



Draft Annual Report 2012/2013

Sekhukhune District Municipality

06 March 2014

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Mayor's foreword and Executive Summary

The annual report for 2012/2013 financial year is prepared in terms of section 127 (2) of the Local Government Municipal Finance Management Act, 2003 (Act no. 56 of 2003) read in conjunction with section 46 (1) (a) (b) and (c) of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000). The Executive Mayor and/or Mayor of the municipality is required to prepare and table this report before Council together with accompanying financial statements, audit report and oversight report.

At the beginning of our term of office we as political administration set the following as the key mayoral priorities to underpin our work:

- Economic Growth Development and Job Creation
- Access to basic services and Infrastructure Development
- Community Development and social cohesion
- Spatial Development and Sustainable land use management
- Active Community participation and intergovernmental cooperation
- Effective Accountable and clean government

In deed we have together managed to record many challenges during 2012/2013 financial year although challenges still remain going forward.

One of the key powers and functions of the district is provision of water and sanitation to communities. In 2012/2013 the number of households that have access to piped water inside yard is 40% (105 872); 35% (92 400) have access to piped water on communal stands and 25% (65 530) have no access to piped water at all. It must be borne in mind that once all the major bulk water schemes have been completed, there will be less problems regarding water supply in the district.

Due to the daily increase in new households in the district, the number of households that do not have access to electricity are a moving target. This is because the electricity backlogs in the district mainly relate to post connections and connection of newly established households. 54% (20 215) of the households that require electricity connections are in Greater Tubatse municipality; 17% (6 266) in Makhuduthamaga; 15% (5 349) in Elias Motsoaledi; 9% (3 357) in Ephraim Mogale and 5% (1 987) in

Fetakgomo municipality. At least 10 734 electricity connections were delivered in the district of which 3% (372) were in Fetakgomo; 36% (3 816) were in Makhuduthamaga; 41% (4 390) were in Tubatse; 8% (910) were in Elias Motsoaledi and 12% (1 246) were in Ephraim Mogale.

Refuse removal is still a massive challenge in the district due to the density patterns of the settlements. Despite the fact that there are more 1 Million persons in the district, there are only 8 land fill sites that are permitted. Only 9% of the district population is being served with refuse removal services. The number of persons that reside in urban areas in the district is only 3% and 10% residing in the peri-urban areas. This means that 2% of persons that reside in the peri-urban areas are also not being provided with sanitation services. The district has made calls for local municipalities to look into the matter where it can be progressively realised.

Access to sanitation remains a challenge in the district municipality. During 2012/2013 financial year, the backlogs with regard to sanitation stand at 75% which amounts to approximately 217 000 households that have no access to standard basic sanitation. The municipality has plans in place to reduce the backlogs and ensure that during 2013/2014 and beyond, the roll out of sanitation programme is implemented speedily. In the previous financial years 2011/2012 and 2010/11 we managed to deliver 15 006 units of sanitation across the district.

Sekhukhune District Municipality cannot undertake all the enormous work of providing services alone, ours is to build and enhance social compact with labour, business and civil society.

The President of the Republic of South Africa has made a pronouncement that mining companies are required to implement the presidential package which among other things intend to improve the working conditions of mine workers and the communities where they come from; improving housing conditions for mine workers as well as promoting sound and stable labour environment. Sekhukhune District Municipality is a partner with the mining companies in the district working together to put plans and strategies in place towards realising the presidential package. More work is still to be undertaken during 2013/2014 and beyond. We realise that this is very important because mining companies in the district employ not less than 20 000 people on a permanent basis including downstream businesses that benefit from the mere presence of mines.

The municipality is still committed to working very hard to contribute to the National Development Plan vision 2030 by improving access to services, rolling out infrastructure development programmes and retaining skilled workforce.

The district has involved local communities and stakeholders during 2012/2013 in community participation that took various forms. The Integrated Development Planning (IDP) and Budget Processes for 2012/12 ensured that a programme was developed to visit specific villages. Mayoral Imbizos were also held at targeted villages to bring communities closer to matters of local government. We are pleased that attendance and interactions at these meetings has been truly meaningful.

The Municipality has established Sekhukhune Development Agency (SDA) in 2010/11 and the Agency was in operational phase in 2012/2013 financial year.

The SDA has a board of seven members and was fully operational during 2012/2013. Council has also established an oversight structure to look at the operations of the SDA as well as checking whether they are discharging the mandate as per the establishment by-law.

The challenges that remain for us require that both the administration and political structures work collaboratively to address them. We still need to accelerate expenditure on conditional grants as well as resolving issues around our immovable assets. We also commit to improve the audit opinion towards a favourable one.

As part of efforts towards social cohesion and national building, the municipality carried out various initiatives and campaigns directed to vulnerable groups and none governmental organisations. Going forward, more programmes will be directed towards the marginalized groups such as the youth, women, children and people living with disability to build socially inclusive communities.

In conclusion, this annual report reflects the path we have travelled, the tribulations faced and yet we remain focused and committed to ensure that in each financial we make improvements from previous challenges and create a better life for residents of Sekhukhuneland. We call upon all stakeholders inside and outside the municipal area to work with us to deal with the opportunities and challenges presented by the district.

The monumental task of building a developmental local government requires the participation of all sectors of society. It is for this reason that going forward, our glaring call is to build social compact with business, labour and civil society towards a shared and sustainable development.

Municipal Manager's overview

The annual report for 2012/2013 financial year gives an honest account of the performance of Sekhukhune District Municipality and a series of events that shaped the path that was travelled during this period. There were areas where we did well and must be commended as well as areas where more work and effort need to be put into to ensure that we do succeed in our endeavours.

In 2012/2013 financial year, the municipality spent R234,9 million on infrastructure development especially for the roll out of water supply projects. We also take this opportunity to acknowledge that there has been a series of delays regarding approval of technical reports and designs by Department of Water Affairs which slowed down our capital expenditure. The matter is receiving the necessary attention.

The Municipality is working closely with other stakeholders to deal with water challenges in the district. A partnership has been established with Glencore to deal with water related challenges in the Ngwaabe area. The work involves the refurbishment of boreholes as well as fixing of pump stations to increase water supply as a short term measure. These partnerships will continue to be nurtured going forward.

The municipality is continuing to deal with the issue of immovable assets which have been pulling the organisation backward towards achieving a clean audit. A private entity has been engaged for a period of three years to deal with our asset register and work is beginning to bear fruits because movable assets have been dealt with accordingly.

The labour relations environment in the municipality has improved tremendously and we are continuing with Employee Wellness Programme for employees in distress. The recruitment and selection processes for new employees have also been streamlined to ensure that the institution can recruit the best in the labour market but also looking at issues of employment equity.

The municipality partnered with National Department of Water Affairs with the objective of relocating 3 households that are residing in the De Hoop Dam basin. We are pleased that last year as at November 2013, all the three households had been relocated and a further 35 households will receive attention during 2013/2014.

The municipality is on course to deal with the issue of land acquisition for municipal offices. In 2012/2013 we have managed to rope in the office of the Member of Executive Council (MEC) responsible for Cooperative Government Human Settlements and Traditional Affairs to unblock the outstanding issues that stand in the way towards achieving our objective.

In order to establish a high performance culture, performance agreements for senior managers were signed during the period under review.

Notwithstanding these achievements, many challenges still remain in front and ahead of us as follows:

- Inadequate budget for operations and maintenance of water services
- Dealing with immovable asset register to ensure that it is up to date
- Weak partnerships between municipality and private sector regarding corporate social investments
- Separation of municipal entity (Sekhukhune Development Agency) from parent municipality
- Expenditure on conditional grants remains a challenge

The Municipality is pleased that during 2012/2013 financial year there was a full complement of staff at top management level (Directors) which helped a great deal in terms of implementation of the service delivery and budget plans. That is why we report that out of the 167 targets that the organisation set at the beginning of the financial year, 108 were achieved and putting the municipality at an overall performance rating of 65%.

In conclusion, the 2012/2013 financial year has been challenging and many lessons have been learnt into the future. The municipality will review areas where there were weaknesses so that going forward, we can only improve and achieve our vision as “development oriented leader in service delivery”

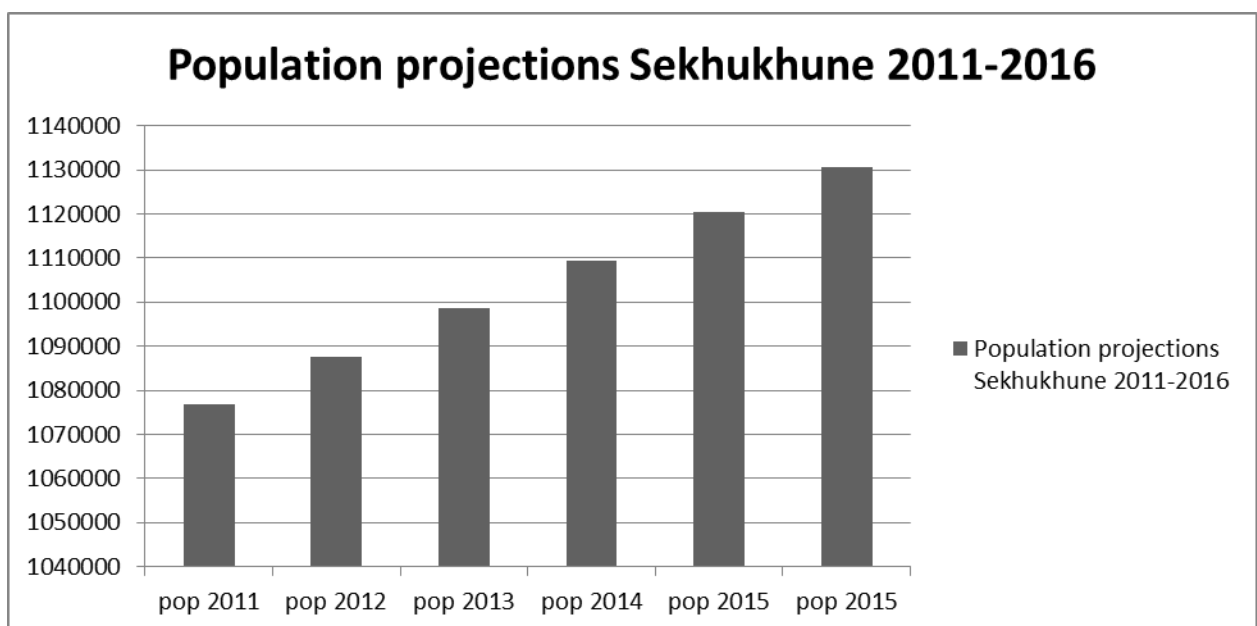
Municipal functions

The powers and functions of Sekhukhune District Municipality are determined in terms of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) Schedule 4 Part B as follows:

- Fire fighting
- Local Tourism
- Municipal Airports except for Ephraim Mogale and Elias Motsoaledi
- Municipal Planning
- Municipal Health Services

- Municipal Public Transport
- Markets
- Municipal Abattoirs
- Regional Land Fill Sites
- Water
- Sanitation

Population and environmental overview



In 2011, the population of Sekhukhune District Municipality stood at 1 076 830 persons. Statistics South Africa indicated during the 2011 census figures that the annual population growth rate in the district is at 1% per annum. Based on these projections, it can be assumed that if the population grows at that rate which is a slow rate, the district will reach 1 130 671 persons in the year 2015. This translates into the following population figures from 2011 up to and including 2015;

Year	population	Annual growth percentage
2011	1076830	1%
2012	1087598	1%
2013	1098473	1%

2014	1109367	1%
2015	1120460	1%
2015	1130671	1%

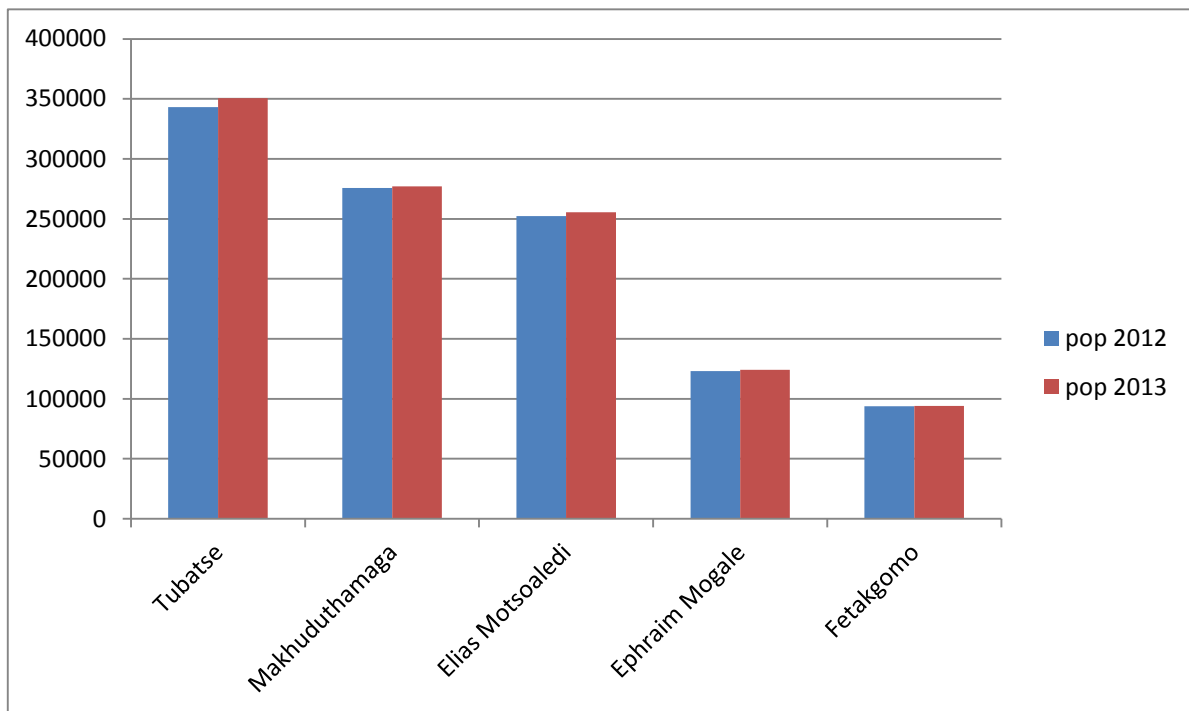
The picture in the local municipalities in the district is depicted in the figure below:

Table: Population growth rates in local municipalities 2011-2016

Municipality	2011	2012	2013	2014	2015	2016	Annual growth rate
Greater Tubatse	335 676	343 060	350 607	358 320	366 203	374 259	2.2%
Makhuduthamaga	274 358	275 729	277 107	278 492	279 884	281 283	0,5%
Elias Motsoaledi	249 363	252 355	255 383	258 447	261 548	264 686	1,2%
Ephraim Mogale	123 648	123 142	124 143	124 390	124 638	124 887	0,2%
Fetakgomo	93 795	93 888	93 981	94 074	94 168	94 262	0,1%
Total:	1 076	1 088	1 101	1 113	1 126	1 139	1%
Sekhukhune	840	174	221	723	441	377	

Source: adapted from Statssa 2011 population growth rate

The figure below indicates the population growth rates for 2012/2013 financial year for all the five local municipalities in Sekhukhune District:



The Municipalities of Ephraim Mogale, Makhuduthamaga and Fetakgomo seem to have lost population numbers when a comparison is made for the year 2001 and 2012. On the other hand Elias Motsoaledi

and Greater Tubatse Municipalities have gained population numbers. The factors that might have contributed to growth in population numbers are varied.

In Greater Tubatse Local Municipality, the presence of mining developments coupled with retail development in Burgersfort and Steelpoort have attracted large population numbers based on employment opportunities presented.

Elias Motsoaledi is located along a major provincial route (R 579) that connects Sekhukhune and Gauteng and Sekhukhune and Burgersfort. The N11 Road also connects Groblersdal with Marble and Middleburg making Elias Motsoaledi a strategic location for future residential and commercial activities.

It can be assumed that the changes in population numbers that resulted in declines in Fetakgomo and Makhuduthamaga can also be attributed to varying factors.

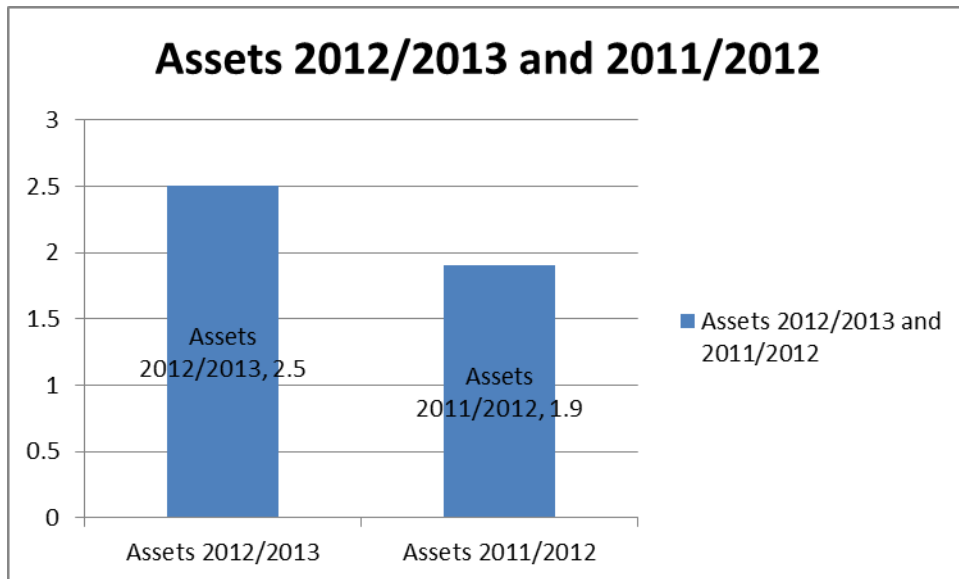
Makhuduthamaga and Fetakgomo have very few employment opportunities and therefore in migration within the district as well as out migration to other areas might have contributed to loss in population numbers. Both municipalities also have challenges with regard to provision of quality engineering infrastructure and are predominantly rural.

Service Delivery Overview

The 2012-13 financial year has been challenging for Department of Infrastructure and Water Services. In the first eight (8) months of the financial year it was realised that only 25% of the Municipal Infrastructure Grant (MIG) has been spent. In April 2013 the municipality appointed the Short Term Management Support in the form of Service Provider to turn around the situation and expedite expenditure on Capital Projects such as MIG, RBIG, RBIG Special and ACIP funds. Systems were therefore improved to improve expenditure during the last part of 2012/2013. Capital projects for 2013/2013 were also identified to ensure that there is progress made in 2013/2013 financial year.

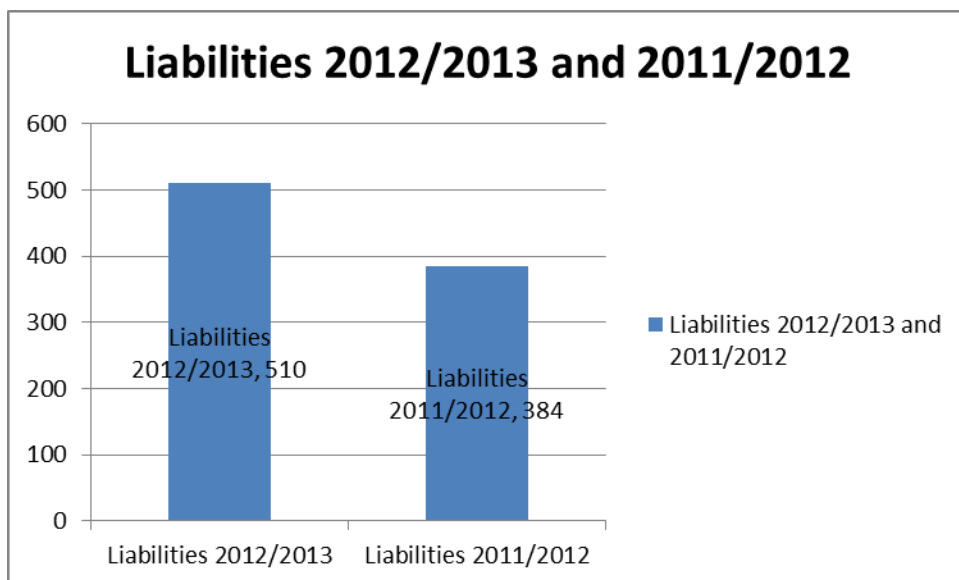
Financial Health overview

Assets



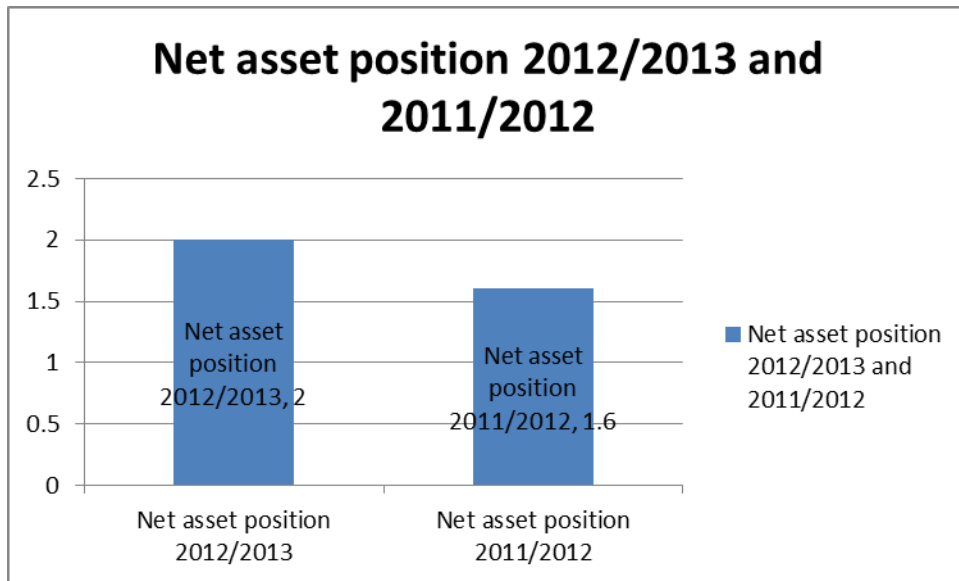
The total assets for Sekhukhune District Municipality during 2012/2013 financial year stood at R2,5 Billion compared to the asset base of R1,9 Billion during 2011/2012 financial year.

Liabilities



The total liabilities for 2012/2013 financial year for Sekhukhune District Municipality stood at R510 Million compared to the total liabilities of R384 Million for 2011/2012 financial year.

Net assets



The net asset position of the municipality by the year end 2012/2013 stands at R2 Billion compared to R1,6 Billion in the 2011/2012 financial year.

Revenue

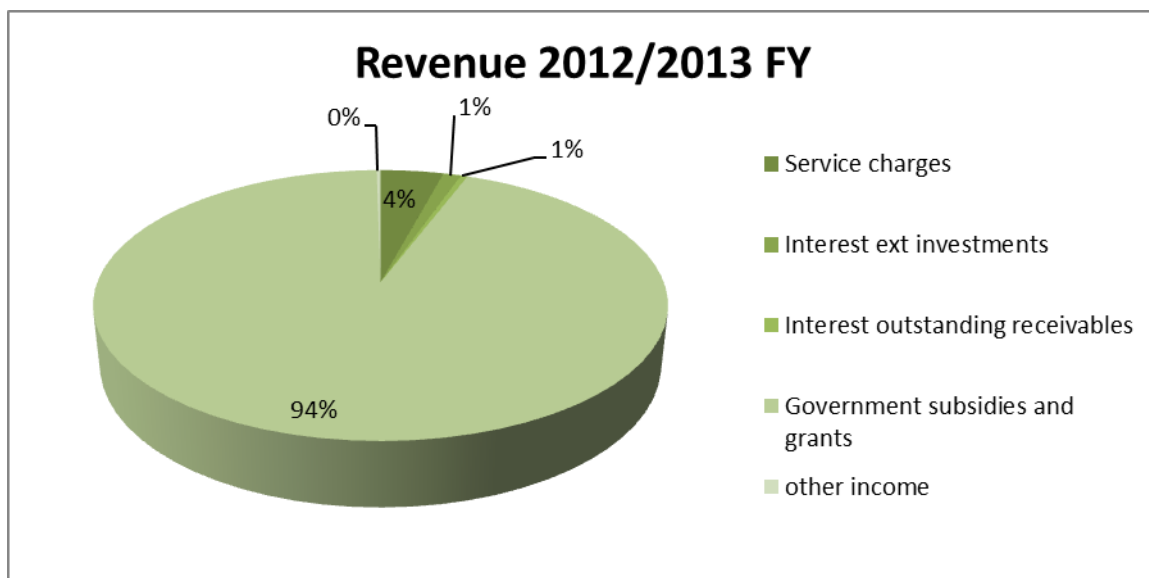


Table: Revenue 2012/2013

Revenue source	Amount
Service charges	40453551

Interest external investments	11381921
Interest outstanding receivables	4296416
Government subsidies and grants	908854133
other income	2456729

The total revenue realised during 2012/2013 stood at R967 442 751. Government subsidies and grants still constitute a large portion of the municipal revenue at 94% (R309 245 812). This is followed by services charges especially for water services provision at 4% (R40 453 551). The main sources of grants during 2012/2013 are as follows:

Equitable share: R365 Million

Municipal Infrastructure Grant: R234 Million

Financial Management Grant: R1,6 Million

Municipal Systems Improvement Grant: R1 Million

Water Services Operational Grant: R17,7 Million

RTSIG R1,7 Million

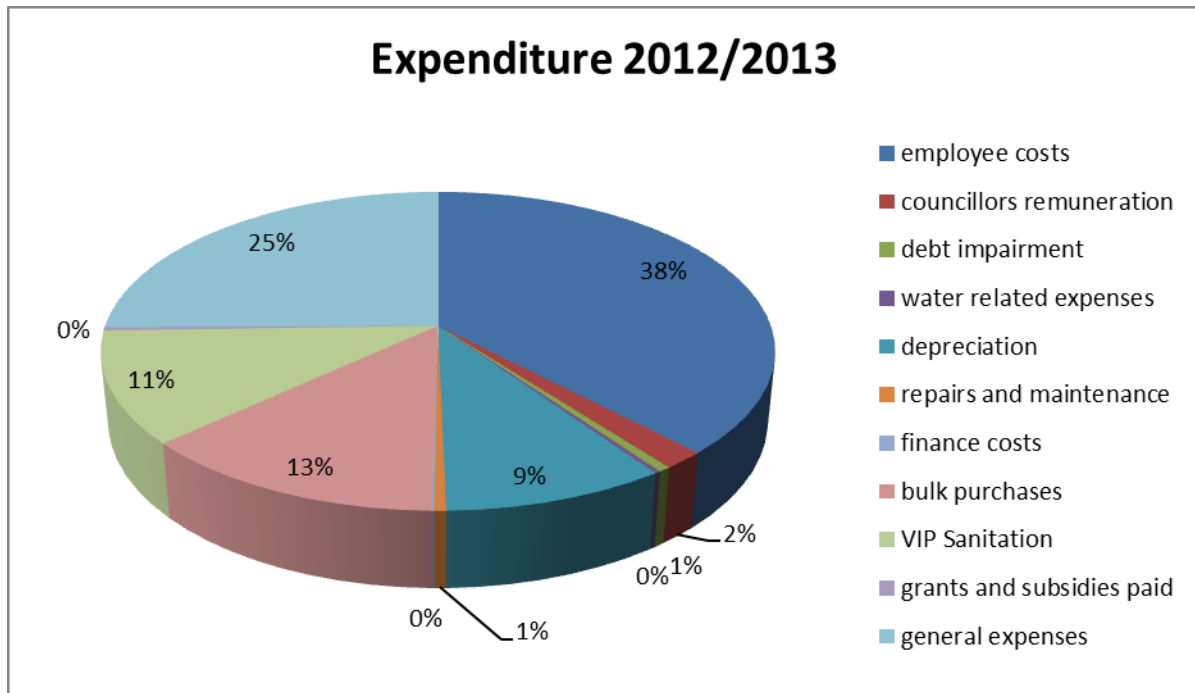
Regional Bulk Infrastructure Grant: R277 Million

ACIP: R4,8 Million

EPWP: R3,1 Million

The picture above clearly shows that the municipality is still highly dependent on grants. This scenario is prevalent in most municipalities in South Africa as a result of low tax base and the rural nature of the district which essentially means that services are not being paid by consumers. There is a need to implement the revenue enhance strategy to commence with billing of consumers in rural areas where high level of services is being provided as well as ensuring that there is concomitant maintenance and support to sustain the water services provision.

Expenditure



Sekhukhune District Municipality incurred expenditure of about R568 073 636 during 2012/2013 financial year. Employee related costs constitute 40% (R215 196 481) of the total expenditure incurred during this period. This is followed by depreciation at 25% (R52 621 440) which mainly relates to property plant and equipment. Bulk purchases also contributed 13% (R73 340 836) which relates to purchase of water. The following are other items for expenditure during 2012/2013 financial year:

VIP Sanitation: R64,5 Million

Grants and subsidies paid: R1,8 Million

General Expenses: R142,8 Million

Finance costs: R0,6 Million

Repairs and maintenance: R2,7 Million

Water related expenses: R1,4 Million

Debt impairment: R2,8 Million

Remuneration of councillors: R10 Million

Assets:

The total assets for Sekhukhune District Municipality during 2012/2013 stand at R2,5 Billion. The total liabilities for 2012/2013 stand at R510 Million. Therefore the net asset position of the district municipality stand at R2, 004 339 620. Based on the above it demonstrates that the municipality can continue to operate as a going concern because the assets exceed its liabilities.

Organisational Development Overview

Auditor General's Report

The Auditor General's report for 2012/2013 financial year is still being audited and the results will be known within the third quarter of the 2013/2013 financial year.

Statutory Annual Report Process

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 th quarter Report for previous financial year	
4	Submit draft Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	January

CHAPTER TWO: GOVERNANCE

Political Governance

Introduction to governance

The municipal Systems Act 32 of 2000 defines Municipality as made-up by three components, namely, political, administrative and community. However the realities and demand of local government dictate that we cooperate with other spheres of government in our endeavour to deliver services. SDM values the contribution made by each of the four components towards forging a common developmental perspective. The Municipality recognizes that each component has a unique and strategic role to play in meeting the set service delivery targets.

Introduction to political and administrative governance

In terms of the Municipal Structures Act, the Council of the Municipality is the highest decision making body. The council appoints Accounting Officer who runs the day to day operations of the municipality on behalf of the council.

Introduction to political governance

In our resolve to enhance good governance and accountability, the Municipality adopted separation of powers model, marking a new dispensation in the history of Sekhukhune, which sees the legislative arm of council being separated from the executive arm. This is in line with the governance approach that seeks to put in place an independent oversight mechanism to ensure that democracy is deepened and that effective public service delivery takes place to benefit the communities of Sekhukhune.

This model will yield the following benefits:

- A structured and systematic co-ordination and management of the overall work of council and its committees;
- That council is used as a platform for improved quality and techniques of plenary debates on local issues requiring the attention of Council;
- Improved management of petitions processes and the Legislature's public participation programmes, as well as
- Strengthening Council's ability to make and review the efficacy of by-laws approved.

Finally the decision to separate powers should be viewed within the context of seeking to achieve sound governance, accountability, representation and participation through clear delineation of powers and functions between the executive and legislative arms of Council. It ensures that the executive is held accountable for service delivery undertakings and shortcomings through an independent representative oversight body of the legislative arm.

Thus, Council established section 79 committees to play oversight role and monitor the work of the executive and administration. The established committees are aligned to administrative departments of the municipality and are chaired by non-executive councillors.

The Executive Mayor is the political head of the Institution and is assisted by Mayoral Committee. The Executive accounts to council on a regular basis on the work of the municipality. The speaker of the municipality is head of council and is responsible for management of council meetings and processes.

The Municipality has established an Audit Committee which is also responsible for performance audit. The audit committee of the municipality provides opinion and recommendations on Annual Financial Statements before submission to Auditor General.

The Members of the Audit Committee are as follows:

- Mr. Moloto Mokwele (Chairperson)
- Mr. B. Mahlobogoane
- Mr. Mbulelo Mahonga
- Mrs. Dimakatso Manzini

- Mr. Mike Mohohlo

In line with legislation the District has established an oversight committee made up of non-executive councillors to provide an opinion on the annual report before tabling to council. The oversight report will be published separately as per the MFMA guidance.

Political Structure



EXECUTIVE MAYOR

Cllr M.D. Magabe



SPEAKER

Cllr N.C Mathebe



CHIEF WHIP

Cllr M.J. Mathale

MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

Cllr. Lionel Seloane MMC Budget and Treasury

Cllr. Mamahlako MMC Executive Mayor's Office
(Vulnerable Groups)

Cllr. Kgoloko MMC Executive Mayor's Office
(Moral Regeneration, Traditional Leadership,
HIV/AIDS and Arts and Culture)

Cllr. Mahlo MMC Infrastructure and Waters
Services

Cllr. Lekola MMC Infrastructure and Waters
Services

Cllr. Nchabeleng MMC Corporate Services

Cllr. Matlala MMC Planning and Economic
Development

Cllr. Mokoka MMC Community Services

The total number of Councillors before the 18th May 2012 Local Government was 41 with 17 as party representatives and 24 representing local municipalities.

Councillors before 2012 elections

COUNCILORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE			
Council Members	Full Time / Part Time (FT/PT)	Committees Allocated	*Ward and/ or Party Represented
Cllr Nchabeleng T	PT	Administration	ANC
Cllr Matemane W	PT	Community Services	ANC
Cllr Makitla R.J	PT	Community Services	ANC
Cllr Manotwane R.R.	PT	Community Services	ANC
Cllr Mankwana M.E.	PT	Community Services	ANC
Cllr Matsepe C.D.	PT	Community Services	DA
Cllr Kekana K.N	PT	Budget & Treasury	ANC
Cllr Radigwana M.J	PT	Budget & Treasury	AZAPO
Cllr Masemola M.O	PT	Budget & Treasury	ANC
Cllr Matlala M.A	PT	Budget & Treasury	ANC
Cllr Sindane V.J.	PT	Budget & Treasury	ANC
Cllr Mampuru N.S	PT	Budget & Treasury	ANC
Cllr Mampuru T.k	PT	Budget & Treasury	ANC
Cllr Phogole M.I.	PT	Budget & Treasury	ANC
Cllr Mokgabudi M.P.	PT	Budget and Treasury	ANC
Cllr Malaka M.S	PT	Budget and Treasury	ANC
Cllr Moetanalo	PT	Human Resources	ANC
Cllr Monama G.R	PT	Infrastructure & Water services	ANC
Cllr Nkadimeng S.M	PT	Infrastructure & Water services	ANC

COUNCILORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE			
Council Members	Full Time / Part Time (FT/PT)	Committees Allocated	*Ward and/ or Party Represented
Cllr Leshaba A.N	PT	Infrastructure & Water services	ANC
Cllr Mphahlele L.J.	PT	Infrastructure & Water services	ANC
Cllr Masemola MAS	PT	Planning and Economic	ANC
Cllr Modibetsane N.J	PT	Strategic	DA

After the 18th May 2012 Local Government Elections, the number of Councillors stands as 48 with 19 being party representatives and 29 being local municipalities representatives.

Councillors after 2012 elections

DIRECTLY ELECTED COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE			
Council Members	Full Time / Part Time (FT/PT)	Committees Allocated	*Ward and/ or Party Represented
Cllr Mathebe N.C	FT	Speaker	ANC
Cllr Magabe M.D	FT	Executive Mayor	ANC
Cllr Matlala R.M	FT	MMC	ANC
Cllr Seloane L.M	FT	MMC	ANC
Cllr Nchabeleng T.C	PT	MMC	ANC
Cllr Mahlo S.A.	FT	MMC	ANC
Cllr Mamahlako P.M.	FT	MMC	ANC
Cllr Kgoloko M.L.	FT	MMC	ANC
Cllr Mokoka S.D	PT	MMC	ANC
Cllr Lekola M.F	PT	MPAC	ANC
Cllr Thamaga M.M.	PT	Community Services	ANC
Cllr Mabusa D.L.	PT	Community Services	ANC
Cllr Mathale M.J.	FT	Chief Whip	ANC

DIRECTLY ELECTED COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

Council Members	Full Time / Part Time (FT/PT)	Committees Allocated	*Ward and/ or Party Represented
Cllr Sihlangu T.L	PT	Budget & Treasury	ANC
Cllr Mafefe H.O.	PT	Corporate Services	ANC
Cllr Makitla R.J,	PT	Community Services	ANC
Cllr Makuwa T.H	PT	Budget & Treasury	AZAPO
Cllr Mokwana L.W	PT	Infrastructure & Water	COPE
Cllr Tala D.L.	PT	Infrastructure & Water	DA

Municipal committees

MUNICIPAL COMMITTEES	PURPOSE OF COMMITTEE
Cooperate Services	Committee plays oversight and ensures department implements Human resources development strategy/policy and other related policies and that staff establishment is in line with IDP objectives
Community Services	Committee plays oversight and ensures that the department functions properly and implement core mandate such as disaster management and emergency services
Planning and Economic Development	Committee plays oversight and ensures that department deliver on its mandate of economic growth, job creation, poverty and proper spatial planning
Budget and Treasury	Committee plays ensures that financial resources of the municipality are managed in line with legislation and accounting of fiancés takes place
Infrastructure and Water Services	Committee plays oversight and ensures that department provides basic services to communities and capital budget is spend in line

	with council priorities
--	-------------------------

The Section 79 Committees are contributing effectively to the overall functioning of Council wherein they meet on a monthly basis. They receive reports from Members of the Mayoral Committee who make recommendations to Council for approval. On the basis of the Portfolio Committee recommendations Council is able to take decisions as the matter tabled by the Executive Mayor would have been reviewed by the Portfolio Committee to advise council appropriately.

Municipal Public Accounts Committee

The Municipal Public Account Committee (MPAC) was established by the SDM as a committee consisting of non-executive councillors to provide oversight and foster accountability on the effective and efficient utilisation of public funds. Members of MPAC in the year under review were constituted as follows:

1. Clr. F. Maseko (Chairperson)
2. Clr. M.O. Masemola
3. Clr.M.W. Matemane
4. Clr. V.J. Sindane
5. Clr. M.S. Malaka
6. Clr. T.L. Nchabeleng
7. Clr. G.R. Monamo
8. Clr.M.J. Modibetsane

9. Clr. M.M. Maepa

Administration is from time to time called to account. MPAC reports are send directly to Council and wherein in cases of irregularities recommendations are made to Council for corrective action.

Political Decision Making

The District municipality has adopted a separation of powers model wherein Council is vested with the legislative authority and plays an oversight role on the Executive. The Executive on the other hand led by the Executive Mayor is responsible for execution and accounts to council on the implementation of council decisions.

The decision making process starts with administration preparing reports/items for mayoral committee, followed by section 79 committees and ultimately council makes final determination.

Administrative Governance

The Management of the institution is entrusted with role of advising Council as well for the implementation of council resolutions. It is led by the Municipal Manager who is the overall Accounting Officer (AO). The Management is further complemented by line function Managers who are responsible for management of various municipal departments.

The Management functions as a collective through regular monthly management meetings and accounts to the Executive through Mayoral Committee meetings.

Top Administrative Structure

MUNICIPAL MANAGER

Ms. Mapule Felicity Mokoko

DIRECTOR: CORPORATE SERVICES

Phakane Job Phahlamohlaka

DIRECTOR: COMMUNITY SERVICES

Abram Mangoato

CHIEF FINANCIAL OFFICER

Melda Mokono

DIRECTOR: PLANNING AND ECONOMIC DEVELOPMENT

Amos Temo Matjiya

DIRECTOR: INFRASTRUCTURE AND WATER SERVICES

Mpoti Baldwin Machaba

ACTING DIRECTOR: EXECUTIVE MAYOR'S OFFICE

Kgopelo Phasha

Intergovernmental Relations

The Intergovernmental Relations and Framework Act make provision for establishment of intergovernmental structures. Moreover, it makes provision for establishment of Intergovernmental Technical Support structures. Sekhukhune District Municipality has established Mayor's Forum as an Intergovernmental Relations Structure to deal with issues of common interest within the district. The Mayor's Forum is chaired by the Executive Mayor of the district and also attended by Mayors of the five local municipalities.

There are also two technical support structures that have also been established to support the Mayor's Forum namely the municipal managers' Forum and Technical Clusters. There are four Technical clusters dealing with key Local Government Key Performance Indicators:

- Planning and Economic Cluster

The cluster deals with Spatial Planning; Land use management and Local Economic Development issues.

- Infrastructure Cluster

This cluster deals Water and sanitation, roads and storm water issues

- Community Services Cluster

The cluster deals with disaster management, indigent support, fire, health, social services, safety and security, sports arts and culture

- Finance and Institutional

The cluster deals with Budget and treasury; Performance management; internal audit and risk; Integrated Development Planning

The Technical clusters are chaired by Heads of Department and the reports emanating from clusters are referred to Municipal Managers Forum. The Municipal Managers Forum then refers the reports to the Mayors' Forum. These arrangements therefore ensure that issues that relate to common interest can be addressed speedily.

Chapter three of the South African Constitution gives effect to cooperative governance and Intergovernmental relations. The three spheres of government in South Africa are independent and distinctive but functions in an integrated manner.

In the spirit of the Constitution, the Sekhukhune District Municipality embraces inter-governmental relations and collaborations through various mechanisms such as inter-governmental foras and joint programmes.

Our intergovernmental relations efforts have yielded positive results in number of service delivery areas.

In the year under review, we have participated in the following national forums and meetings.

- *Implementation forum on outcome number :07(vibrant, equitable and sustainable rural communities and food security) convened by the Minister of Rural Development and Land Reform
- *Sekhukhune District Municipality forms part of 21 national wide district prioritized for Comprehensive Rural Development

The Municipality has benefited immensely from attending the national forums convened by the minister around issues of rural development and land reform.

Provincial Intergovernmental Structure

In the year under review, Sekhukhune District Municipality participated in the following provincial led Inter-Governmental Relations Structures

- Premier Inter-Governmental Forum attended by the Executive Mayor and Municipal Manager which provides strategic direction in aligning the work of government in the province
- Governance and Administration Cluster attended by the Municipal Manager which interfaces with the work of the Provincial Executive
- Various Technical Working Groups focusing on the implementation of Limpopo Employment, Growth and Development Plan (LEGDP)
- Provincial Communicators Forum which focuses on enhancing communication between government, communities and social partners

The Sekhukhune District Municipality has benefited a lot from attending provincial IGR structures as it gives the municipality an opportunity to plan in line with provincial priorities and objectives. Some of the interventions have resulted in tangible programmes and projects on the ground.

Relationships with municipal entities

The District has established Sekhukhune District Agency (SDA), a special vehicle purpose for facilitation of high impact economic development programmes.

The Agency has a board of directors which account to the Municipality and has appointed Chief Executive Officer to oversee day to day operations and business of the Agency.

The district has opted for a shareholder compact model which regulates the relationship between the entity and the municipality.

The board is constituted by individuals drawn from various sectors with diverse skills and expertise.

The following Members Constitute the SDA Board during 2012/2013 financial year:

- Adv. Jafta Nkohla Samuel
- Mr. Mafolo Titus Magashe
- Mr. Nkadimeng Chipwane Clifton Tito
- Ms. Maleka Sharon Mmakopi
- Ms. Mathabatha Yvonne Stephina Mmadikgomo
- Ms. Letsatsi Masefateng Dorcus
- Mr. Thulare Phatudi Peter

The following members served in the Sekhukhune Development Agency for three (3) months (July-September 2012) extended period:

- Mr D Makotanyane (Chairperson)
- Mr. T Nkadimeng
- Dr L Marepo
- Ms T Mankge
- Mr. P Mokgotho
- Mr. M Maphutha

District Intergovernmental Structure

Sekhukhune District Municipality as a custodian of inter-governmental relations structures in the district has facilitated the establishment of the following forums for better coordination with the five local municipalities

- Mayors Forums which is a strategic political fora for all the six (06) mayors in the district and meets on a regular basis to provide overall governance leadership

- Speakers Forum which is constituted by all speakers in the district to share information and knowledge on how to conduct council activities as well as develop common perspective around issues of governance
- Chief Whip's Forum is a forum chaired by the district chief whip and includes all chief whips from local municipalities which meets on a regular basis to share experiences on developing common ground around issues of code of conduct for councillors and related issues
- Municipal Managers Forum which is a platform for all six municipal managers in the district to interact on a regular basis and provide administrative leadership to all municipalities in the district
- Inter-Governmental Relations Clusters which are inclusive of all the six municipalities in the district and meets on a regular basis to share experiences and strategies in various technical areas

The district working together with the five local municipalities have been able to derive the following benefits from coordinated IGR efforts

- Minimize duplication of resources
- Encouraged local horizontal learning
- Sharing of scarce resources
- Enhanced government cohesion

Public Accountability and participation

Public meetings

Municipalities are by law required to foster public participation and ensure its citizenry is engaged in matters of governance. Sekhukhune District Municipality places public participation and accountability at the centre of its work. The Municipality has adopted a communication strategy which encompasses an on-going public participation programme.

Communication channels that were used to engage communities include;

- Monthly Mayoral Outreach Program

- Quarterly Council Imbizos
- Regular interactions and stakeholders engagement such as Mining communities, business formations, Non-Governmental Organisations etc.
- Monthly Internal newsletters and quarterly external newsletters publications
- Radio-Interviews with Executive Mayor and Members of the Mayoral Committee
- Inclusive IDP/Budget public participation programme

In the year under-review, the Municipality managed to arrange 45 IDP/Budget consultation forums reaching out to many villages and stakeholders never reached before.

The Municipality also arranged annual State of the District Address (SODA) to provide a platform for the Council to account to the public on the affairs of the Municipality.

The website of the Municipality is functional and updated on a regular basis especially the component where compliance issues have to be adhered to such as publishing of annual report, tenders, vacancies etc.

Ward Committees

In terms of the Municipal Structures Act 117 of 1998, Ward Committees are established to enhance participatory democracy in local government.

The Sekhukhune District Municipality working together with its five local municipalities managed to establish ward committees in all the 116 wards. However, in the year under review, ward committees in Sekhukhune have been able to deal with the following critical issues:

The district working together with the five local municipalities launched ward committees in all the 116 wards in the district. Majority of our ward committees, 85% are functional with less than 15, around 15% being non-functional. In the year under review, the district supported Fetakgomo Local Municipality with financial resources to implement the new stipend guidelines for ward committees developed by SALGA.

Working together with the district and local municipalities, ward committees in the district have been able to play a significant role in the following areas;

- Popularized local government elections;
- Sensitising the municipality on developmental challenges and pressures within local communities;
- Communicated government messages to the communities.

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

The IDP is the key strategic plan of the Municipality which articulates the delivery agenda of the Municipality as well as the commitment it makes to the communities. From the IDP one should be able to understand programmes that the Municipality seeks to deliver and it is thus necessary that such information be communicated to communities to assess when and if progress is being made.

The above table thus indicates critical information that is contained in the IDP and whether it was communicated to the public or not.

Corporate Governance

For effective running of the organization and clean governance, the municipality in the year under review adopted number of policies, systems and procedures aimed at enhancing good corporate governance.

Risk Management

Risk Management is central to the strategic management of an institution, within SDM is also viewed as a strategic management process utilized in the methodological address of all risks that attach to operational activities undertaken for the achievements of institutional goals and objectives.

Primary to good risk management practice is the proper identification and treatment of risks through the development of practical and flexible mitigating measures in order to build resilience and ensure sustainability of operations

Risk at SDM is assessed at the following different levels:

- Strategic
- Operational
- Processes

Risk analysis process

The process followed a workshop format where each department was represented by a director and immediate reporting managers representing the different divisions/units.

Various methods are available for assessment of risks, we at SDM utilized the scenario planning method in the identification and assessment of risks as it is a proper tool to assist in the systematic thinking about the future and its uncertainties. Scenario planning assisted our process as it augmented our risk assessment process and broadened our scope.

Top Five Priority Risks for SDM

- Lack of Access to Land
- Low Investor Confidence and Outward Migration
- Lack of Social Cohesion and Disempowered Communities
- Poor Service Delivery
- Fragmented Approach to Government Interventions.

A Risk Management Plan has been developed to address these risks. Furthermore, a Risk Management Committee comprising of all departmental heads has been established to constantly manage the implementation of the Risk Management Plan.

Anti-corruption and fraud

The Municipality takes cognizance of the danger posed by fraud and corruption in its quest for service delivery. To this end, our internal audit and risk management units have been instructed to incorporate issues of combating fraud and corruption.

Anti-fraud and corruption strategy has been adopted by council and popularized to stakeholders. Through the assistance of the Premier's office, the district is in the process of finalizing the establishment of anti-fraud and corruption hotline.

Working together with law enforcement agencies, we have managed to bring to uncover and expose number of fraudulent activities and such cases are receiving undivided attention from the municipality.

Supply chain management

- The council of SDM has adopted Supply Chain Management Policy which was reviewed in 2013 together with IDP/Budget. The policy is in line with MFMA Provisions as it makes provision of establishment of three (03) procurement committees, namely, Bid Specification, Bid Evaluation and Bid Adjudication Committees. The members of the bid committees are periodically changed as a control measure.
- The SCM policy of SDM as approved by council is line with section 217 of the Constitution of the Republic of South Africa
- Through implementation of SCM policy, local communities and small /emerging businesses have benefited through preferential procurement and resulted in greater transparency and openness.

By-laws

During 2012/2013 financial, Council only considered one (1) by-law which related to Municipal Health Services. The by-law is not yet promulgated and will undergo the full legal process so that it is operationalized.

The By-Laws will be enforced through regular monitoring by the municipality working together with law enforcement agencies such as South African Police Services and Municipal Traffic Officers.

Furthermore, a Section 80 Committees on Justice, Peace and Security headed by the Executive Mayor has been established to co-ordinate with law enforcement agencies around broader issues of peace, safety, security and the enforcement of by-laws.

Websites

The website was from an IT perspective up 100% of the 2012/2013 financial year. From a content management perspective the website was only updated on an ad-hoc basis during 2012/2013 and the following challenges occurred:

- 1.) No official agreement with service provider was in place.
- 2.) No dedicated official to attend to the website.

Plans to improve content management in 2013/2013 are as follows:-

- 1.) To appoint a service provider or to sign an agreement with the existing service provider.
- 2.) The function of content management was shifted to the Communication Unit who are responsible for marketing and branding of the Sekhukhune District Municipality.
- 3.) The website to be redesigned to be a content management system which will cut out all 3rd party dependencies which in the past caused delays in the publishing of content.

Research has been done on products who will offer the following to the communities:-

Touch-screen kiosks that can be used for inter alia the following:

- Customer Complaints
- Customer Compliments
- Customer Comments
- General Survey Interaction
- Information Centre
- Promoting the wide variety of services you provide with details of how to access these services.

- Surveys and questionnaires that provide real time feedback from your citizens on the services you offer.
- Reduce pressure on reception services by answering frequently asked questions via a queue busting ***touch screen interface***.
- Widen your reach by utilising local retailers to pro-actively spread your messages where your citizens are, instead of waiting for them to come to you.
- Publicise new government initiatives.
- Support local retailers by giving them additional footfall.
- Help bridge the digital divide.

Public Satisfaction on municipal services

The Sekhukhune District Municipality conducted annual customer satisfaction survey which revealed that majority of citizens in Sekhukhune are reasonably satisfied with provision of services by the municipality.

In between the year the municipality has a dedicated customer care unit which processes day to day community complains and monitor adherence to Batho-Pele principles by municipal officials.

Batho Pele Forum as a platform to engage with government service points to assess the delivery of services

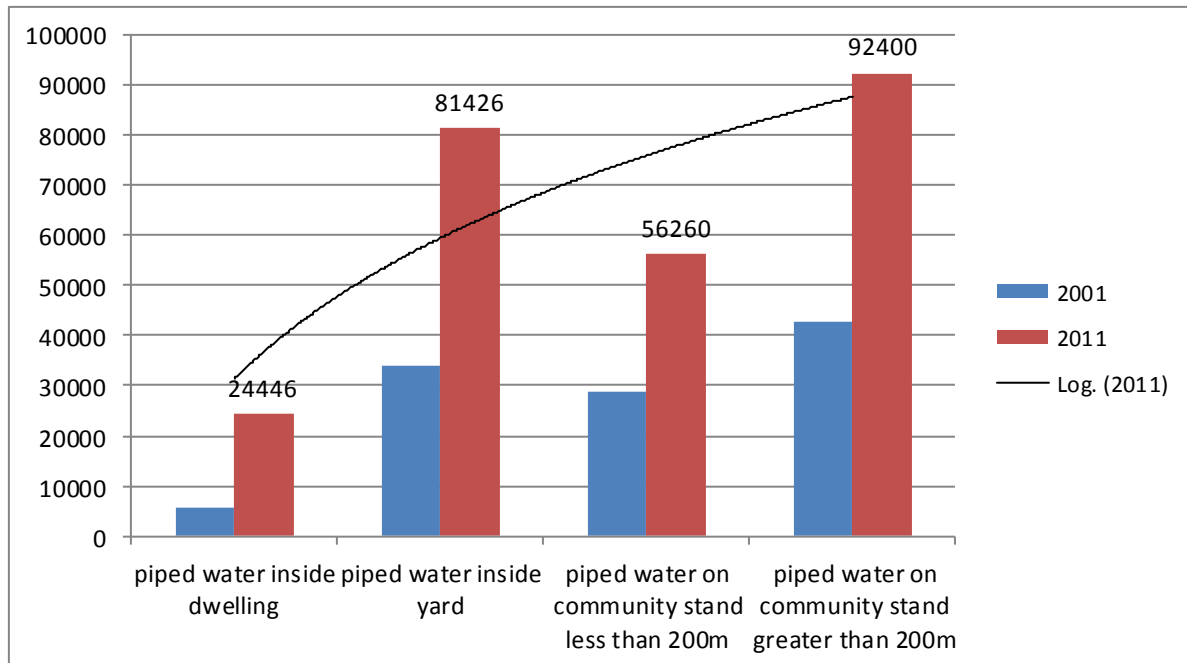
The municipality has put suggestion boxes in all its offices for members of the public to make comments and inputs on the level of services as well as criticise where things are not going well.

- Premier Hotline and Presidential Hotline
- Number of Queries received and addressed
- Challenges in addressing queries as raised by communities

CHAPTER THREE: SERVICE DELIVERY

Basic Services Performance

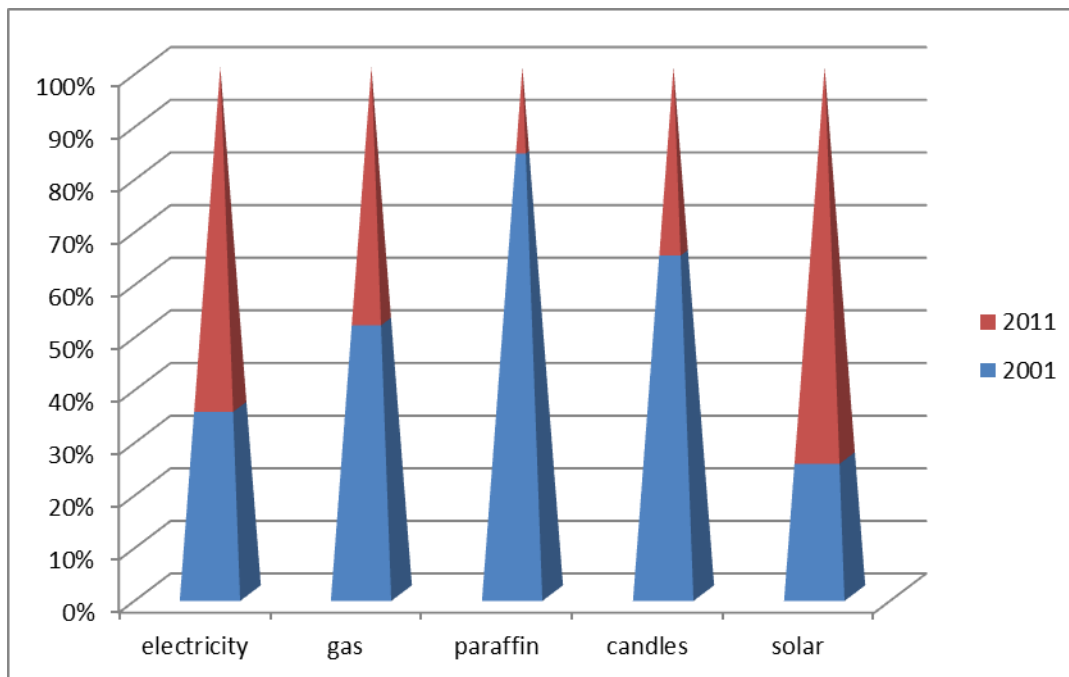
Water Provision



In 2001, 111 416 households had access to piped water compared to 254 532 in 2012. The number of households that have access to piped water in the dwelling and yard has increased from 39 779 in 2001 to 105 872 in 2012 which represents an additional 66 093 (62%) of total households having access to piped water in the dwelling and yard in 2012.

The number of households that have access to piped water within and outside the 200m (community stand) have increased from 71 637 in 2001 to 148 660 in 2012. The increase represents 52% of the total households that have access to piped water in communal stand in 2012.

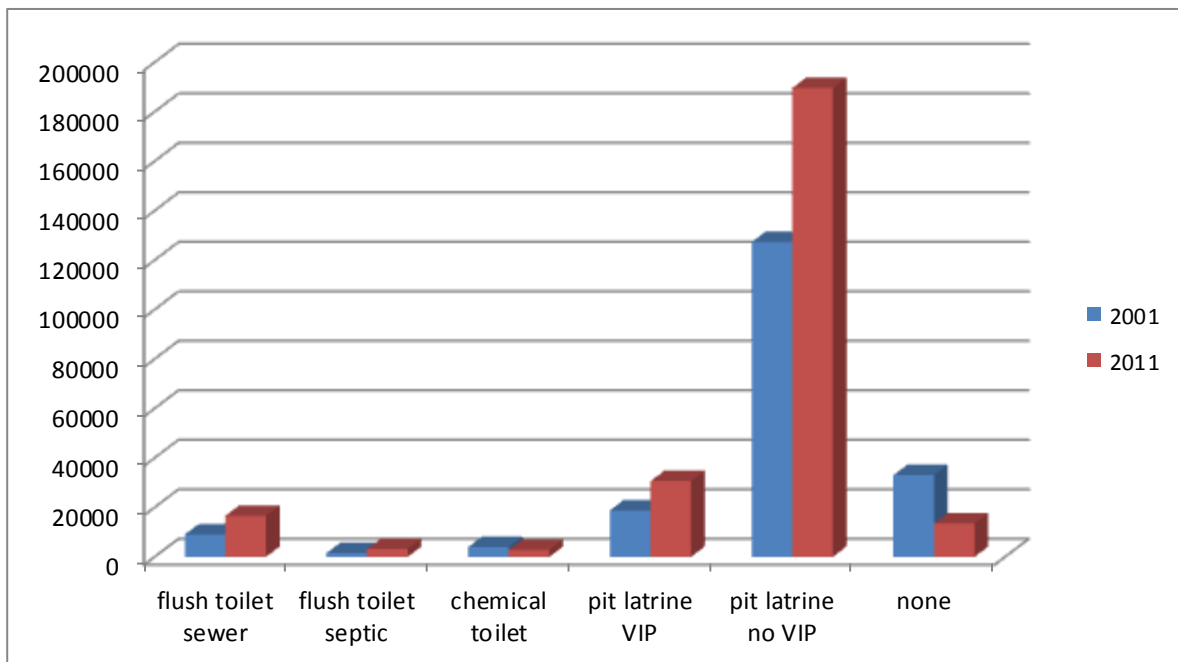
Electricity



In the year 2012, 226 677 households have access to electricity compared to 124 173 in 2001. The number of households using candles have dramatically reduced to 33 227 in 2012 compared to 60 762 in 2001. There is a slow pace for use of solar energy as depicted by numbers that only 1 103 households are using solar in 2012 compared to 381 households in 2001. The number of households using paraffin is declining drastically from 8 498 in 2001 to 1 650 in 2012.

The figures above imply that access to electricity in the district has increased and there are very few households that do not have access to the grid. Almost 86% (226 677) households have access to electricity compared to 14% (36 376) households that are using alternative energy methods. In areas where electricity has not been provided, it has to do with post connections and new settlements that emerged after 1994. The only issues that need to be resolved relate to capacity at substations and maintenance of electrical infrastructure in the district.

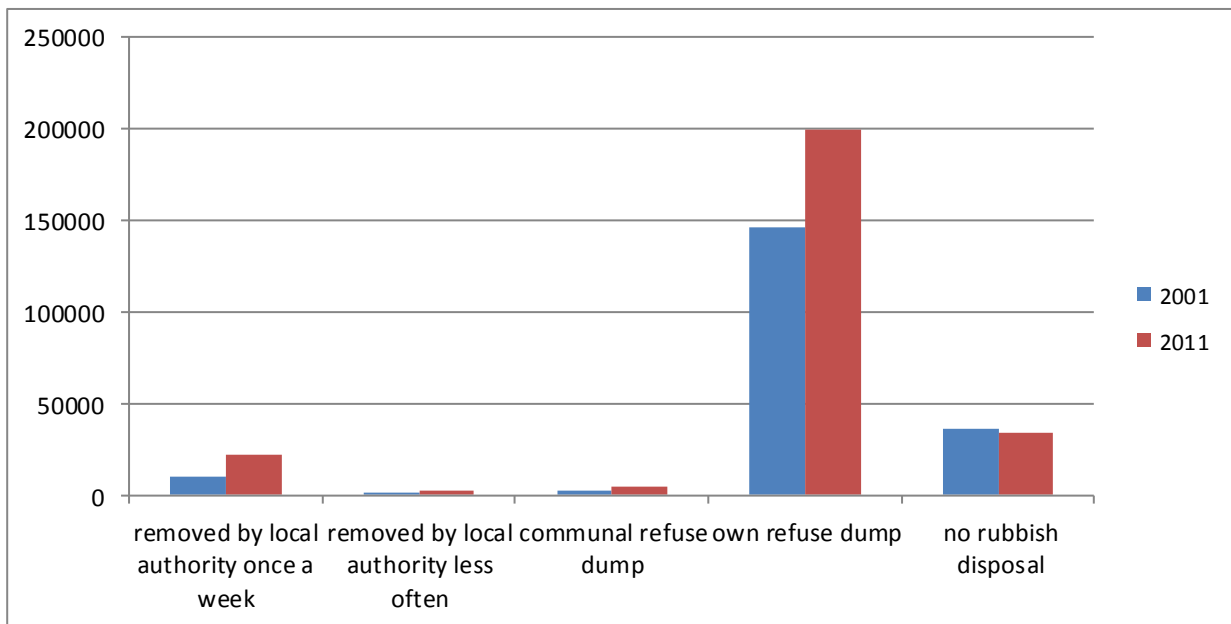
Waste Water Provision (sanitation)



In 2001, 9 100 households had access to flush toilets connected to sewer as compared to 16, 631 in 2012. The number might have been increased due to new developments in urban areas resulting in new housing developments. There is also an increase in the number of households that are using on site flush sanitation systems (septic tank) from 1 597 in 2001 to 3 200 in 2012. These systems are not environmentally friendly and may affect the quality of borehole water where they are located.

The number of households using pit latrines have increased from 146 196 in 2001 to **220 226 in 2012**. This is because many of the households still reside in the rural areas where sewer borne sanitation is not available. Almost 85% (222 502) households use pit latrines compared to 7% (197 32) that are using flush toilet connected to municipal sewer or septic tank. The number of households that have no access to toilets stands at 8% (20 833) in the district.

Waste Management (Refuse)



The number of households whose refuse is removed local authority or private company once a week has increased from 10 335 in 2001 to 21 515 in 2012. The number has therefore doubled in a decade. There is still a large number of households that still make use of their own refuse dump on site as reflected in **2012 that there are 199 949** households compared to 146 371 in 2001. The number of households using own and communal refuse dumps in therefore increasing.

At least 91% (240 589) households are using communal and own refuse removal systems compared to 9% (23 212) that rely on municipality and/or private company once a week refuse removal services. The implication is that municipalities in the district must consider increasing access to refuse removal services where it is possible.

Local Economic Development

Sekhukhune District Municipality is responsible for facilitation of Local Economic Development in the district as a whole. The district is therefore responsible for facilitation of the four main sectors of the district economy as follows:

- Tourism development
- Agriculture development
- Mining Development
- Trade and Industry

Tourism Development

Sekhukhune District Municipality has a number of tourism development opportunities that exist in the local municipalities as well as those that have potential to develop. The cases in point can be summarised below:

- Development of Schuinsdraai nature reserve which is located in Ephraim Mogale Local Municipality
- Tjate heritage site
- De Hoop Dam

Expanded Public Works Programme job opportunities

Table 1: Job targets EPWP 2012/2013 and 2013/2014

Financial year	2012/2013	Percentage	2013/2014
Job targets	7,138	100%	8,752
Not achieved	4, 718	66%	N/A
Achieved	2, 420	34%	N/A

During 2012/2013 financial year, the Expanded Public Works Programme job targets for Sekhukhune District Municipality was that 7 138 job opportunities must be created. At the end of the financial there are 2 420 job opportunities that have been created. This implies that the district achieved 34% of the job targets during 2012/2013. The remainder which is 66% has not been achieved.

The key rationale why the job targets were not achieved during 2012/2013 could be summarised as follows:

- The infrastructure projects that needed to be rolled out could not materialise due to slow process of approvals by the Municipal Infrastructure Grant. This is because most infrastructure projects were at design stage during 2012/2013.
- Mechanisation during project implementation. Most of the projects that were under implementation during 2012/2013 made use of machines during implementation instead of labour. The challenge could also be ascribed to planning stages of the projects in that they were not designed to be labour intensive.

Job creation from other sectors:

Sekhukhune District Municipality has been able to create job opportunities from other sectors as indicated in the table below:

Table: Job creation numbers from other sectors:

Sector	Number of jobs created
Meter readers	6
Learnerships	269
Artisans	12
Interns civil	7
Asset verification	6
Cleaners	33
Security	289
Permanent employees	947
Community works programme	5535
Schuinsdraai	94
De Hoop	694
IDT (EPWP non-state sector)	1323
Total	9215

Comparisons with local municipalities: 2012/2013 jobs created by local government

	Jobs created				Total
	Women	Men	Youth	People with disability	
Municipality					
Greater Tubatse	3739	1492	3074	3	8308
Fetakgomo	957	466	640	0	1423
Makhuduthamaga	774	1347	1301	19	2121
Ephraim Mogale	477	373	620	1	1470
Elias Motsoaledi	119	203	181	6	322
Sekhukhune	962	1458	1154	0	2420

Total					16 064
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As can be seen from the table above, during 2012/2013 financial year there were 16 064 job opportunities that were created by Sekhukhune District Municipality and local municipalities.

CHAPTER FOUR: ORGANISATIONAL DEVELOPMENT PERFORMANCE

Organisational Development Performance

Performance Report (Service Delivery and Budget Implementation Plan)

Sekhukhune District Municipality through its Performance Management System developed the Service Delivery and Budget Implementation Plan (SDBIP) for 2012/2013. All municipal departments were able to clearly set their targets for the year as well as setting measures for achievement of the targets. The overall performance of Sekhukhune District Municipality for the financial year 2012/2013 is that there has been achievement rating of 65%. This literally implies that the municipality did not achieve 35% of the targets set as per the figure below:

Overall Organisational Performance 2012/2013 financial year

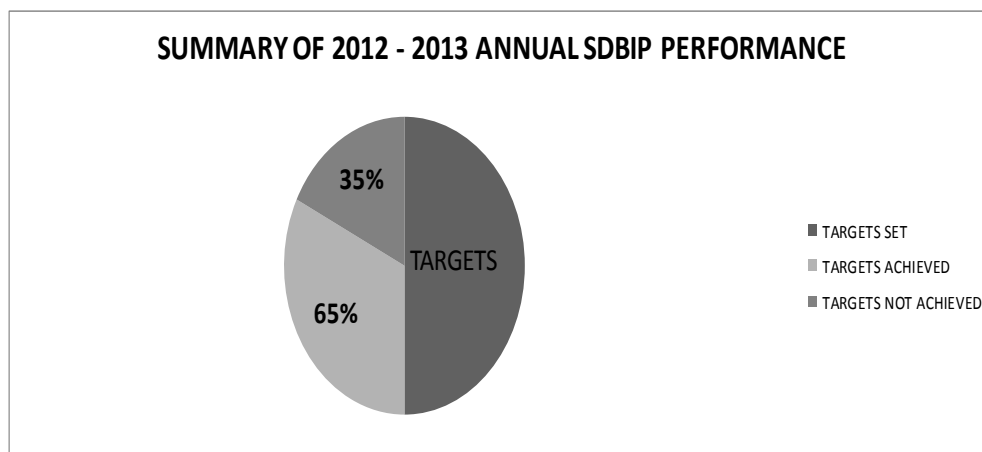


Table: Detailed performance per department

DEPARTMENT	NUMBER OF TARGETS	NUMBER OF TARGETS MET	NUMBER OF TARGETS NOT MET
OFFICE OF THE EXECUTIVE MAYOR	24	15	9
OFFICE OF THE MM : INTERNAL AUDIT	11	8	3
OFFICE OF THE MM : RISK MANAGEMENT	16	12	4
BUDGET AND TREASURY OFFICE	17	6	11

INFRASTRUCTURE AND WATER SERVICES	27	11	16
COMMUNITY SERVICES	17	16	1
CORPORATE SERVICES	18	14	4
PLANNING AND ECONOMIC DEVELOPMENT	23	18	5
SEKHUKHUNE DEVELOPMENT AGENCY	14	8	6
TOTAL	167	108	59

There are a number of challenges as to why some targets could not be achieved by the municipality. These can be summarised as follows:

- Setting of objectives that were not realistic for attainment
- Inadequate budgetary constraints
- Targets that rely of third parties for achievement

Introduction to Municipal Personnel

Human Resources Unit is a division that falls under the Corporate Services Department. It plays a critical role in the Organisation in respect of talent attraction, leave administration, payroll, Employment Equity, HR Resources information management system and HR policy development. It largely reinforces the white paper in HRM which requires Human resources in Public Sector (including Local Government) to be managed, utilized and maintained efficiently and effectively. This approach would allow Sekhukhune District Municipality to manage within nationally defined parameters its own employees.

Employees Totals, Turnover and Vacancies

Total number of Employees, Staff turn- over and Vacancies

As per Organizational structure of the 2012/2013, 930 Posts were filled. This means that the total number of personnel is 930 as the end of June 2013. In terms of the Vacancies, there are 119 vacancies that are identified. However not all the vacancies are critical in terms of the business of the Municipality. In respect of the analysis made, it was realized that there are only 45 essential and critical posts that should be filled pending an outcome of the business process reengineering.

The Accounting Officer has already approved the advertisements of the Posts of Artisan Plumber, Electro-Mechanic manager, Contract management Officer and Water plant Operator (02) only.

A breakdown of the Posts in the Organisation is reflected in the table below;

Name of Department	Number	M	F
Executive Mayor's Office	19	12	7
Office of the Speaker	15	8	7
Municipal Manager's Office	12	7	5
Corporate Services	55	27	28
Budget & Treasury	54	28	26
Planning	11	7	4
Community Services	66	51	15
Infrastructure/Water	57	41	16
Fetakgomo Region	38	24	14
Makhuduthamaga	76	47	29
Elias Motswaledi	104	69	35
Tubatse	101	62	39
Ephraim Mogale	62	43	19
Excess Employees	71	41	30
Pump Operators	189	130	59
TOTAL	930	597	333

VACANCY RATE 2012/12

Designations	Total Approved Posts	Vacancies	Variances
Municipal Manager	1	0	0%
CFO	1	1	100%
Section 57 Directors	6	1	16%
Fire Fighters	77	17	22%
Senior Management	55	10	18%
Senior Management Finance	13	1	7.7%
Highly Skilled Supervision	103	34	33%
Highly Skilled Supervision Finance	36	6	16%

Turn-Over Rate

Details	Total Appointments during Financial Year	Terminations During Financial Year	Turn –Over Rate
2012/12	29	30	97%

However not all the vacancies are critical in terms of the business of the Municipality. In respect of the analysis made, it was realized that there are only 45 essential and critical posts that should be filled pending an outcome of the business process reengineering.

An Accounting Officer has already approved the advertisements of the Posts of Artisan Plumber, Electro-Mechanic manager, Contract management Officer and Water plant Operator (02) only.

Filling of critical posts

Municipality	Number of posts	Filled	Number Vacant
Greater Tubatse	6	4	2
Fetakgomo	5	4	1

Makhuduthamaga	6	6	0
Ephraim Mogale	6	2	4
Elias Motsoaledi	6	5	1
Sekhukhune	8	7	1

Managing the Municipal Workforce

HR Policies, Plans and Strategy

Policy is important in managing organisations. It provides direction and boundaries for the organisation's approaches. It also clarifies and clears actions of both employees and management. HR policies are implemented daily in the Organisation and they are guided by the SALG BC Agreements and various pieces of legislations applicable to Local Government Sector. This is done efficiently because legislative compliance is the pillar of good governance. In this financial year, these policies are undergoing rigorous review process so that they are aligned to national standards.

The Unit is reporting annually to the Department of Labour in Polokwane in terms of EE report whereby the Component is responding to progress registered in terms of both the numeric targets and goals as indicated in the three year cycle of Employment Equity plan of the Municipality. Hence a need to stress the importance of WSP in order to empower the designated groups in the Municipality in the context of Employment Equity.

There are perennial challenges in terms of the implementation of the retention strategy. However, it is important to underscore the importance of the implementation of the strategy in order to reduce the staff turn-over in the Organisation.

Injuries, Sickness and suspensions

NAME OF	AGE	OCCUPATION	TYPE OF	DATE OF	INTERVENTION	SAFETY
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EMPLOYEE			INJURY	INJURY		MANAGEMENT STRATEGY.
1.Mr Mabena Patrick	38	Fire fighter	Burn by chemicals on his feed	27/07/2013	Transported to the doctor for medical treatment.	To apply planned task observation for every task they will be doing. Work safely, by applying all safety measures
2.Mr Nkabinde Stephen	34	Fire fighter	Burn to right arm and head.	27/07/2013	Transported to the doctor for medical treatment.	Planned Task Observation (PTO)
3.Mr Mokoo M. Desmond	30	Fire fighter	Abrasion balat lower leap/ eye.	19/12/2012	Transported to the doctor for medical treatment.	PTO
4 .Ms Malepe B. Virginia	39	Fire fighter	Eye brow multiple abrasion.	19/12/2012	Transported to the doctor for medical treatment	PTO
5 .Ms. Selala L. Letty	33	Fire fighter	Multiple abrasion swelling.	19/12/2012	Transported to the doctor for medical treatment.	PTO
6. Mr Malefahlo Michael	53	Operator	Soft tissue injury on his left knee,	10/07/2012	Transported to the doctor for medical treatment.	PTO

In the year under review the Municipality had to contend with the following cases affecting its employees:

1 case of financial misconduct

1 case of gross dishonesty

1 case of theft

1 case of dereliction of duties

1 case of negligence

Skills Development and training

The following table indicates various programmes as well as budget commitments undertaken by the Municipality to address the skills of its employees as well as the general communities.

Training spent

PROJECTS	BUDGET ALLOCATED	REVIEWED BUDGET
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External bursaries	R1m	R1.080.000
Staff bursaries	R250 000 – 00	R250 000
WSP Implementation	R800 – 00	R700 000
Experiential learning	R200 – 00	R180 000
Learnership, RPL, ABET & Internship	Funded	

Bursaries

Municipality	Number of beneficiaries	Expenditure 2012/2013
Greater Tubatse	23	R295 543
Fetakgomo	4 (this figure includes 1 employee)	R40 000
Makhuduthamaga	14 beneficiaries	R451 642
Ephraim Mogale	06 + 12	R667 679
Elias Motsoaledi	38	R139 050
Sekhukhune	28 + 3	R2 227 226

Staff Bursaries

10 employees are offered bursaries in different fields of study.

WSP Implementation

11 training interventions are conducted. They are:

- Computer with speech training
- OHS
- Municipal Public Accounts
- EPWP workshop:2
- Labour law conference
- Batho Pele workshop:
- CPMD
- ELMDP

- NCMP
- LGAC
- Artisan development

Experiential learning

11 learners are offered experiential learning

Learnerships

119 unemployed learners are offered learnerships

- Water waste treatment for 50 learners
- Water waste reticulation for 35 learners
- Community health and hygiene for 34 learners

Internships

- 10 Interns on different study fields
- 10 Interns on water related studies
- 3 interns on finance

Artisan Development for unemployed

- Electrical Engineering for 6 learners
- Mechanical Engineering 6 learners

RPL, ABET

- 12 on RPL
- 17 ABET
- Coaching

Managing the workforce expenditure

Employee Expenditure

PROJECTS	BUDGET ALLOCATED	REVIEWED BUDGET
External bursaries	R1m	R1.080.000
Staff bursaries	R250 000 – 00	R250 000
WSP Implementation	R800 – 00	R700 000
Experiential learning	R200 – 00	R180 000
Learnership, RPL, ABET &	Funded	

CHAPTER FIVE: FINANCIAL PERFORMANCE (Copy of 2012-2013 Audited Financial Statements / or unaudited)

Statement of financial performance

We have assessed the operating results for three financial years ended 30 June 2013. The municipality has been operating on a surplus for the previous three years as follows:

2012 – R 235 492 691
2010 – R 103 604 620

The municipality has an increase of assets in the year 2013 to the value of R 246 568 542 from the previous year.

The municipality has no negative operating results and no deterioration in the value of assets.

Asset Management

The Municipality has during 2012/2013 financial year appointed a service provider to deal with asset management matters over the next three years. During 2012/2013 all the movable assets have been dealt with and the municipality is currently in process to deal with immovable assets during 2013/2014 and 2014/2015. It must be emphasised that these immovable assets are mainly the water services infrastructure that were transferred to the district municipality during the establishment of water services authority and provider functions.

Financial Ratios based on key performance indicators

Current ratio = Current assets: Current liabilities

2013 Fin Year 2012 Fin Year

0.71:1 0.81:1

The ratio shows an adverse situation as the municipality's current assets cannot fund its current liabilities. We are convinced that the adverse ratio will not affect the going concern assumption as 56% of the current liabilities are made of amount payable to local municipalities within the district for water service transactions as a result of transferred water assets.

Net asset position = Assets: Liabilities

2013 Fin Year 2012 Fin Year

8.74%

14.32%

Even though the net asset position has reduced as compared to the previous year, the ratio exceeds the standard acceptable rate of 5% and this means that the municipality is in the position to pay off its liabilities from normal assets.

The municipality does not have adverse key financial ratios that cast a doubt on the going concern assumption.

Spending Against Capital Budget

Capital Expenditure

The municipality has spent an amount of R 295 043 010 for capital expenditure during the 2012/12 financial year.

The amount includes both the procurement of movable and immovable assets.

Table: Municipal Infrastructure Grant Spending patterns 2012/2013

Municipality	Budget 2012/2013	Expenditure 2012/2013	%	Budget 2013/14
Greater Tubatse	R44 048 000	R27 000 000	63%	R53 049 000
Fetakgomo	R18 690 000	R13 030 000	69.7%	R19 042 000
Makhuduthamaga	R41 436 000	R20 336 237	49.1%	R 49 870 000
Ephraim Mogale	R21,900 000	R21 900 000	100%	R 26 700 000
Elias Motsoaledi	R35 223 000	R35 223 000	100%	R 43 956 000
Sekhukhune	R 417 548 000	R234 922 000	56,3%	R421 916 000

Sources of finance

As previously mentioned that the municipality is grant dependent, the capital expenditure was funded through grants such as MIG,RBIG,ACIP,DWA, RTSIG and EPWP.

Capital spending of 5 largest projects

During 2012/2013 financial year the municipality expended capital expenditure on the following five largest projects:

- De Hoop Dam Water Treatment works
- Mooihoek Phase 3 Pipeline 3A
- Caronitites to Zaaiplaas pump station and wellfield
- Moutse-Rathoke VIP Sanitation
- Sterkfontein Luckau Phase 6

Cash flow management and Investment

Cash flow

The operating cash flows of the municipality for two financial periods ending 30 June 2013 and 2012, showed a net positive cash flow of R 19 412 989 and R218 276 458 years respectively.

There are no negative operating cash flows indicated by historical and prospective financial information.

Investment

An amount of R100 015 236.00 was invested in short term investment at year end

Supply Chain Management

Procurement of goods and services done during the year were in compliance with supply chain management policy and regulations.

GRAP Compliance

Grap Compliance

The annual financial statements(AFS) have been prepared according to GRAP standards as required by the Municipal Finance Management Act.

CHAPTER SIX: AUDITOR GENERAL FINDINGS AND OPINION

Auditor General Audit Findings

Auditor Report 2011/2012

During 2011/2012 financial year, Sekhukhune District Municipality obtained a Disclaimer Audit Opinion. The bulk of the issues that needed to be addressed related to supply chain management issues and immovable assets especially water assets.

Auditor General Report 2012/2013

The Auditor General opinion for 2012/2013 is being awaited.

Conclusions

The draft annual report for 2012/2013 is hereby presented to reflect the performance of the municipality during the period under review. Many challenges still remain to be resolved and it requires the collaboration of all stakeholders to put their shoulders behind the wheel to ensure that service delivery is achieved whilst at the same time proper administrative systems and processes are also put in place to comply with best practices.

Glossary

Integrated Development Plan (IDP): A five year strategic plan undertaken by a municipality outlining the key projects and programmes to be implemented by the Council which is prepared in accordance with the Local Government Municipal Systems Act, 2000 (Act 32 of 2000). The IDP can be reviewed annually in accordance with a prescribed process.

Annual Report: report that is compiled by the municipality indicating overall performance of the organisation in all key areas of service delivery and institutional performance, the report is compiled in terms of Local Government Municipal Finance Management Act, 2003 and submitted in the beginning of the third quarter of the municipal financial year to Council and other legally established structures for review and consideration

Governance: refers to establishment and implementation of systems, processes and procedures to ensure that the municipality and/or organisation complies with the laws, protocols, codes, standards for the purposes of managing risk and internal controls which applies here in South Africa and internationally

Supply Chain Management: known and recorded systems and procedures for procurement of goods and services that are being followed by the municipality in line with the Preferential Procurement Framework Act

Risk Assessment: overall process of risk identification, risk quantification and risk evaluation in order to identify potential opportunities and minimise loss

Risk management: the identification and evaluation of actual and potential risk areas as they pertain to the organisation as a total entity, followed by a process of either avoidance, termination and transfer, tolerance, exploitation, or mitigation of each risk, or a response that is a combination or integration

Annual Financial Statement: the statement that reflects the financial position of the municipality regarding the revenue and expenditures, the statement also shows whether the municipality will be able to operate in the next twelve months based on its assets and liabilities using a formula on financial ratio to determine health

