensure that all employees within their respective department adhere to the approved Asset Policy and Procedures. It is the responsibility of the HOD to ensure that all assets related changes that take place within their divisions/directorates have been properly authorised and communicated to the Department Asset Controller.

The diagram below depicts an overview of the key role players involved in asset management. The Supply Chain Management Unit supports Assets and Disposal Management. The other departments are accountable to Supply Chain Management. Each office location is supported by signed unique Inventory List with the name of asset custodian.



	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	17 116	5 826	9 704	43%
				T 5.3.4

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

[Comment on the financial health of the municipality / municipal entities revealed by the financial ratios set out above.]

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. This section deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. As reported above, the District spent all its grants during the year under review.

5.5 CAPITAL EXPENDITURE

5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year -1 to Year 0							
R' 000							
Details		Year -1	Year 0				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	0	0	0	0	#DIV/0!	#DIV/0!
	Public contributions and donations	0	0	0	0	#DIV/0!	#DIV/0!
	Grants and subsidies	97 592	150 693	154 360	64 981	2.43%	43021.44 %
	Other	0	-	-	-	#DIV/0!	#DIV/0!
Total		97592480	150693	154360	64980991	#DIV/0!	#DIV/0!
<i>Percentage of finance</i>							
	External loans	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
	Public contributions and donations	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
	Grants and subsidies	100.0%	100.0%	100.0%	100.0%	#DIV/0!	#DIV/0!
	Other	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
Capital expenditure							
	Water and sanitation	96 606	150 693	54 360	59 944	2.43%	-60.22%
	Electricity	0	0	0	0	#DIV/0!	#DIV/0!
	Housing	0	0	0	0	#DIV/0!	#DIV/0!
	Roads and storm water	0	0	0	0	#DIV/0!	#DIV/0!
	Other	0	0	0	0	#DIV/0!	#DIV/0!
Total		96606	150693	154360	59944	#DIV/0!	#DIV/0!

Percentage of expenditure							
	Water and sanitation	100.0%	100.0%	100.0%	100.0%	#DIV/0!	#DIV/0!
	Electricity	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
	Housing	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
	Roads and storm water	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
	Other	0.0%	0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!
							T 5.6.1

5.7 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

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 -2										
Year -1										
Year 0	97 775	59 206	36 276	61%	27 217	46%	37 286	63%	12 945	22%

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

R'000				
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	107 017	–	–	195 479
Government - operating	–	213 560	213 560	244 735
Government - capital	–	152 957	152 957	143 957
Interest	3 386	1 635	1 635	2 471
Dividends	–	–	–	–
Payments				
Suppliers and employees	(59 303)	(228 723)	(228 723)	(418 761)
Finance charges	(2 467)	(2 541)	541	06)
Transfers and Grants	–	(19 603)	603	(111 060)
NET CASH FROM/(USED) OPERATING ACTIVITIES	48	117	117	56
NET CASH FROM/(USED) OPERATING ACTIVITIES	633	285	285	615
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	–	–	–	–
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	68	–	–	1 909
Decrease (increase) in non-current investments	–	–	–	(12 125)
Payments				
Capital assets	(29 497)	154 360	154 360	(19 747)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(29 429)	154 360	154 360	(29 963)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(29 429)	154 360	154 360	(29 963)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	–	–	–
Increase (decrease) in consumer deposits	32	–	–	–
Payments				
Repayment of borrowing	(1 732)	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 700)	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 700)	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD	17 504	271 645	271 645	26 652
Cash/cash equivalents at the year begin:	20 375	34 676	34 676	(24 701)
Cash/cash equivalents at the year end:	3 787	306 320	306 320	1 949

Source: MBRR A7

T 5.9.1

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Actual Borrowings: Year -2 to Year 0			
R' 000			
Instrument	Year -2	Year -1	Year 0
Municipality	7 178	6 855	6 498
Long-Term Loans (annuity/reducing balance)	7 178	6 855	6 498
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	14 356	13 710	12 996
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0

T 5.10.2

Municipal and Entity Investments			
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank		1 319	1 426
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			
Municipality sub-total	-	1 319	1 426
Municipal Entities			

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			
Entities sub-total	0	0	0
Consolidated total:	0	1319	1426
			<i>T 5.10.4</i>

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

The District has an adopted SCM Policy which is reviewed annually. The Policy will achieve the Empowerment goals of the institution by providing employment opportunities to HDI's and communities, enabling socio-economic transformation objectives to be linked to fair, transparent, equitable, competitive and cost effective procurement practices. In this regard, the following empowerment goals are proposed to be used as measures by Council in assessing the impact of its policy in realizing the socio-economic transformation agenda of government in all spheres. The policy is reviewed on an annual basis.

The District began a process to strengthen the supply chain management function. Staff members have been subjected to training. More officials have been recruited. This intervention will help the District achieve improved compliance levels and improved service delivery.

5.13 GRAP COMPLIANCE

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. Financial accounts within the District are GRAP compliant.

CHAPTER 6

AUDITOR GENERAL AUDIT FINDINGS

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 section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance: Year -1	
Audit Report Status*:	
Non-Compliance Issues	Remedial Action Taken
As disclosed in note 39 to the AFS the municipality incurred unauthorised expenditure of R123.5m (2010:70.6m) as a result of overspending on the vote and utilising grant monies for operational expenditure	Improve controls around over expenditure of budgeted voted. Improve on budgeting process so as to reduce the number of mistakes in the budget Include depreciation in the budget Take any unauthorized expenditure to council in line with the requirements of the MFMA. Improve controls around the investments and their withdrawal so as to prevent utilising of grant funding for operational expenditure
Irregular expenditure of R2.6m (2010:R7.5m) was incurred due to noncompliance with supply chain management laws and regulation. Subsequent to year end council supported the condonment of R7.5m in irregular expenditure that had been incurred in the prior year	Improve supply chain management controls through the continued centralisation of the function. Make use of the suppliers' database and ensure this tool is keep up to date. Apart from checking compliance through the process of procurement, continue to check on a monthly basis the compliance with legislation and take corrective action. Report the matter to the relevant national bodies and request their condonation of the irregular expenditure, as investigated by the Oversight Committee and reported to council.
The municipality used R18.7m of its conditional grant for operational expenditure in the year under review. This is as a result of cash flow challenges experienced during the 4 th quarter of the financial year	Establish a financial turnaround strategy aimed at restoring financial stability to the organization. Put in place steps to ensure that the grant funding used for operational expenditure is re cash backed so as to enable such grants to be spent for their intended purpose. Improve controls around the investments and their withdrawal so as to prevent utilising of grant funding for operational expenditure
As per note 40.7 to the consolidated financial statements, the municipal entity disclosed material non-compliance with the MFMA which was as a result of the agency being in pre-establishment phase for the year under review	Encourage and support where necessary JoGEDA to improve on compliance with the MFMA.
Goods and services with a transaction value of between R10 000 and R200 000 totalling R1million were procured without obtaining written price quotations from at least 3 different prospective provides as per the requirements of the SCM regulations	Improve supply chain management controls through the continued centralisation of the function.

Awards to the value of R596 000 were made to providers whose tax matters had not been declared to be in order by SARS	Make use of the suppliers' database and ensure this tool is keep up to date.
Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement	Improve systems to reduce delays in processing invoices . Implement financial turn around strategy to improve cash flow availability and therefore capacity to make payment within 30 days
The accounting auditing did not take adequate steps to prevent unauthorised and irregular expenditure	Improve on the quality of reporting to council on unauthorised and irregular expenditure. Assess situations as they arise and put in place corrective measures to immediately reduce the risk of unauthorised or irregular expenditure. Implement a risk committee system.
<i>Note: *The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</i>	
T 6.1.1	

Auditor-General Report on Service Delivery Performance: Year -1	
Audit Report Status:	
Non-Compliance Issues	Remedial Action Taken
None	None
T 6.1.2	

Auditor-General Report on Financial Performance Year 0*	
Status of audit report:	
Non-Compliance Issues	Remedial Action Taken
SCM evaluations not done by oversight structures	SCM evaluations not done by oversight structures
Irregular expenditure - Declarations of interests were not submitted by certain suppliers	Declarations of interest are to be obtained from all suppliers
Irregular expenditure: Irregularities noted in the awards made to Major Tents	Investigate and take action
Irregular expenditure: Awards made to providers in the service of the state	The SCM Unit is to engage with Internal Audit Unit on ways of tightening the controls and reducing reliance on only the suppliers declarations
Monthly budget reports not submitted to Mayor and Treasury by no later than 10 days	Improve deadline management with regard to reporting to Mayor and NT
Payments were not made within 30 days	Check all payments paid longer than 30 days: develop a register and supply reasons
<i>Note: * The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.</i>	
T 6.2.1	

Auditor-General Report on Service Delivery Performance: Year 0*	
Status of audit report**:	
Non-Compliance Issues	Remedial Action Taken
None	None
<p><i>* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 0</i></p> <p><i>** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.</i></p>	
T 6.2.2	

APPENDIX A: COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Cllr Z I Dumzela	FT	Executive Mayor	ANC	92%	8%
Cllr B Salman	FT	Speaker	ANC	92%	8%
Cllr N P Mposelwa	FT	Portfolio head: Technical Services	ANC	83%	7%
Cllr G S Brown	FT	Portfolio head: Financial Services	ANC	58%	42%
Cllr V Mbulawa	PT		ANC	100%	
Cllr D F Hartkopf	PT		DA	100%	
Cllr X G Motloi	FT	Portfolio head: Corporate Services	ANC	67%	33%
Cllr N Ngubo	PT		ANC	100%	
Cllr L N Gova	FT	Portfolio head: Community Services	ANC	100%	
Cllr C N Manxeba	PT		ANC	92%	8%
Cllr M W Mpelwane	PT		ANC	75%	25%
Cllr SS Tindleni	PT		ANC	83%	17%
Cllr A Kwinana	PT		ANC	100%	
Cllr G Mvunyiswa	PT		ANC	100%	
Cllr L Tokwe	PT		ANC	92%	8%
Cllr I van der Walt	PT		DA	92%	8%
Cllr L S Baduza	PT		ANC	67%	33%
Cllr G M Moni	PT		ANC	92%	8%
Cllr A M Ntaba (Resigned end March 2012)	PT		ANC	67%	33%
Cllr M R Moore	PT		DA	83%	17%
Cllr D D Mvumvu	PT		ANC	92%	8%
Cllr N S Mathetha	PT		ANC	58%	42%
Cllr S E Mbana	PT		ANC	67%	33%
Cllr T Z Notyoke	PT		ANC	92%	8%
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					T A

APPENDIX B: COMMITTEE AND COMMITTEE PURPOSE

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
The Mayoral Committee	<ul style="list-style-type: none"> ▪ Is not a committee of the Council, consists of councillors appointed by the Executive Mayor and is established for assisting the performance of duties of the Executive Mayor ▪ May receive specific responsibilities and delegated powers from the Executive Mayor, which must be exercised strictly in accordance with the conditions and limitations of delegation, if any; <ul style="list-style-type: none"> ○ is the responsibility of the Executive Mayor and as such each member of the committee report directly to the Executive Mayor on the exercise of his powers; ○ considers only those issues submitted to it by the Executive Mayor or delegated by the Executive Mayor, and submit reports thereon to the Executive Mayor; and provides inputs and guidance the mayor on items that require council decision.
The Section 79 Committees of Council	<ul style="list-style-type: none"> ▪ Consist of Councillors appointed by the Council; ▪ The chairperson of each section 79 committee is appointed by the Council ; ▪ May receive specific responsibilities and delegated powers from the Council, which must be exercised strictly in accordance with the conditions and limitations of delegation, if any ▪ Report to the Council in accordance with the directions of the Council;
Financial Services Portfolio Committee	<ul style="list-style-type: none"> ▪ To consider Council's financial policies, long term financial planning and budgeting of the Council. ▪ Advise the Council on financial matters such as of charges and fees or tariffs, investment of funds, loan redemption and renewal funds ▪ Consider reports involving expenditure not provided for on the budget of the functional units Consider the financial statements and audit reports of the Council ▪ Monitor all trust and reserve accounts created for specific purpose ▪ Control the keeping of accounts of Council ▪ Advise the Council on overall management and the allocation and control of financial and other assets of

	<p>the Council</p> <ul style="list-style-type: none"> ▪ Make recommendations on proposed policy to be followed concerning matters falling within this standing committee
Technical Services Portfolio Committee	<ul style="list-style-type: none"> ▪ To oversee and monitor the performance of the department falling within the jurisdiction of this Committee and advise Council accordingly ▪ To consider and advise the Council on all matters related to the functional area of the Standing Committee ▪ To ensure that effect is given to all legislation and policy that deals with matters falling within the jurisdiction of this Standing Committee
Corporate Services Portfolio Committee	<ul style="list-style-type: none"> ▪ To prepare and submit annually to the Council an operating and capital budget ▪ To oversee and monitor the performance of the department falling within the jurisdiction of this Committee and advise Council accordingly ▪ To consider and advise the Council on all matters related to the functional area of the Standing Committee ▪ To ensure that effect is given to all legislation and policy that deals with matters falling within the jurisdiction of this Standing Committee
Community Services Portfolio Committee	<ul style="list-style-type: none"> ▪ To prepare and submit annually to the Council an operating and capital budget for the department ▪ To oversee and monitor the performance of the department falling within the jurisdiction of this Committee and advise the Council accordingly ▪ To consider and advise the Council on all matters related to the functional area of the Standing Committee ▪ To ensure that effect is given to all legislation that deals with matters falling within the jurisdiction of this Standing Committee
	<i>T B</i>

APPENDIX C: ADMINISTRATIVE STRUCTURE ORGANOGRAM

APPENDIX D: FUNCTIONS OF MUNICIPALITY/ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	No
Building regulations	No	No
Child care facilities	Yes	No
Electricity and gas reticulation	No	No
Fire fighting services	Yes	No
Local tourism	Yes	No
Municipal airports	Yes	No
Municipal planning	Yes	No
Municipal health services	Yes	No
Municipal public transport	Yes	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	No	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	Yes	No
Stormwater management systems in built-up areas	No	No
Trading regulations	Yes	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	No
Beaches and amusement facilities	Yes	No
Billboards and the display of advertisements in public places	No	No
Cemeteries, funeral parlours and crematoria	Yes	No
Cleansing	No	No
Control of public nuisances	No	No
Control of undertakings that sell liquor to the public	No	No
Facilities for the accommodation, care and burial of animals	No	No
Fencing and fences	No	No
Licensing of dogs	No	No
Licensing and control of undertakings that sell food to the public	No	No
Local amenities	No	No
Local sport facilities	No	No
Markets	Yes	No
Municipal abattoirs	No	No
Municipal parks and recreation	No	No
Municipal roads	No	No
Noise pollution	No	No

Pounds	No	No
Public places	No	No
Refuse removal, refuse dumps and solid waste disposal	No	No
Street trading	No	No
Street lighting	No	No
Traffic and parking	No	No
* If municipality: indicate (yes or No); * If entity: Provide name of entity		<i>T D</i>

APPENDIX E: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2012

REPORT OF THE AUDIT COMMITTEE TO THE COUNCIL OF THE JOE GQABI DISTRICT MUNICIPALITY

The Audit Committee has been established as an Independent Committee, in terms of section 166 of the Municipal Finance Management Act 56 of 2003 (the MFMA). The Committee has adopted formal terms of reference, which are regularly updated and approved by Council.

The Committee presents its report for the financial year ended 30 June 2012.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Committee's terms of reference requires a minimum of three members and in the year under review consisted of the members listed below. During the year under review five Audit Committee meetings were held as well as separate exclusive meetings with the Head of Internal Audit and also separate exclusive meetings with the Auditor General. Internal Audit facilitates these meetings and the Auditor General is a standing invitee at these meetings and is in attendance at most of them.

Name of member	Number of meetings attended
Mr Z Luswazi (Chairperson)	5
Mr P du Toit	5
Mr T de Beer (Resigned 20 February 2012)	1
Mr CR Venter (Resigned 20 February 2012)	1

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has, as far as possible discharged its responsibilities arising from its terms of reference including relevant legislative requirements.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Committee conducted a review of the annual financial statements prior to submission for audit. Issues identified were referred to Management for resolution and were adequately resolved. The Committee is pleased that the Auditor General issued an unqualified audit opinion on the District Municipality's financial statements for the year ended 30 June 2012. These financial statements are prepared in accordance with Generally Recognised Accounting Practice (GRAP) and in the manner required by the Municipal Finance Management Act 56 of 2003 and the Division of Revenue Act of South Africa (Act 6 of 2011).

The Committee draws attention to "additional matter" paragraphs contained in the Auditor General's report.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The Committee has considered the work performed by Internal Audit on quarterly basis and the Committee assessed Internal Audit for the year under review as effective. In the year under review the Internal Audit Unit executed 89% of planned work.

Audit areas where Internal Audit expressed an audit opinion of 'Significant Improvement Needed' are as follows:

- The internal control and the accounting systems' environment on standalone start-up projects established by the District Municipality as part of Local Economic Development initiatives.
- General controls in the day-to-day management and protection of the District Municipality's operational assets.
- Lack of standard operating procedures compromising the quality and the completeness of transactional source documentation.
- The effectiveness of some key aspects of the financial management function at the District Municipality.

The external audit process highlighted the internal control issues in the following areas:

- Supply Chain Management;
- Accounting and budgetary control functions;
- Payment of creditors within the MFMA stipulated timeframe; and
- The overall internal control environment at the District Municipality's Information Technology Function.

A significant management intervention is required to effect improvement in these areas.

Information systems

As highlighted above, the Information Technology environment as a whole needs focused attention in the ensuing year.

Resolving of internal control findings

In comparison to prior year, the Committee noted a significant improvement in the resolution of internal control findings, judged by the level of reduction of recurring audit findings.

Combined assurance framework

Regular engagements occurred between assurance providers for the benefit of the Combined Assurance Framework. Continuous improvement and further development of these engagements will continue to be a permanent feature of this interaction.

ACCOUNTING ENVIRONMENT AND INTERNAL FINANCIAL REPORTING

Improvement is required in the Municipal accounting environment as well as in the internal financial reporting. Specific recommendations towards the improvement of the accounting environment, the resulting accounting processes and the overall financial management environment have been made.

OTHER STRATEGIC ISSUES

The takeover of the water provisioning function with effect from 01 July 2012 has brought additional challenges to the District Municipality's Management team. Equally, this change will bring about a significant change in accounting policies for the 2012/13 financial year. Accordingly, Management must have an adequate response to this change to ensure an achievement of the originally envisaged strategy executed within an accounting (GRAP) compliant environment.

PERFORMANCE MEASUREMENT AND PERFORMANCE EVALUATION

Performance measurement

Quarterly Performance Information is presented by Management at each Audit Committee meeting. For assurance purposes, Internal Audit subjects this Performance Information to cyclical audits in accordance with the approved audit

plan. The Committee's overall review of Performance Information did not highlight any significant areas of improvement.

Performance evaluation

On one of its core functions, the provision of potable water to the community of Joe Gqabi District, the Municipality returned an outstanding performance by receiving two Blue Drop Certificates for the 2010/11 financial year. In addition, there was a general substantial improvement in the water quality across the Joe Gqabi District Municipality resulting in the district receiving an 83.49% rating and thus being ranked the third highest Municipality in the Province.

With respect to Wastewater Management however (the Green Drop Rating) the Municipality has a major challenge to drastically improve its performance in the next cycle of performance.

GOVERNANCE

The state of governance at the Joe Gqabi District Municipality is assessed to be generally adequate, with certain identified areas of improvement.

RISK MANAGEMENT

The District Municipality has made great strides in the development of risk management within the Municipality and its directorates / departments. There is a designated Chief Risk Officer, a Risk Management Committee and the development of risk management frameworks and policies which enabled the formulation of detailed risk registers for each department. The Chairperson of the Audit Committee is also a member of the Risk Committee.

The remaining strategic task is to ensure further embedding of risk management in the District Municipality's day-to-day processes. This would include developing clear guidelines and documented procedures to incorporate risk management into the Municipality's strategic planning processes and the development of performance measures on an operation level to promote the integration of risk management into the day-to-day operations of the Municipality.

CONCLUSION

The Committee is pleased with the progress made by the District Municipality in improving overall, internal control, risk management and performance management.

The Committee concurs with and accepts the conclusions of both Internal Audit and the Auditor General. The Audit Committee is of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor General.

The Committee fully supports the District Municipality in its vision as encapsulated in the IDP and its journey of improving service delivery to the residents of the Joe Gqabi District Municipality.

A handwritten signature in black ink, appearing to read 'Z Luswazi', enclosed within a large, stylized circular flourish.

Z Luswazi
Audit Committee Chairperson
07 January 2013

APPENDIX F: DISCLOSURE OF FINANCIAL INTEREST

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	Dumzela ZI	None
Member of MayCo / Exco		
Councillor	Moore MR	Moore Farming, Mondamin Trust, Portervale Trust, Bemerside Trust
	Leteba MPSS	None
	Hartkopf	None
	Moni G	None
	Mvumvu DD	None
	Tokwe LM	None
Municipal Manager	Williams ZA	Smart Job Supplies Pty Ltd
Chief Financial Officer	Jackson JM	None
Deputy MM and (Executive) Directors	Sephton F	None
	Jantjie HZ	Positive Lectures (Deregistered)
	Fortuin R	None
Other S57 Officials	None	n/a

** Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A*
T J

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