CHAPTER 1 MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR'S FOREWORD

Cllr. S. M. MOGALE-LETSIE
EXECUTIVE MAYOR: MERAFONG CITY

MAYOR'S FOREWORD

a. Vision

Our vision, to create "A prosperous, sustainable and community oriented City", indicates the developmental focus of Council towards service delivery with the community as our partner.
The strategic Objectives for Merafong City are:

- To ensure the provision of basic services
- To promote local economic
- To ensure municipal transformation and organizational development
- To ensure municipal financial viability and management
- To ensure good government and public participation
- To provide spatial development framework for sustainable development

Financial resources were allocated in accordance with the above strategic objective.

b. Key Policy Developments

The key policy developed to achieve the implementation of our vision is the Merafong Growth and Development Strategy (GDS) which is aligned to the Gauteng Provincial Growth and Development Strategy. The following five strategic thrusts were identified to implement the Merafong GDS in a phased approach;

- Development of Agricultural sector
- Industrial beneficiation development

- Infrastructure development
- Local business development
- Human resources development and empowerment

Council's integrated development plan identified six key performance areas to give effect to the development priorities and institutional transformation needs, namely;

- Basic service delivery
- Local economic development
- Municipal transformation and organizational development
- Financial viability and management
- Good Governance and public participation
- Spatial rationale

The outcomes and impact of the performance on the key performance areas are discussed in detail in chapter 3 of this report.

c. Key Service Delivery Improvements

The most important achievements that have made a public and visible impact in the year under review were the implementation of infrastructure projects to address service delivery backlogs with a budget of more than 50 % from R53m to R116m. The distribution of 240l bins for waste management was done to larger portions of Merafong City. Huge maintenance of infrastructure was undertaken mainly on the Khutsong roads. Visible achievements also was on the installation of streetlights, 221 installed within the Municipal area, 1 798 housing units were completed and 798 new water connections were done.

The Municipality has also progressed on procurement of tender where 27 tenders were advertised and 16 finalised which means about 60% of the services planned were procured in order to ensure that all capital projects are executed.

A budget of R5m was set aside for LED internal Projects to ensure that the development in the area is improved. In building local economies to create more employment decent work and sustainable livelihoods, 117 internal positions were filled within the municipality. Currently 32 internships are ongoing within the finance section, Water and Sanitation and Civil Engineering, this programme will assists students to gain experience that will enable them to be ready for permanent employment.

In total 3 243 number of jobs were created inclusive of Community Works Programme (CWP), Extended Public Works Projects (EPWP) and fieldworkers in various Social programmes.

To improve local public services and broaden access to these services construction of the Blybank Library, Khutsong Library, Blybank Pay point, Blybank Taxi Rank and Wedela Drop Off centre were completed.

d. Public Participation

Promote more active community participation in local government Quarterly Mayoral Imbizo programme was implemented in all the areas. IDP ward based public participation programme in all 28 wards and community inputs were received. Budget consultation programme were also executed. The petitions committee of Council is also functional.

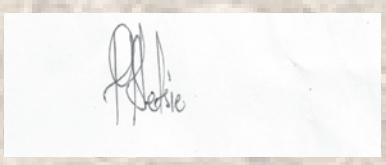
e. Future Actions

The Municipality has experienced challenges on spending on the capital budget, but for the future is planning to fast track procurement through the approval of the procurement plans aligned to the Service Delivery Budget Implementation Plan (SDBIP). The Municipality has also experienced challenges in filling of vacancies but a recruitment programme will be implemented. The Khutsong housing project has been slow due to slow construction progress. Contractors will be managed through setting of monthly construction targets and reports.

f. Conclusion

In presenting this Annual Report, i want to acknowledge the role played by the administration in providing information for both public reporting and auditing purposes. However, it is important to note that while greater effort has been putting addressing the financial management and governance of the municipality, the internal control environment still require significant improvements in order for the municipality to achieve a clean audit.

It is therefore our collective endeavour to work tirelessly to ensure effective oversight over the administration and entrenchment of good governance ethos in order to achieve public accountability and confidence.

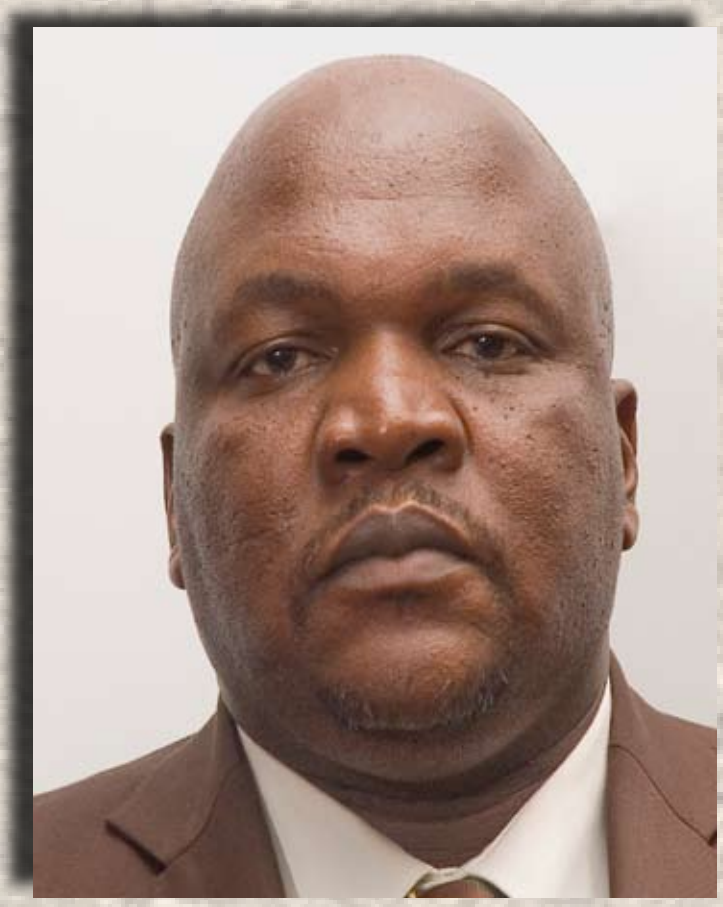


CLLR. S. M. MOGALE-LETSIE
EXECUTIVE MAYOR:MERAFONG CITY

T 1.0.1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW



MR. M. G. SEITISHO
ACTING MUNICIPAL MANAGER: MERAFONG CITY

MUNICIPAL MANAGER'S OVERVIEW

The focus for the 2011/2012 reporting period was the implementation of the strategic objectives contained in the Municipal Integrated Development Plan and prioritised in the Service Delivery and Budget Implementation Plan, that serves as a social contract with the community of Merafong for the reporting period.

In pursuing the achievement of performance objectives, there was an intensified focus on Governance and Operation Clean Audit. Significant strides have been made in this regard and the municipality has achieved an unqualified audit opinion for the period of review. The matters of emphasis were addressed on a continuous basis by management through close monitoring of the Operation

Clean Audit Plan.
The performance of the municipality on the six key objectives has improved if compared to the previous reporting cycle. The overall performance achieved for the year was 86% as detailed in the Annual Performance Report contained in the Annual report. The municipality's commitment to improved performance in delivering on our mandate is clear from the performance achieved on the strategic goals and objectives.

On the strategic goal to ensure the provision of basic services to the community, the overall performance has improved from 71% in the previous year to 79% in the current reporting period. This area remains a priority area where performance needs to further improve.

The focus on Local Economic Development is clearly visible from the performance of 92% on the set targets for the year. Unemployment and Poverty is still rife in our communities and creating an enabling environment for business to grow and to create more jobs remains a priority. The impact of the challenges experienced in the mining sector, on the local economy remains a challenge. This needs governments' full attention and intervention. To address such issues intergovernmental relations and stakeholder engagement needs to be strengthened.

Transformation and Organisational Development remains a challenge in the municipality. The performance of 78% on this goal indicates the need for improvement, especially on Human Resource Development and the improvement on ICT Systems and procedures. The vacancy levels on key service delivery positions have decreased and the target for the filling of vacancies was achieved.

The municipality has achieved 92% performance on the Financial Viability goal. The under spending on the capital budget remains a challenge and systems have been put in place to fast track procurement processes and to monitor underperforming contractors on infrastructure projects.

A performance score of 89% has been achieved on the Good Governance and Public Participation goal and 86% on Integrated Spatial Development. The ever increasing informal settlements in the area and the limited resources to eradicate backlogs, remains a priority that needs to be addressed by the three spheres of government.

Despite challenges experienced, the Municipality will continue to improve service delivery to our communities with the Political leadership and commitment of the Administration.

MR. M. G. SEITISHO

ACTING MUNICIPAL MANAGER: MERAFONG CITY

T1.1.1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

The Municipality is committed to its Constitutional mandate to provide Basic Services to the community and to improve access to municipal services where municipal services needs have been identified. The Basic Municipal Services include; Water, Sanitation, Electricity, Waste Management, Housing, Local Economic Development, Roads and Storm Water and Local Planning.

Water

The Merafong City Local Municipality supply basic water services to informal houses in settlements on private land, as well as informal settlements around the formal areas. Council obtained a Blue Drop Certification Award for the Carletonville system, and although the Fochville and Wedela systems did not achieve it, good progress was made during the year to improve on the quality of supply standards in accordance with the Blue Drop Certification program.

During 2011/2012 a bulk water supply pipeline to the newly developed Khutsong South extensions were installed to the reservoirs feeding the township. Bulk water services were also installed in the areas, in conjunction with the housing projects.

Sanitation

Bulk sanitation services were also installed in the Khutsong South extensions, in conjunction with the housing projects. During the year good progress was made to improve the management of the five waste water sewer plants in Merafong City. The operators were trained by the Department of Water Affairs and received certificates of compliance. This is mainly attributed to intensified focus in management of sanitation services.

Electricity:

Various measures were taken to improve the performance in the department regarding the reporting of faults and the completion thereof. The major successes achieved during the 2011/2012 was that 245 new connections in Merafong City area of supply of which 192 new prepaid connections were installed in Wedela and the challenges in 2011/12 is the electrification of 354 houses in Greenspark Ext. 1.

Refuse:

Council has taken an initiative to intensify waste recycling. A memorandum of understanding has been signed to roll-out waste recycling activities in the next financial year. Performance on landfill management has improved from 29.5% to 39%. Number of households with access to kerbside refuse collection has increased to 28 893.

Housing:

During the year of review council continued with two housing projects as the developer. These projects addressed housing needs in the fKhutsong and Greenspark areas of Merafong, . During the year a total of 1 267 houses were completed which reduced the housing backlog in the area.

Local Economic Development:

The main priority of Council in local economic development is to create job opportunities and to reduce the prevalent unemployment rate. A total of 2 120 temporary job opportunities were created through the community works program of Government. A further 5 245 temporary jobs were created through infrastructure development projects. The fast tracking of the implementation of infrastructure projects will ensure increased numbers in the new financial year.

Roads:

The municipality implemented capital roads projects during the year, thereby improving the road infrastructure throughout the municipality. The focus was more on the townships where there is still a huge backlog of un surfaced roads. Tarred roads were constructed in Khutsong South extension 1,2 & 3. An application for funds for the next phases has been forwarded to the relevant infrastructure grants. With the aid of the grants the municipality envisage the surfacing of the roads to be a continuous process throughout the financial years until the gravel roads are successfully eradicated. Maintenance on the existing infrastructure is implemented on continuous basis.

Storm Water

Capital storm water projects were executed during the year for the purpose of reducing chances of flooding during the rainy seasons. Both the bulk stormwater projects and internal stormwater systems were implemented. The internal systems aims at collecting the stormwater from the roads and thus depositing into the bulk stormwater channels which therefore discharge back into the streams. These projects were implemented in Khutsong and township particularly the areas where there is new township developments. The municipality also embark on continuous maintenance of the existing infrastructure.

Local planning approvals:

All planning applications are considered in line with the Spatial Development Framework for Merafong City, which is reviewed annually. For the year of review a total number of 35 planning applications have been received. In total 49 applications have been approved accumulative, and 16 applications have not been finalized in the year of receipt. There has been a marked improvement

in the turnaround time of processing applications and all applications were processed within 11 days on average.
There has also been an increase in the submission of building plans for private developments. The increase in development has placed pressure on bulk infrastructure in the Fochville and Carletonville areas, which needs to be addressed as a matter of urgency. Council has also realized the need for additional industrial and commercial erven within the various towns, and a process is currently underway to provide additional industrial and commercial erven in Kokosi and Khutsong South. Specific focus has also be placed on the creation of development corridors to open up development initiatives and development opportunities.

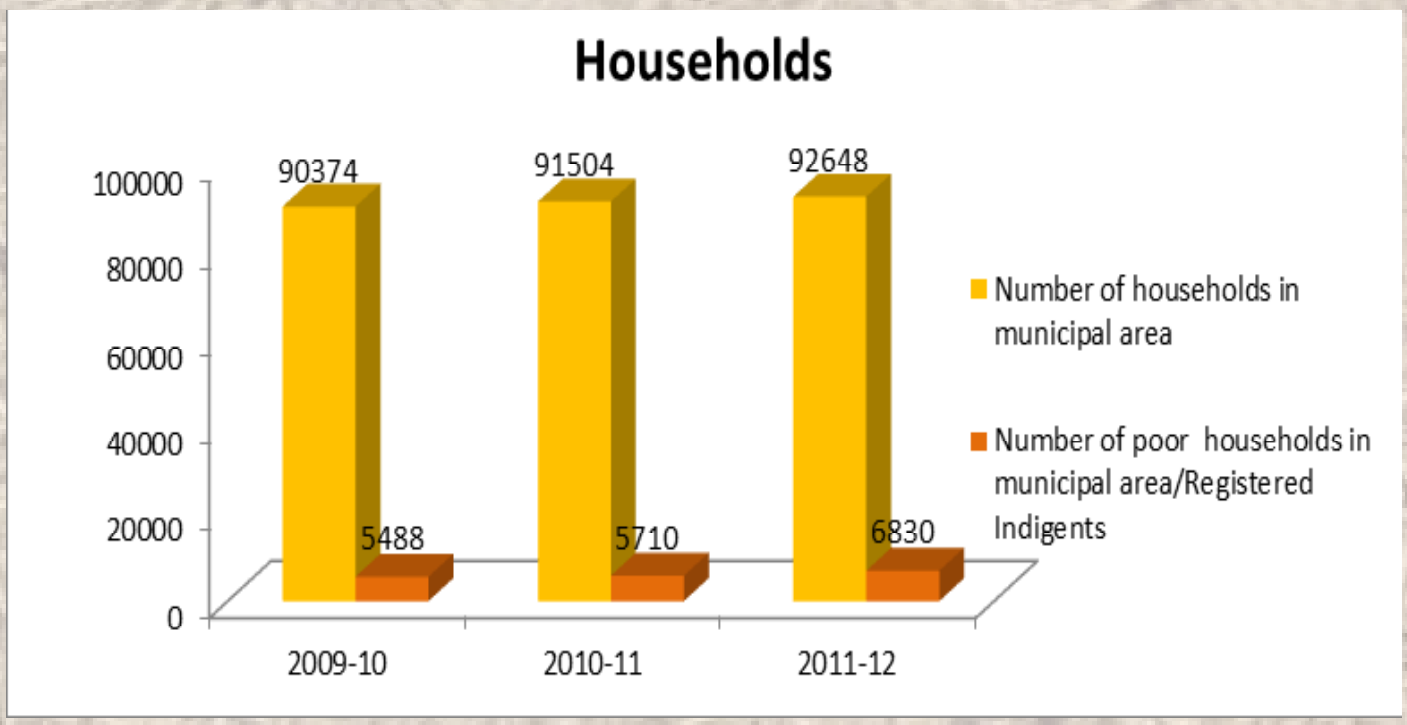
T 1.2.1

DEMOGRAPHICS

The table below shows the demographic profile pertaining to population details of Merafong City according to stats SA.

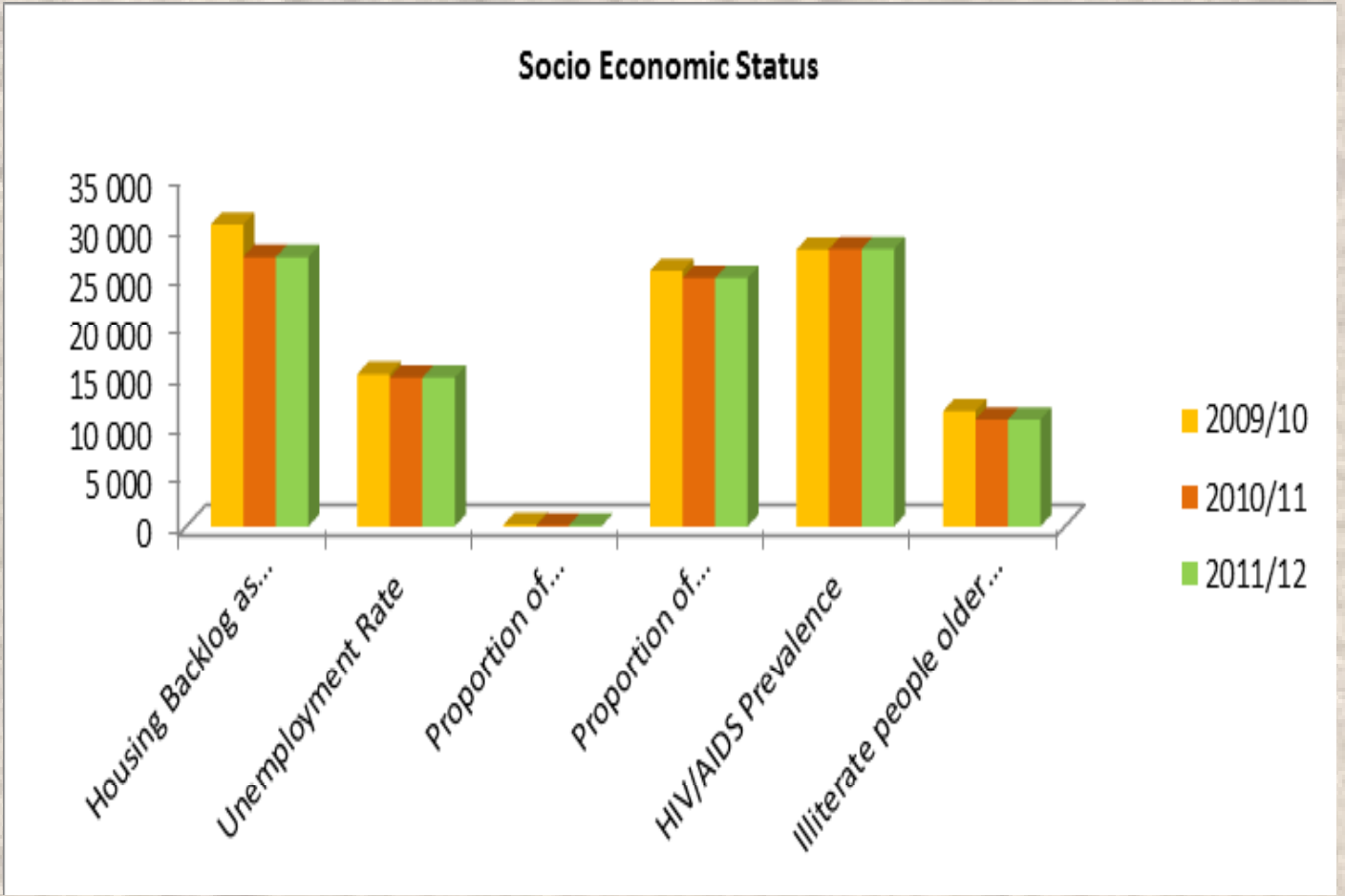
Population Details Population2008/09 - 2011/12									
Age	**2009/10**			**2010/11**			**2011/12**		
Age: 0 - 4	9.8	10.4	20.2	9.8	10.4	20.2	9.8	10.4	20.2
Age: 5 - 9	7.6	7.5	15.1	7.6	7.5	15.1	7.6	7.5	15.1
Age: 10 - 14	7.6	7.3	14.9	7.6	7.3	14.9	7.6	7.3	14.9
Age: 15 - 19	7.4	8.5	15.9	7.4	8.5	15.9	7.4	8.5	15.9
Age: 20 - 24	6.3	11.7	18.0	6.3	11.7	18.0	6.3	11.7	18.0
Age: 25 -29	8.8	10.5	19.3	8.8	10.5	19.3	8.8	10.5	19.3
Age: 30 - 34	10.3	9.1	19.5	10.3	9.1	19.5	10.3	9.1	19.5
Age: 35 - 39	10.2	8.8	19.0	10.2	8.8	19.0	10.2	8.8	19.0
Age: 40 - 44	10.7	7.9	18.6	10.7	7.9	18.6	10.7	7.9	18.6
Age: 45 - 49	9.5	5.8	15.2	9.5	5.8	15.2	9.5	5.8	15.2
Age:50 - 54	5.6	4.3	9.8	5.6	4.3	9.8	5.6	4.3	9.8
Age:55 - 59	2.3	2.9	5.2	2.3	2.9	5.2	2.3	2.9	5.2
Age:60 - 64	1.6	2.0	3.6	1.6	2.0	3.6	1.6	2.0	3.6
Age: 65 - 69	1.0	1.4	2.4	1.0	1.4	2.4	1.0	1.4	2.4
Age: 70 - 74	0.6	0.9	1.6	0.6	0.9	1.6	0.6	0.9	1.6
Age: 75 -	0.6	1.0	1.6	0.6	1.0	1.6	0.6	1.0	1.6
Total	100	100	100	100	100	100	100	100	100
Source: Statistics SA									T1.2.2

The following graph depicts the number of poor households in Merafong City.



The table below shows the socio economic status of the population in Merafong City:

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 Em-ployment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2009/10	30,289	15,284	192	25,670	27,779	11,594
2010/11	27,031	14,909	87	24,929	27,835	10,773
2011/12	27,031	14,909	87	24,929	27,835	10,773
Source: Global Insight						T1.2.4



T1.2.5

Overview of Neigbourhoods within Merafong City		
Settlement Type	Households	Population
TOWNS		
Carletonville	6 465	22 510
Fochville	3 837	15 015
Welverdiend	569	1 972
Sub Total	10 871	44 105
TOWNSHIPS		
Khutsong	8 487	124 268
Kokosi	3 858	32 115
Greenspark	215	2 412
Wedela	1 436	8 751
Blybank	711	2 348
Sub Total	14 707	169 894

Overview of Neigbourhoods within Merafong City		
Settlement Type	**Households**	**Population**
MINING TOWNS		
Blyvooruitzicht	1 029	4 313
Cementation	12	250
Deelkraal	406	1 360
Elandsrand	550	4 615
Doornfontein	79	2 361
Driefontein	842	30 652
Western Deep Levels	296	9 970
Sub Total	3 214	53 521
TOTAL	28 792	267 520
Informal Settlements	**Households**	
Carletonville	356	
Welverdiend	21	
Khutsong	19249	
Kokosi	4961	
Greenspark	500	
Wedela	1212	
TOTAL	26299	
Source: Merafong Planning Statistics		T1.2.6

Sectorial Production	
Economic Sectors	Relevance to community
Agriculture	There has been a decrease in the employment in this sector, hampering expansion of the sector. Merafong contains high potential agricultural
Mining	Merafong economy is dominated by the mining sector and remains the biggest employer.
Manufacturing	The manufacturing sector contributes 11% of the Merafong Gross value added (GVA). As a result of the down turn in the economy, the employment in manufacturing generally declined.
Construction	The construction sector exhibited an increase in production and employment.
Trade	The trade sector steadily increased in production and employment over the last few years.
Transport & Communications	There was no significant increase in production or employment.
Finance & Business Services	Employment as exhibited is a strong upward trend in this sector.
Personal and Community Services	There was no significant increase in employment in the services sector
Government Services	There is an upward trend in the output of Government services and increased employment.
Infrastructure & Access to Services	The eradication of backlogs in this sector has huge potential for job creation.
Water provision	Access to water and sanitation remains a challenge and has the potential for job creation through infrastructure projects to eradicate back logs.
Housing	Access to housing remains a major challenge and has the potential for job creation on the short term. Housing projects to eradicate backlogs will create employment during the construction phases
	T 1.2.7

COMMENT ON BACKGROUND DATA:

According to the demographic profile of Merafong City the majority of the population is younger than 25 year of age. Coupled with a high employment rate and low literacy rate this phenomenon clearly indicates the need for the increase in the education levels to ensure that the youth will be employable in the future. The creation of sustainable employment opportunities is a major priority to ensure that the economy grows to absorb the unemployed.

The reliance on the mining sector, as the main employment agent in the area is a serious risk, taking into account the develop-

ments in the mining sector. The diversification of the economy remains a major challenge that needs the support of all spheres of Government and Businesses to ensure that Merafong City is sustainable in future that and can provide employment opportunities to its population.

The high incidents of poor households are a thread to the financial sustainability of the Municipality over the medium to long term. The increasing pressure on communities pertaining to the cost of services has an impact on the ability of the community to pay for services. The increase in indigent subsidies payable, in accordance with the indigent policy, negatively impacts on the financial sustainability of the Municipality.

The back log of Municipal infrastructure services and housing is ever increasing due to the contributing factors such as retrenchments in the mining sector. The investment in infrastructure services is the biggest opportunity for the Municipality to create jobs, whilst addressing the services back log and growing the economy.

T1.2.8

1.3 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

Merafong City made huge strides in its ability to deliver basic services with the completion of various infrastructure projects during the financial year.

1.3.1 Electricity Provision

Merafong City provides electricity service to five customer areas namely:

- Carletonville
- Blybank
- Fochville, Greenspark and Kokosi
- Welverdiend and Khutsong South
- Wedela

(The Khutsong Proper area is serviced directly by ESKOM.)

Providing a customer service that supports the electrical energy services.

The formal households with in the Merafong City receive full services and the informal areas receive a basic level of service.
The indigents receive free basic electricity of 50kwh /monthly and are registered and control by the finance section. The section have the responsibility to make sure that all citizens are provided with a service to satisfy their basic needs and supply them with quality basic services the need.

During this financial year, an electronic work management system (MAXIMO) was commissioned to improve the turn-around times for work requests and planned maintenance work.

Providing a sustainable electrical energy supply to the community.

An Electrification Project where 193 stand in Kokosi Extension 5 were electrified to supply the community electricity was completed and commissioned
Overall a total of 52 private developments were connected to the network during the financial year.

Electricity challenges

The need for access to electricity from the communities that reside in informal areas is a challenge for the Council. The provision of the service is not possible in view of the funding conditions of National Government that electricity services can only be extended to formalized areas/townships. The completion of houses on the Khutsong South Housing project will assist with the improvement of the number of households with access to the service.
The funding for Bulk Services, upgrading and new distribution systems is a challenge as these must be largely be funded from internal revenue. The estimated cost of these bulk services requirements for the next five years is estimated to amount to approximately R200 million. ESKOM is also constrained in its ability to deliver additional capacity until their programmes are completed

which shall impact on the ability of the municipality to support new developments in the municipal area.

1.3.2 Section: Civil Engineering

The core Functions of the Civil engineering services include amongst other things the following:

- To provide roads that are safe, driveable and accessible
- To provide sidewalks that are safe and accessible
- To provide traffic calming measures to ensure safe traffic flow
- Provide and Maintain adequate storm water infrastructure
- Upgrading of current roads and storm-water infrastructure
- Municipal Buildings and Facilities maintenance
- Geotechnical Management and Legislative compliance

Civil Engineering achievements

The municipality is providing basic service delivery to the community through different departmental sections. Some of the basic needs of the community is proper roads and stormwater infrastructure However the municipality has managed to construct tarred roads on some of the townships roads (Kokosi) and planning for construction of tar roads on Khutsong township is underway for the next financial year. As a temporal measure on informal settlements the gravel roads are regularly maintained to allow for the free flow of stormwater and better public access.

Civil Engineering challenges

The gravel roads in previously disadvantaged areas must still be tarred. The cost implications and the funds that must be acquired to execute this have the implication that this will remain a multiyear challenge.

The internal stormwater systems on gravel roads remain a high maintenance challenge, since the system continuously block from loose soil particles, which render it ineffective. It places emphasis on the need to surface all gravel roads, to allow for the flow of stormwater. The ponding of stormwater is a problem in the dolomitic areas of Merafong City, and surfacing roads a priority.

1.3.3 Water and Sanitation

Water and Sanitation:

The provision of the water and sanitation services is a basic human right and includes access to free basic services. The municipal mandate relates to the provision and maintenance of water and sanitation infrastructure to all consumers in the municipal areas and to ensure that the potable water and waste water complies with the National standard. The provision of basic water to informal and rural areas is being done by means of communal standpipes and mobile water tankers. Provision of basic sanitation to informal and rural areas is being done by means of VIP Toilets and communal facilities. The management of the waste water purification system as well as the monitoring and testing of water quality, (both potable and effluent) is a function of this section.

Water and Sanitation achievements

During the year under review the municipality has obtained an average score of 92.21% on Blue Drop system and a Blue Drop Certification Award was achieved by the system of Carletonville with a score of 95.26%.

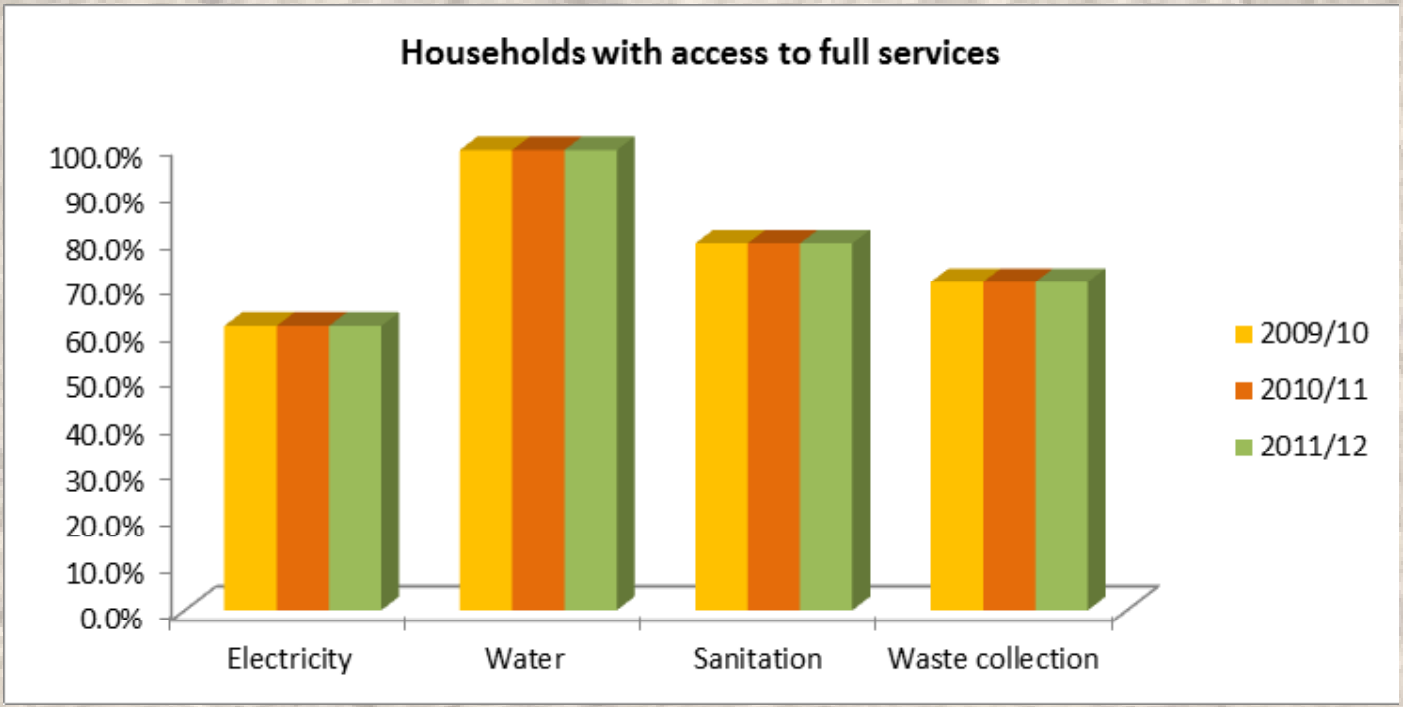
Improvement was made in securing bulk supply by the commencement and construction of the bulk water supply pipeline to the Khutsong South reservoirs.

Free basic water and sanitation is being supplied to 4359 registered indigents or 4.49% of the consumers.

Water and Sanitation challenges.

Rural and informal settlements water and sanitation provision remains a challenge for the municipality. Informal settlements are expanding and proliferating. No service level agreements with the land owners are in place

T1.3.1



T1.3.2

Proportion of households with access to full services				
	Electricity	Water	Sanitation	Waste collection
2009/10	61.1%	99%	78.9%	70.6%
2010/11	61.1%	99%	78.9%	70.6%
2011/12	61.1%	99%	78.9%	70.6%
Source: Global Insight				T1.3.2

COMMENT ON ACCESS TO BASIC SERVICES

Water:

All people in Merafong have access to basic water services. Standpipes are built within a radius of 100m form every household. Informal and rural areas are being supplied by a water tanker. Unfortunately due to migration from the mine workers to the area, a higher demand arises, making it difficult for the Water Services section to keep up with the demand. The landowners on land where informal settlements are, will have to enter into an agreement with Council for provision of services on private land.

Sanitation:

Basic sanitation services are being supplied to most consumers on proclaimed land by means of communal toilets and VIP toilet structures. Below basic services still exist in some informal areas but will be addressed through the rural sanitation MIG project and when housing beneficiaries are being moved to their new houses.

Electricity

All household consumers on Proclaimed stands in the license area have access to Basic Electricity.

Funding for Electrification of houses in the different areas of supply is funded by the Department of Energy and normally covers the total cost for the Electrification Projects. If a shortfall exists on the Project funding it will be covered with the service connection fee received from the consumers.

T1.3.3

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The assumptions were made on the unaudited financial statements of 2011/2012

Cash and Equivalents

The Councils cash and cash equivalents held at financial year end were as follows over the last three years:

	2009/10	2010/11	**2011/12**
Cash and Cash Equivalents	245 490 000	278 937 257	304 040 499
Current Ratio	1:1.1	1:.90	1:1.0

Current ratio measures the ability of the Municipality to pay its current liabilities out of the current assets. The industry usually looks for a ratio of 2:1, however the acceptable current ratio is1:1 for municipalities.

Council had achieved a ratio of 1:02 which shows councils ability to settle existing short term liabilities.

Council's liquidity ratio is stable over the past years.

Creditors System Efficiency

The ratio gives an indication of average creditor's payment period. The benchmark is 30 Days and is a contravention of Section 65(2) (e) if creditors are not paid in 30 days

	2009/2010	**2010/2011**	**2011/12**
Outstanding Creditors in Days	30 Days	30 Days	30 Days

Cost coverage

This ratio indicates the availability of cash plus short term investments to cover the monthly fixed operating expenditure.

Council has sufficient cash to cover current liabilities.

Employee costs

The ratio indicates a percentage of salary costs to total expenditure and this ratio could illustrate the risk of salary costs being unmanageable.

	2009/2010	2010/2011	**2011/12**
Employee costs	30.9%	32.4%	28.9%

Billing

Council does not experience large number of billing complaints from consumers. Meters are read monthly and are reasonable accurate. During the budget consultation meetings very few complaints were received.

Council is busy compiling the new valuation roll for implementation on the 1 July 2012. This will be the second valuation roll in terms of the Municipal Property Rates Act.

Budgets and budget related policies

Council approved a cash funded budget for the MTREF for the financial years 2012/2013 to 2015/2016.

Outstanding Debtors to Revenue

Council had budgeted for a collection rate of 87% over for the past year. Collections rate achieved were 85%. Council had implemented a decision that credit control must be implemented to its fullest extent. Various community meetings were held in the

last month, which will have a positive outcome.

The payment levels had stabilised during the past three years. The political situation in Khutsong was addressed with the transfer of Merafong to Gauteng. Council had re-opened the pay points in Khutsong which will enable the community to pay for their services.

Financial Statements

Council procured Caseware to compile the financial statements which improved the quality of the financial statements and the efficiency in revising financial statements.

T1.4.1

Financial Overview - 2011/12			R' 000
Details	Original budget	Adjustment Budget	Actual
Income	511 059	299 295	267 191
Grants	563 949	561 055	523 968
Taxes, Levies and tariffs	66 563	82 055	51 061
Other	1 141 571	942 405	842 220
Sub Total	1 219 203	1 020 036	865 709
Less Expenditure	-77 632	-77 631	-23 489
Net Total*			
* Note: surplus/(- deficit)			T1.4.2

Operating Ratios	
Detail	%
Employee Cost	28.9%
Repairs & Maintenance	6.0%
Finance Charges & Depreciation	12.0%
	T1.4.3

COMMENT ON OPERATING RATIOS

Councils Employee Cost stands at 28.9% which is well below the norm. Although council ensure that employee cost remains well below the norm, it has also a negative impact in that certain departments cannot perform as required.

The biggest challenge council face is to provide sufficient funds to ensure continous maintenance of councils assets. In the past three years the provision for Repairs and Maintenance had grown by 100%, but it is still suffecient.

Councils finance charges and depreciation are within the norm as required

Council had achieved a ratio of 1:04 which shows councils ability to settle existing short term liabilities.

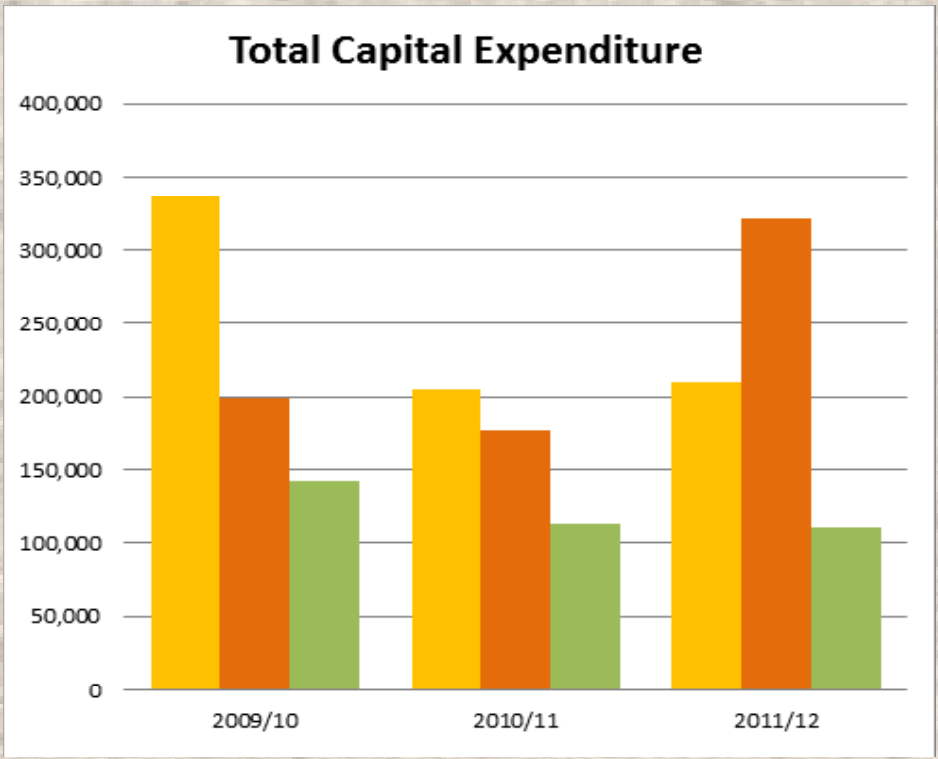
Council's liquidity ratio has increased constantly over the past years with a slight decrease in the 2010/11 financial year. The reason for the decrease is that council's fleet contract expires at the end of October 2011. Included in current portion of long-term debtors is the final installment of the contract. Although an amount of R22 Million must be disclosed, Council will not settle the loan as the vehicles will be returned in lieu of the outstanding loan.

Council had budgeted for a collection rate of 87% over for the past year. Collections rate achieved were 85.66%. The down-turn in the global economy and the elections during the latter part of the financial year had negatively affected the payment of services. Council had implemented a decision that credit control must be implemented to its fullest extent. Various community meetings were held in the last month, which will have a positive outcome.

The payment levels had stabilised during the past three years. The political situation in Khutsong was addressed with the transfer of Merafong to Gauteng. Council had re-opened the pay points in Khutsong which will enable the community to pay for their services.

T1.4.3.1

Total Capital Expenditure			R'000
Detail	2009/10	2010/11	2011/12
Original Budget	337 587	204 904	209 902
Adjustment Budget	199 222	177 711	320 913
Actual	142 017	113 135	110 226
			T1.4.4



T1.4.5

COMMENT ON CAPITAL EXPENDITURE

Council could only manage to spend 34.35% of its capital budget. Council placed a moritorium on procurement during the investigation against the previous Municipal Manager. After the moritorium was lifted the tender committees had to be restructured, that has cauded further delays. An additional factor was that council received grant funding from the Human Settlement Grant late that further delayed procurement

T 1.4.5.1

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

Organizational Development is linked to Organization Performance at all times; within the Municipality development has proven to add value to the organization performance. The Municipality has not yet fulfilled its objectives in terms of development however there is great improvement in the development of employees.
More employees are qualified through bursary allocations as well as accredited short training programmes.

To date the Municipality has developed employees as Artisans in the field of Electrical Engineering, Civil and Water Services. There are other employees who now literate through internal ABET programmes. The annual training report that is lined to the Workplace Skills Plan has indicated that there is still huge skills gab between the Professionals and the lower level staff as well as the age gabs in terms of qualified personnel

Training plan 2011/2012 will endeavour to bridge the gap as well as addressing the competency levels of Finance Managers and employees in the Supply Chain Section in line with the Municipal Finance Management Act.
Human Capital has to develop a strategy to ensure that it addresses the objectives of the Municipality as outlined in the IDP.
The shortage of staff in key critical positions is also a challenge in that it affects the performance of the organization and hampers service delivery.

The other critical factor that has affected the organization performance however it's dealt with is the absence of the Performance Management and Development System, currently the System is only at strategic level. A new policy in draft has been presented at EXCO level and it's still finding its way at the Local labour Forum.
Performance Management System will ensure accountability for poor performance of staff and assist in recognition of excellent performance.

The objectives of the organization will form part of the objectives of the employees and they will also be aligned to the organization strategy, human resource strategy and the Workplace Skills Plan, this approach will ensure optimum and sustainable organization performance and development.

T1.5.1

1.6 AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT 10/11

Councils committment to a clean audit report for the year under review found expression in the operation clean audit (OPCA).

Council received an unquilified audit opinion with other matters.

The following emphasis of matter findings were reported.

Emphasis of matters

Significant uncertainties

With reference to note 39 to the financial statements, the municipality is a defendant in a number of lawsuits. The outcome of these lawsuits cannot be determined at present and no provision has been made for any liability that may result.

Restatement of corresponding figures
As disclosed in note 41 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of errors discovered during 30 June 2012 in the financial statements of the municipality at, and for the year ended, 30 June 2011.

Material losses

As disclosed in note 50 to the financial statements, material losses to the amount of R27 243 862(20.07%) were incurred as a result of electricity losses.

As disclosed in note 50 to the financial statements, material losses to the amount of R16 174 583(33.28%) were incurred as a result of water losses.

Material impairment

As disclosed in note 11 to the financial statements, material impairments to the amount of R 449 487 564 (72%) were incurred on consumer debtors, as the recoverability of these amounts are doubtful.

T 1.6.1

1.7 STATUTORY ANNUAL REPORT PROCESS

No	ACTIVITY	TIMEFRAME
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	August
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	Monthly
3	Finalise 4th quarter Report for previous financial year	August
4	Submit draft 10/11 Annual Report to Internal Audit and Auditor-General	End January
5	Municipal entities submit draft annual reports to MM	N/A
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	February
8	Mayor tables the unaudited Annual Report	January
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	February
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	February
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	January
14	Audited Annual Report is made public and representation is invited	February
15	Oversight Committee assesses Annual Report	February
16	Council adopts Oversight report	March
17	Oversight report is made public	April
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-April
		T1.7.1

COMMENT ON THE ANNUAL REPORT PROCESS:

The annual report is prepared in accordance with the provisions of section 121(3) of the MFMA read with MFMA circular 11.

The purpose of the Annual report is to:

- To provide a record of the activities of the municipality
- To provide a report on performance in service delivery and budget implementation; and
- To promote accountability to the local community.

The annual report, reports on the financial performance of the Municipality as well as performance on pre-determined objectives as derived from the Integrated Development Plan (IDP) and the Service Delivery, Budget and Implementation Plan (SDBIP). The annual report provides and authoritive record of the activities and performance of the municipality for the financial year.

The IDP as a forward looking planning document sets out the performance objectives, indicators and targets for the financial year and informs the budget. The SDBIP serves as a contract with the community, committing the Municipality to deliver on its plans. In year performance reporting in terms of section 71 and 72 of the MFMA act insures that performance are monitored and reported on throughout the year. The annual report is a cumulative report of a Municipal performance for the year of reporting. The content is developed in accordance with the prescribed framework and template of National Treasury.

The process of compilation involves the inputs of all Departments and Sections of the Municipality. It contains the audited financial statements and audited performance report which is tabled in council by 31st January for public comment and oversight by the Municipal Public Accounts Committee (MPAC). The Annual report is submitted to council with the report of IMPC for adoption by 31st March.

T1.7.1.1

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Merafong City Local Municipality is category B municipality with an Executive Mayor Governance system. The Executive Mayor is supported by 10 full time Mayoral Committee members who are responsible for heading their respective portfolios. The Mayoral Committee members chair their respective Section 80 Committees to which specific departments report.

The Speaker is the Chairperson of Council and is responsible for overseeing the functioning of Council and its committees. The office of the Speaker is further responsible for the establishment and functioning of ward committees.

The Chief Whip is responsible for ensuring compliance to the code of conduct by Councilors.

Merafong City has 28 Ward Councilors and 28 Proportional Representative Councilors.

T2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Executive Mayor is the Political Head of the Municipality. The Executive Mayor is supported by a Mayoral Committee consisting of 10 Members, the Speaker and the Chief Whip.

The Municipal manager as the heads of administration reports to the Executive Mayor. The administration comprises of 5 departments headed by Executive Directors appointed in terms of Section 57 of the Municipal Systems Act.

T2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The Executive Mayor established a political governance system to ensure general political guidance over the fiscal and financial affairs of the Municipality.

The Municipality established the following committees under Section 79 of the Systems Act:

- Ethics Committee
- Petitions Committee
- Municipal Public Accounts Committee (MPAC)

The Council appointed members to establish an Audit and Risk Committee in terms of section 166 of the MFMA and a Performance Committee in terms of Clause 14 of the Local Government: Municipal Planning and Performance Management Regulations, 2001

All committees were fully functional and met on a regular basis. The functions and operations of the respective committees are discussed in detail later in this report.

T2.1.1

POLITICAL STRUCTURE

National Local Government Elections were held during May 2011, at the end of the reporting year. Before the election Council consisted of 51 Councillors of which 25 Councillors were Ward Councillors and 26 Councillors were Proportional Representative Councillors. After the elections Council consisted of 28 Ward Councillors and 28 Proportional Representative Councillors.

The Mayoral Committee consist of 10 Councillors who are the Portfolio Heads of the various Section 80 Committees, as indicated.

EXECUTIVE MAYOR

Cllr S. M. Mogale-Letsie

SPEAKER

Cllr. R. I Letheya

CHIEF WHIP

Cllr. H. Lwana

MAYORAL COMMITTEE	Portfolio
Cllr. W.M. Mathikge	Finance
Cllr. M. G. Kawe	Corporate & Shared Services
Cllr. G. M. Sello	SRACH & LIS
Cllr. M. J. Makiti	Local Economic Development, Tourism & Rural Development
Cllr. M. Dyonase	Roads, Storm Water and Public Works
Cllr M. M. W. Molubi	Public Safety, Security and Transport
Cllr M. Moyeni	Human Settlement and Land Development
Cllr M. B. Lephuting	Integrated Environmental Management
Cllr. I. M.Mogale	Electricity, Water and Gas
Cllr. N. M. Fani	Health and Social Development

T2.1.2

COUNCILLORS

The new council elected comprise of the following political representation:

- African National Congress	41	seats
- Democratic Alliance	11	seats
- Merafong Civic Association	1	seat
- Congress of the People	1	seat
- United Democratic Front	1	seat
- Inkatha Freedom Party	1	seat

The Mayoral Committee consists of 10 Councillors that are Portfolio Heads of the various Section 80-Committees as indicated in the Appendix B.

T2.1.2

POLITICAL DECISION-TAKING

Political decisions are giving policy direction to the administration. Political decisions are taken at Council meetings through a process of reports that are considered by Council. Reports are prepared by the Administration and submitted to the various Section 80 Committees for recommendation. The Mayor considers the recommendations from the Section 80 Committee and decides to refer certain matters to the Mayoral Committee or full Council for further consideration. Administrative matters are usually approved or referred back by the Mayor at this level. Political decisions are normally referred to the full Council for consideration.

A system of execution notices is used to report back to the Council regarding the execution of resolutions to ensure that all resolutions are indeed executed. During this Financial Year the Council resolved on 83 items, all items were executed by the administration with seven items that are long-term items not yet completely executed.

T2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the head of the administration in terms of the section 55 of the Systems Act, responsible and accountable for the formation and development of an economical effective, efficient and accountable administration. The organizational structure approved during the 09/10 strategic planning session had to be implemented during the 10/11 financial year. This posed major challenges during the consultation process with the Local Labor Forum to the extent that the structure could not be successfully implemented during the year.

The Service Delivery Budget and Implementation Plan (SDBIP) were successfully implemented as aligned with the Integrated Development Plan (IDP) and Budget. During the mid-year performance assessment of the Budget and SDBIP, it became clear that an Adjustment Budget and revised SDBIP targets were necessary. The Adjustment Budget and revised SDBIP was tabled by the Municipal Manager and approved by Council to give execution to the political mandate.

The main administrative governance objective during the financial year was to implement the Operation Clean Audit Plan (OPCA),

TROIKA

Cllr. S. H. Lwana
Chief Whip

Cllr. S. M. Mogale-Letsie
Executive Mayor

Cllr. R. I. Lethea
Speaker

MAYORAL COMMITTEE

Cllr. M. Dyonase
Roads, Storm Water and Public Works

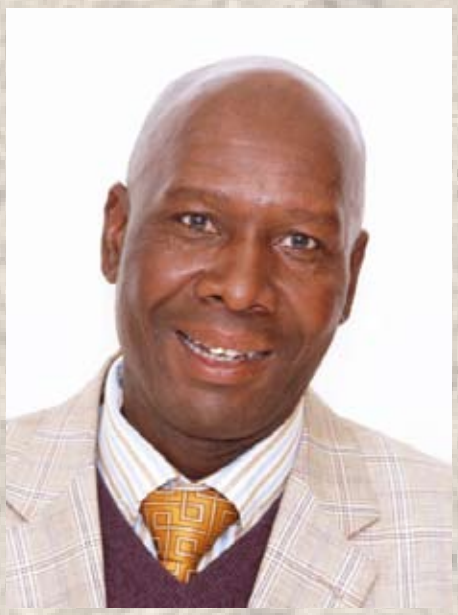
Cllr. N. M. Fani
Health and Social Development

Cllr. G. M. Kawe
Corporate & Shared Services

CLLR. M. B. Leputing
Integrated Environmental Management

Cllr. M. J. Makiti
LED, Tourism & Rural Development

Cllr. W. M Mathikge
Finance



Cllr. I. J. Mogale
Electricity, Water and Gas

Cllr. M. M. Molubi
Public Safety, Security & Transport

Cllr. M. Moyeni
Human Settlement & Land Development

Cllr. G. M. Sello
SRACH & LIS

which was achieved to a large extent. Council achieved an Unqualified Audit Report with matters of emphasis, which will be addressed.

T2.2.1

TOP ADMINISTRATIVE STRUCTURE

Dr. N. E. Mokgethi (October 2011 until May 2012) C. W. A Nieuwoudt (Acting from May 2012)	ACTING MUNICIPAL MANAGER
M. G. Wienekus	CHIEF FINANCIAL OFFICER
C. W. A. Nieuwoudt (Acting)*	CHIEF OPERATIONS OFFICER
(E. Z. Shange (Acting until December 2011) N. Moyo (Acting from January 2012)	EXECUTIVE DIRECTOR: INFRASTRUCTURE DEVELOPMENT
K. M. T. Moeketsi (Acting)	EXECUTIVE DIRECTOR: ECONOMIC DEVELOPMENT AND PLANNING
J. J. Murray (Acting)	EXECUTIVE DIRECTOR: CORPORATE SUPPORT AND SHARED SERVICES
N. E. Mokgethi	EXECUTIVE DIRECTOR: COMMUNITY SERVICES

T2.2.2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Promoting intergovernmental relations helps make everyone aware that there is one seamless government working together to serve the people. It builds teamwork within different sphere of government and between government agencies and partners in development and a spirit of Batho Pele – People First.

IGR activities include:

Planning and budgeting	:	Planning between different stakeholders for a common objective.
Consultations	:	May be described by legislation, for instance, when assigning a function
Meetings	:	a Minister may meet with a Mayor to discuss issues of relevant concern
Information – sharing	:	sharing information to build knowledge and cohesion
Dispute resolution	:	mediation and arbitration
Reporting	:	Reporting to relevant role-players on progress and may be prescribed in Legislation
Monitoring and evaluation	:	IGR practices and results
Agreeing and managing protocols	:	Implementation protocols and joint work.

T2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

Department of Water Affairs providing support for water service development plan

National Treasury provides support for the preparation of annual financial statements, SDBIP, Annual Report, etc.

Department of Environmental Affairs provides support for all environmental issues and tourism, e.g. Abbey Bailey project.

COGTA providing continuous support in IDP training, LGTAS, development of national Key Performance Indicators for LOCAL Government

Department of Minerals and Energy providing support on broad based socio-economic empowerment charter for South African Mining (Social Labour Plans).

T2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

MEC and MMC IGR Fora for all provincial and municipal departments.

- MEC, MMC Fora are held on a quarterly basis.
- IGR Technical Teams are held on quarterly bases which are the following:

- Department of Education
- Department of Local government and Housing
- Department of Mineral and Energy
- Department of Economic Planning
- Department of Social Welfare & Health
- Department of SRACH
- Department of Environment
- Department of Community Safety
- Department of Agriculture and Rural Development.

T2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

There are no municipal entities within Merafong.

T2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

Council participated in the following District intergovernmental structures for the year of review:

- District IGR
- Mayor's Forum
- Municipal Manager's Forum

Benefits:

The participation in these forums promotes Integrated Planning and Budgeting in realizing the alignment with Provincial and National policy directives.

T2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Municipality engages in public participation with the community and with its employees.

The Executive Mayor conduct Imbizo's on a regular basis with the community on a ward basis and with employees during the year, in accordance with the Public Participation Strategy of the Municipality.

The Budget and IDP process involve specific stakeholders and the public in general, and viewed from the increased levels of participation the community is starting to take ownership of their role in local government.

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Public communication tools used by the municipality include advertorials, news releases to the local press, the municipal website, flyers containing information on specific issues and public meetings.

There are three consultative meetings that take place annually in all areas of the Municipality, namely the Mayoral Imbizo's (Public Consultation Meetings), Budget consultation meetings and Integrated Development Planning Consultation Meetings. In terms of the Mayoral Imbizo's, this takes place quarterly with meetings being held in all areas. The community gets the opportunity to hear firsthand the progress made on improvement of municipal service delivery and to register the concerns and problems experienced by community members. These concerns and problems are followed up and feedback is given to the community member who raised the issue.

The Budget consultation process takes place twice a year, for the adjustment budget as well as for the drafting of the next year's budget. Community members are informed of the planned expenditure and the approved projects during the budget process. During the Adjustment budget the community is again informed of performance on projects and realignment of the performance targets of the municipality. The IDP consultation is done through the IDP Forums as well as through the Ward Committee structures, led by the Ward Councilors in each Ward.

Provision was made at the municipal libraries for the community to have access to the Council Website. The information intended by the MFMA and other information about the operation of Council is updated on the Website on a regular basis.

T2.4.1

WARD COMMITTEES

Ward Committees were established in all 26 wards of Merafong City. A successful ward committee program was implemented through the office of the Speaker. Issues identified at ward level were escalated to administration for appropriate action.

A need was identified for ward based office accommodation and twelve wards were provided with offices to service the constituencies. The operationalization of these offices will be effected in the new financial year.

T2.4.2

Public Meetings							
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issues raised by community	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Exec Mayor's Community Imbizo Wards 11,20, 23	06.12.11	16	12	316		Yes	By feedback to the community members concerned
			15	302	29	Yes unresolved	By feedback to the community members concerned during the Imbizo held on the 29.4.2011
Exec Mayor's Community Imbizo Wards 21	08.12.11	26	15	133			
Exec Mayor's Community Imbizo Ward 1b,2,3,4,6,7,8,9,10	10.12.11	32	14	423			
Exec Mayor's Community Imbizo Ward 5,14,27, Doornfontein	11.12.11	12	19	81			
Exec Mayor's Community Imbizo Wards 13,15,19, Mphahlwa	12.12.11	21	15	100			
Exec Mayor's Community Imbizo Ward 1a,12,16,17,18,28	13.12.11	23	14	116			
Exec Mayor's Community Imbizo Ward 22,24,25,26	14.12.11	24	18	322			
Budget Consultative Meeting for the Medium Term Expenditure Framework 2011/2012 - 2013/2014	14. 03. 11	18	15	196	10	Yes	During follow up Imbizo's
	23.03.11	19	12	139	11	Yes	During follow up Imbizo's
	24.03.11	16	9	110	15	Yes	During follow up Imbizo's
	24.03.11	21	11	213	12	Yes	During follow up meetings
	30.03.11	13	8	317	9	Yes	During follow up Imbizo's
IDP Representative Forum	22.05.12					Yes	
Budget Consultative Meeting for the Medium Term Expenditure Framework 2011/2012 - 2013/2014	06.04.11					Yes	During follow up meetings
Mayoral Imbizo	09.04.11					Yes	During follow up Imbizo's

Public Meetings							
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issues raised by community	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Mayoral Imbizo	14.04.11					Yes	During follow up Imbizo's
Mayoral Imbizo	17.04.11					Yes	During follow up Imbizo's
IDP Representative Forum	19.04.11					Yes	During follow up meetings
Mayoral Imbizo	29.04.11					Yes	During follow up Imbizo's
Mayoral Imbizo	05.05.11					Yes	During follow up Imbizo's
							T2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The draft 2011/12 MTREF as tabled before Council on 03 March 2011 for community consultation was published on the municipality's website, and hard copies were made available at municipal notice boards and various libraries. Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2011/12 MTREF.

The municipality's community consultative initiatives (Imbizo's) attract good support from the community and are well attended. The Mayoral Imbizo's focuses on performance feedback to the community on the municipality implementation of its planned projects and programmes. During the financial year under discussion the municipality in addition to the normal question and answer sessions also implemented a structured form of feedback through questionnaires. These questionnaires have the further advantage that it is structured to measure the community satisfaction with service delivery in specific areas. This enables the municipality to align its planning to address issues of concern to the community.

Public meetings pertaining to the IDP and Budget consultation take place in all areas of Merafong City. The Budget as informed by the IDP is presented to the community as well as the tariffs proposed for a specific year. This creates greater understanding with the public about the projects that can be executed in a specific financial year.

T2.4.3.1

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, KPI's, 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 KPI's in the strategic plan?	Yes
Do the IDP KPI's align to the Section 57 Managers	Yes
Do the IDP KPI's lead to functional area KPI's as per the SDBIP?	Yes
Do the IDP KPI's align with the provincial KPI's on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	T2.5.1

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

As mentioned above, Merafong City has constituted functional External Audit and Risk Committee and Performance Audit Committees. The Audit Committee is an independent advisory body. The Committee advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality on the following matters:-

- internal financial control and internal audits;
- risk management;

- accounting policies;
- the adequacy, reliability and accuracy of financial reporting and information;
- performance management;
- effective governance; compliance with this Act (MFMA), the annual Division of Revenue Act and any other applicable legislation;
- performance evaluation; and
- any other issues referred to it by the municipality.

The Audit Committees is also responsible for the following:-

- review the annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality its efficiency and effectiveness and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;
- respond to the council on any issues raised by the Auditor-General in the audit report;
- carry out such investigations into the financial affairs of the municipality as the council of the municipality may request; and
- perform such other functions as may be prescribed.

The Municipality further established a Municipal Public Accounts Committee (MPAC), which was fully functional for the year. The responsibilities of MPAC is contained in a well formulated terms of reference adopted by council. Furthermore MPAC has an oversight role which is described in the MFMA and guidelines published by National Treasury. The members of MPAC are capacitated in their roles and responsibilities. They play an important role to ensure the quality of municipal reporting in general. MPAC ensure that the Annual Report is a true reflection of municipal performance by submitting an oversight report on the annual report to council.

T2.6.0

2.6 RISK MANAGEMENT

Merafong City Local Municipality has a fully functional Audit Committee (AC) and Risk Committee (RC). The two Committees are consolidated in one committee that is called the Audit and Risk Management Committee (ARMC). The ARMC oversee the functioning of Council to ensure compliance to legislation and to enhance good corporate governance. Municipal Performance is monitored by a separate committee that is called the Performance Audit Committee (PAC) with a separate Charter. The Charters of both the ARMC and the PAC are reviewed on an annual basis.

The Municipality further established a Municipal Public Accounts Committee (MPAC), which is fully functional. MPAC has an oversight role which is described in the MFMA and guidelines published by National Treasury. The members of MPAC were capacitated in their roles and responsibilities and play an important role to ensure the quality of municipal reporting and that the Annual Report is a true reflection of municipal performance. MPAC do submit a report with their findings to Council, which is noted in the resolution of Council pertaining to the adoption of the Annual Report.

SIGNIFICANT MUNICIPAL RISKS:
TOP FIVE INHERENT RISKS

Risk Number	Risk Title	Inherent Risk Exposure	Residual Risk Exposure	Risk Category
1	Unavailability of supporting infrastructure.	25	25	Service Delivery
2	Inability to attract and retain skilled staff.	25	25	Human Resource
3	Fraud and corruption.	25	16	Fraud
4	Misuse and loss of Council assets.	25	16	Security
5	Poor staff disciplines.	25	16	Human resources

According to the above ratings, the top five risks are currently not being controlled to an acceptable level. This will require the risk management unit to assist departments in developing Action plans for high rated risks which was not achieved in the year under review. In terms of best practice, the risk register of an individual business function should be reviewed on an ongoing basis to respond to emerging risks and changing environment of that function, however as a minimum a risk register of a business function should be revised at least annually.

Currently the municipality is planning to fully capacitate the risk management unit in order to ensure that all risks management objectives are met.

Risk Exposure Legend

The table below explains the levels of risk exposure per ratings:

Exposure Ratings	Assessment	Action Required
High- from 12.5 to 25	Unacceptable	Immediate implementation of corrective action plans
Medium- from 6 to 12	Acceptable with caution	Implementation of improvement opportunities and validation of controls
Low- from 1 to 5	Acceptable	Validation and optimisation of controls

T2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Merafong City Local Municipality has the following strategies in place to prevent corruption, fraud and theft:

- Fraud Prevention Hotline administered by Vuvuzela Fraud Hotline;
- Fraud Prevention Policy;
- Fraud Prevention Plan and
- Risk Management Policy
- Internal Audit Unit reviews the effectiveness of the systems of internal control on a continuous basis.

Both policies and plans have been reviewed and approved by Council during the 2011/2012 financial year.

ATTENDANCE OF MEETINGS

The attendance record of members of the ARMC committee for the second quarter is as follows:

Name of Member	No. of Ordinary Meetings	No. of Perfor-mance Meetings	No. of Special Meetings	Total no. of meet-ings	In Total
Mr I Bredenkamp	4	3	3	10	9
Ms S Nkomo	4	3	3	10	9
Mr LT Berend	4	3	3	10	9
Mr EK Ndleve	4	3	3	10	7
Mr Mmapheto	4	3	3	10	9

The Audit and Risk Management Committee started with five (5) members during the course of the year (2011/2012), Mr. Elvis Kenneth Ndleve passed away. He was a valued member and will be missed.

The Committee is, however, confident that it will fulfill its responsibilities.

The following, although not members of the Committee, have standing invitations to Audit Committee and/or Performance Audit Committee meetings:

i. The Municipal Manager;
ii. The Chief Financial Officer;
iii. The Auditor-General;
iv. Gauteng Provincial Treasury;
v. Gauteng National Treasury;
vi. Internal Audit;
vii. Secretariat (provided by Internal Audit);

The following, although not members of the Committee, are invitations to Audit Committee and/or Performance Audit Committee meetings to present items relevant to their Department/Sections:

i. ED: Economic Development & Planning;
ii. ED: Corporate Shared Service;
iii. Manager: Human Capital;
iv. Manager: Political Office;
viii. Manager: IDP/PMS;

Declarations of Interest

The Declaration of Interest forms are completed and signed by all present Audit and Risk Management Committee members, for each meeting attended.

The following were identified as key fraud risk during the 2011/2012 financial year:

Non-compliance with specific policies and procedures leading to fraud	Procedure manual must be done. Policies reviewed and implemented. Creating awareness amongst new and existing employees. Staff members must acknowledge receipt of policies. Taking appropriate actions against transgressors.
Inappropriate screening of potential employees leading to employment of people with criminal records or falsified qualifications	Pre-employment background checks and screening.
Poor management of contracts leading to fraud	Ensure compliance with contractual obligations. Develop a contract register. All contracts to be certified by Legal. Dedicated resource for contract administration.
Failure to screen applicants for indigence subsidies	Develop a screening system to verify indigence status with other government authorities ITC, SARS, Depart. of Labour
Use of municipal vehicles for non-official trips	Appointment of a dedicated fleet Manager. Monthly reports to be cascaded to Line Managers. Punitive actions to be taken against offenders.
Collusion in procurement leading to fraud	Signing of declarations of interest. Conduct life style audit in instances where there are suspicions of collusion with suppliers. Include in the risk and fraud policy a requirement that all staff in high risk areas be subjected to routine polygraph testing. Blacklisting of companies who awarded tenders based on misrepresentation.
Access to housing waiting list for a payment of a fee	Include in the risk and fraud policy a requirement that all staff in high risk areas be subjected to routine polygraph testing. Fraud Hotline awareness. Investigation of all cases reported through the fraud hotline cases. Statistical report of all reported cases to be provided to senior management. Punitive actions taken against offenders.
Audit and Risk Management Committee	Merafong City Local Municipality has a functional Audit and Risk Committee which continue in its oversight role to assess and monitor fraud and risk management, as well as to advise the Accounting Officer and Council accordingly see Audit committee recommendations as set out at Appendix G.
	T2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The policy of Supply Chain Management fully complies with PPPFA and other SCM regulations as contained in the MFMA. All tenders awarded by the council were in accordance with the approved policy. There was an independent investigations commissioned by the Municipality to investigate various alleged irregularities related to procurement in Supply Chain Management. The report was not yet submitted before year end. There is a challenge of capacity in the Supply Chain Management. The Sectional Manager was appointed in February 2012 and there are four key vacant positions (secretary, Senior Tender Practitioner, Clerk grade 1 and Senior Storekeeper) to ensure smooth running of the department.

Although the department is understaffed the department managed planned 27 tenders awarded sixteen tenders, seven still in process, four referred back.

T2.8.1

2.9 BY-LAWS

By-laws Introduced during 2010/11					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption by By-laws (Yes/No)	Dates of Public Participation	By-laws Gazetted (Yes/No)	Date of Publication
None	Tariffs for the supply of Water, Electricity, Sewage, Cleansing and Sundry Services	Yes	With Budget Road show	Yes	17/08/2011
	Notice of General Assessment Rates	Yes	With Budget Road show	Yes	17/08/2011
					T2.9.1

COMMENT ON BY-LAWS:

Since the serving council would be replaced by a new council at the end of the financial year and it is compulsory for a new council to review all by-laws. In the light of this only two urgent by-law reviews were done during the financial year pertaining to service delivery tariffs, which was necessary for the budget process.

The process of public participation was done hand in hand with the budget process as the tariffs form part of the budget. The enforcement of the tariffs is done by the Finance Department as part of the day to day work process.

T2.9.1.1

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 adjustment budgets and all budget related documents Draft Budget 2012/13 Budget 2012/13	Yes Yes Yes	 1-Jun-2010 9-Nov-2010
2012/04/03	Yes	27-Jun-2011
2012/05/22	Yes	7-Feb-2011
All Budget related Policies	Yes	**
(Existing policies replaced with updated policies same date as final budget)	Yes	2012/05/22
The previous Annual Report (2010/11)	Yes	2012/02/01
The Annual Report (2011/12)	To be published after tabling	
Draft Annual Report was published for tabling	To be published after tabling	
All Current Performance agreements in terms of section 57(1)(b) of the Municipal Systems Act (2011/12)	See Explanation	*
Municipal Manager	Yes	2011/10/24
Executive Director Community Services	Yes	
Chief Financial Officer	Yes	2011/10/05
Executive Director: Economic Development and Planning	Yes	2011/10/05
Executive Director: Corporate and Shared Services	Acting	
Executive Director: Infrastructure	Acting	
All Service Delivery Agreements (2011/12)	Yes	2011/10/11
All Long Term Borrowing Contracts		
All Supply Chain Management Contracts above a prescribed value (give value) 2011/12	No	**
All 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 2011/12		

Municipal Website : Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	**<Yes / No>**	**Publishing Date**
Contracts agreed in 2011/12 to which subsection (1) of Section 33 apply, subject to subsection (3) of that section		
Public-private partnership agreements referred to in section 120 made in 2011/2012	No	
All Quarterly Reports tabled in Council in terms of Section 52(d) during 2011/12		*
*Council only enters into performance contracts with Executive Directors who have been appointed on a permanent basis. In two ED positions the incumbents acted for the full financial year. In a further two positions the positions was only filled permanently for a portion of the financial year.		

T2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

Surveys were not conducted in the financial year under discussion.

T2.11.1

Satisfaction Surveys Undertaken during 2009/10 and 2010/11				
Subject matter of survey	**Survey method**	**Survey date**	**No of people included in survey**	**Survey results indicating satisfaction or better (%)***
Surveys were not conducted in the financial year under discussion.				

T2.11.2

In the next financial year, Merafong intends to increase the number of respondents to 752, which will enable the Municipality to get a balanced view of the service delivery including all category communities that will partake in the Community Satisfaction Survey.

T2.11.2.1

COMMENT ON SATISFACTION LEVELS:

Surveys were not conducted in the financial year under discussion.

T2.11.2.2

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

Introduction

The annual performance report for the 2011/12 reporting period, annexed hereto, is a true reflection of the performance of the Municipality on the Pre-Determined Objectives as informed by the IDP, Budget and Service Delivery and Budget Implementation Plan (SDBIP).

The SDBIP was amended in accordance with the adjustment budget as informed by the mid-year performance assessment. The performance outcomes on the following strategic goals are summarised below:

Provision of basic services

The indicators under this goal relate to all Municipal functions in accordance with the legislated mandate of the Municipality. The overall performance achieved was 79% compared to 71% in the previous financial year. Although there has been an improvement in the performance, the performance on waste management indicators and water and electricity losses as well as maintainace of community facilities needs to improve. The slow progress in the implementation of projects, due to procurement delays and poor performing contractors need an intensified focus on the new financial year.

Local Economic Development

The performance achieved on this objective is 93%. The main achievements were the total of 251 full time equivalent jobs that were created through the implementation of infrastructure projects. A total of 2120 temporary jobs were created through the community works programme throughout the Municipality.

The creation of an enabling environment to stimulate local economic development is the main objective of this section. In this regard the municipality has fostered partnerships with the mining groups operating in our area to facilitate local economic development through the implementation of mining social labour plans.

The redundant Khutsong Beer Hall was renovated by Harmony Gold at a cost of R4m. This facility created 26 business units for Small and Medium Business Enterprises. The development of SMME's is a priority and a total of 130 SMME's were trained in business skills, 100 in Tourism development, and 30 in agricultural skills, during the reporting period.

Several small scale agricultural and food gardening projects were successfully implemented in partnership with GDARD. A total of 1,180 community food gardens were established at homesteads, home based care facilities and schools, to create a self-sustainable community and food security in disadvantaged communities.

Municipal Transformation and Organisational development

The performance achieved on this goal is 78% compared to 99% in the previous financial year. The main indicators that negatively affected the performance under this goal relates to the development and review of human resource policies that were delayed during the LLF consultation processes. The cascading of the performance management system to all levels in the organisation has also been affected by the delay in policy development. The targets pertaining to ICT master planning and policy development and implementation were also not achieved, impacting negatively on overall performance.

Financial Viability and Management

The performance score of 92% was achieved on this goal. This reflects a decline from a previous financial year, mainly due to the slow procurement of goods and services, which also impacted on the ability of the municipality to spend its approved capital budget.

Good Governance and Public Participation

The overall performance achieved on this goal is 90% which is an increase in performance from the previous year. The two indicators impacting negatively on the performance of this goal relate to the effectiveness rating of public participation events, which was not conducted during the year. The enterprise risk management plan could also not be implemented fully. A risk

manager has been appointed in the second half of the financial year to focus on the implementation of the Risk Management Plan.

Integrated Spatial Development framework

The performance achieved on this goal was 86% compared to 83% in the previous year. The main underperforming areas were the compliance to the environmental quality standards as well as the targets pertaining to informal settlements. The acquisition of land for the formalization of identified informal settlements could not be finalised due to outstanding negotiations with land owners. The attraction of investment for mixed housing developments did not materialize as planned. Land has been identified for such developments and the township establishment processes are unfolding and will be finalised in the next financial year.

T3.0.1

COMPONENT A: BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

The performance of the municipality on the provision of basic services is reported in table 1.1 of the Annual Performance Report attached as annexure. The backlog on the provision of basic services can mainly be attributed to the increasing numbers of informal settlements on privately owned land.

The main contributor to the increasing informal settlements is migrant workers employed or contracted to the mines. Without the commitment of the mines to provide access to housing and basic services to their labour force, and to ensure that all contractors comply with the same standards, the problem will not be resolved. The mining industry has a social responsibility to address these pressing needs in terms of their social labour plans. The eradication of basic services backlogs in a sustainable manner is dependent on private public partnership and the progressive eradication of housing backlogs through government Housing Programmes.

During the year of review, Council provided free basic services to all registered indigent households. A total number of 5709 households benefitted from this programme and basic services were subsidized to the value of R9 450 737.

T3.1.0

3.1. WATER PROVISION

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

INTRODUCTION TO WATER PROVISION

Bulk water supply is received from Rand Water and distributed to consumers through the networks in the different towns and townships in Merafong.

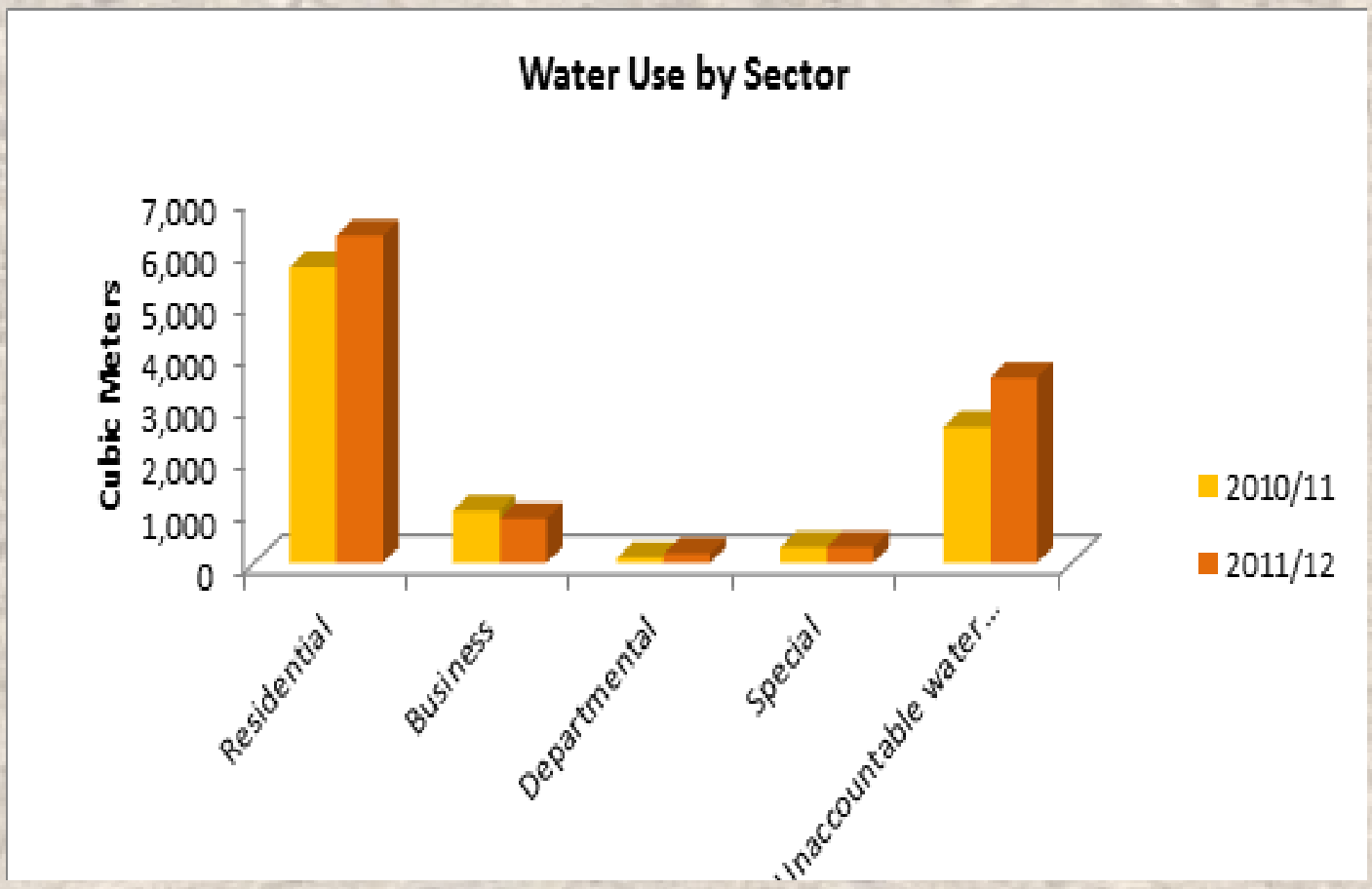
Water is being provided to consumers by means of household connections in formal areas and through making use of water tankers and standpipes in informal areas.

During the year of review a total of 11.186 Ml of water was purchased from the bulk supplier, Rand Water. A total volume of 7.627 Ml was accounted for, resulting in unaccounted water loss of 31.82% over 12 months.

Plans are being put into action to minimize these losses, to enable the municipality to reach national target on unaccounted water loss. Water use by contractors on housing projects, water loss through major pipe breaks and an audit on the water distributed by the water tankers are some of the measures to be put in place. A meter audit will also be conducted in the next financial year to determine if all consumers are indeed metered and billed.

T3.1.1

Total Use of Water by Sector (Megaliters)					
	Residential	Business	Departmental	Special	Unaccountable water losses
2009/10	565	108	88	28	141
2010/11	569	100	96	30	260
2011/12	628	853	177	30	355
					T3.1.2



COMMENT ON WATER USE BY SECTOR:

Merafong City Local Municipality is the sole water supplier to residential and business consumers and water services intermediary to the mines, although water is not being supplied to the mines directly. The decrease in water supply to the business sector can be related to the closing down of some businesses in the area. As can be seen from the graph the unaccountable water losses have increased to an average of 31.82% loss for the year 2011/12.

The high % of unaccounted water is a result of ever increasing water supply to informal settlements. It has also become clear that contractors on housing projects have not been invoiced for water consumption. A plan has been put into action whereby these risks that have been identified can be mitigated.

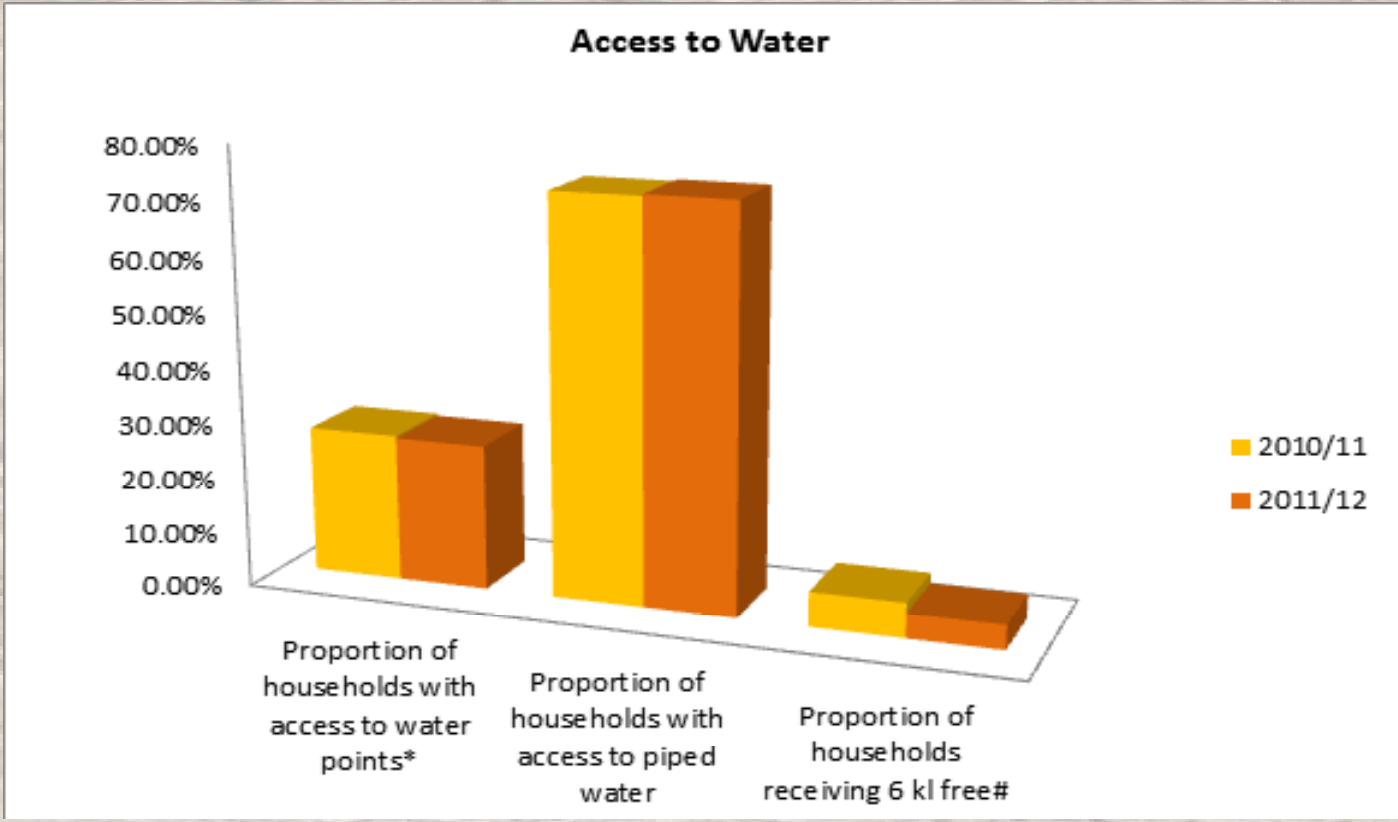
Contractors will be billed on an estimated amount of water used per number of houses built. Contractors installing pipelines will also be billed for water loss experienced during the construction process and before hand-over of the projects.

T3.1.2.2

Water Service Delivery Levels			
	Households		
Description	2009/10	2010/11	
	ActualNo	Actual No	
Water: (above min level)			
Piped water inside dwelling	32,089	34,087	35,428.00
Piped water inside yard (but not in dwelling)	35,791	35,791	35,791.00
Using public tap (stand pipes)	19,394	25,787	25,787.00
Other water supply (within 200m)	0	0	0.00
Minimum Service Level and Above sub-total	87,274	95,665	97,006.00
Minimum Service Level and Above Percentage	100%	100%	100%
Water: (below min level)			
Using public tap (more than 200m from dwelling)	0	0	0
Other water supply (more than 200m from dwelling	0	0	0
No water supply	0	0	0
Below Minimum Service Level sub-total	0	0	0
Below Minimum Service Level Percentage	0%	0%	0%
Total number of households*	87,274	95,665	97,006
* - To include informal settlements			T3.1.3

Households - Water Service Delivery Levels below the minimum					
Households Description	2009/10	**2010/11**	**2011/12**		
	Actual		Original Budget	Adjusted Budget	Actual
	No.		No.	No.	No.
Formal Settlements					
Total households	32,089	69,878	69,878	71,219	71,219
Households below minimum service level	0	889	889	889	889
Proportion of households below minimum service level	0%	1%	1%	1%	1%
Informal Settlements					
Total households	23,096	25,787	25,787	25,787	25,787
Households to below minimum service level	0	0	0	0	0
Proportion of households to below minimum service level	0%	0%	0%	0%	0%
					T3.1.4

Access to Water				
	Proportion of households with access to water points*	**Proportion of households with access to piped water**	**Proportion of households receiving 6 kl free#**	
2010/11	2010/11	26.95%	73.00%	6.39%
2011/12	2011/12	26.60%	73.30%	4.49%
				T3.1.5



Water Service Policy Objectives Taken From IDP								
Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12		
Service Indicators (i)	(ii)	Target *Previous Year	Actual	Target *Previous Year	Actual	Target *Previous Year	*Current Year	Actual
Service Objective								
Households with at least basic water supply	Additional Households provided with at least basic water supply during the year	70%	99.00%	100%	87.02%	100%	100%	88.30%
Improve reliability of water supply	Reduce the number of interruptions (Ints) in supply of water for 48 hours compared to the baseline of 2010/11	70%	100%	80%	82.50%	80%	90%	82.35%
Improve water conservation	Reduce unaccountable water levels compared to the baseline of 2010/11 (less than 15%)	15%	9.75%	100% compliance to target of 15%	81.40%	100% compliance to target of 15%	100% compliance to target of 15%	71.01%
Improve management of water quality	Improvement in management of water quality management	85.00%	93.88%	80%	78.52%	80%	95%	93.16%
								T3.1.6

Employees: Water Services					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	1	0	0%
4 - 6	4	4	3	1	25%
7 - 9	5	16	5	11	69%
10 - 12	15	17	15	2	12%
13 - 15	52	62	51	11	18%
16 - 18	76	100	75	25	25%
19 - 20	29	44			
Total	42	72			
					T3.1.7

For the year of review a vacancy level of 25% in critical service delivery positions existed. The biggest number of vacancies (69%) exist in levels 7-9 that includes the positions of foremen, plumbers and administrative personnel. This has a negative impact on service delivery and the ability of the Municipality to implement its mandate. The main contributing factor is the availability of qualified technical staff in the area seeing that the Municipality is competing with the mining sector on compensation policies. The attraction and retention of scarce skilled people remains a challenge and needs to be addressed through Municipal Policy directives.

Financial Performance 2011/12: Water Services					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tarrifs)	-199 546	-268 459	-268 459	-199 608	-34%
Expenditure:					
Employees	20 826	16 049	16 049	18 521	13%
Repairs and Maintenance	2 149	2 696	2 696	3 001	10%
Other	147 368	164 635	160 262	157 927	-4%
Total Operational Expenditure	170 343	183 380	179 007	179 449	-2%
Net Operational (Service) Expenditure	-29 203	-85 079	-89 452	-20 159	-322%
					T3.1.8

Capital Expenditure 2011/12: Sewer Service2					
					R' 000
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	8,168	27,867	15,784	48%	
Khutsong Sth Bulk Water Supply (Reservoir to Town)	0	5,000	2,299	100%	42,500

Capital Expenditure 2011/12: Sewer Service2					
					R' 000
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Upgrading of Supply to Reservoir Khutsong 1, 2 & 3	0	5,690	5,746	100%	15,001
Khutsong 1, 2, 3 Bulk Services Water (Phase 2)	0	1,287	782	100%	24,275
Construction of Blybank Reservoir & Supply Pipelines	8,168	11,000	1,627	-402%	24,328
Telemetry System for Khutsong Reservoirs	0	2,780	3,298	100%	4,017
Construction of Various Pipelines (Phase 1)	0	1,047	938	100%	1,061
Construction of Various Pipelines (Phase 2)	0	1,063	1,094	100%	1,126
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					
					T3.1.9

COMMENT ON WATER SERVICES PERFORMANCE OVERALL

Water provision to the community is the core function of the Water Services Section. The function is performed through use of communal taps, yard connections as well as house connections. The target for the supply of water to households for 2011/12 was 100%, however the section only scored 88.30% due to the fact that infrastructure could not be installed on private land due to service level agreements not being in place between the municipality and the land owners.

The reduction in water losses and unmetered water was assessed at 71.01% although a target was set for 100% of the national target on water losses. This can be attributed to the fact that there is a lot of pipe bursts occurring in Carletonville due to the age of the bulk water network. Pipe breaks and leaks are fixed on an ad-hoc basis, by replacing the old concrete asbestos pipes with HDPE (High Density Poly Ethylene) pipes. Another contributing factor is the increasing supply of water to informal and rural areas that was not metered. Contractors have also made use of unmetered and unbilled water for housing projects. Mitigating plans have been put into place which will increase performance.

A score of 82.35% was obtained for the performance objective of repairing water leaks within 48 hours. This is an indication of the commitment of the personnel in the section. If it is taken into account that the section functions with a relatively high number of vacancies in critical positions, a service of good quality is still being delivered.

The monitoring and testing of water quality, is a function of this section and the municipality has improved immensely on the Blue Drop Scores of all the registered systems. Carletonville System obtained a Blue Drop Certification award with a score of 95.26%,. Fochville and Wedela systems also improved and scored from 89.05% and 90.76% respectively.

T3.1.10

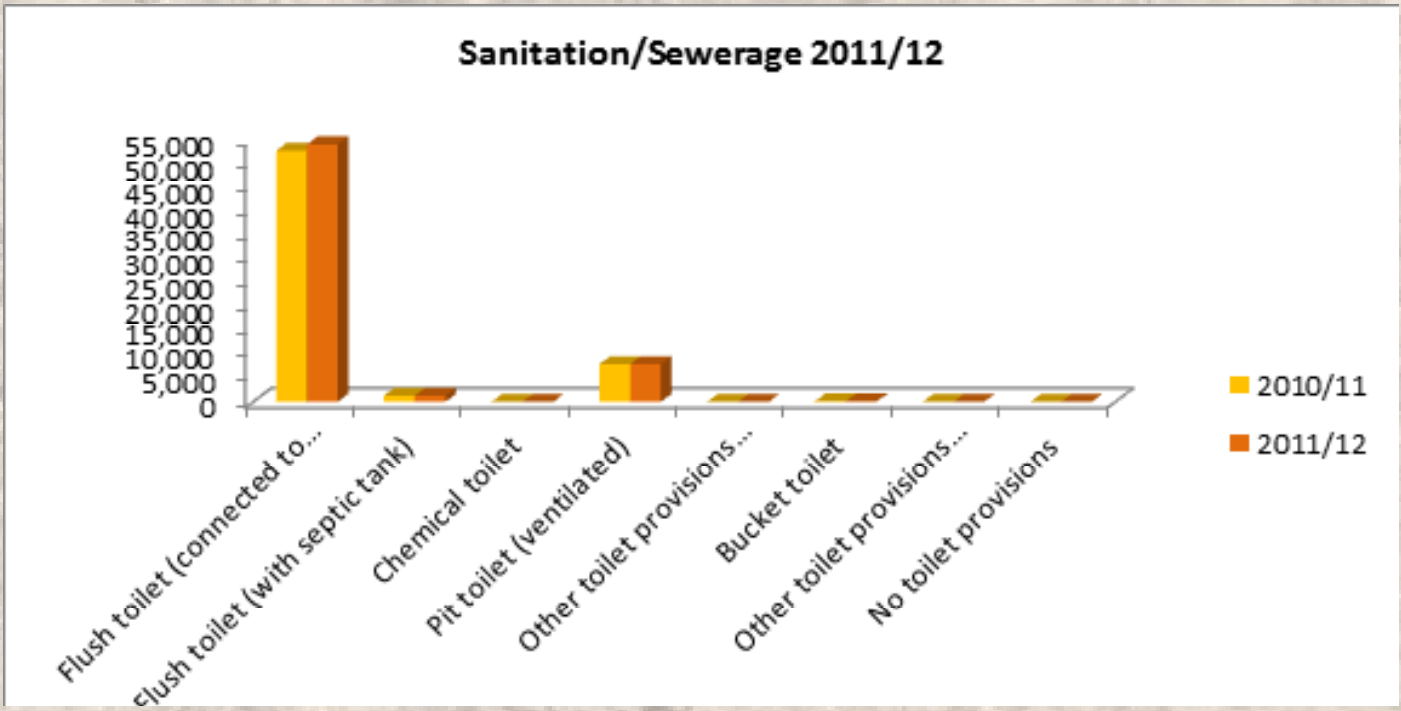
3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

The provision of sanitation services, the maintenance of the bulk network, as well as the treatment of sewer is a core function of the municipality.

Bulk sanitation services were installed in the Khutsong South extensions, in conjunction with the housing projects. The municipality provides basic sanitation services by means of VIP toilet units to households in informal and rural areas. The toilets are being serviced by means of a vacuum tanker.

T3.2.1



T.3.2.2

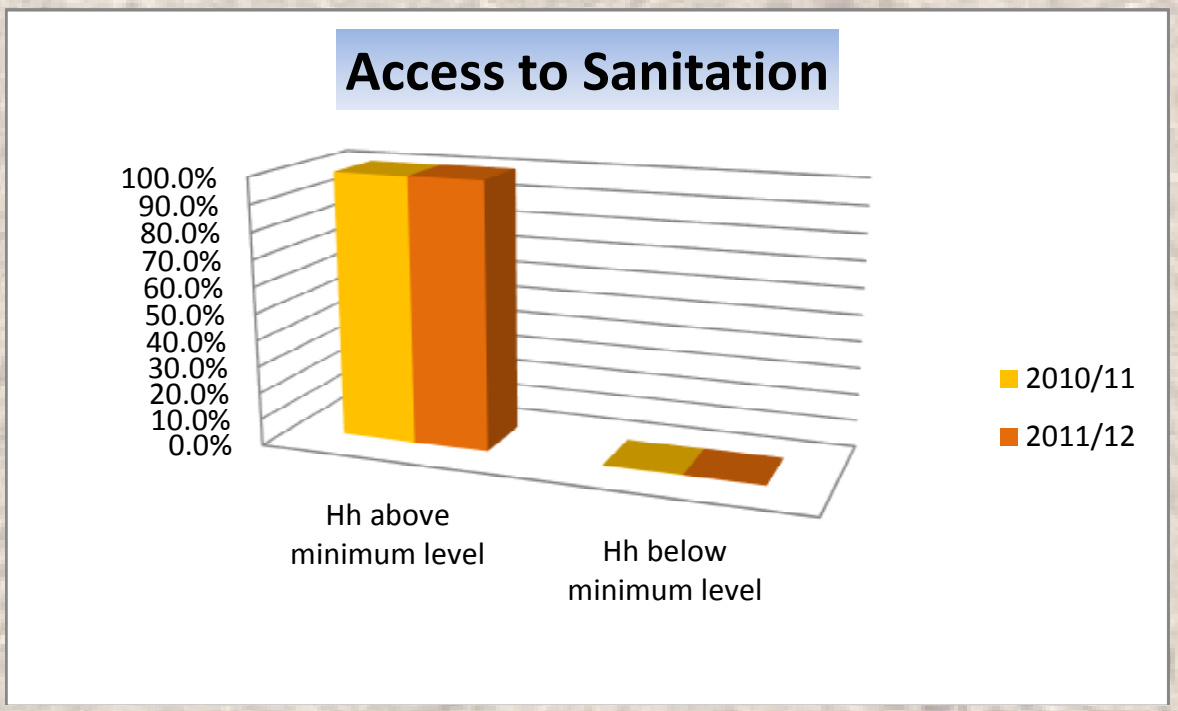
Sanitation Service Delivery Levels		
	Households	
Description	2010/11	2011/12
	Actual No	Actual No
Sanitation/sewerage: (above minimum level)		
Flush toilet (connected to sewerage)		
Flush toilet (with septic tank)	52,728	54,069
Chemical toilet	1,300	1,300
Pit toilet (ventilated)	0	0
Other toilet provisions (above min.service level)	7,900	7,900
Minimum Service Level and Above sub-total	0	0
Minimum Service Level and Above Percentage	61,928	63,269
Sanitation/sewerage: (below minimum level)	99.84%	99.84%
Bucket toilet		
Other toilet provisions (below min.service level)	102	102
No toilet provisions	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level Percentage	102	102
Total households	0.160%	0.161%
*Total number of households including informal settlements	62,030	63,371

T3.2.3

Households - Sanitation Service Delivery Levels below the minimum				
Households Description	2010/11	2011/12		
	Actual	Original Budget	Adjusted Budget	Actual
	No	No.	No.	No.
Formal Settlements			* See note	* See note
Total households	25,782	25,782	37,584	37,584
Households below minimum service level	889	889	102	102
Proportion of households below minimum service level	3.4%	3.4%	0.27%	0.27%
Informal Settlements				
Total households	25,787	25,787	25,787	25,787
Households ts below minimum service level	62	62	1,000	1,000
Proportion of households ts below minimum service level	0.24%	0.24%	3.88%	3.88%

*Note: During planning for the project on Installation of VIP toilets, as well as a survey that was done during the visit of the MSTT (Ministerial Sanitation Task ets, as well as a survey that was done during the visit of the MSTT (Ministerial Sanitation Task Team) it was determined that the number of households with sanitation services was actually more than the figures that the section had. It was amended accordingly.

T3.2.4



Access to Sanitation		
	Households above minimum level	Households below minimum level
2010/11	99.8%	0.2%
2011/12	99.84%	0.16%

T.3.2.5

Waste Water Service Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2010/11		2011/12		
Service Indicators (i)	(ii)	Target *Previous Year	Actual	Target *Previous Year	*Current Year	Actual
Households with at least basic sanitation supply	Additional Households (HHs) provided with minimum sanitation during the year	98.80%	100%	100%	100%	99.84%
Conserving the environment - sewer spillages	Reduce number and turnaround time of resolving sewer blockages	82.81%	85%	80%	85%	82.35%
Improve management of effluent quality	Improvement in management of effluent quality	77%	80%	70%	80%	77.50%
						T3.2.6

Employees: Sanitation Services					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Reflected under Water Services.					
					T3.2.7

Financial Performance 2011/12: Sanitation Services					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tarrifs)	22,625	32,050	27,144	35,487	10%
Expenditure:					
Employees	7,910	9,775	9,775	8,131	-20%
Repairs and Maintenance	5,507	6,562	4,390	7,439	12%
Other	11,028	7,348	9,520	4,728	-55%
Total Operational Expenditure	24,445	23,685	23,685	20,298	-17%
Net Operational (Service) Expenditure	1,820	-8,365	-3,459	-15,189	45%
					T3.2.8

Capital Expenditure 2011/12: Sewer Services					
					R' 000
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	11,400	17,645	7,565	-51%	
Kokosi WWTP	0	267	267	100%	48,388
Sanitation Rural Areas	8,400	8,400	6,507	-29%	14,077
Khutsong South Bulk Sewer	0	2,278	603	100%	16,871

Capital Expenditure 2011/12: Sewer Services					
					R' 000
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Design: Welverdiend WWTW	3,000	3,000	0		7,500
Hlanganani School Reroute	0	500	37	100%	2,733
Welverdiend Sewer Pumpstn	0	3,200	151	100%	3,200
					T3.2.9

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Final eradication of the few bucket systems still in operation was expected to have been achieved during this reporting year, but implementation was delayed both by a moratorium on the award of tenders and unexpected objections raised when the tenders were ultimately on the verge of award. The project obstacles encountered are fully expected to be overcome with the project to be finalised during the 2012/13 financial year.

The Khutsong South bulk sewer system is essentially complete except for the installation of ±200m of piping that need to traverse the property of an uncooperative landowner. Ac quisition of the land or obtaining a servitude remains the subject matter of ongoing negotiations.

Construction of the Welverdiend sewer pumpstation to serve part of the Khutsong South development is planned for the 2012/13 financial year. This pumpstation need to serve the development until such time that the Welverdiend WWTW can be suitably upgraded to accommodate the additional flow. Design of the WWTW is already in progress, but funding for the upgrading still have to be sourced.

T3.2.10

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

Note: Recent legislation includes the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006.

Merafong City made good progress to provide electricity to all formal households in the municipal distribution area. The backlog of 40% as reflected in the demographics relates to the large number of informal settlements residing in the Khutsong and rural areas not within the Merafong proclaimed township areas.

The Electrical Engineering function of Merafong City is operating and managed within the Infrastructure Development department where all engineering disciplines are managed. The electricity section's focus is the maintenance of the current assets and the provision of electricity services for the commercial and domestic sectors of Merafong City.

All households within formal/proclaimed townships in the licensed area of Merafong City have access to electricity services. The municipality in close consultation with the Human Settlement unit to ensure that electrification planning and funding is available for the electrification of houses concurrent with the housing delivery programmes.

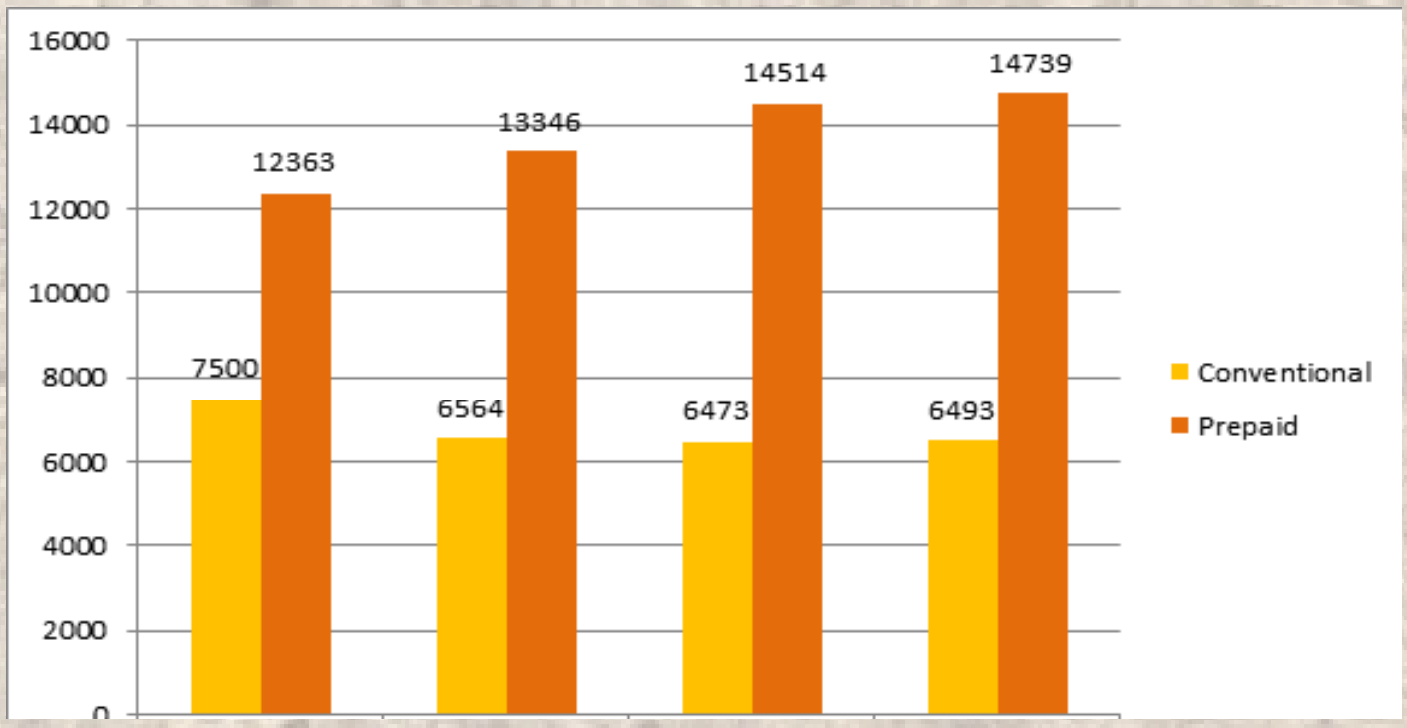
The need for access to electricity from the communities that reside in informal areas is a challenge for the Council. The provision of the service is not possible in view of the funding conditions of National Government that electricity services can only be extended to formalized areas/townships. The completion of houses on the Khutsong South Housing project will contribute to improve access to the service.

The funding for Bulk Services, upgrading and new distribution systems is a challenge as these must largely be funded from internalrevenue. The cost of these bulk services requirements for the next five years is estimated to amount of approximately R196,9 million. ESKOM is also constrained in its ability to deliver additional capacity until their programmes are completed which shall

impact on the ability of the municipality to support new developments in the municipal area.

Electrification of households in the different areas of supply is funded by the Department of Energy. That normally covers the costs of the Electrification Projects for the subsidized housing programmes. Shortfalls in project funding are catered for by the revenue raised from service connection fees received from the consumers.

T3.3.1



T3.3.2

ELECTRICITY SERVICE DELIVERY LEVELS

Electricity Service Delivery Levels				
			Households	
Description	2008/2009	2009/10	2010/11	2011/2012
	Actual No	Actual No	Actual No	Actual
Energy: (above minimum level)				No.
Electricity -Conventional	7500	6564	6473	6493
Electricity - prepaid	12363	13346	14514	14739
Total	19863	19910	20987	21232
Pre-paid Percentage	62%	67%	69%	69.42%
Energy: (below minimum level)	Not applicable. All households provided with full level of service.	Not applicable. All households provided with full level of service.	Not applicable. All households provided with full level of service.	Not applicable. All households provided with full level of service.
Electricity (< min.service level)	Nil	Nil	Nil	Nil
Electricity - prepaid (< min. service level)	Nil	NIl	Nil	Nil
Other energy sources				0.0%
Below Minimum Service Level sub-total	Not applicable	Not applicable	Not applicable	Not applicable
Below Minimum Service Level Percentage				
Total number of households	19863	19910	20987	21232

T3.3.3

Households - Electricity Service Delivery Levels below the minimum						
Description	2007/2008	2008/2009	2009/2010	2011/12		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	19,910	20,987	22,092	22,092	21,232	20,987
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
No services are provided in informal settlements according to the National guidelines	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
Total households	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	0%
Households to below minimum service level	0%	0%	0%	0%	0%	0%
Proportion of households to below minimum service level	0%	0%	0%	0%	0%	0%
						T3.3.4

Electricity Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2009/10	2010/2011	2011/2012			2012/2013		
Service Indicators (i)		Target	Target	Service Targets			Actual Performance		
		Previous Year	Previous Year	Current year	Mid year	Current year	Following year	Year	Year
Number of Household Connections	25425	362	1105	1105	1105	340	245	2000	2000
% Increase		1.41%	4.38%	4.38%	4.38%	1.4%	0.96%	7.8%	7.8%
									T3.3.5

Employees: Electricity Services					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	5	7	5	2	29%
7 - 9	21	23	21	2	9%
10 - 12	30	30	30	0	0%
13 - 15	3	3	3	0	0%
16 - 18	0	0	0	0	0%
19 - 20	23	24	23	1	4%
Total	83	88	83	5	6%
					T3.3.6

Financial Performance 2011/12: Electricity Services					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tarrifs)	161,261	226,793	227,119	184,527	-23%
Expenditure:					
Employees	15,984	17,837	17,837	17,912	0%
Repairs and Maintenance	2,358	2,660	2,660	4,272	38%
Other	149,049	173,274	177,662	154,232	-12%
Total Operational Expenditure	167,391	193,771	198,159	176,416	-10%
Net Operational (Service) Expenditure	6,130	-33,022	-28,960	-8,111	-307%
					T3.3.7

Capital Expenditure 2010/11: Electricity Services					
					R' 000
Capital Projects	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	84,850	90,342	8,884	-855%	
Fochville Bulk Substation--ESKOM	28,000	28,000	0		43000
Khutsong South Extensions Electrification	8,400	8,400	2841	-196%	90300
Load Control Upgrade	1,300	1,300	0		5700
Khutsong South Ph1 Infrastructure	2,000	2,000	0		2000
Cable Fault Finding Testequipment	150	150	0		150
Fochville Main Substation Upgrade	15,000	15,000	0		31400
Khutsong South New Substation	30,000	30,000	0		61,900
Khutsong South Bulk Supply PH1	0	5,241	5837	100%	5,241
Kokosi Electrification Ext.5	0	71	76	100%	71
Bulk Supply infrastructure Upgrade Fochville	0	180	130	100%	180
					T3.3.8

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The four largest Capital projects that was implemented by Council as follows:

1. **Fochville bulk infrastructure upgrade:**

- The electrical underground 6.6kv cable network has been expanded with the installation of 12,000 meter underground cable.
- The upgrading /replacement of 6.6kv switch gear in four (4) existing 6.6kv substations in completed.
- The existing outdoor switchgear was replaced with new compact switchgear (orange colour) placed in individual outdoor metal clad units placed on a reinforced concrete plinth.
- The scope of the work also covered the building of five (5) new substations with 6.6kv switchgear of witch four (4) was already constructed.

The total expenditure for the project is R 38,510,828-76 and the project is 95% completed.

2. Khutsong south bulk supply secondary substations:

- Two 11kv secondary substations were constructed complete with 11kv switchgear.
- New 11kv underground cables have installed to connect the two substations with existing Khutsong South Main substation

The total expenditure for the project up till date is R 14,003,615-28 and the project was 100% completed.

3. Electrification Kokosi Ext 5 -190 Stands:

- The construction for the project was completed with the installation of the 6.6kv overhead infrastructure network and low voltage overhead bundle conductor and service connections for 190 Stands.

The total expenditure for the project is R 1,251,122-78 and the project e was 100% completed in 2011/2012.

4. Electrification Wedela Ext 3 -362 Stands:

The construction for the project was completed with the installation of the 22kv overhead infrastructure network and low voltage overhead bundle conductor and service connections for 362 Stands.

The total expenditure for the project is R2, 098,666-74 and the project was 100% completed.

T3.3.9

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

INTRODUCTION TO WASTE MANAGEMENT

Kerbside refuse collection is rendered once a week to the formal areas in line with the minimum acceptable level of National Domestic refuse collection standards.

Construction of Wedela Drop-off facility is complete and has been opened to public for use. The rating of Carletonville landfill site, through the Provincial annual audit by the Department of Agriculture and Rural Development has improved by 10%, from 29% to 39%. A special project was embarked upon to intensify the removal of illegal dumping.

Memorandum of Understanding (MOU) for the Waste recycling Project has been signed between Merafong City Local Municipality and Mining Houses (Anglo Gold Ashanti, Harmony and Gold Fields) to kick-start the establishment and operation of waste Buy-back Centres (Fochville and Wedela) and separation at source to be piloted in Fochville.

T3.4.1

Waste Service Delivery Levels				
	Households			
Description	2008/2009	2009/2010	2010/11	2011/12
	Actual No	Actual No	Actual No	Actual No
Solid Waste Removal: (Minimum level)				

Waste Service Delivery Levels				
	Households			
Description	2008/2009	2009/2010	2010/11	2011/12
	Actual No	Actual No	Actual No	Actual No
Removed at least once a week	26 970	24 315	26 938	28 893
Minimum Service Level and Above sub-total	26 970	24 315	26 938	28 893
Minimum Service Level and Above percentage	100%	100%	100%	100%
Removed less frequently than once a week	0	0	0	0
Using communal refuse dump	11 604 informal	11 604 Informal	11 604 informal	11 604 informal
Using own refuse dump	52 237	52 237	52 237	51 772
Other rubbish disposal	52 237	52 237	52 237	51 772
No rubbish disposal	52 237	52 237	52 237	51 772
Below Minimum Service Level sub-total	62 570	62 570	63 841	63 374
Below Minimum Service Level percentage	73%	73%	72%	68%
Total number of households	80 100	80 100	88 156	92 267
				T3.4.2

Households - Waste Service Delivery Levels below the minimum						
Description	2008/2009	2009/2010	2009/2011	2011/12		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	26 970	24 315	26 938	28 893	28 893	28 893
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	63 841	63 841	64 566	63 374	63 374	63 374
Households below minimum service level	52 237	52 237	52 962	51 772	51 772	51 772
Proportion of households below minimum service level	82%	82%	82%	81%	81%	81%
						T3.4.3

Waste Service Policy Objectives Taken From IDP							
Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12	
Service Indicators (i)	(ii)	Target *Previous Year	Actual	Target *Previous Year	Actual	Target *Current Year	Actual
eg. Provision of weekly collection service per household (HH)	Percentage of households receiving weekly kerbside collection.	100%	100%	100%	100%	100%	100%
Future capacity of existing and earmarked (approved use and in council possession) waste disposal sites	The amount of air space capacity available in terms of the number of years capacity available at the current rate of landfill usage	11 years	11 years	24 years	24 year	11 years	11 years

Waste Service Policy Objectives Taken From IDP							
Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12	
Service Indicators (i)	(ii)	Target *Previous Year	Actual	Target *Previous Year	Actual	Target *Current Year	Actual
Proportion of waste that is recycled	Volumes of waste recycled as a percentage of total volume of waste disposed of at landfill sites.	3.5%	6.20%	6.2%	3.81%	3.81%	7.1%
Proportion of landfill sites in compliance with the Enviromental Conservation Act 1989.	A percentage of landfill site that is being managed in compliance with the Environmental Conservation Act 1989	0%	0%	0%	29%	29%	39%
							T3.4.4

Employees: Solid Waste Management Services(Refuse Removal & Street Cleaning)					
Job Level	2010/11		2011/12		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		4	1	3	75%
4 - 6		4	1	3	75%
7 - 9		34	16	18	53%
10 - 12		4	3	1	25%
13 - 15		211	140	71	34%
16-18	0	0	0	0	0
19-20	0	0	0	0	0
Total	0	257	161	96	37%
					T3.4.5

Employees: Waste Disposal and Other Services					
Job Level	2010/11		2011/12		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	1	1	0	1	0%
7 - 9	5	5	3	2	40%
10 - 12	0	0	0	0	0%
13 - 15	4	4	3	1	25%
16-18	0	0	0	0	0
19-20	0	0	0	0	0
Total	10	10	6	4	40%
					T3.4.6

Financial Performance 2011/12: Waste Services					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tarrifs)	25,173	37,592	45,026	34,061	-10%
Expenditure:					
Employees	21,744	25,469	25,469	23,260	-9%
Repairs and Maintenance	1,279	1,120	1,120	1,609	30%
Other	24,270	13,320	14,801	44,295	70%
Total Operational Expenditure	47,293	39,909	41,390	69,164	42%
Net Operational (Service) Expenditure	22,120	2,317	-3,636	35,103	93%
					T3.4.7

Capital Expenditure 2011/12: Waste Services					
					R' 000
Capital Projects	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
NO CAPITAL EXPENDITURE INCURRED DURING 2011/12 BY PMU FOR WASTE MANAGEMENT SERVICES					
					T3.4.8

Comments Performance Waste Management Overall

Statistics on the recycling percentages are low due to the recyclables which are not captured in the waste stream. Recyclables are being sold outside the Merafong Municipality due to lack of coordination on recyclables.

Planned capital projects were not executed but were reprioritized for the next financial year. Tenders were advertised and no suitable contractors were identified. Draft Waste By-laws have been developed and awaiting public participation process.

Council has planned to provide refuse removal services in the informal areas. Process to develop the plan has unfolded and will be completed in the next financial year.

T3.4.10

3.5 HOUSING

INTRODUCTION TO HOUSING

This is in line with the national housing goal as stated in the National Housing Code which states that Government's goal is, subject to fiscal affordability, to increase housing delivery on a sustainable basis until the housing backlog is overcome. Realizing of the goal relies on the government ensuring that its implementation system in all three spheres of government can accommodate the budget allocation and delivery programme.

Of particular importance to this strategy is the question of the quality of the housing product. The National Housing Code, 2000, states that "housing must be built to an acceptable quality". Our units are housing units are inspected by council building inspectors, quality control official from the province and NHBRC officials.

The Housing section has established a unit that will work with the Provincial Tribunal to resolve all the disputes related to housing ownership.

The section also embarked on a beneficiary workshop with the NHBRC and Gauteng Department of Local Government and Housing. To educate the community about their responsibilities after taking ownership of the properties.

Council embarked on the process of addressing the backlog on the basic services and infrastructure. This involved an incremental two phased approach on:

1. Formalization of informal settlement that can be formalized through provision of basic services, infrastructure and sanitation and
2. Eradication of informal settlements through provision of the top structures

In alignment of our operations with the prevailing challenges to formalize informal settlements and eradication thereof, the following sub-programmes should be prioritized as instrumental in implementing the defined targets:

- Essential Services (on provision of water, bulk infrastructure and sanitation)
- Social and economic Facilities

T3.5.1

PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC HOUSING					
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements	Households in informal settlements	Percentage of HHs in informal settlements
2009/10	92,648	49,314	53.2%	43334	46.8%
2010/11	91,504	56,854	62.1%	34,650	37.9%
2011/12	92,648	49,314	53.2%	43,334	46.8%
					T3.5.2

Housing Service Policy Objectives Taken From IDP							
Service Objectives	Outline Service Targets	2009/10	2010/11			2011/12	
Service Indicators (i)	(ii)	Target *Previous Year	Actual	Target *Previous Year	Actual *Current Year	Target	Actual
Provide access to human settlements	Additional houses provided during the year (Houses required at year end)	1467	434	1363	537	2 866	1 267
	Registration of Informal Settlements						0
	Registration of backyard dwellers		2000	1165			0
	Percentage of title deeds processed		1636	537	97,94%	80%	100%
	Percentage of occupied rental units				94,22%	100%	98%
	Percentage payment certificates processed				91,94%	100%	100%
	Days to process housing subsidy applications			5 days	3 days	5 days	4 days
							T3.5.3

Employees: Housing Services					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	2	1	1	50%
7 - 9	11	15	11	4	27%
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	5	5	5	0	0%
19 - 20					
Total	18	23	18	5	22%

T3.5.4

Financial Performance 2011/12: Housing Services					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment	Actual	Variance to Budget
Total Operational Revenue (excluding tarrifs)	49,631	11 236	11 236	11 236	100
Expenditure:					
Employees	4,514	4 974 200	4 974 200	4 686 698	5.8
Repairs and Maintenance	118	173 678	173 678	57 875	66.7
Other	115	174 238	174 238	154 868	11.2
Total Operational Expenditure	4,747	5 322 116	5 322 116	4 899 441	92.05
Net Operational (Service) Expenditure	4,747	5 310 880	5 310 880	4 888 205	92.04

T3.5.5

Capital Expenditure 2011/12: Housing Services					
					R' 000
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	256 780 304	142 275 275	75 413 033	53.0	591 501 619
Khutsong South Ext. 1,2 & 3 Ph1(1500) (831 Units)	38,984,000	46,291,686	18,925,281	59.2	106,507,725
Khutsong South Ext Land Acquisition (Khutsong identified portion)	12 020 444	0	43 838	100	12 020 444
Khutsong South Ext 1,2,3 Ph 2 (4000) (1635 Units)	155,936,000	91,079,310	53,059,517	41.80	284,020,600
Kokosi Ext. 6(Legal for land & Expenditure on vote)	38,984,000	1,300,000	1,419,211	9,17	119,099,428
Greenspark Ext Ph 2 (340)	10,855,860	0	0	0	14,792,040
Kokosi Ext 2 (2 Units)	0	40 600	13 118	67.7	5 160 000
Kokosi Ext 5 (58 Units)	0	1 988 762	1 528 077	19.4	34 152 210
Wedela 362 (Retention)	0	1 574 917	423 991	73.1	15 749 172

T3.5.6

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL

The Municipality acted as the developer in eight housing projects for the year of review. All of these projects were funded by the North West Province, Department of Local Government and Housing. In these projects a total number of 1 267 houses were completed which is 47% of the target set for the year. The main challenge experienced in achieving this target was the underperformance of contractors to deliver on the agreed construction programs. The process of land aquisation for Kokosi Extension 6 and a portion of Khusong South Extension 1,2 and 3 also contributed to the delay in the transfer of houses to beneficiaries. In the case of Kokosi Extension 6 the matter of land aquisition is still in dispute.

Corrective measures have been implemented which includes the signing of an addendum in accordiance with the provisions of the contract to speed up delivery. This was done in consultation with the Gauteng Department of Local Government and Housing. The backlog in housing remains a challenge and the progressive eradication on informal settlements through housing programms is a priority of council in conjuction with the Gauteng Department of Housing. Challenges are still experienced with the transfer of the housing function and subsequent projects from the North West Province to Gauteng Province with a redemarcation of Merafong City in Gauteng. A number of matters remains unresolved by the two provinces and is receiving attention from the relevant authorities.

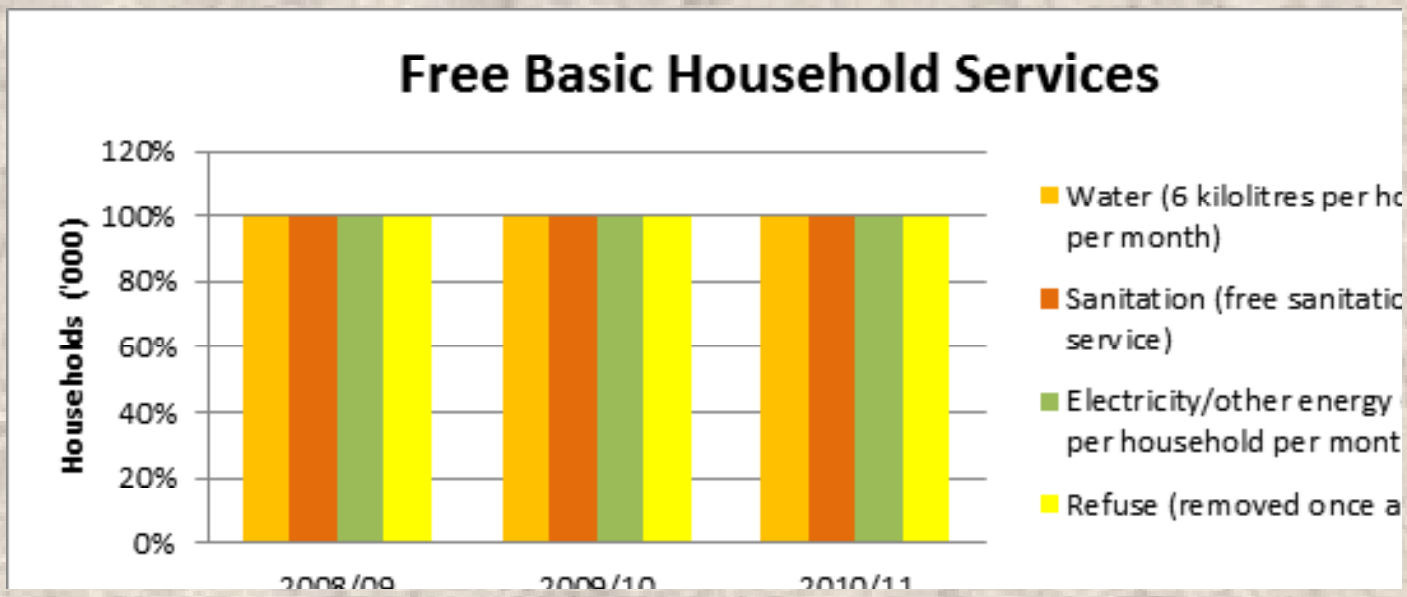
T3.5.7

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality is providing free basic services to indigent households that have met the criteria in terms of the municipality's approved indigent policy. The following persons qualify to be approved as indigent: unemployed, pensioners, child-headed households, terminally ill individuals who are unemployed, and employed individuals with a total income of R1 500.00. Applicants are verified and approval is granted by Council after the verification process. Approved indigents receive 6kl free water and 50 kWh electricity.

T3.6.1



Free Basic Services To Low Income Households									
	Number of Households								
	Households earning less than R1,500 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
	Total	Access	%	Access	%	Access	%	Access	%
2009/10	5,487	5,487	100%	5,487	100%	5,487	100%	5,487	100%
2010/11	5,708	5,708	100%	5,708	100%	5,708	100%	5,708	100%
2011/12	4,753	4,753	100%	4,753	100%	4,753	100%	4,753	100%

T3.6.3

Financial Performance 2010/11: Free Basic Services to Low Income Households					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment	Actual	Variance to Budget
Water	1,856,488	2,603,460	1,929,960	3,432,254	24%
Waste Water (Sanitation)	1,031,042	1,728,000	1,514,062	1,307,390	-32%
Electricity	1,528,872	6,188,562	1,965,638	1,282,893	-382%
Waste Management (Solid Waste)	3,932,020	5,400,000	1,476,740	3,432,254	-57%
Total	8,348,422	15,920,022	6,886,400	9,454,791	-68%
					T3.6.4

Free Basic Services and Indigent Support Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2008/09	2009/10		2011/12				
Service Indicators (i)	(ii)	Target *Previous Year	Actual	Target *Previous Year	Actual *Current Year	Target	Actual *Current Year	Target *Current Year	Actual *Following Year
eg. Provision of alternative support to low income households that do not receive all Free Basic Services	Low income households (LIHs) who do not receive all the free basic services but do receive alternative support (Total number of LIHs not in receipt of free basic services)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
									T3.6.5

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The indigent policy was approved by council as part of the budget related policies. Individuals and households qualifying as indigents must first apply - there's no automatic qualification. All application forms are required to be approved by ward Councillors before verification and approval of indigent status. This ensures that ward councillors are aware of the iwithin theri respective wards. The total cost for indigent subsidy for 2011/12 financial year is R8 708 216.71.

T3.6.6

COMPONENT B: ROADS TRANSPORT

3.7 ROADS AND STORMWATER

INTRODUCTION TO ROADS AND STORMWATER

The priority goals Roads and Storm Water Function's as informed by the IDP and the budget are:

i) Construction and Resurfacing (revitalization) of road network programme;
ii) Construction and re-gravelling of unpaved roads
iii) Erection of speed calming measures
iv) Construction, repair /replacement of damaged curb inlets
v) Storm water management
vi) Construction and maintenance of sidewalks.

During the year of review good progress was made with the implementation of new road infrastructure projects as well as the re-surfacing of gravel roads in underserviced areas. In this regard all gravel roads in the Khutsong Township have been upgraded and resurfaced. The provision of new roads infrastructure in all areas remains a challenge as it is capital intensive and is dependent on the availability of funding.

T3.7.1

STRATEGY			
STRATEGIC OBJECTIVE	**IDP PROGRAMME**	**ROADS & STORMWATER PROGRAMME**	**DELIVERY AGENDA**
Improvement in the visual condition index	Roads and Stormwater infrastructure maintenance programme	Gravel Roads maintenance programme	Gravel roads re-graveled bladed, ripped and shaped
		Road maintenance programme (Pothole repair)	Identified/reported potholes repaired
		Stormwater maintenance programme	Curb Inlets (Ki's) cleaned, unblocked and repaired
			T3.7.1

Gravel Road Infrastructure				Kilometres
	Total gravel roads	**New gravel roads constructed**	**Gravel roads upgraded to Asphalt**	**Gravel Roads graded/ maintained**
2009/10	189.21	0	1.81	131.5
2010/11	189.21	0	0.76	131.73
2011/12	189.21	0	6,9	399,23
				T3.7.2

Asphalted Road Infrastructure					Kilometers
	Total asphalted / Blocked paving roads	**New Paving Blocks /Asphalt roads**	**Existing asphalt roads re-asphalted**	**Existing asphalt roads re-sheeted**	**Asphalt roads maintained (*)**
2009/10	325.63	0	0	0	325.63
2010/11	325.63	0.76	0	0	326.39
2011/12	325.63	6.9 (Asphalt)	0	9275	13639.92
*Pothole repairs/ Crack Sealing/Weed control etc					T3.7.3

COST OF CONSTRUCTION /MAINTENANCE						
	Gravel			**Tar**		
	New	**Gravel**	**Maintained**	**New**	**Re-worked**	**Maintained**
2009/10	0	101,51	1,881	0	101,51	R809678.1
2010/11	0	0	2,783	R 17039081.07	0	R1171970.80
2011/12						
						T3.7.4

Road Infrastructure Services Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2008/09		2009/10		2010/11		2011/12		
Service Indicators (i)	(ii)	Target *Previous Year	Actual	Target *Previous Year	Actual *Current Year	Target	Actual *Current Year	Target *Current Year	Actual *Following Year	
Elimination of gravel roads in townships	Kilometers of gravel roads asphalted (Kilometers of gravel road remaining)	0km	0km	0km	0km	6.06km	6.92km	7.058km	6.92km	7.058km
	(Kilometers of gravel road remaining)	99.7km	99.7km			99.76km	0.76Km	99.76km	0.76Km	99.76km
Development of Municipal Roads as required	Km of Municipal Roads developed	0Km	0 Km	2.0km	0.76km			7.058km		7.058km
										T3.7.6

Employees: Road Infrastructure Services					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	20	20	3	17	85%
10 - 12	7	7	5	2	29%
13 - 15	33	33	14	19	58%
16 - 18	10	10	2	8	80%
19 - 20	0	0	0	0	0%
Total	74	74	28	46	62%
					T3.7.7

Financial Performance 2011/12: Water Services					
					R'000
Details	**2010/11**	2011/12			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operation Revenue (Excluding Tariffs)					
Expenditure					
Employees	5 283	4 657	5 256	5 280	12%
Repairs and Maintenance	2 586	3 238	2 864	3 348	3%
Other	4 629	5 204	1 335	39 250	87%
Total Operational Expenditure	12 561	13 099	9 455	47 878	73%
Net Operational Expenditure	12 561	13 099	9 455	47 878	73%
					T3.7.8

Capital Expenditure 2011/12: Road Services					
					R' 000
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	73,250	46,541			
Kokosi Extension 5 Ring Road construction	0	1,400	636	100%	3,500
Merafong Construction of existing Pavements	0	473	432	100%	11,456
Loading Zones at Taxi Areas	0	168	223	100%	1,950
Rehabilitation of existing roads	1,500	1,500	0	0%	75,000
Khutsong 1,2 and 3: Construction of new road 9352 stands	29,750	24,000	26,448	-12%	35,529
Khutsong 1,2 and 3: Construction of new road 9352 stands	42,000	19,000	1,840	-2183%	47,000
Khut South Internal Roads: Detail Designs	0	13,500	5,650	100%	15,000
Khut South: Design Road over Rail Bridge Detail Design	0	4,000	1,291	100%	5,000
Design & Constr of Pedestrian Bridge	0	3,000	976	100%	10,000
Kokosi Ext 6 Construction of Roads	3,802	0	0		5,558
Fencing: Railway Line	0	23,000	3,607	100%	23,000
					T3.7.9

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

Good progress was achieved during the year under review with the construction of bulk roads (main access roads) and associated stormwater towards meeting the Record of Decision (RoD) requirements in the new Khutsong South development. Approximately 6.9 km out of the ±17.9 km has been constructed, with a further ±6.1 km planned for construction during the 2012/13 financial year.

Designs for all of the bulk roads inclusive of the internal roads (which comprise a further ±45.6 km) are complete, but implementation would be dependent on the sourcing of additional funding for implementation in future years.

Fencing of the railway line that is also part of the RoD requirements is currently in progress. To overcome the access difficulties associated with the fencing, construction of a pedestrian bridge is planned to commence in the 2012/13 financial year to ultimately provide safe pedestrian crossing of both the major provincial road and the railway line.

Planning for a road over Rail Bridge to connect the Khutsong South communities by road is already at a well advanced stage, but commencement of construction will have to be delayed until such time that funding can be sourced for construction.

Expenditure on the R105 million DoHS grant transferred to the municipality only during March 2012 was very limited given that a large proportion of the projects the funding was assigned to had to be initiated from start, thus the design phase only commenced in the last quarter of the year with the tender and construction phases to follow in the 2012/13 financial year, resulting in the need for these projects to be rolled over.

T3.7.10

3.8 LICENSING

INTRODUCTION TO LICENSING

This section deals with registration, licensing, issuing of permits and road worthiness of vehicles and application for learners, drivers and professional driving permits in line with the National Road Traffic Act. 93/96.

Top three service delivery priorities:

* Registration of motor vehicles
*Licensing of motor vehicles
*Administration of learner licenses, drivers licenses and roadworthiness.

Measures taken to improve performance:

*To appoint personnel on vacant positions in order to be compliant with best practice model, this will assist in the following:
*Fraud and corruption
*Long queues
Major efficiency achieved:
*Reduction in waiting period in the queue for payments of motor vehicle licensing and registrations.

T3.8.1

LICENSING Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2008/09	2009/10	2010/11		2011/12			
Service Indicators (i)	(ii)	Target *Previous Year	Actual	Target *Previous Year	Actual *Current Year	Target	Actual *Current Year	Target *Current Year	*Following Year

There were no Policy Objectives for the Section for the current financial year.

T3.8.3

Employees: **LICENSING**					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	2	3	2	1	33%
7 - 9	13	16	13	3	14%
10 - 12	18	25	18	7	62%
13 - 15	7	7	7	6	86%
16 - 18	6	9	6	3	0%
19 - 20	5	6	5	1	0%
Total	51	66	51	21	40%

T3.8.4

Financial Performance 2011/12: LICENSING					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operation Revenue (Excluding Tariffs)	Refer to Table T 3.65.5				
Expenditure					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					
					T3.8.5

Capital Expenditure 2011/12: LICENSING					
					R' 000
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No Capital Projects for the year under discussion.					
					T3.8.6

COMMENT ON THE PERFORMANCE OF LICENSING OVERALL:

This section previously had queuing system. It was always inundated with long queue. The system had its own flaws and was not effective in terms of service delivery. This was improved with daily bookings which improves a drastically. The betterment of the system was responsive to the needs of community. Waiting time period improved and this yielded satisfaction on service delivery.

The licensing and registration transactions are still done in conjunction with Provincial department of transport

T3.8.7

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

Capital funds have been sourced to cater for bulk storm water drainage and internal storm water systems in areas that include Wedela and Khutsong townships in financial years of 2008/9; 09/10 & 10/11. The bulk storm water channels have assisted in reducing the flooding of the storm water from the newly built RDP settlements (Wedela ext.3 and Khutsong South). The internal storm water systems in Khutsong South are collecting the stormwater from within the township and deposits into the bulk channels.

The challenge that was experienced with the bulk storm water channels is that they are eroding due to the fact that they were not lined with concrete during the first phase of the earthworks excavations. The matter will be resolved as the planning for phase 2 of the concrete lining is in process. On informal settlements the municipality is doing constant grading of the gravel roads, to allow for the free flow of storm water as the temporal means of assistance until such time the roads can be surfaced and be provided with proper storm water infrastructure.

T3.9.1

Stormwater Infrastructure				Kilometers
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2009/10	Baseline not available	33.5 Kerbs replaced 2.15earth channel constructed	No upgrading done	310 Kerb inlets repaired and maintained 2.7 of stormwater channels cleaned
2010/11	Baseline not available	85 Kerbs replaced	No upgrading done	688 Kerb inlets repaired and maintained 16.9 stormwater channels cleaned.
2011/12	Baseline not available	86 Kerbs replaced	14 upgraded kerb inlets	299 kerb inlets repaired and 4127.55 meters of concrete channels maintained
				T3.9.2

Cost of Construction /Maintenance Stormwater Measures			'000
	New	Upgraded	Maintained
2009/10	300	261	1861
2010/11	420	462	3854
2011/12			
			T3.9.3

Stormwater Services Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2008/09	2009/10	2010/11	2011/12				
Service Indicators (i)	(ii)	Target *Previous Year	Actual	Target *Previous Year	Actual *Current Year	Target	Actual *Current Year	Target *Current Year	Actual *Following Year
Provision of bulk Stormwater Infrastructure	The project is implemented on a multi year basis, starting with bulk earth works. 2.15km of bulk earthwork channels constructed	0 km	0 km	0km	2.15km	2.15km	2km	1.89km	
Provision of internal stormwater services	7km	0 km	0 km	0km	7km	7km	0km	0km	
									T 3.9.5

Employees: Stormwater Services					
Job Level	2009/10	2010/11			
	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	0	4	3	1	25%
7-9	0	4	2	2	50%
10-12	0	7	6	1	14%
13-15	0	12	0	12	100%
16-18	0	4	0	4	100%

Employees: Stormwater Services					
Job Level	2009/10	2010/11			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19-20	0	15	0	15	100%
Total	0	47	11	35	74%

T3.9.6

Financial Performance 2011/12: Stormwater Services					
					R'000
Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operation Revenue (Excluding Tariffs)	Refer to Table 3.7.8				
Expenditure					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					

T3.9.7

Capital Expenditure 2011/12: Stormwater Services					
					R' 000
Capital Projects	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3,000	25,970	17,451	83%	
Khutsong 1,2,3 Bulk Stormwater (Phase 1)	0	0	1,318	6%	26,299
Khutsong 1,2,3 Bulk Stormwater (Phase 2)	0	8,970	7,355	100%	9,000
Bulk Stormwater: Detail Design & Implementation	3,000	3,000	2,962	-1%	10,000
Wedela Ext. 3 Stormwater Channel	0	1,500	698	100%	4,400
Lining of Bulk Stormwater	0	3,500	550	100%	35,000
Planning for Link Bulk Stormwater	0	9,000	4,568	100%	10,000

T3.9.8

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Stormwater attended to during the year under review from a capital investment perspective primarily focused on meeting the Record of Decision (RoD) requirements of the Khutsong South development. The lining of bulk stormwater canals and the installation of large diameter culverts are in the construction phase, but a number of the canals conveying bulk stormwater still remain to be attended to. It is therefore planned that a significant portion (±43%) of the R105 million DoHS grant received in March 2012 will be availed to further lining operations and the planning for the link channels.

T3.9.9

COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

As a Spatial planning and Environmental Management Section, it is our responsibility to uphold sound planning principles which will benefit both the community of Merafong and organizations/individuals investing in the Merafong area with no compromise to the environment. The section comprises of professionals who are dedicated in to bring new and innovative development in human settlement and the planning sector.

The seclusion of our towns makes it challenging to provide proper bulk infrastructure to stimulate investment opportunities. Various corridors has been identified and earmarked for local economic development and to encourage the emergence of new economic opportunities in order to create employment

3.10.0

3.10 PLANNING

INTRODUCTION TO PLANNING

The year 2011/2012, the Section identified new developments through the establishment of the Fochville Ext 14 (industrial site) comprising of 39 erven, the consolidation and subdivision of two big erven in Kokosi to create additional 19 erven for mixed use development. In Khutsong South 3 erven where identified for consolidation and subdivision for commercial purposes as there is a high demand for commercial property.

A geological investigation is in process to establish if the Carletonville Taxi rank can be relocated to a property earmarked for a multi transport mode. The proposed multi transport mode will accommodate the existing mini taxis, buses for long and short distance and any other mode of public transport which uses roads.

During the review of the Integrated Development Plan (IDP) in March 2012, the Municipal Spatial Development Framework (MSDF) was reviewed and approved together with the IDP, and aligned with the Regional SDF of the District.

Gauteng Department of Local Government and Housing appointed a service provider to develop a precinct plan for Khutsong as part of the Provincial Government to revitalize 26 Township is Gauteng. The precinct was table before Council for cognizance and was approved by the Province.

The GIS division extended its database work as it has started to capture new properties in Khutsong South Extension (capturing of stand numbers, stand sizes and street names) and continued with the scanning of building plans. For the year 2011/12 the GIS division has created an additional 10600 new stands in Khutsong South Extensions 1 to 6, captured 90% of the Street names and calculating of Street length. Furthermore Khutsong South Extension 1 to 4 has been captured and registered on the Municipal BIQ. The division is currently busy with the capturing of Extensions 5 and 6.

T3.10.1

Applications for land Use Development								
Detail	Formalisation of Townships		Rezoning		Building Line		Second dwellings	
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12
Applications received	0	0	27	7	0	26	8	2
Applications withdrawn	0	0	0	0	0	0	0	0
Applications withdrawn	0	0	0	0		300		
Application outstanding at year end	1	1	0	13	0	0	0	2

T3.10.2

Employees: Planning Services					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	7	12	6	6	50%
7 - 9	1	1	1	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	9	14	8	6	43%
					T3.10.3

Financial Performance 2011/12: Planning Services					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	167	17	44	91	81%
Expenditure:					
Employees	3,110	3,729	3,729	3,621	-3%
Repairs and Maintenance	26	112	60	10	-1020%
Other	3,059	1,321	1,013	988	-34%
Total Operational Expenditure	6,195	5,162	4,802	4,619	-12%
Net Operational (Service) Expenditure	6,028	5,145	4,758	4,528	-14%
					T3.10.4

Capital Expenditure 2011/12: Planning Services					
					R' 000
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Provide new 2 Offices at Town Planning	400	0	1 052	-100%	400
Creation of commercial stands in Khutsong South	400	400	400	-100%	400
Air Quality emissions License	350	0	0	-100%	350
Township Establishment: Fochville Ext14	600	600	209	-100%	600
Geological Survey	500	0	443	-100%	500
Wedela Pegs	500	0	0	-100%	500
Land Acquisition: FWRDWA	938	0	0	-100%	938
Environmental awareness and training	100	0	0	-100%	100
State of environment Report	500	0	0	-100%	500
Multi Transport Node	300	300	0	-100%	300
Land Audit	250	0	0	-100%	250
Total	4,838	1,300	0	-100%	4,838
					T3.10.5

COMMENT ON THE PERFORMANCE OF PLANNING SERVICES OVERALL:

The Section Spatial Planning and Environmental Management for the year 2011/2012 had three capital projects which were identified and budgeted for in the IDP.

The projects are:

- Fochville Extension 14, Township Establishment- The establishment of this project is to provide industrial property along the Kerk Street. The project is a roll over project which is to be completed within the 2012/2013 financial year.
- Multi transport node – the main purpose of the project is to conduct a geological investigation to determine if the land would be developable and the feasibility of relocation the existing Carletonville taxi rand to a new location. The project is at it advance stage and has been rolled over to the 2012/2013 financial year.
- Khutsong South Commercial area- this project is to consolidate, subdivide and rezone three big properties which will be used for commercial purposes. The rezoned properties will be alienated to the member of community and interested parties who wish to invest in the area.

For 2012/2013 there is one project identified in the IDP, and that is the Land Audit/Uniform Land Use Scheme, which is not budgeted for.

T3.10.7

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

Merafong City Local Municipality Growth and Development Strategy (GDS) is the main tool that drives the economic policy. The strategy defines the following five strategic thrusts in the practical implementation of the GDS:

Thrust 1 - Development of agricultural sector
Thrust 2 - Industrial beneficiation development
Thrust 3 - Infrastructure Development
Thrust 4 - Local Business Development
Thrust 5 - Human resource Development and Empowerment

Contributions made:

Development of agricultural sector

Merafong City local Municipality supports Small scale farmers y through agricultural development programmes, which include access to land, training and capacity building as well as equipment and necessities. Land has been identified to accommodate Youth farming cooperatives that have been trained by Gold Fields on urban agriculture. In support of the National food security programme Council has established food gardens in conjunction with NGO's, schools and community structures.

Industrial beneficiation development

Mining sector play a vital role in this thrust. The successful implementation of projects aligned to beneficiation is largely dependent on the support of the mining sector through Social Labour Plan project implementation. Constant consultations with Government departments are on-going to implement beneficiation projects in a sustainable manner.

Local Business Development

Khutsong South industrial hive Phase 2 and an Informal trading area has been built to support Local SMME`s. Greenspark Industrial hive is currently planned for the next financial year and this will have a positive impact on job creation.
Several business forums have been established and launched to promote SMME development through the involvement of local businesses.

Fifteen SMME`s participated in the Plato 2 programme and this has been realized because of partnership with the Johannesburg Chamber of Commerce as well as Gauteng Enterprise Propeller The PLATO mentorship programme involves well-established businesses in the various sectors in mentoring SMME's on key programmes such as business planning, financial management, corporate

governance, etc.

Human Resource Development and Empowerment

Several training sessions have been concluded for the purposes of developing and empowering the SMME's as well as workshops.

T3.11.1

Economic Activity by Sector			R '000
Sector	**2009/2010**	**2010/2011**	**2011/2012**
Agric, forestry and fishing	139	130	150
Mining and quarrying	5,250	6,763	7,157
Manufacturing	386	412	396
Wholesale and retail trade	1,106	1,254	1,366
Finance, property, etc.	1,224	1,330	1,403
Govt, community and social services	2,331	2,584	2,590
Infrastructure services	371	428	522
Total	10,807	12,901	13,584
			T3.11.2

Economic Employment by Sector **Formal and informal employment - Total (number) Jobs**			
Sector	2009/10 No.	2010/11 No.	2011/12 No.
Agric, forestry and fishing	1,337	1,096	1,126
Mining and quarrying	44,227	44,074	41,404
Manufacturing	2,668	2,392	2,432
Wholesale and retail trade	11,414	11,493	11,164
Finance, property, etc.	4,620	4,175	4,454
Govt, community and social services	14,613	14,198	14,786
Infrastructure services	2,602	2,628	2,507
Total	81,481	80,056	77,870
			T3.11.3

COMMENT ON LOCAL JOB OPPORTUNITIES:

Agriculture, Forestry and Fishing

There is a slight decrease in the performance of this sector and this sector is the economic growth advantage as described in the Merafong Growth and Development Strategy (GDS).. The municipality has to look at opportunities as identified in the GDS and land should be requested from the mines. Negotiations with Corobrick have been started for land donation

Mining and quarrying

A slight decrease is noted although mining is the main economic driver of Merafong.

Manufacturing

Manufacturing has also declined in this financial year. An incentive policy will assist the municipality in drawing in possible investors in the manufacturing industry. Strong SMME focus in the areas of jewellery beneficiation will assist the Municipality, this should be the future endeavour.

Wholesale and retail

There is a steady increase in production. Focus on SMME's to venture in this sector is important.

Finance, property, etc.

This sector has declined; reasons could be the expensive houses in Merafong as compared to the neighbouring Towns.

Government, community and social services

Slight decrease is marked. An incentives policy as well as land availability and implementation of Urban Renewal programme by the municipality will assist the municipality in the long term.

Infrastructure services

A slight improvement is noticed in the last year. Service delivery backlogs have been partially addressed. There is still a need for improvement.

Access to services is to be considered by the municipality as well because most of the community members use taxis. Bus services are necessary because it is more affordable, in future busses will be advised.
are necessary because it is more affordable, in future busses will be advised.

T3.11.4

Jobs Created during 2011/12 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
2009/10	0	0	0	
2010/11	56	0	56	Project data
2011/12	8	0	8	Beehives
				T3.11.5

Job creation through EPWP* projects		
Year	EPWP Projects No.	Jobs created through EPWP projects No.
2009/10		1 563
2010/11		1 910
2011/12		3 125
Job created through CWP projects		
Year	CWP Projects	Jobs created through CWP Projects
	No.	No.
2010/11		2 300
2011/12		2 120
* - Extended Public Works Programme		T3.11.6

Local Economic Development Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2007/08	2008/09	2009/10	2011/12				
Service Indicators (i)	(ii)	Target *Previous Year	Actual	Target *Previous Year	Actual *Current Year	Target	Actual *Current Year	Target *Current Year	Actual *Following Year
Training of SMME's	284		103			283	386		
Promoting of SMME's	23					0	23		

Employees: Local Economic Development					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	4	3	1	25%
7 - 9	2	3	2	1	33%
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	5	8	6	2	25%
					T3.11.8

Financial Performance 2011/12: Local Economic Development					
					R'000
Details	2009/10	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tarrifs)	1	1	1	3	67%
Expenditure:					
Employees	2,047	2,318	2,318	2,307	0%
Repairs and Maintenance	0	0	0	16	100%
Other	999	1,153	1,153	669	-72%
Total Operational Expenditure	3,046	3,471	3,471	2,992	-16%
Net Operational (Service) Expenditure	3,045	3,470	3,470	2,989	-16%
					T3.11.9

Capital Expenditure 2010/11: Economic Development Services					
					R' 000
Capital Projects	2011/12				
	Budget	Budget Adjustment	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	10,000	519	100%	
Traders Market Osmium Street	0	5,000	372	100%	5,000
Khutsong Industrial Hive (Phase 2)	0	5,000	147	100%	5,000
					T3.11.10

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Operational budget:

The department performed well although there is R3, 006,000 that was not spent, reason being some funds was not utilised because of the delay in the appointment of a service provider for the procurement of Tourism information kiosk and Tourism website. Office furniture was also not procured because LED does not have enough office space, but presently the service provider has been appointed and the website is functioning well.

Capital projects:

Khutsong South Industrial Hive Phase II

The tender was advertised and readvertised again after the new Council was formed, the tender is due for bid adjudication.

Informal trading market

The contractor is on site the expected date of completion is end February 2013.

T3.11.11

COMPONENT D: COMMUNITY & SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The department consists of the following sections: Library Information Services, Sport & Recreation, Arts & Culture and Facility Management. For this period the department endeavoured to improve services by putting in place the programs and implementation plans in conjunction with the stakeholders.

T3.52.0

3.52 LIBRARIES & COMMUNITY FACILITIES;

INTRODUCTION TO LIBRARIES & COMMUNITY FACILITIES

Libraries

There are 17 community libraries in Merafong that are managed by Council, these include two new facilities which were officially opened namely Blybank and Khutsong South. Toy library was also introduced at Blybank, Khutsong South Wedela and Greenspark with 2 Librarians trained in toy library usage. Free internet access was made available to community members in 10 libraries.

These Libraries are accessible to the communities and the necessary support is given to users in terms of education, access to computers, photocopy, fax, and story hour and life long learning reading programs presented. The total membership for all libraries was high in the previous year, however for the 2011/2012 financial year it was drastically reduced due to the newly installed management system which automatically deletes membership that have not been in use for 3 months.

Community Facilities

Facilities in Merafong City Local Municipality are being utilised by the Community for relevant purposes. They are mainly used for events such as weddings, funeral services, competitions, parties as well as sports activities. Council has developed nominal tariffs in accordance with by-laws to manage and maintain these facilities. The negative variance experienced with regards to bookings is due to a number of factors e.g. Closure of Khutsong Community Hall for the upgrading of flooring, free bookings, cancelations as well as the closure of Wedela swimming pool for the financial year due to a broken pool pump house which has been successfully replaced.

T3.52.1

SERVICE STATISTICS FOR LIBRARIES & COMMUNITY FACILITIES

The table below reflects the service statistics pertaining to libraries and community facilities.

It is imperative to highlight that Arts & culture is one of the important disciplines of the department. In that regard a calendar of events has been developed and approved for implementation in different areas of our The table below reflects the service statistics pertaining to libraries and community facilities as well as Arts & Culture Calendar of Events.

LOCATION	LIBRARY STATISTICS								
	Fiction	Non-Fiction	Photo-Copy	Internal Use	Video Cd Ed. Toys	Adults	Youth	Usage	Library Hours Per Week
JUNE 2011	16377	2914	31636	18976	1035	9233	5179	1240	464
JULY 2011	14405	2763	27073	22818	951	9262	5115	1398	464
AUGUST 2011	15646	2773	27591	18380	713	9198	5303	1049	464
SEPTEMBER 2011	14099	2945	39376	38627	1994	9684	5622	2766	464
OCTOBER 2011	12986	2785	30646	41100	1171	8759	5648	2851	464
NOVEMBER 2011	15497	4457	29907	37031	944	7654	6586	2331	580
DECEMBER 2011	8942	1173	11392	15242	530	4280	2982	1246	580
JANUARY 2012	12314	2277	29686	25402	857	4520	3038	2176	580
FEBRUARY 2012	12533	2846	44361	49002	748	4814	3114	3930	580
MARCH 2012	17860	3628	34759	32792	830	6157	5224	979	580
APRIL 2012	12477	2789	32159	34324	582	4856	3271	3625	580
MAY 2012	16377	2914	31636	18976	1035	9233	5178	1240	580
JUNE 2012	12464	2139	32640	29329	557	3524	1849	3886	580
TOTAL	181,977	36,403	372,216	356,597	11,965	58,109	58,109	28,717	6960
									T3.52.2

Facilities	Number of facilities	2010/2011	2011/12
Library Services - Members			
Library services	17	14,239 Members	**5373 Members**
Khutsong Community Hall	1	164 Bookings	110 Bookings
Fochville Civic Centre	1	90 Bookings	86 Bookings
Greenspark Community Hall	1	46 Bookings	51 Bookings
Molatlhegi Hall	1	62 Bookings	99 Bookings
Wedela Main Hall and Recreation Club	1	206 Bookings	313 Bookings
Carletonville Lapa	1	77 Bookings	76 Bookings
Carletonville Civic Centre	4 Halls	485 Bookings	515 Bookings
Carletonville Sport Complex	3 Halls and outside terrain	403 Bookings	386 Bookings
Piet Viljoen Park Lapa	1	30 Bookings	48 Bookings
			T3.52.2

Libraries, Archives, Museums, Galleries, Community facilities, other Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2009/10	2010/11		2011/12				
Service Indicators (i)	(ii)	Target *Previous Year	Actual	Target *Previous Year	Actual	Target	Actual *Current Year	Target *Current Year	Actual *Following Year
Provide access to sustainable human settlement	Khutsong library - Rebuild	100%	10%	90%	90%	100%	100%	100%	100%
Provide access to sustainable human settlement	Greenspark library	100%	10%	90%	90%	100%	100%	100%	100%

Libraries, Archives, Museums, Galleries, Community facilities, other Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2009/10	2010/11		2011/12				
Service Indicators (i)	(ii)	Target *Previous Year	Actual	Target *Previous Year	Actual *Current Year	Target	Actual *Current Year	Target *Current Year	Actual *Following Year
Development of facilities & improve access to facilities	Fochville study facility	0%	0%	0%	0%	0%	0%	0%	100%
Development of facilities & improve access to facilities	Farming area: mobile library	0%	0%	0%	0%	0%	0%	0%	100%
Development of facilities & improve access to facilities	Blybank Library Completed	10%	40%	40%	100%	100%	100%	100%	100%
T3.52.3									

Employees: Libraries, Archives, Museums, Galleries, Community facilities, other					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	1	1	1	0	0%
4-6	3	11	4	7	63%
7-9	15	27	15	12	44%
10-12	32	44	35	9	20%
13-15	4	6	3	3	50%
16-18	0	5	1	4	80%
19-20	21	79	54	14	17.7%
Total	76	175	113	49	28%
T 3.52.5					

Financial Performance 2010/11: Libraries, Archives, Museums, Galleries, Community facilities, other					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operation Revenue (Excluding Tariffs)	313		278	397	100%
Expenditure					
Employees	4,742	7,472	6,977	5,233	-43%
Repairs and Maintenance	56	97	83	82	-18%
Other	4,240	802	972	9,762	92%
Total Operational Expenditure	9,038	8,371	8,032	15,077	44%
Net Operational Expenditure	8,725	8,371	7,754	14,680	43%
T3.52.5					

Capital Expenditure 2011/12: Libraries, Archives, Museums, Galleries, Community facilities, other					
					R' 000
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	2,620	2,929	100%	
Khutsong South Library	0	1,100	893	100%	2,632
Blybank Library	0	1,520	2,036	100%	2,700
					T3.52.6

COMMENT ON THE PERFORMANCE OFLIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:

The 2011/2012 financial year raised challenges that will be of major help in crafting way forward for the 2012/2013 financial year. Also to be mentioned is the splitting of the department with endeavor to maximize performance and project management of facility maintenance. However strategies will be developed to guide mobilization of resources and implementations of plans.

T3.52.7

3.55 CEMETERIES

INTRODUCTION TO CEMETERIES

In the area of jurisdiction of Merafong there are currently 11 cemeteries of which 5 are full to capacity and only 6 are in operation. The increase in demand for graves is a serious challenge for Council as the capacity is limited due to unavailability of suitable land.

Cemeteries are visited on a regular basis by the community, therefore it is essential to uphold a high service standard.

T3.55.1

SERVICE STATISTICS FOR CEMETERIES		
AREA	2010/11	2011/12
Khutsong South Cemetery	937	770
Kokosi Cemetery	398	96
Fochville Cemetery	463	385
Greenspark Cemetery	169	75
Wedela Cemetery	207	101
West Wits Cemetery	239	170
		3.55.2

Cemeteries **Policy Objectives Taken From IDP**									
Service Objectives	Outline Service Targets	2009/10		2010/11			2011/12		
Service Indicators (i)	(ii)	Target	Actual	Target		Actual	Target		Actual
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
Provide Cemetery facilities	Grave digging							2500	1957
	Maintenance of cemeteries							5 week cycle	4 week cycle
	Upgrading of cemeteries	1	1	1	1	1	1	2	2
									T3.55.3.

Employees: Cemeteries & Crematoriums					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	2	2	2	2	100%
7 - 9	4	5	3	2	20%
10 - 12	6	13	8	5	60%
13 - 15	13	2	1	1	50%
16 - 18	21	16	11	5	70%
19 - 20	38	58	42	16	25%
Total	13	22	13	9	41%
					T3.55.4

Financial Performance 2010/11: Cemeteries & Crematoriums					
					R'000
Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operation Revenue (Excluding Tariffs)	479	904	1004	413	-119%
Expenditure					
Employees	861	1037	1040	1039	0%
Repairs and Maintenance	50	58	44	20	-190%
Other	960	3265	3024	1589	-105%
Total Operational Expenditure	1871	4360	4108	2648	-65%
Net Operational Expenditure	1392	3456	3104	2235	-55%
					T3.55.5

Capital Expenditure 2010/11: Cemeteries & Crematoriums					
	R' 000				
Capital Projects	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
None					
					T3.55.6

COMMENT ON THE PERFORMANCE OF CEMETERIES & CREMATORIUMS OVERALL:

The essential function for the provision of graves was executed in all cemeteries in Merafong City .Programmes was implemented to deal with backlogs regarding the maintaining of cemeteries to improve the total appearance thereof

Vandalism were still experienced in some of the cemeteries The fencing of all cemeteries is a priority to prevent further damages to tombstones .

T3.55.7

3.56 CHILDCARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

CHILD CARE

During the Year in review, 75 Early Childhood Development Centres profiled. Constant support visits maintained in collaboration

with Municipal Health and Department of Social Development to enforce compliance to Child Health and Safety legislation. Four awareness creating activities on child care and protection were planned and implemented around the Municipality. 2655 orphans were referred for Social Grant applications and R90 000.00 spent during the year in review on support to orphaned children.

AGED CARE

Elderly People Support Groups established in Khutsong, Kokosi and Wedela. Municipal facilities availed for weekly Luncheon Club activities. Food gardening projects started and supported at the Aganang, Greens Park and Legae Elderly People's Centres. R104 000.00 spent during the year in review in support to Elderly People's programme.

SOCIAL PROGRAMMES

During the year in review, a total of 08 programmes were implemented in support of Vulnerable groups. Particular focus was put on People with Disabilities, Women, Elderly people. The establishment of the Morale Regeneration Desk from January 2012 enabled implementation of 3 programmes in elevation of Societal Morale Regeneration.

HIV and AIDS Prevention

The Municipality ion collaboration with the Department of Health sustained a ward based HIV and AIDS education programme. During the year in review, 164 209 people were reached through the door to door campaign. This compared to the 98 201 reached in the 2010/2011 financial year. 198 676 male and female condoms were distributed. 16 programs on education and awareness were implemented around the Municipality. 101 volunteers were recruited for this municipal wide awareness campaign.

Youth Development

During the year in review, three Youth centres were established in Khutsong, Wedela and Kokosi. A total of R379 120.00 was spent on Student Tertiary school registration. 37 young people were identified and registered for FET qualifications through the Rural Development programme.102 were identified and placed in corporate offices for experiential work through the National Youth Service program.

NGO Support

During the year in review, R155 000.00 was spent on support to unfunded NGOs and Home Based care Centres Erf 10092 In Khutsong South was availed to the Senganagakhona Orphanage for the erection of a structure for orphaned and vulnerable Children. Three Home Based Care Centres in Kokosi, Greens Park and Wedela maintained by the Municipality including provision of free Municipal services.

T3.56.1

SERVICE STATISTICS FOR CHILD CARE

The Municipality during the year has supported 21 Early Childhood Development centres (ECD's) in the municipal area of jurisdiction. ECD'S are assistance in registering to the Department of Social Development. In collaboration with the district regular monitoring and advise on complying with the health requirements are done.

T3.56.2

Employees: Child Care					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	0	3	100%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%

Employees: Child Care					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	4	4	1	3	75%

T3.56.4

Financial Performance 2011/12: Child Care					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operation Revenue (Excluding Tariffs)					
Expenditure					
Employees	160	815	0	815	0%
Repairs and Maintenance					
Other					
Total Operational Expenditure	160	815	0	815	0%
Net Operational Expenditure	160	815	0	815	0%

T3.56.5

Capital Expenditure 2011/12: Child Care					
					R' 000
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value

None

T3.56.6

COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL:

An Integrated Social Development Programme developed that will give more focus on all identified vulnerable groups (Youth, children, women, people with disabilities and people infected and affected by HIV and AIDS). Rehabilitation and opening of the Khutsong West Clinic, Extension of consulting rooms at the Greens Park Clinic and provision of a site to the Department of Health for erection of a Clinic structure in Greenspark were all finalised in the year in review for the enhancement of Primary Health Care services to the community

T3.56.7

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and coastal protection.

INTRODUCTION TO ENVIRONMENTAL PROTECTION

The Environmental Management Section was only established in 2008/09, with one Senior Environmental Management Officer. Since the establishment of the function limited resources were made available to fully capacitate the Section.Two more Environmental Officers have been appointed duirng 2011/12 financial year.

The Environmental Management Section is responsible for all issues relating to environmental management and pollution controll, such as:

- Compliance auditing on all municipal projects subject to ROD/permit conditions and other environmental legislation.
- Review and comment on Environmental Impact Assessments, Scoping Reports, EMPR and Basis Assessment Reports on all new development projects within Merafong City.
- Investigate and attend to complaints related to waste and environmental management.
- Monitor and audit all waste management facilities within the councils' jurisdiction.
- Assist in the development of environmental management policies.
- Conduct environmental education awareness programmes within the community and schools highlighting environmental threats and consequences.

3.59.0

3.59 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

This Section is responsible to conduct audits on identified environmental polution risks in the municipal area. The greatest risks within the area are mainly caused by the mining industry pertaining to tailings dams, water pollution, dust pollution and solid waste pollution.

The municipality is actively involved in the Wonderfonteinspruit Forum and their Remedial Action Plan, to clean up and prevent future pollution and contamination of the Wonderfonteinspruit.

Merafong City further participates at the West Rand District Municipality's Mining Forum and Environmental Management Co-ordination forum to prevent and manage pollution control within the Merafong area.

T3.59.1

SERVICE STATISTICS FOR POLLUTION CONTROL

Merafong City however does not have an air pollution station, to provide any statistics on air pollution, or has any pollution control policies in place. An air quality monitoring station was listed in the IDP for 2010/2011, but no funding was allocated. The project could therefore not be implemented. As a result of staff shortages, the following projects and Waste facilities were audited on a monthly basis:

POLLUTION CONTROL INSPECTIONS		
Area of Inspection	No of inspections and audit conducted	Compliance Level
Khutsong south Housing Project	12	80%
Carletonville Landfill Site	12	39%
Fochville Transfer Station	12	80%
Welverdiend Transfer Station	12	20%

T3.59.2

Employees: Polution Control					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	1	3	1	2.5	33%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	1	3	1	2.5	33%

T3.59.4

Financial Performance 2011/12: Polution Control					
					R'000
Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operation Revenue (Excluding Tariffs)	0	0	0	0	0%
Expenditure					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	40	40	40	40	0%
					T3.59.5

Capital Expenditure 2011/12: Polution Control					
					R' 000
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No Capital Projects for the year.					
					T3.55.6

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROLOVERALL:

Merafong City participated in the Green IQ, Clean and Green and Rand Water Environmental awareness campaigns, with the successful enrolment of three previously disadvantaged schools for community garden projects. A total of 2650 trees were planted within Merafong City for the year. Air pollution still remains a challenge without proper equipment and funding

T3.59.7

3.60 BIO-DIVERSITY; LANDSCAPE & OPEN SPACES

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

During the year under discussion the Municipality had no Bio-Diversity programmes planned.

The Parks Section is responsible for the cutting of grass on sidewalks and open spaces in residential and industrial areas and the managing of open spaces and parks

Backlogs such as weather conditions and extended areas responsible for were improved due to dedicated grass cutting and maintenance programmes

T3.60.1

Service Statistics for Bio-Diversity; Landscape and Other			
Description	2009/10	2010/11	2011/12
	Actual No.	Actual No.	Actual No.
Sidewalks every 4 weeks	2200000m2	13200000m2	13200000m2
Open spaces every 8 weeks	3760000m2	11280000m2	11280000m2
Minimum service level and above sub-total	4 Week cycle 8 week cycle		
Town Entrances	11	11	11
Civic Centers	2	2	2

Service Statistics for Bio-Diversity; Landscape and Other			
Description	2009/10	2010/11	2011/12
	Actual No.	Actual No.	Actual No.
Main Streets	45KM	45km	45km
Facilities	5	5	5
Tree Pruning	1 792	1800	2237
			T3.60.1

SERVICE STATISTICS FOR BIO-DIVERSITY

Function not performed in the year under discussion.

T3.60.2

Bio-Diversity; Landscape and Other Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2009/10		2010/11			2011/12		
Service Indicators (i)	(ii)	Target	Actual	Target		Actual	Target		Actual
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
No Objectives for Bio-Diversity, Landscape and Other in the year under discussion in the IDP.									
									T3.60.3

Employees: Bio-Diversity; Landscape and Other					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0
4 - 6		2		2	100%
7 - 9	3	4	3	1	25%
10 - 12	6	9	6	3	33%
13 - 15	1	2	1	1	50%
16 - 18	11	14	11	3	21%
19 - 20	31	42	31	7	16.6%
Total					
					T3.60.4

Financial Performance 2011/12: Bio-Diversity; Landscape and Other					
					R'000
Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operation Revenue (Excluding Tariffs)			4770		
Expenditure					
Employees	9809	10740	10775	10767	0%
Repairs and Maintenance	1372	861	1444	1599	46%
Other	9045	7219	8793	9584	25%
Total Operational Expenditure	20226	18820	21012	21950	14%
Net Operational Expenditure	20226	18820	16242	21950	14%
					T3.60.5

Capital Expenditure 2011/12: Bio-Diversity; Landscape and Other					
					R' 000
Capital Projects	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Beautification Town Entrances	750	750	750	0	750
Park Development Khutsong	1,000	1,000	244	750	1,000
					T3.60.6

COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY; LANDSCAPE AND OTHER OVERALL:

Overview on Parks projects is to state that 80% of all projects and developments regarding parks were executed in the relevant budget and time frame. Backlogs which are experienced are due to unavailability of certain materials required and the necessary administrative approval and advertisement through procurement and supply chain.

T3.60.7

COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

Introduction To Health

The Primary Health Care Clinics was transferred to the Provincial Government in terms of the National Health Act No. 63 of 2003. However the Clinics are still utilizing Municipal facilities in some areas of Merafong City to delivery Primary Health Care Services.

The Ambulance Service was divorced from the Fire and Rescue Services in 2009 and the Ambulance Service is now in terms of the National Health Act being rendered by the Provincial Government. Health inspections are a District Function, rendered in the Merafong City area of jurisdiction by the West Rand District Municipality (WRDM).

T.62.0

COMPONENT G: PUBLIC SAFETY & SECURITY

INTRODUCTION PUBLIC SAFETY AND SECURITY

TThe section is rendering service to the public of Merafong City with regards to driver documentation and vehicle registration, licensing and roadworthiness. These activities are done in conjunction with the Gauteng Provincial Department of Transport. All drivers and vehicles must pass the applicable National Test with the aim to promote road safety.

The section is mandated to improve on general traffic law enforcement and thus reducing motor vehicle accidents. Effective coordination and evaluation of all road traffic officers is applied to ensure quality service delivery by the section. Traffic officers are further subjected to integrated standardized training programs. Other commitments from the section, include educating the general public on road safety matters, specifically focusing on driver conduct and school programs.

Security services is also administered by the Section, aimed at entrance and asset control. Measures are implemented in council premises to ensure the safety of both employees and the public. This is achieved through the services of both municipal and private security services.

T3.65.0

3.65 TRAFFIC CONTROL AND PARKING

INTRODUCTION TO TRAFFIC CONTROL AND PARKING

Motor vehicle accidents are a major cause of loss of life and injury in the Merafong City area of jurisdiction. A change in driver behavior is vital to reduce fatalities. To achieve this various programmes are implemented by the Section, inter alia driver awareness campaigns, road safety events, school education programmes, pedestrian awareness programmes. It is critical that we have responsible road users as part of a strategic intervention. In order to complement road safety promotion, education and engineer-

ing (road markings and signs), prosecution are key factors. Implementation of the demerit system, which will hold road users responsible for their conduct, will also ensure road discipline in future.

Special focal areas should be upon the following:

- To improve road signs and marking
- To promote road safety by way of education
- To increase law enforcement activities with the aim to prosecute any wrong doing.

T3.65.1

Traffic control and parking					
	Details	2010/11		2011/12	
		Actual No.	Estimate No.	Actual No.	Estimate No.
1.	Number of road traffic accidents during the year	2000	1995	1877	1995
2.	Number of by-law infringements attended	88	N/A	71	N/A
3.	Number of traffic officers in the field on an average day	39	N/A	39	N/A
4.	Number of traffic officers on duty on an average day	47	N/A	47	N/A

T3.65.2

Traffic control and parking Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2009/10		2010/11			2011/12		
Service Indicators (i)	(ii)	Target	Actual	Target		Actual	Target		Actual
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
Reduction in road accidents	% Reduction in road accidents over the target for the previous	1445	1445	1373	2173	2064	1877	1960	1960

T3.65.3

Employees: Traffic control and parking					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	4	5	4	1	20%
7 - 9	42	42	42	15	0%
10 - 12	0	0	0	0	0%
13 - 15	7	7	5	2	29%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	54	55	50	18	6%

T3.65.4

Financial Performance 2011/12: Traffic control and parking					
					R'000
Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tarrifs)	10,757	37,327	37,327	13,411	-178%
Personnel budget					
Operational budget	21,681	24,453	24,453	23,383	-5%

Financial Performance 2011/12: Traffic control and parking					
					R'000
Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Contracted services	879	417	417	846	51%
Repair & maintenance	8,096	28,034	28,034	7,697	-264%
Capital	30,656	52,904	52,904	31,926	-66%
Income	19,899	15,577	15,577	18,515	16%
					T3.65.5

Capital Expenditure 2011/12: Traffic control and parking					
					R' 000
Capital Projects	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No Projects For The Year					
					T3.65.6

COMMENT ON THE PERFORMANCE OF TRAFFIC OVERALL:

This section focuses mainly on activities relating to driver and vehicle fitness. There was a success in ensuring reduction on accidents. In year 2010/11 to 2011/12 number of motor vehicle accidents decreased substantially. Subsequently, there was an increase in traffic prosecution cases in the same period. This showed an indication of a direct link between prosecution and motor vehicle accidents.

T.3.65.7

COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

INTRODUCTION TO SPORT AND RECREATION

The promotion and development of sports and recreation in the community through increased access to facilities, programmes and projects is the main focus of this function. This is achieved through the provision of infrastructure and maintenance of existing infrastructure to ensure optimum utilisation and sustainability. The sports and recreation programmes are executed in conjunction with various community structures and relevant stakeholders.

T3.68.0

3.68 SPORT AND RECREATION

Service Statistics for Sport and Recreation			
Description	2009/10	2010/11	2011/12
	Actual No.	Actual No.	Actual No.
Gert van Rensburg Sports Complex, Popo Molefe Stadium, Greenspark Sports Field, Carletonville Sports Field, Wedela Sports Filed, Khutsong South Sports Field			
Carletonville Sport Complex	238 Bookings	715	181
Sporting Facilities - Tickets sold			

Service Statistics for Sport and Recreation			
Description	2009/10	2010/11	2011/12
	Actual No.	Actual No.	Actual No.
Wedela swimming pool	970 tickets sold	1301 Tickets sold	0 tickets sold. Facility closed due to faulty equipment Facility to reopen September 2012
Carletonville swimming pool	9761 tickets sold	5335 Tickets sold	9073 tickets sold
Gert van Rensburg swimming pool	2072 tickets sold	682 Tickets sold	1149 tickets sold
			T3.68.1

Sport and Recreation Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2009/10		2010/11			2011/12		
Service Indicators (i)	(ii)	Target *Previous Year	Actual	Target *Previous Year	Target *Current Year	Actual	Target *Current Year	Actual *Current Year	Actual *Following Year
Provide access to sustainable human settlement	Batswaneng stadium	100%	80%	20%	20%	100%	100%	80%	100%
Provision and management of facilities	Khutsong south stadium	0%	0%	0%	0%	0%	0%	0%	100%
Provision and management of facilities	Khutsong proper stadium	0%	0%	0%	0%	0%	0%	0%	100%
									T3.68.2

Employees: Sport and Recreation					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	1	1	1	0	0%
7 - 9	0	0	0	0	0%
10-12	0	2	0	2	100%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	1	3	1	2	

T3.68.3

Financial Performance 2011/12: Sport and Recreation					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operation Revenue (Excluding Tariffs)	-140	123	123	0	
Expenditure					
Employees	15732	8805	8482	8410	-1123%
Repairs and Maintenance	2076	610	560	720	38%

Financial Performance 2011/12: Sport and Recreation					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Other	11218	3084	924	990	-212%
Total Operational Expenditure	13294	12499	9966	10120	-24%
Net Operational Expenditure	13434	12376	9843	10120	-22%

T3.68.4

Capital Expenditure 2011/12: Sport and Recreation					
					R' 000
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	739	189	100%	
Khutsong South Stadium	0	739	189	100%	3,323

Notes: Total Project Value figures reflect either cost on completion or estimated budget

T3.68.5

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

The challenges experienced in Sport and Recreation where insurmountable however with the involvement and dedication of the community and sport section the performance is of outmost best. Stakeholder's participation through the leadership became the thrust of the implementation of our programs and projects. The calendar of events has been successfully implemented to the benefit of our local community of sport.

T3.68.6

COMPONENT I: CORPORATE AND SHARED SERVICES

This component includes : human resource services, ICT services, property services.

INTRODUCTION TO CORPORATE AND SHARED SERVICES

The Department Corporate Support Services consists out of the following sections:-

- Corporate Communications
- Information Communication Technology
- Human Capital
- Industrial Relations
- Employment Equity
- Occupational Health and Safety
- Employee Wellness Programmes
- Legal Services and Secretarial Services

T3.69.0

3.69 EXECUTIVE AND COUNCIL

The Executive and Council consist of the 56 elected Councillors driving the policy direction of Council. The Executive Mayor, Speakers and Chief Whip from a Troika meeting that resolve on issues pertaining to Council activities. The Executive Mayor and 10 Portfolio heads from the Mayoral Committee. All Councillors take part in meetings of the 10 Section 80 Portfolio Committees.

T3.69.1

Employees: Executive and Council					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	1	1	0	0%
4 - 6	7	7	3	4	57%
7 - 9	12	10	4	6	60%
10 - 12	2	2	1	1	50%
13 - 15	3	3	1	0	0%
16 - 18	2	2		0	0%
19 - 20	1	1		0	0%
Total	29	25	10	11	44%
					T3.69.4

Financial Performance 2011/12: Executive and Council					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operation Revenue (Excluding Tariffs)	2188	1758	667	2051	14%
Expenditure					
Employees	11194	15316	15850	21309	28%
Repairs and Maintenance	8	23	45	121	81%
Other	13607	44238	44144	52503	16%
Total Operational Expenditure	24809	59577	60039	73933	19%
Net Operational Expenditure	22621	57819	59372	71882	20%
					T3.69.5

Capital Expenditure 2011/12: Executive and Council					
	R' 000				
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No Capital Projects for the financial year.					
					T3.69.6

3.70 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The financial services function is made up of the following functional areas:

Expenditure Management
Supply Chain Management
Budget and Treasury
Income Section
Credit Control Management

The financial services unit is responsible for financial management, budget management and preparation of financial statements. The function also ensures that monthly reports as legislated are compiled and submitted to Council and other organs of state. Billing of property rates, electricity, water, sanitation and refuse removal is processed on a monthly basis. Credit Control is

implemented on all outstanding accounts in compliance with the approved credit control policy. Indigent subsidy is allocated to all households that meet the requirements. Acquisition of goods and services, payment of suppliers as required by Treasury regulations is monitored in order to ensure that supplies who have rendered services are paid within 30 days.

T3.70.1

Debt Recovery								
R' 000								
Details of the types of account raised and recovered	2009/10	2010/11			2011/12			
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Billed in Year	Estmated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	74598	90%	78395	71245	91%	85957	81235	95%
Electricity	146040	100%	153723	141225	92%	182143	168609	93%
Water	170100	80%	216120	186979	87%	199514	162055	81%
Sanitation	17444	55%	18961	10140	53%	20298	12787	63%
Refuse	24446	49%	24919	12002	48%	33894	18899	56%
Other						588	502	85%
T3.70.2								

Financial Services Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2009/10		2010/11			2011/12		
		Target	Actual	Target		Actual	Target		Actual
Service Indicators (i)	(ii)	*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
No Policy Objectives for the Year under discussion.									
T3.70.2									

Employees: FINANCIAL SERVICES					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	5	11	6	5	45%
4 - 6	5	7	4	3	43%
7 - 9	29	56	31	25	45%
10 - 12	34	42	28	14	33%
13 - 15	1	3	1	2	67%
16 - 18	1				
19 - 20					
Total	75	119	70	49	41%
T3.70.4					

Financial Performance 2011/12: FINANCIAL SERVICES					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operation Revenue (Excluding Tariffs)	266497	189796	216704	298633	36%
Expenditure					
Employees	19446	21253	21973	20480	-4%
Repairs and Maintenance	16	285	84	7	-3971%
Other	60374	194604	168300	67354	-189%
Total Operational Expenditure	79836	216142	190357	87841	-146%
Net Operational Expenditure	-186661	26346	-26347	-210792	112%
					T3.70.5

Capital Expenditure 2011/12: FINANCIAL SERVICES					
					R' 000
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No Capital Projects for the Year					
					T3.70.6

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

Credit control remains a serious challenge. A Revenue enhacement strategy was adopted. Credit control could not be rolled out to all areas in Merafong. Distribution losses remains a challenge and distribution loss management strategies needs to be implemented.

Supply chain section needs to be restructed as its remains a problem.

T3.70.7

3.71 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

HHuman Capital Section renders a comprehensive, integrated and customer focused Human Resources Services to all Bargaining Council Employees as well as Section 57 Employees. The following services are rendered by Human Capital Section:

Recruitment and Selections and Performance Management
Conditions of Service and Benefits
Employee Assistance Programme
Skills Development Programme

KEY PERFORMANCE AREAS

To render a Human Resource Support Services function that will ensure the recruitment, utilization and retention of the organization's Human Capital.

To give effect to the skills development requirements of the organization as well as to ensure compliance with employment equity measures.

To give effect to the organization and the organizational establishment requirements, continuous improvement and performance management.
We also strive to improve the quality of life of all employees and their families by providing greater support and help to deal with their daily challenges.

T3.71.1

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

For the financial year 2011/2012 the employee turnover rate is as follows:

Annual Turnover Rate = 64%

This is due to a delay in filling of vacancies (the recruitment circular is a serious challenge.)

T3.71.2

HUMAN RESOURCES Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2009/10		2010/11			2011/12		
Service Indicators (i)	(ii)	Target	Actual	Target		Actual	Target	Actual	
		*Previous Year		*Previous Year	*Current Year		*Current Year	* Current Year	*Following Year
To ensure municipal transformation and organisational development	% Vacancy level	80			80%	0%	80%	80%	80%
	Competency Development	253	300		100%	100%	100%	100%	100%
	Employee Wellness Program	New indicator -			100%	100%	100%	100%	100%

T3.71.3

Employees: HUMAN RESOURSES					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	2	200%
4 - 6	1	6	1	5	83%
7--6	3	5	4	1	
7--9	4	5	4	1	20%
10--12	0	3	0	3	100%
13--15					
19 - 20					
Total	9	20	10	12	60%

T3.71.4

Financial Performance 2011/12: HUMAN RESOURCES					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operation Revenue (Excluding Tariffs)	408		1529	903	100%
Expenditure					
Employees	6305	5491	4529	5767	5%
Repairs and Maintenance	0		3		
Other	15299	3890	3890	13050	70%
Total Operational Expenditure	21604	9381	8422	18817	50%
Net Operational Expenditure	21196	9381	6893	17914	48%
					T3.71.5

Capital Expenditure 2011/12: HUMAN RESOURCES					
					R' 000
Capital Projects	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No Capital Projects for the Year					
					T3.71.6

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

Overall the performance of human capital has not been effective as its performance is highly dependent on the filling of vacancies. The recruitment process is the one that directs all the Human Resource processes

Activities such as benefits and administration went as planned but not accordingly as most of them were done late not as schedule, this is due to capacity within the Section. Local Government Elections also compounded the problems within HR as we had to lose three staff members. Three out of five projects were achieved successfully due to a moratorium that was placed. Training that was not conducted has been carried over to the current financial year 2011/2012

T3.71.7

3.72 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Merafong City Local Municipality has initiated a Master Systems Plan (MSP) strategy to deploy Information Technology in governance with a vision to impose delivery of government services to its stakeholders. At present Merafong is fragmented with different systems. A solution is the adoption of integrated software.

KEY OBJECTIVES FOR MSP:

- Provide updated information and Government services anytime and anywhere to its stakeholders
- Enable transparent and accountable service delivery leading to greater economic development of the municipality
- Long term sustainability of the quality of service provision through innovation, process re-engineering and automation of key process
- The end objective of the complete e-Governance is to provide an efficient, reliable and transparent single window mechanism to its stake holders.

T3.72.1

SERVICE STATISTICS FOR ICT SERVICES			
	Upgrading/installation of network	Installation of computers/ printers/software	Maintanance/repair of hardware/e-mails/internet/ servers
JULY 2010	5	17	12
AUGUST 2010	7	20	16
SEPTEMBER 2010	10	23	23
OCTOBER 2010	13	19	6
NOVEMBER 2010	2	10	7
DECEMBER 2010	3	9	13
JANUARY 2011	4	14	10
FEBRUARY 2011	0	9	24
MARCH 2011	6	11	17
APRIL 2011	4	9	4
MAY 2011	1	15	11
JUNE 2011	2	12	8
TOTAL	57	168	151
			T3.72.2

ICT Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2009/10		2010/11			2011/12		
Service Indicators (i)	(ii)	Target	Actual	Target		Actual			
		*Previous Year		*Previous Year	*Current Year		Target *Current Year	Actual * Current Year	*Following Year
Recovery of data/ data loss	Implementation of DRP/ BCP	40%	40%	40%	60%	60%	80%	80%	100%
									T3.72.3

Employees: ICT					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	5	1	4	80%
7 - 9	3	3	3	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	5	9	5	4	44%
					T3.72.4

Financial Performance 2011/12: ITC					
					R'000
Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operation Revenue (Excluding Tariffs)					

Financial Performance 2011/12: ITC					
					R'000
Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Expenditure					
Employees	2109	3746	3746	4425	15%
Repairs and Maintenance	790	350	350	281	-25%
Other	2756	2978	2978	3369	12%
Total Operational Expenditure	5655	7074	7074	8075	12%
Net Operational Expenditure	5655	7074	7074	8075	12%
					T3.72.5

Capital Expenditure 2011/12: ITC					
					R' 000
Capital Projects	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Disaster recovery plan	**550**	**583**	**20**	**-96%**	**583**
					T3.72.6

COMMENT ON THE PERFORMANCE OF ICT SERVICESOVERALL:

In the year under review, the ICT function has managed to implement the following:

- Network infrastructure, Server and desktop infrastructure, renewal of Microsoft license, Security, and ICT Help desk.
- Standardize LAN & WAN topology for efficient maintenance, monitoring performance and remote management
- Establishment of sufficient standardized server farm to provide for File and print sharing, Mail server, Internet Access, Application servers.
- Anti-virus, Spam, Ad ware, Spy ware and Internet based attack protection for Network and related users.

There were no large capital projects

The challenges experienced were the following:

Shortage of staff (5 vacant positions not filled). Two technicians support 465 users.

T3.72.7

3.73 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

INTRODUCTION TO PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES

Legal Services provide a support service to the whole municipality and function as part of the Section Corporate Secretariat in the Directorate: Corporate and Shared Services. The main functions are to assist with legal actions instituted by and against the Municipality, perusing and drafting of contracts and agreements, assist with the development of by-laws and the provision of legal advice. The section is also responsible for the Secretariat Services to the Municipality. This includes the compilation an distribution of Agendas for Council Meetings, Mayoral Committee Meetings and Section 80 Committee Meetings. The meetings are also attended by the Section by the purpose of keeping minutes thereof. The Section also manages the general administration such as requests for temporary street closures, marches and other general permissions required from the Municipality. This also includes the records and archive management of the Municipality and the Municipal telephone switchboard.

PROCUREMENT SERVICES

Supply Chain Management provides support services to the entire department for procurement and logistics of the Municipality.

There are three committees Bid Specification, Bid Evaluation and Bid Adjudication Committee to ensure compliance. Since the adoption of PPPFA and BBBEE regulation in December 2011 it is required that all quotations from R30 000 to R200 000 must be advertised for 7 days on public notice and website. The Bid Evaluation Committee consists of Supply Chain Management staff and then be adjudicated by office of the CFO and Municipal Manager.

T3.73.1

SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Legal Services

The Section: Legal and Secretariat were involved in managing three objections against tenders that were awarded by the Municipality. The objections were by unsuccessful tenderers. The Section also assisted with six court cases against the Municipality. As part of the functions of the Section general legal work was done and a number of agreements and contracts perused and drafted. Legal comments and opinions are also regularly provided. Six municipal properties were transferred to buyers during the period under review.

Risk Management Services

During the year 2011/12 the risk management policy was approved by Council and publicised on the Municipal website. During the year under review the municipality showed commitment and focus on Risk Management by establishing Risk Management Unit and a Chief Risk Officer appointed. Operational and Strategic Risk assessments were conducted. These were communicated to management of the municipality in order for management to be aware of the risks facing the municipality in terms of achieving the organisation's legal mandate to provide basic services to the community. There are currently 18 Strategic Risks listed on the Register. As a way forward, actions plans to mitigate the risks will be drafted and responsibility assigned to relevant departments for implementation. According to the Risk Maturity Model of the Gauteng Provincial Treasury, Merafong City Local Municipality is on 2.8 which means Risk management is still on the developmental stage but 0.3 points more than the previous financial year when the minimum required level as set out is level 3.

Procurement Services

Although the department is understaffed the department planned 27 tenders awarded sixteen tenders, seven still in process, four referred back.

T3.73.2

PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2008/09		2009/10			2010/11		
Service Indicators (i)	(ii)	Target *Previous Year	Actual	Target *Previous Year	Target *Current Year	Actual	Target *Current Year	Actual * Current Year	*Following Year
No Policy Objectives in the IDP for the year under discussion.									

T3.73.3

Employees: PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	5	5	0	0%
4 - 6	6	9	6	3	33%
7 - 9	23	23	18	7	30%
10 - 12	8	9	8	1	11%
13 - 15	2	4	2	2	50%
16 - 18	0	0	0	0	0%

Employees: PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES					
Job Level	2010/11	2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
19 - 20	4	5	4	1	20%
Total	47	55	43	14	25%
					T3.73.4

Financial Performance 2011/12: PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES					
					R'000
Details	2010/11	2011/12			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operation Revenue (Excluding Tariffs)	112	0	0	112	100%
Expenditure	0	0	0	0	
Employees	6994	6538	6586	7172	9%
Repairs and Maintenance	0	0	0	120	100%
Other	3758	8518	8470	5940	-43%
Total Operational Expenditure	10752	15056	15056	13232	-14%
Net Operational Expenditure	10640	15056	15056	13120	-15%
					T3.73.5

Capital Expenditure 2010/11: PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES					
					R' 000
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
NO CAPITAL PROJECTS FOR THE YEAR					
					T3.73.6

COMMENT ON THE PERFORMANCE OF PROPERTY SERVICES, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES OVERALL:

The legal service section is operating with a 20% vacancy rate, but is still managing to provide the required service. The plan is to fill al funded vacancies with the relevant skills in the next financial year. Services are provided to internal and external clients by the Section

T3.73.7

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

The Performance Scorecard was developed before the launch of the Annual Report Pilot Project. The Audited Annual Performance Report of Merafong City is attached as Annexure U

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

Introduction

There is no organisation development personnel in the Municipality, this is a serious challenge as Human Capital is expected to run with this function without trained personnel

Change is a serious concern in the Municipality and its management its affecting the organisational performance. Employee behaviour is is affected by the lack of understanding of Organisational Development.

There is no intervention programme currently that addressing change management as there is no Human Resource Strategy that is adopted and implemented.the Municipality at the level of the Corporate Services Directorate should assist the Municipality in understanding organisational development and change management process. the objective of the implementation of organisational development strategy is to change and improve performance of the organisation as well as its culture.

T4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

EMPLOYEES					
Description	2010/11	2011/12			
	Employee No	Approved Posts	Employees No	Vacancies No	Vacancies %
Executive Mayor	18	24	24	2	8%
Speaker	4	5	5	2	40%
Chief Whip	2	2	2	1	50%
Municipal Manager	4	4	4	0	0%
Internal Audit	5	8	8	4	50%
Chief Operations Officer	4	11	11	8	73%
Housing	18	22	22	5	23%
Public Safety	2				
Traffic Control	47	137	137	51	37%
Licensing	17				
Chief Admin Support Services	24				
Disaster Management	1				
Security	26	30	30	4	13%
Shared Services	1	3	3	2	67%
Secretariat & Legal	24	33	33	7	21%
Information Technology	5	9	9	4	44%
Human Capital	12	23	23	9	39%
OHS/Employment Equity	1	3	3	2	67%
Industrial Relations	3	6	6	2	33%
Corporate Communications	5	36	36	31	86%
Economic Development Planning	1				
IDP/PMS	4	6	6		0%
LED	6	8	8		0%
Spatial Planning	9	14	14	5	36%
Chief Financial Officer	3	3	3	0	0%
Budget and Treasury	6	11	11	4	36%
Income	35	23	23	8	35%
Expenditure	11	15	15	3	20%
Credit Control	5	52	52	19	37%

EMPLOYEES					
Description	2010/11	2011/12			
	Employee No	Approved Posts	Employees No	Vacancies No	Vacancies %
Supply Chain Management	8	15	15	5	33%
Infrastructure Development	1	8	8	1	13%
Project Management Unit	9	19	19	4	21%
Building Control	7	11	11	4	36%
Civil Engineering	3	6	6	2	33%
Water & Sanitation	67	103	103	26	25%
Water Care Works	53	66	66	12	18%
Public Works	16	31	31	13	42%
Roads & Storm Water	30	78	78	46	59%
Geotechnical	0				
Electrical Engineering	72	134	134	56	42%
Community Services	3	3	3	0	0%
SRACH	73	106	106	25	24%
Library Services	71	92	92	21	23%
Parks &Cemeteries	79	112	112	28	25%
Waste Management	69	128	128	50	39%
Street Cleansing	69	125	125	43	34%
Landfill Sites	5	15	15	0	0%
Total	938	1540	1540	509	33%
					4.1.1

VACANCY RATE 2011/2012			
Designation	**Total Approved Posts No**	***Vacancies (total time that vacancies exists using full-time equivalents) No**	***Variances(as proportion of total posts in each category) %**
Municipal Manager	1	1	100%
CFO	1	0	0%
Other S57 Managers (excluding Finance Posts)	5	3	60%
Other S57 Managers (Finance posts)	0	0	
Managers 1: Levels 1(excluding Finance Posts)	30	3	10%
Managers: Levels 1 (Finance posts)	4	1	25%
Highly skilled supervision: level 3- 4 (excluding Finance posts)	26	17	65%
Highly skilled supervision: levels 3-4 (Finance posts)	4	2	50%
Total	71	27	38%
			T4.1.2

Turn-over Rate			
Details	**Total Appointments as of beginning of Financial Year**	**Terminations during the Financial Year**	**Turn-over Rate***
2009/2010	106	78	74%
2010/2011	258	148	57%

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
2011/2012	134	86	64%

T4.1.3

COMMENT ON VACANCIES AND TURNOVER:

Most terminations of employment were caused through natural attrition, such as retirement and employees that passed away. Council is concerned about expertise that is lost in specialized fields that are difficult to replace. In this regard a retention policy is being developed.

Recruitment processes were sometimes unnecessary delayed because of inadequate logistical arrangements and planning in the Human Recourses section.

T4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipality has employed about 11135 employees including contracts and Section 57 employees

For the majority of advertised posts, the Municipality can not attract a strong field of applicants. This is primarily because of its salary packages reputation, the Municipality does not offer unique opportunities it such as (i.e. Merit Awards, Bonuses to Lower Level Employee, Comprehensive Wellness Programme), and it only have a reputation as a good employer offering opportunities for career development, job security and a flexible approach to work.

However, Merafong City Local Municipality also faces a continuous challenge in competing with other industries around the area and, in some cases, the private sector for particular types of employee. The decision not to pay market supplements to employee in key service delivery positions and certain professionally qualified and skilled employee has unenabled the Municipality to recruit high calibre employee in these areas.

As the next Skills Audit (SA) exercise approaches, it is highly likely that competition to recruit high calibre research active, internationally-renowned skilled employee will increase and intensify, and the payment of attractive salaries and market supplements will become more prevalent.

Other forms of reward and recognition schemes (such as recruitment and retention) will also need to be considered and costed to support the Municipality's recruitment and retention of high performing employee. However, it should be borne in mind that the Municipality has limited funding available for this purpose.

in the Financial year 12 policies were developed, only 1 was approvedby Council. The Municipality has a recruitment and selection policy which is not cmprehensive. The Local Labour Forum process is the one that is hindering timeous development and the approval of policies.

It can be noted that the Municiapility is in a process of addressing all Human Capital challenges which are as a result of absence of HR policies and strategy.

T4.2.0

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action	0%	0%	
2	Recruitment, Selection and Appointments	100%	100%	Nov-11
3	Code of Conduct for employees	100%	100%	Does not need to be adopted by Council its a bargaining council directive
4	Delegations, Authorization & Responsibility			
5	Disciplinary Code and Procedures	100%	100%	Does not need to be adopted by Council its a bargaining council directive
6	Essential Services			
7	Employee Assistance / Wellness	0%	0%	
8	Employment Equity	100%	100%	2011

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
9	Exit Management	100%	100%	Template being used
10	Grievance Procedures	100%	100%	Template being used
11	HIV/Aids	0%	0%	
12	Human Resource and Development	0%	0%	
13	Information Technology			
14	Job Evaluation	100%	100%	To be submitted to Council.
15	Leave	90%	90%	Policy at LLF for finalization
16	Occupational Health and Safety			
17	Official Housing	0%	0%	
18	Official Journeys	0%	0%	
19	Official transport to attend Funerals	0%	0%	
20	Official Working Hours and Overtime	0%	0%	
21	Organizational Rights			
22	Payroll Deductions			
23	Performance Management and Development	70%	70%	Policy at LLF for finalization
24	Recruitment, Selection and Appointments	100%	100%	To be reviewed.
25	Remuneration Scales and Allowances	0%	0%	
26	Relocation	90%	90%	Policy at LLF for finalization
27	Sexual Harassment	0%	0%	
28	Skills Development	0%	0%	
29	Smoking	0%	0%	
30	Special Skills	0%	0%	
31	Work Organization	0%	0%	
32	Uniforms and Protective Clothing	90%	90%	Policy at LLF for finalization
33	Other: Learnership/ Induction/Punctuality	90%	90%	Policy at LLF for finalization

T4.2.1

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

The Municipality complies with the Labour Relations Act in terms of policy development. Human Capital as the custodians of policy development drafts policies and present them to management as well as Section 80. after that process policies are taken to Local Labour Forum for consultation.

The Municipality complies with the Skills Development Act, we have a Workplace Skills Plan and we report to Local Government Seta on an annual basisi with regards to the Training and Development of Staff.

In the Financial Year 2011/2012 we have developed 511 employees on identified skills however, Skills Unit still has a task of ensuring development and monitoring of scarce skills for employees.

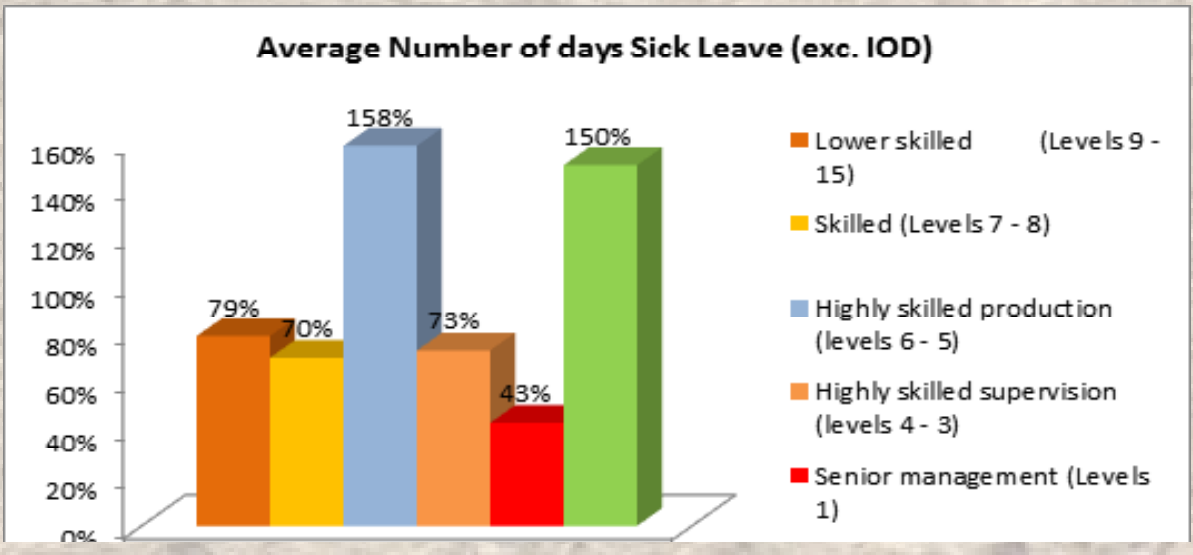
T4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Average injury leave taken per employee	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Lower skilled (Levels 9 -15)	10432		588		2037
Skilled (Levels 7 - 8)	502		80		519

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Average injury leave taken per employee	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Highly skilled production (levels 6 - 5)	1482		52		248
Highly skilled supervision (levels 4 - 3)	164		8		93
Senior management (Levels 1)	386		13		50182
MM and S57	155		9		
Total	13121		750	0	53079
					T4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 9 -15)	10432		588	740	79%	2037
Skilled (Levels 7 - 8)	502		80	114	70%	519
Highly skilled production (levels 6 - 5)	1482		52	33	158%	248
Highly skilled supervision (levels 4 - 3)	164		8	11	73%	93
Senior management (Levels 1)	386		13	30	43%	50182
MM and S57	155		9	6	150%	
Total	13121		750	934	80%	53079
* - Number of employees in post at the beginning of the year *Average calculated by taking sick leave in colunm 2 divided by total employees in colunm 5						T4.3.2



T4.3.3

COMMENT ON INJURY AND SICK LEAVE:

Human Capital keep records of all cases received for reference and reporting to the Workmen's compensation, in 2010/2011 22 cases were reported with only one death and one fatal injury

To minimize injury on duty cases all new employees were inducted and road-shows were held to sensitize employees on the Human Resources issues including injury on duty.

The Municipality has a committee that is co-ordinated by the Manager Employment Equity and Occupational Health, the committee addresses all occupational health and safety issues. Reps from the Sections are members of the committee, and they cascade the information to the employees that they represent.

In the financial year 2010/2011, physical check-ups were conducted with all field workers to check their health physical well-being and a report was submitted by the appointed Doctor.

T4.3.4

Number and period of suspension				
Position	Nature Of alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or status of cases and Reasons Why not Finalized	Date finalised
Admin Officer	Theft	11 January 2012	In progress	Pending
HR Manager	Insubordination	March 2012	In progress	Pending
Acting Manager: Supply Chain	Breach of supply Chain management policy	December 2011	In progress	Pending
Municipal Manager	Financial misconduct	October 2011	Charged	Case not finalized (Re-signed)

T4.3.5

Disciplinary Action Taken on Cases of Financial Misconduct			
Nature Of alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date finalized	Position
Gross Dishonesty R10,157.00	Charged	17 May 2012	Cashier
Gross Dishonesty R1,887.64	Charged	28 June 2012	Cahier

T4.3.6

COMMENT ON SUSPENSION AND CASES OF FINANCIAL MISCONDUCT

No Employee has been suspended for more than 3 months as guided by the Main Collective agreement.

T4.3.7

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2008/09 R' 000	Proportion of beneficiaries within group %
MM and S57	Female	1	1		100%
	Male	4	2		50%
Total		5	3		60%
Has the statutory municipal calculator been used as part of the evaluation process ?					Yes

T4.4.1

COMMENT ON PERFORMANCE REWARDS:

All Section 57 employees were assessed except for the Municipal Manager who since resigned, his 2011 /2012 is in a process of being assessed .

There is no Performance Management System for the levels below Section 57, apolicy to address this need is currently at the Local Labour Forum

T4.4.1.1

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The annually prepared Workplace Skills Development Plan (WSP) and Annual Training Report guide the training activities of the municipality.

Training needs were identified and training was addressed by the Skills Development office, which arranged appropriate training courses. The office is also assisted by the Technical Training Committee which seats monthly and represents sectional needs in all meetings. The process was supported by personal career planning of both Councillors and officials. A bursary policy and grants was commissioned to stimulate individual learning at accredited institutions.

The training budget for the period was R 1 000 000.00 of which R .....was claimed back from LGSETA.
Developed and existing policies reviewed.

The only challenge the Skills Development Unit has is the budget as well as the capacity within the Unit. There are only four (4) allocated positions in the Unit and the Unit has the responsibility to train about 1200 employees.
The critical part which is hampering the performance of the Municipality is the personnel within the Unit; they do not have the skill as well as the experience to run with training. the Unit does not have a qualified Skills Development Facilitator.

T4.5.0

4.5 SKILLS DEVELOPMENT AND TRAINING

Management level	Gen	Employees in post as at 30 June 2012	Number of skilled employees required and actual as at 30 June 2012										
			Learnerships			Skills programmes & other short courses			Other forms of training			Total	
		No.	Actual 30 June 2011	Actual	Target	Actual 30 June 2011	Actual 30 June 2012	Target	Actual 30 June 2011	Actual 30 June 2012	Target	Actual 30 June 2011	Actual 30 June 2012
MM and S57	F	1							1	1		1	1
	M	2				1	2		2	3		7	8
Councillors,	F	26											
	M	24											
Managers	F	4											
	M	22											
Professionals	F	26											
	M	37											
Technicians and Trade Workers	F	2	1										
	M	50	1										
Clerical and Administrative Workers	F	111											
	M	70											
Community & Services Workers	F	98											
	M	63											
Machine Operators and Drivers	F	0											
	M	47											
Labourers	F	67											
	M	364											
Sub total	F												
	M												
Total		1014	7	0	0	1	2	0	3				

T4.5.1

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	1	1	1	1	1
Chief financial officer	1	1	1	1	1	2
Senior managers	5	5	5	5	5	0
Any other financial officials	14	14	14	14	14	0
Supply Chain Management Officials						
Heads of supply chain management units	1	1	1	1	1	0
Supply chain management senior managers	0	0	0			
TOTAL	22	22	22	22	22	3
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						T4.5.2

Skills Development Expenditure R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development 2011/2012							
			Learnerships		Skills programmes & other short courses		Other forms of Training		Total	
		No	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	Female	1							
	Male	Male	4							
Councillors, senior officials and managers	Female	Female	56							
	Male	Male	70							
Technicians and associate professionals	Female	Female	1	1000	1000					
	Male	Male	50							
Clerical and Administrative Workers	Female	Female	111							
	Male	Male	70			2270	2270	208	174	
Community & Services Workers	Female	Female	88							
	Male	Male	63							
Machine Operators and Drivers	Female	Female	0							
	Male	Male	47							
Labourers	Female	Female	67							
	Male	Male	364							
Sub total										
Total		0	992	1000	1000	2270	2270	208	174	3478
										T4.5.3

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

The Municipality has planned to implement MFMA competency levels in the financial year 2010/2011. The Chief Financial Officer and two Managers within Merafong that is compliant in terms of the MFMA competency Regulations.
Training budget was used as per the plan and all expenditure was accounted for in the Annual Training Report and the Workplace Skills Plan (WSP) has accommodated the training needs that were not addressed in the financial year.
Employee Study Assistance was also done in line with the budget. T4.5.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

The administration had a large number of vacancies during the financial year. This was the result of the non-filling of vacancies due to a number of moratoriums during the financial year.

T4.6.0

4.6 EMPLOYEE EXPENDITURE

COMMENT ON WORKFORCE EXPENDITURE:

The ratio workforce expenditure expressed as a percentage of total expenditure is 25.16%. This is far below the Nationally accepted ratio of 35%.

T4.6.1.1

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded 2011/12		
Beneficiaries	**Gender**	**Total**
Lower skilled (Levels15)	Female	67
	Male	364
Skilled (Levels 14-7)	Female	4
	Male	196
Highly skilled production	Female	
(Levels 6-4)	Male	
Highly skilled supervision (Levels 4-3)	Female	
	Male	
Senior management (Levels1)	Female	1
	Male	4
MM and S 57	Female	668
	Male	4
Total	661	

T4.6.2

The Municipality has not implemented the Task Wage Curve Agreement due to a dispute against Collective Agreement dealing with the new system. All employees are remunerated on the old remuneration system as was approved by Council, pending the outcome of a dispute on Wage Curve Agreement

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
N/A				

T4.6.3

Employees not Appointed to posts not Approved				
Department	**Level**	**Date of Appointment**	**No of Appointed**	**Reasons for appointment when no established post exit**
Corporate And Shared Services	EXECUTIVE DIRECTOR	1-Sep-2010	1	N/A
Admin Clerks From Clinics	14 TO 12	19-Aug-2008	5	Relocation of functions to the district

Employees not Appointed to posts not Approved				
Department	Level	Date of Appointment	No of Appointed	Reasons for appointment when no established post exit
Health Promoters	14	19-Aug-2008	6	Relocation of functions to the district
Personal Assistant - Speakers Office	4	30-Jun-1905	1	Bargaining Council Award

T4.6.4

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

There were no posts upgraded during the financial year.

T4.6.5

DISCLOSURES OF FINANCIAL INTERESTS

All newly elected 52 Councillors have completed the disclosure form as well as all newly appointed staff.

T4.6.6

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

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

T5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

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

Cash and Equivalents

The Councils cash and cash equivalents held at financial year end were as follows over the last three years:

	2009/10	2010/11	2011/12
Cash and Cash Equivalents	245 490 000	278 937 257	304 040 499
Current Ratio	1:1.1	1:.90	1:1.0

Current ratio measures the ability of the Municipality to pay its current liabilities out of the current assets. The industry usually looks for a ratio of 2:1, however the acceptable current ratio is1:1 for municipalities.

Council had achieved a ratio of 1:02 which shows councils ability to settle existing short term liabilities.

Council's liquidity ratio is stable over the past years.

Outstanding debtors to Revenue

Council had budgeted for a collection rate of 87% over for the past year. Collections rate achieved were 85%. Council had implemented a decision that credit control must be implemented to its fullest extent. Various community meetings were held in the last month, which will have a positive outcome.

The payment levels had stabilised during the past three years. The political situation in Khutsong was addressed with the transfer of Merafong to Gauteng. Council had re-opened the pay points in Khutsong which will enable the community to pay for their services.

Outstanding Debtors to Revenue		
2009/2010	2010/2011	**2011/12**
17.3%	13.7%	14.41%

Creditors System Efficiency

The ratio gives an indication of average creditor's payment period. The benchmark is 30 Days and is a contravention of Section 65(2) (e) if creditors are not paid in 30 days

Creditors System Efficiency

The ratio gives an indication of average creditor's payment period. The benchmark is 30 Days and is a contravention of Section 65(2) (e) if creditors are not paid in 30 days.

2009/2010	2010/2011	2011/2012
30 days	30 days	30 days

Employee costs

The ratio indicates a percentage of salary costs to total expenditure and this ratio could illustrate the risk of salary costs being unmanageable.

2009/2010	2010/2011	2011/2012
30.9%	32.4%	28.9%

Cost coverage

This ratio indicates the availability of cash plus short term investments to cover the monthly fixed operating expenditure.

Council has sufficient cash to cover current liabilities.

Billing

Council does not experience large number of billing complaints from consumers. Meters are read monthly and are reasonable accurate. Council is busy compiling the new valuation roll for implementation on the 1 July 2012. This will be the second valuation roll in terms of the Municipal Property Rates Act.

Budgets and budget related policies

Council had approved a cash funded budget for the MTREF for the financial years 2012/2013 to 2015/2016.

Financial Statements

Council procured Caseware to compile the financial statements which improved the quality of the financial statements and the efficiency in revising financial statements.

T5.1.0

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary R' 000						
Description	2010/11	Current Year 2011/12			2011/12 Variance to actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	71,959	76,413	8,972	78,933	-96707%	-99949%
Service charges	368,624	13,822	413,734	402,948	-102599%	-102577%
Investment revenue	15,532	7,000	6,111	15,178	-46020%	-106051%
Transfers recognized - operational	129,055	18,746	263,471	304,959	-104421%	-86296%
Other own revenue	42,169	57,527	61,538	36,059	-159436%	-170559%
Total Revenue (excluding Capital transfers & contributions)	627,340	873,509	833,827	838,078	-4%	1%
Employee costs	199,421	217,483	200,584	211,537	-3%	5%

Financial Summary R' 000						
Description	2010/11	Current Year 2011/12			2011/12 Variance to actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Remuneration of councillors	13,115	14,351	14,537	13,779	-4%	-6%
Depreciation & asset impairment	84,604	17,600	85,000	82,142	79%	-3%
Finance charges	11,419	24,549	22,051	8,568	-187%	-157%
Materials and bulk purchases	209,624	252,715	254,110	227,648	-11%	-12%
Transfers and grants	115,148	384,059	264,550	156,364	-146%	-69%
Other expenditure	157,393	149,047	218,909	231,763	36%	6%
Total Expenditure	790,724	1,059,804	1,059,742	931,801	-14%	-14%
Surplus/(Deficit)	-163,384	-186,295	-225,915	-93,723	-99%	-141%
Transfers recognized - capital	159,164	185,731	151,902	99,888	-86%	-52%
Contributions recognized - capital & contributed assets	3,282	563	2,013	862	35%	-134%
Surplus/(Deficit) after capital transfers & contributions	-938	0	-72,000	7,027	100%	1125%
Share of surplus/ (deficit) of associate	0					
Surplus/(Deficit) for the year	-938	0	-72,000	7,027	100%	1125%
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognized - capital	125,610	185,364	151,902	99,888	-86%	-52%
Public contributions and donations	1,010	563	2,013	862	35%	-134%
Borrowing	3,989	10,000	5,000	5,054	-98%	1%
Internally generated funds	11,409	8,976	18,796	8,011	-12%	-135%
Total sources of capital funds	142,017	204,904	177,711	113,815	-80%	-56%
Financial position						
Total current assets	379,927	402,524	452,496	417,493	4%	-8%
Total non-current assets	2,426,297	503,261	2,727,340	2,479,948	80%	-10%
Total current liabilities	346,284	230,677	313,119	418,922	45%	25%
Total non-current liabilities	148,384	83,046	150,636	141,709	41%	-6%
Community wealth/Equity	2,311,555	592,062	2,716,082	2,336,810	75%	-16%
Cash flows						
Net cash from (used) operating	91,477	185,731	270,121	151,127	-23%	-79%
Net cash from (used) investing	-142,351	-187,078	-185,421	-104,839	-78%	-77%
Net cash from (used) financing	-10,742	300,000	-11,392	-12,840	2436%	11%
Cash/cash equivalents at year end	-61,617	298,653	73,307	33,447	-793%	-119%
Cash backing/surplus reconciliation						
Cash and investments available	258,060	311,985	343,411	245,490	-27%	-40%
Application of cash and investments	-315,952	-222,227	-342,116	-281,552	21%	-22%
Balance - surplus (shortfall)	-57,892	89,758	1,295	-36,061	349%	104%
Asset management						
Asset register summary (WDV)	2,416,885	489,336	3,187,884	3,578,917	86%	11%
Depreciation and asset impairment	84,604	17,600	85,000	82,142	79%	-3%
Renewal of Existing Assets	0	0	0	0		
Repairs and Maintenance	19,454	26,458	25,092	22,619	-17%	-11%

Financial Summary R' 000						
Description	2010/11	Current Year 2011/12			2011/12 Variance to actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Free services						
Cost of Free Basic Services provided	16,032	24,533	24,533			
Revenue cost of free services provided	29,032	37,821	37,821			
No. of Households below minimum service level						
Water	5,487	6,000	6,000	5,708	-5%	-5%
Sanitation/sewerage	5,487	6,000	6,000	5,708	-5%	-5%
Energy	5,487	6,000	6,000	5,708	-5%	-5%
Refuse	5,487	6,000	6,000	5,708	-5%	-5%

T5.1.1

Financial Performance of Operational Services R '000						
Description	2010/11	2011/12			2011/12Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	(29,203)	(85,079)	(89,452)	(66,013)	-28.88%	-35.51%
Waste Water (Sanitation)	1,820	(8,365)	(3,459)	11,049	175.71%	131.31%
Electricity	6,130	(33,022)	(28,960)	(36,174)	8.71%	19.94%
Waste Management	22,120	2,317	(3,636)	26,008	91.09%	113.98%
Housing	1,654	5,011	5,124	4,970	-0.82%	-3.09%
Component A: sub-total	2,521	(119,138)	(120,383)	(60,161)	-98.03%	-100.10%
Waste Water (Stormwater Drainage)					#DIV/0!	#DIV/0!
Roads	47,879	12,116	16,127	5,228	-131.73%	-208.46%
Transport				-	#DIV/0!	#DIV/0!
Component B: sub-total	47,879	12,116	16,127	5,228	-131.73%	-208.46%
Planning	6,029	6,057	6,057	4,941	-22.58%	-22.58%
Local Economic Development	3,045	3,470	3,470	2,989	-16.08%	-16.09%
Component B: sub-total	9,073	9,527	9,527	7,931	-20.13%	-20.13%
Planning (Strategic & Regulatary)	(75,231)	11,655	9,939	12,908	9.71%	23.00%
Local Economic Development					#DIV/0!	#DIV/0!
Component C: sub-total	(75,231)	11,655	9,939	12,908	9.71%	23.00%
Community & Social Services	10,132	10,423	10,858	16,930	38.44%	35.86%
Enviromental Proctection	-	-	-	-	#DIV/0!	#DIV/0!
Health	-	-	-	2,398	100.00%	100.00%
Security and Safety	19,303	19,619	15,577	18,515	-5.96%	15.87%
Sport and Recreation	29,003	30,212	32,068	32,292	6.44%	0.69%
Corporate Policy Offices and Other	(49,707)	101,906	102,607	(12,553)	911.78%	917.37%
Component D: sub-total	8,731	162,160	161,110	57,582	-181.62%	-179.79%
Total Expenditure	(7,026)	76,320	76,320	23,488	-224.93%	-224.93%

T5.1.2

COMMENT ON FINANCIAL PERFORMANCE:

Council closed of for the financial year with a deficit of R23.488 Million comparing to budgeted deficit of R76.320 Million.

T5.1.3

5.2 GRANTS

Grant Performance R' 000						
Description	2009/10	2010/11			2011/12 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:						
Equitable share	117,664	167,868	159,497	167,954	0%	5%
Municipal Systems Improvement	750	1,000	1,000	1,000	0%	0%
Other transfers/grants [Financial Management]	1,000	1,250	1,250	1,250	0%	0%
Provincial Government:						
Health subsidy						
Housing	53,822	256,780	142,275	96,487	-166%	-47%
Sports and Recreation	6,500					
District Municipality:						
HIV Programme	100			500	100%	100%
Total Operating Transfers and Grants	179,836	426,898	304,022	267,191	-60%	-14%

T5.2.1

Council received all grants as promulgated in the Division of Revenue Act (DORA). The Expenditure of the Grants was done in terms of the requirements as prescribed in DORA.

T5.2.2

Grants Received From Sources Other Than Division of Revenue Act (DORA)						
Details of Donor	**Actual Grant '09/10**	Actual Grant '10/11	10/11 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Private Sector / Organisations						
Harmony Gold Mine	2400		1381	2011/06/30	2011/06/30	Construction of Stormwater channel Wedela
NLDTF	908			2011/06/30	2011/06/30	Construction of various sport fields

T5.2.3

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

Council received a grant from Harmony Gold Mine to assist with the construction of a storm water channel in Wedela

T5.2.4

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Council had concentrate in the previous financial year on the delivery of new infrastructure projects to eradicate backlogs. Due to the financial capacity of council in the previous years, Repairs and Maintenance were neglected. Council cannot continue deliver and install new infrastructure and not maintain the existing infrastructure.

Council's infrastructure is in a dilapidated state. The political unrest in Khutsong did not assist with the limited funds available. Roads need to be resealed and water networks needs to be upgraded. If water networks are not going to be upgraded water losses, will exceed the costs of upgrading.

The rehabilitation of council's assets was the main focus in the 2011/2012 MTREF.
Repairs and maintenance budget will grow by 50% in the current year's budget. Focus was placed this year of renewal of assets. The growth rate must increase by 20% for the next 2 years to ensure that council will extend the life span of the existing assets and not needs to replace them.

T5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2010/11				
Asset 1				
Name	Roads and Stormwater			
Description	Maintenance of Streets			
Asset Type	Infrastructure Assets			
Key Staff Involved	Roads and Stormwater			
Staff Responsibilities	Management of Roads and Stormwater			
Asset Value	2008/09	2009/10	2010/11	2011/12
	875,011	1,880,762	2,757,130	7735505.00
Capital Implications	Regular Maintenance			
Future Purpose of Asset	To ensure assets are used for its expected usefull lifes			
Describe Key Issues	To ensure regular maintenance			
Policies in Place to Manage Asset	Asset Management Policy Adopted			
Asset 2				
Name	Waste Water Treatment Plants			
Description	Maintenance of Waste Water Treatment Plants			
Asset Type	Infrastructure Assets			
Key Staff Involved	Water Care Works			
Staff Responsibilities	Maintenance of Waste Water Treatment Plants			
Asset Value	2008/09	2009/10	2010/11	2011/12
	1079930	901556	2212829	2558758
Capital Implications	Regular maintenance			
Future Purpose of Asset	To ensure assets are used for its expected usefull lifes			
Describe Key Issues	Regular maintenance			
Policies in Place to Manage Asset	Asset Management Policy Adopted			
Asset 3				
Name	Electricity network			
Description	Maintenance of Electricity distribution			
Asset Type	Infrastructure Assets			
Key Staff Involved	Electricity			
Staff Responsibilities	Maintenance of Electricity distribution			
Asset Value	2008/09	2009/10	2010/11	2011/12
	1045923	1245332	914903	991027
Capital Implications	Regular Maintenance			
Future Purpose of Asset	To ensure assets are used for its expected usefull lifes			

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2010/11	
Describe Key Issues	To ensure regular maintenance
Policies in Place to Manage Asset	Asset Management Policy Adopted
	T5.3.2

COMMENT ON ASSET MANAGEMENT:

Council adopted an asset management policy in the year under review. An asset management plan was developed and will be implemented in terms of the approved policy. The challenge Council faces is to fund the shortfall identified in the maintenance plan.

T5.3.3

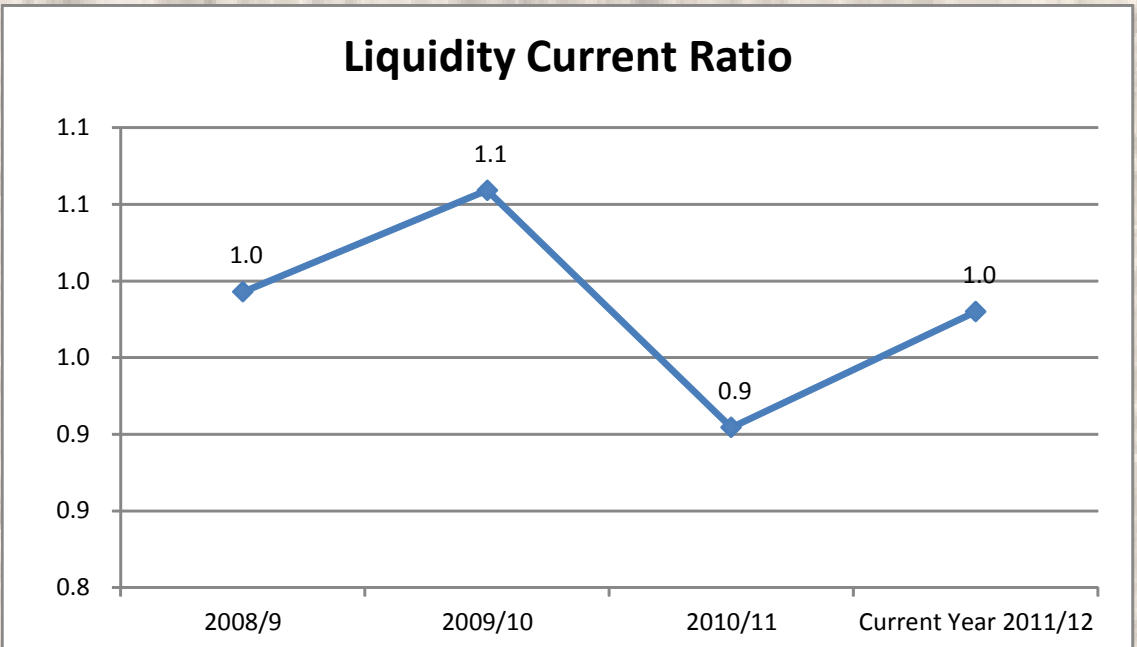
Repair and Maintenance Expenditure R' 000				
	Original Budget	Adjustment Budget	Actual	Budget Variance
Repair and Maintenance Expenditure	125	129	128	-2.04%
				T5.3.4

COMMENT ON ASSET MANAGEMENT:

Repairs and maintenance on Councils ageing assets is a major concern. Council increased the percentage spending on maintenance over the past three years by 100%. This increase is however still insufficient. Council will have to substantially increase its provision to maintain the ageing assets in the next medium term expenditure framework

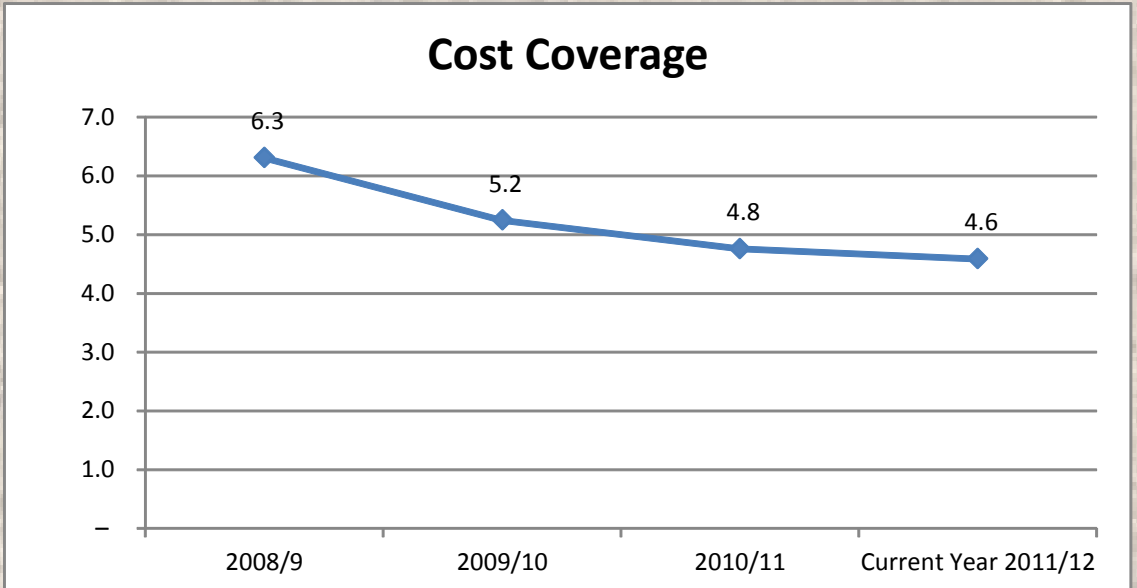
T5.3.4.1

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



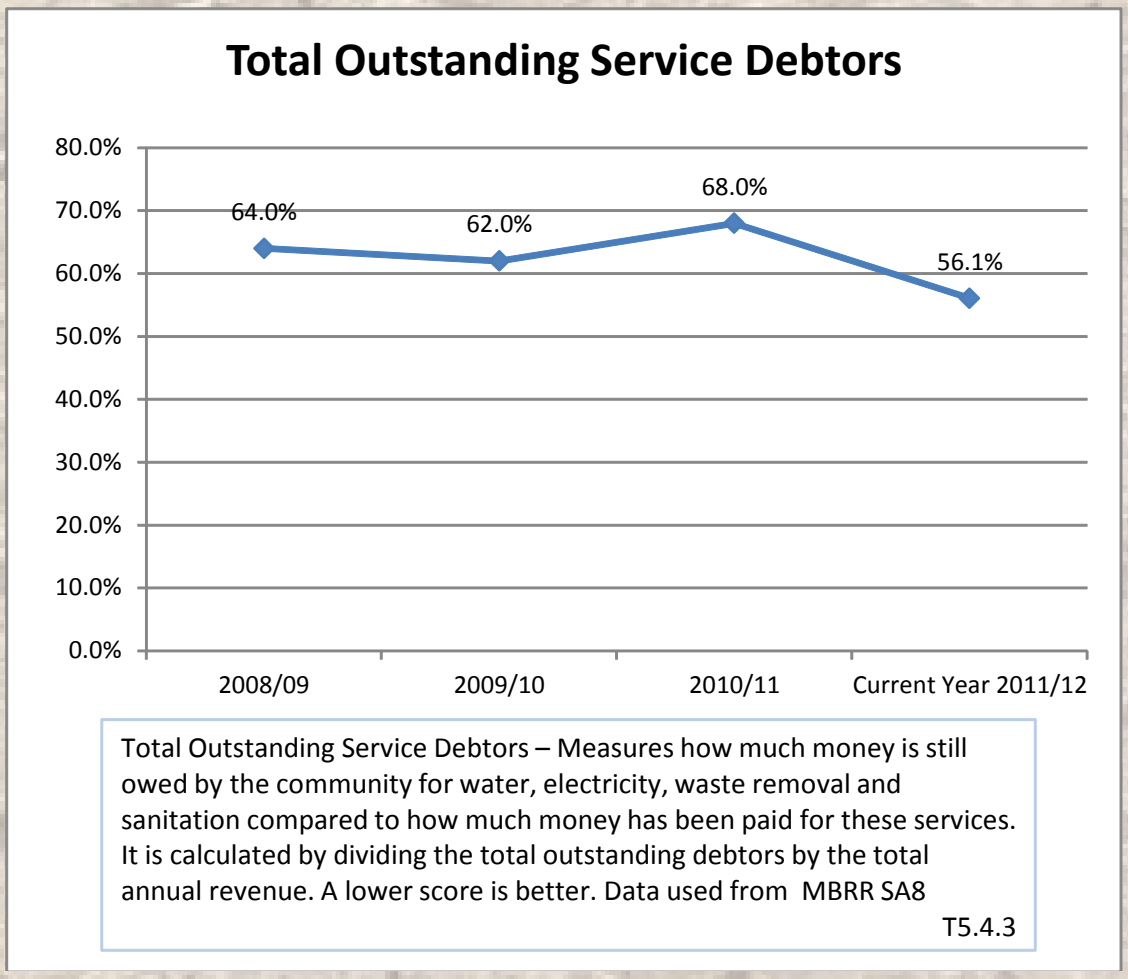
Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

T5.4.1



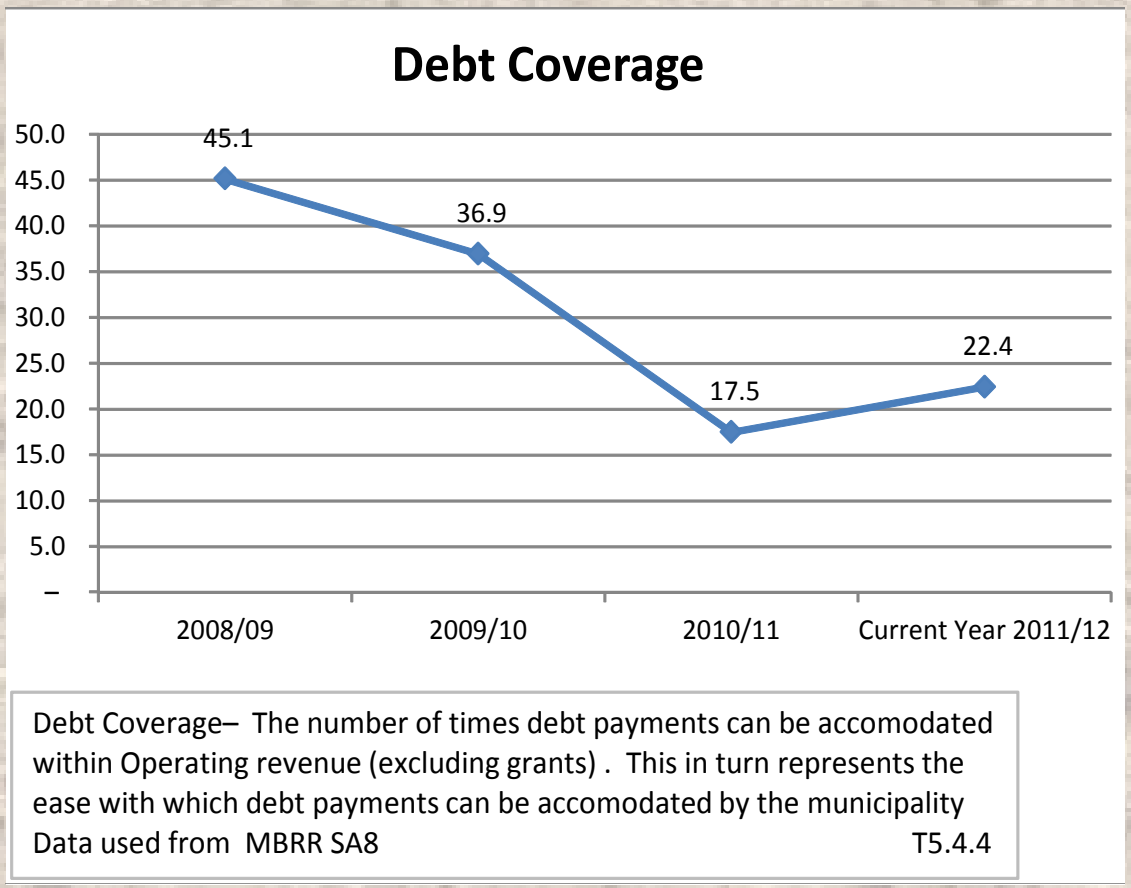
Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

T5.4.2



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better. Data used from MBRR SA8

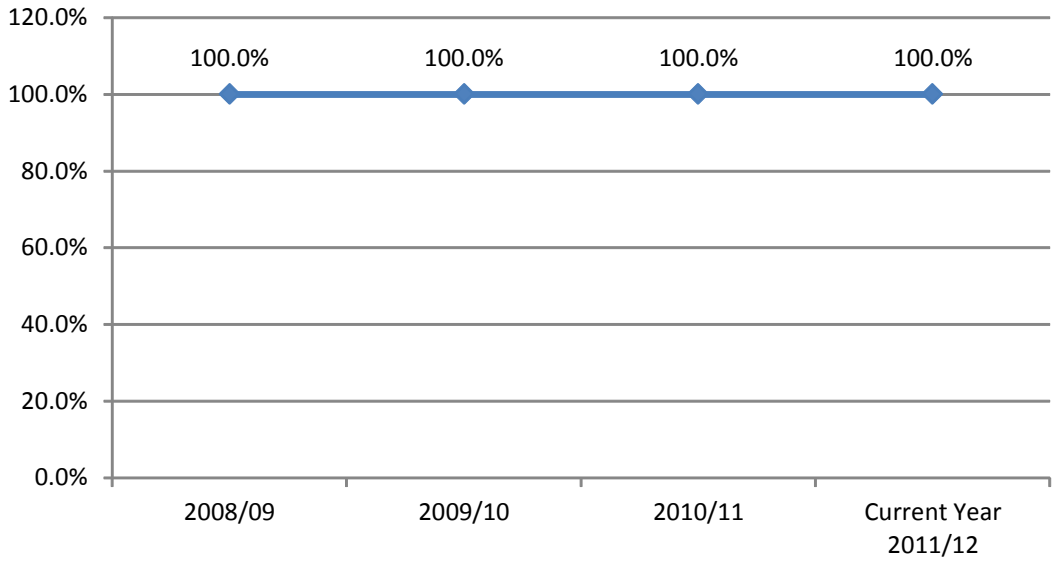
T5.4.3



Debt Coverage– The number of times debt payments can be accomodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accomodated by the municipality Data used from MBRR SA8

T5.4.4

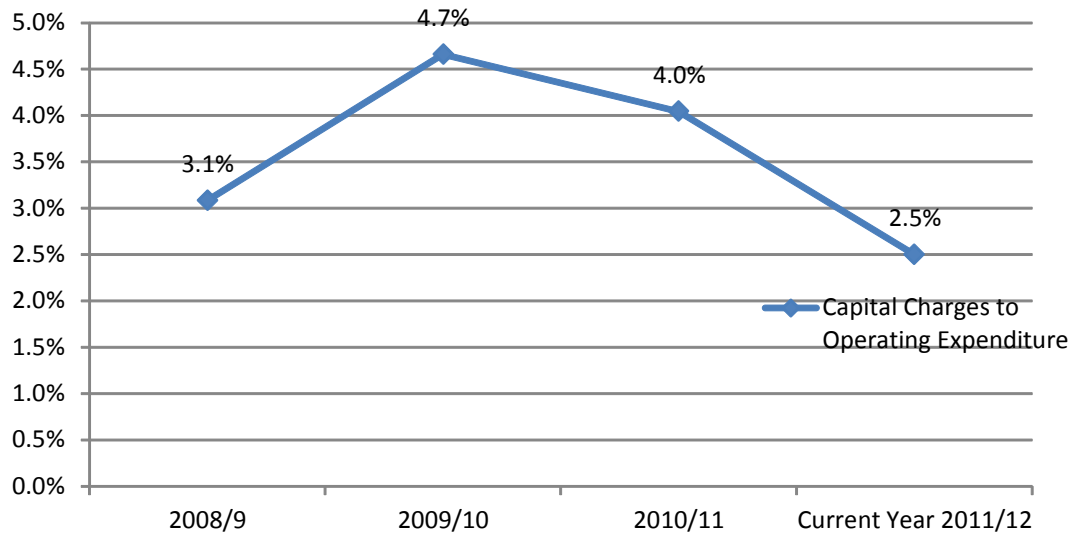
Creditors System Efficiency



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

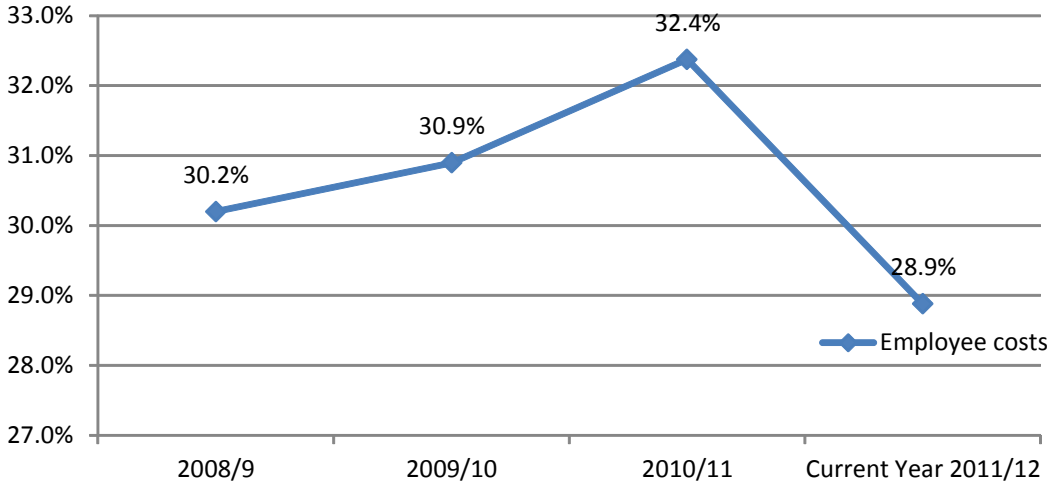
T5.4.5

Capital Charges to Operating Expenditure



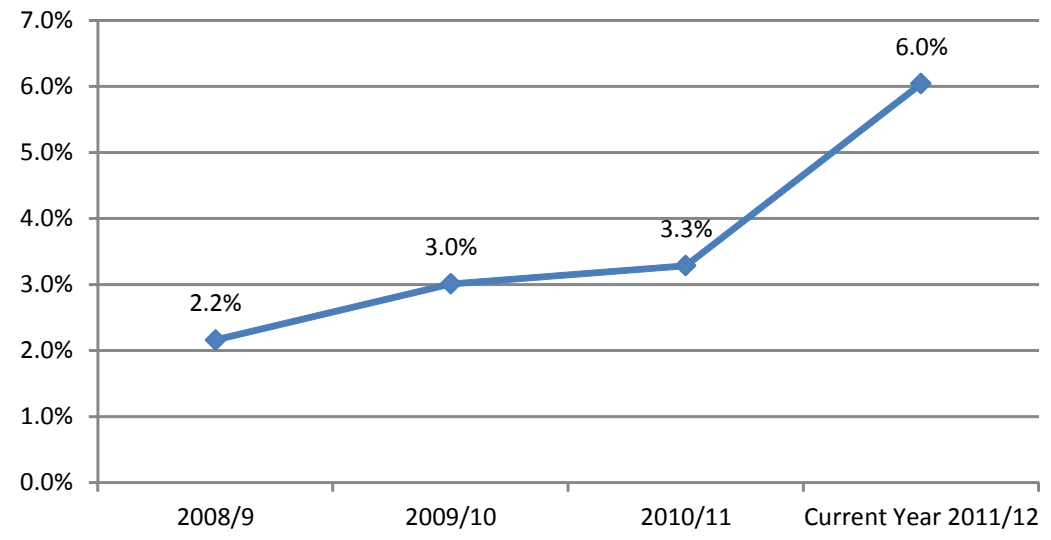
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

T5.4.6



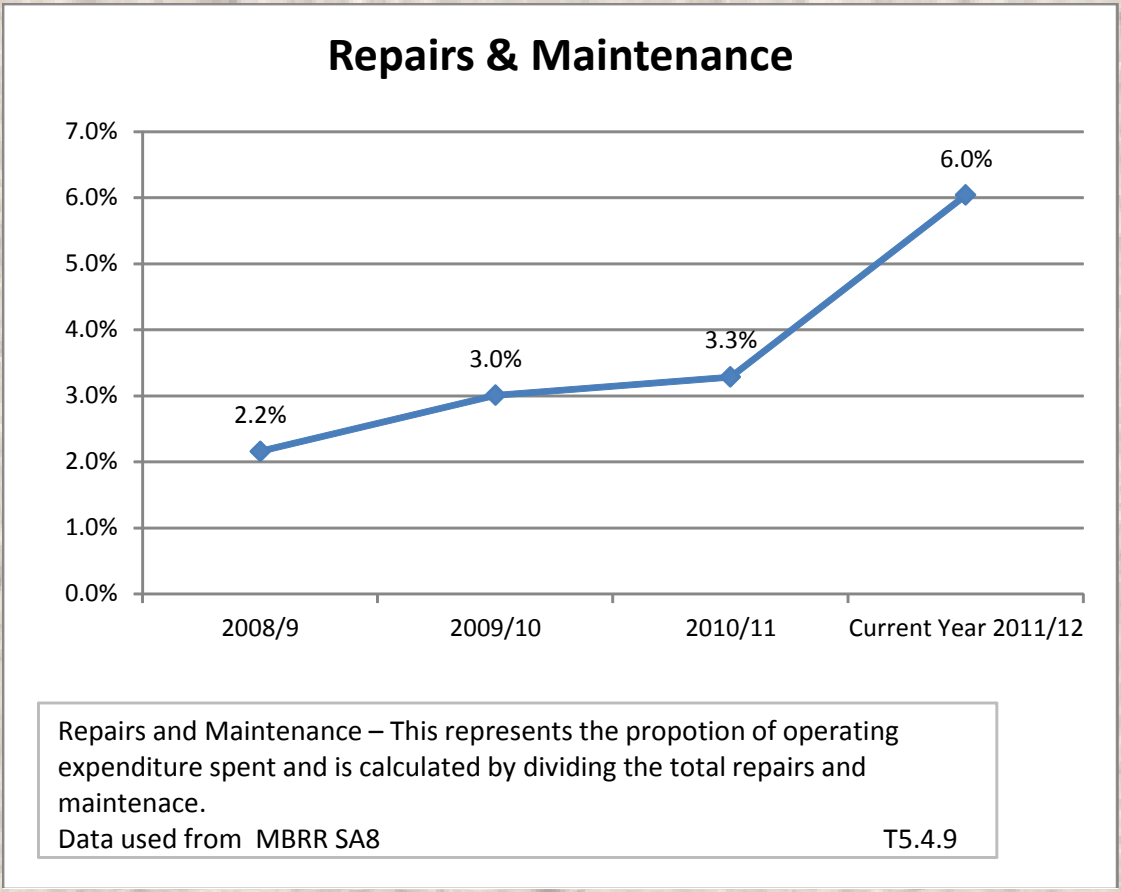
Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

T5.4.7



Repairs and Maintenance – This represents the propotion of operating expenditure spent and is calculated by dividing the total repairs and maintenace.
Data used from MBRR SA8

T5.4.8



Repairs and Maintenance – This represents the propotion of operating expenditure spent and is calculated by dividing the total repairs and maintenace.
Data used from MBRR SA8 T5.4.9

COMMENT ON FINANCIAL RATIOS:

Current ratio measures the ability of the Municipality to pay its current liabilities out of the current assets. The industry usually looks for a ratio of 2:1, however the acceptable current ratio is1:1 for municipalities.

Council had achieved a ratio of 1:04 which shows councils ability to settle existing short term liabilities.

Council's liquidity ratio has increased constantly over the past years with a slight decrease in the 2010/11 financial year. The reason for the decrease is that council's fleet contract expires at the end of October 2011. Included in current portion of long-term debtors is the final installment of the contract. Although an amount of R22 Million must be disclosed, Council will not settle the loan as the vehicles will be returned in lieu of the outstanding loan.

Acid Test Ratio	1:1.00	1:1.04	1:0.9887

T5.4.9

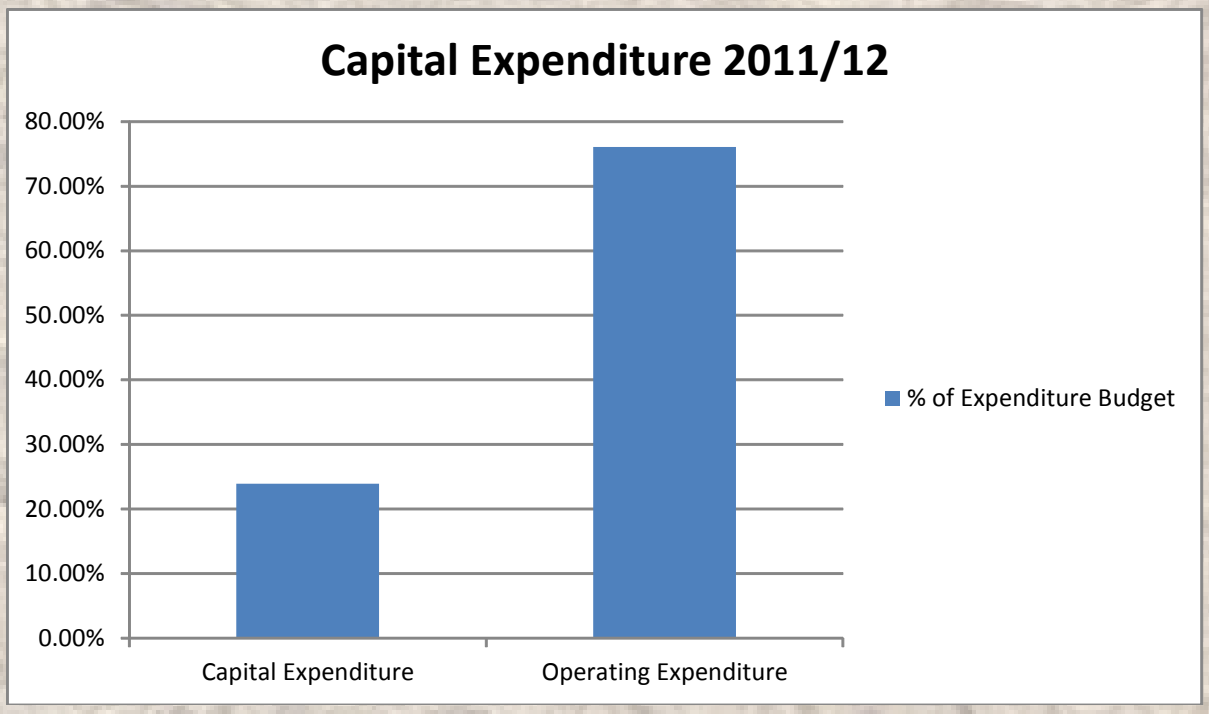
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

During the year under discussion there were problems experienced with the procurement process. Further a moratorium was placed on the appointment of service providers for the last three months of the financial year.
The targets set for Capital expenditure was in the light of the procurement challenges unrealistic and had a direct effect on expenditure on capital projects.
Late receipt of the R100M human settlement grant and insufficient time to complete procurement processes reflected negatively on the capital budget expenditure

T5.5.0

5.5 CAPITAL EXPENDITURE



5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources 2011/12 R' 000							
Details		2010/11	2011/12				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	3,989	78,000	22,000	130	-59900.00%	-16823.08%	53.06%
	862		5,000	888	100.00%	-463.06%	30.33%
	99,888	114,402	246,686	103,901	-10.11%	-137.42%	-62.94%
	11,825	17,500	47,227	5,307	-229.75%	-789.90%	-166.76%
Total	116,564	209,902	320,913	110,226	-90.43%	-191.14%	-56.14%
Percentage of finance							
	3.4%	37.2%	6.9%	0.1%	-31407.85%	-5712.68%	69.94%
	0.7%	0.0%	1.6%	0.8%	100.00%	-93.40%	55.38%
	85.7%	54.5%	76.9%	94.3%	42.18%	18.45%	-4.35%
	10.1%	8.3%	14.7%	4.8%	-73.16%	-205.66%	-70.85%
Capital expenditure							
	19,001	8,168	31,067	19,853	58.86%	-56.49%	-86.55%
	16,308	84,850	90,192	8,817	-862.35%	-922.93%	-17.37%
	8,574	0		0			37.60%
	33,848	80,051	123,073	30,768	-160.18%	-300.00%	-112.44%
	38,833	36,833	76,581	50,788	27.48%	-50.79%	-27.11%
Total	116,564	209,902	320,913	110,226	-90.43%	-191.14%	-56.14%
Percentage of expenditure							

Capital Expenditure - Funding Sources 2011/12 R' 000							
Details		2010/11	2011/12				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
	16.3%	3.9%	9.7%	18.0%	78.39%	46.25%	-19.47%
	14.0%	40.4%	28.1%	8.0%	-405.36%	-251.35%	24.83%
	7.4%	0.0%	0.0%	0.0%			60.03%
	29.0%	38.1%	38.4%	27.9%	-36.63%	-37.39%	-36.06%
	33.3%	17.5%	23.9%	46.1%	61.92%	48.21%	18.59%
T5.6.1							

COMMENT ON SOURCES OF FUNDING:

Council remains totally reliant on grant funding for the execution of its capital projects. A strategic decision was taken to fund long term infrastructure from long term funding and not from cash reserves.

T5.6.1.1

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects* R' 000					
Name of Project	Current Year			Variance Current Year	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Khutsong South Ext 1,2 and 3 Roads	29,750	24,000	26,448	-12%	9%
Khutsong South Ext 1,2 and 3 Stormwater	-	8,970	7,355	100%	-22%
Sanitation Rural Areas	8,400	8,400	6,506	-29%	-29%
Municipal Disaster Management Centre	-	7,598	6,495	100%	-17%
Upgrading Supply to Reservoir Khutsong ext 1,2 and 3	-	5,691	5,746	100%	1%
* Projects with the highest capital expenditure in 2010/11					T5.7.1

Name of Project - A	Khutsong South Ext 1,2 and 3 Roads
Objective of Project	Compliance with RoD requirements to support dolomite risk management. Stormwater systems ensures rapid drainage of area and serves to limit possibility of water ponding. Provision of bulk roads network improves accessibility and coverage of public transport.
Delays	None
Future Challenges	Sufficient funding to expand roads network to include construction of internal roads and associated stormwater systems.
Anticipated citizen benefits	Reduced possibility of stormwater flooding. Easier access to public transport & improved ability to render refuse removal services.

Name of Project - A	Khutsong South Ext 1,2 and 3 Stormwater
Objective of Project	Lining of bulk stormwater canals to prevent erosion and to improve drainage capability in further compliance with RoD requirements. Supports drainage installed as part of the roads surfacing project.
Delays	Delayed completion of project.
Future Challenges	Sourcing funding to expand stormwater bulk network to include areas not covered by the existing bulk network.
Anticipated citizen benefits	Rapid drainage of stormwater from townships reducing possibility of flooding and stormwater ponding.

Name of Project - A	Sanitation Rural Areas
Objective of Project	Compliance with minimum sanitation standards towards improving health and hygiene. Elimination of the last few bucket systems in operation.
Delays	Delayed implementation arising from objections received on tender awards.
Future Challenges	Provision of sanitation systems to rural and informal areas not serviced yet. Securing service agreements with private land owners for maintenance and operation purposes where services are to be installed on private land.
Anticipated citizen benefits	Improved health and hygiene standards.

Name of Project - A	Municipal Disaster Management Centre
Objective of Project	To close the service coverage gap in ambulance and fire services within the Wedela area and surrounds that negatively impacts on the Emergency Services' ability to rapidly respond to emergencies. The centre will play an important role in dealing with emergencies on the nearby N12 highway and mines.
Delays	Project relocated to an alternative site which necessitated a large volume of earthworks. Original consultant was terminated and a new consultant had to be appointed.
Future Challenges	Staffing and provision of equipment and vehicles.
Anticipated citizen benefits	Benefit of obtaining rapid response in emergencies from close proximity of Emergency Services.

Name of Project - A	Upgrading Supply to Reservoir Khutsong ext 1,2 and 3
Objective of Project	The rate of water supply to the reservoirs from the mine supply has proved to be inadequate and erratic, often resulting in shortage of supply of water to the townships served by the reservoirs. Construction of the pipeline and a direct connection to the Rand Water supply rendered the municipality independent from the secondary supplier of water.
Delays	Final testing of the pipeline.
Future Challenges	Improving storage capacity to keep abreast of demand requirements arising from development.
Anticipated citizen benefits	A reliable and consistent water supply.

T5.7.1

COMMENT ON CAPITAL PROJECTS:

The capital expenditure of 64% was duo to the delay of procurement processes, as previously explained. The total expenditure on capital projects successfylly implemented amounted to R 113 Million.

T5.7.1.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS- OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The municipality is continuously experiencing a high rate influx of migrants in search of greener pastures, due to the gold mining we have. They then occupy the private land which is not possible to service. Nevertheless the municipality does provide temporarily basic services e.g. grading of access roads water through water tankers, which is still not enough as the community needs to be provided with adequate services.

Housing backlog is addressed by the implementation of various housing projects to cater for eligible registered beneficiaries. Housing projects are only implemented where supporting infrastructure have been provided.
Infrastructure Master Plans need to be drafted incorporating the spatial development framework that will serve as a basis for the approval of development and the improvement/upgrading of existing infrastructure.

T5.8.1

Service Backlogs as at 30 June 2011 Households (HHs)		
Water	77%	22%
Sanitation	94,2%	4,8%

Service Backlogs as at 30 June 2011 Households (HHs)		
Electricity	70%	30%
Waste Management	70,6%	29,4%
Housing	73,8%	26,2%
% HHs the service above/below minimum standard as a proportion of total HHs. 'Housing ' refers to *formal and **informal settlements.		T5.8.2

Municipal Infrastructure Grant (MIG) * Expenditure 2010/11 on service backlogs R'000						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary
				Budget	Adjustments Budget	
Infrastructure – Roads transport						
Roads, Pavements & Bridges	23 700 000	34 861 141	17 357 597	-36,5%	-100,8%	Conditions as per DORA
Storm water	4 000 000	4 000 000	7 178 953	44,3%	44,3%	
Infrastructure- Electricity						
Generation						
Transmission & Reticulation						
Street Lighting	0	341 622	381 134	100	10,4	
Infrastructure - Water						
Dams & Reservoirs	0	2 500 000	167 952	100	-1 388,5	
Water purification						
Reticulation	1 000 000	19 716 037	8 784 773	88,6	-124,4	
Infrastructure - Sanitation						
Reticulation	3 000 269	7 000 000	0	-	-	
Sewerage purification						
Infrastructure - Other						
Waste Management	10 808 000	14 731 427	12 433 780	13,1	-18,5	
Transportation						
Gas						
Other Specify						
Public Works	4 925 000	4 973 909	4 050 818	-21,6	-22,8	
Public Safety & Security	4 000 000	4 000 000	1 437 457	-178,3	-178,3	
Total	51 433 269	92 124 136	51 792 464	0,69	-779	
						T5.8.3

COMMENT ON BACKLOGS:

UTILISATION OF MIG GRANT

Infrastructure - Road Transport:
Grant funding availed towards the provision and improvement of roads and stormwater systems in previously disadvantaged areas and for the development of the roads infrastructure in the new Khutsong South housing development. Provision for public transport infrastructure (taxi ranks, loading zones) also included in the utilization of the funding.

Infrastructure - Lighting:
Funding availed towards the provision of street lighting and the conversion of old street lighting systems towards more energy efficient lighting.

Infrastructure - Water:
Funding availed towards improving supply to the Khutsong reservoirs previously dependent on a mine supply pipeline. Supply from the mine pipeline erratic and insufficient that resulted in reservoirs running low rendering communities without consistent

supply.
Planning for a new reservoir for the Blybank community commenced with construction planned for 2011/12. Varying system pressures due to direct supply from Rand Water often resulted in pipe bursts.

Infrastructure - Other:
Funding availed towards the improvement of the landfill site to comply with permit conditions. Transfer stations constructed within communities to improve waste management. Construction of a Disaster Management Centre in Wedela commenced to improve response times for accident, medical and fire emergencies.

Variances

Budgets were adjusted in anticipation of tenders to be awarded in February/March with associated expenditure to be incurred. With the pending elections however, a moratorium was placed on tender awards that ultimately resulted in suitable budget provision having been made for expenditure, but that expenditure could not be incurred due to the non-award of tenders.

T5.8.4

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Council has a Cash Management policy. Cash management is a key focus of Council. Council strives to cover fixed costs three times. A revenue enhancement strategy was adopted. Surplus funds are invested ensuring return on investments.

T5.9.0

Cash Flow Outcomes R'000				
Description	2010/11	Current Year 2011/12		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	466,644	706,171	826,100	523,294
Government - operating	330,100	368,083	359,331	428,426
Government - capital		-	-	-
Interest	27,188	27,936	31,425	31,898
Dividends	296	-	-	256
Payments				
Suppliers and employees	(664,947)	(687,838)	(828,255)	(833,001)
Finance charges	(8,156)	(22,051)	(10,269)	(5,174)
Transfers and Grants		(272,790)	(149,251)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	151,125	119,510	229,081	145,699
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	8,990	-	-	(19)
Decrease (Increase) in non-current debtors		-	-	-
Decrease (increase) other non-current receivables		-	-	-
Decrease (increase) in non-current investments	666	3,264	471	703
Payments				
Capital assets	(114,496)	(209,902)	(304,893)	(106,262)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(104,839)	(206,638)	(304,421)	(105,577)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans		-	-	-

Cash Flow Outcomes R'000				
Description	2010/11	Current Year 2011/12		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Borrowing long term/refinancing		22,476	22,476	(6,820)
Increase (decrease) in consumer deposits		580	580	-
Payments				
Repayment of borrowing	(12,840)	-	-	(7,075)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(12,840)	23,056	23,056	(13,895)
NET INCREASE/ (DECREASE) IN CASH HELD	33,446	(64,071)	(52,285)	26,227
Cash/cash equivalents at the year begin:	245,490	278,937	278,937	278,937
Cash/cash equivalents at the year-end:	278,936	214,866	226,652	305,164
Source: MBRR SA7				T5.9.1

COMMENT ON CASH FLOW OUTCOMES:	
Cash Backed Reserves/ Accumulated Surplus Reconciliation	
Description	Audited Outcome
Cash and Investment Available	
Cash/ Cash Equivalents at the end of the Year	305,164
Non Current Assets - Investments	9,372
Cash and Investments Available	314,536
Application of Cash and Investments	305,719
Unspent conditional transfers	
Other working capital requirements	
Total Applicaiton of cash and investments:	
Surplus (Shortfall)	7.765.050
Council has sufficient cash to cover current liabilities	T5.9.1.1

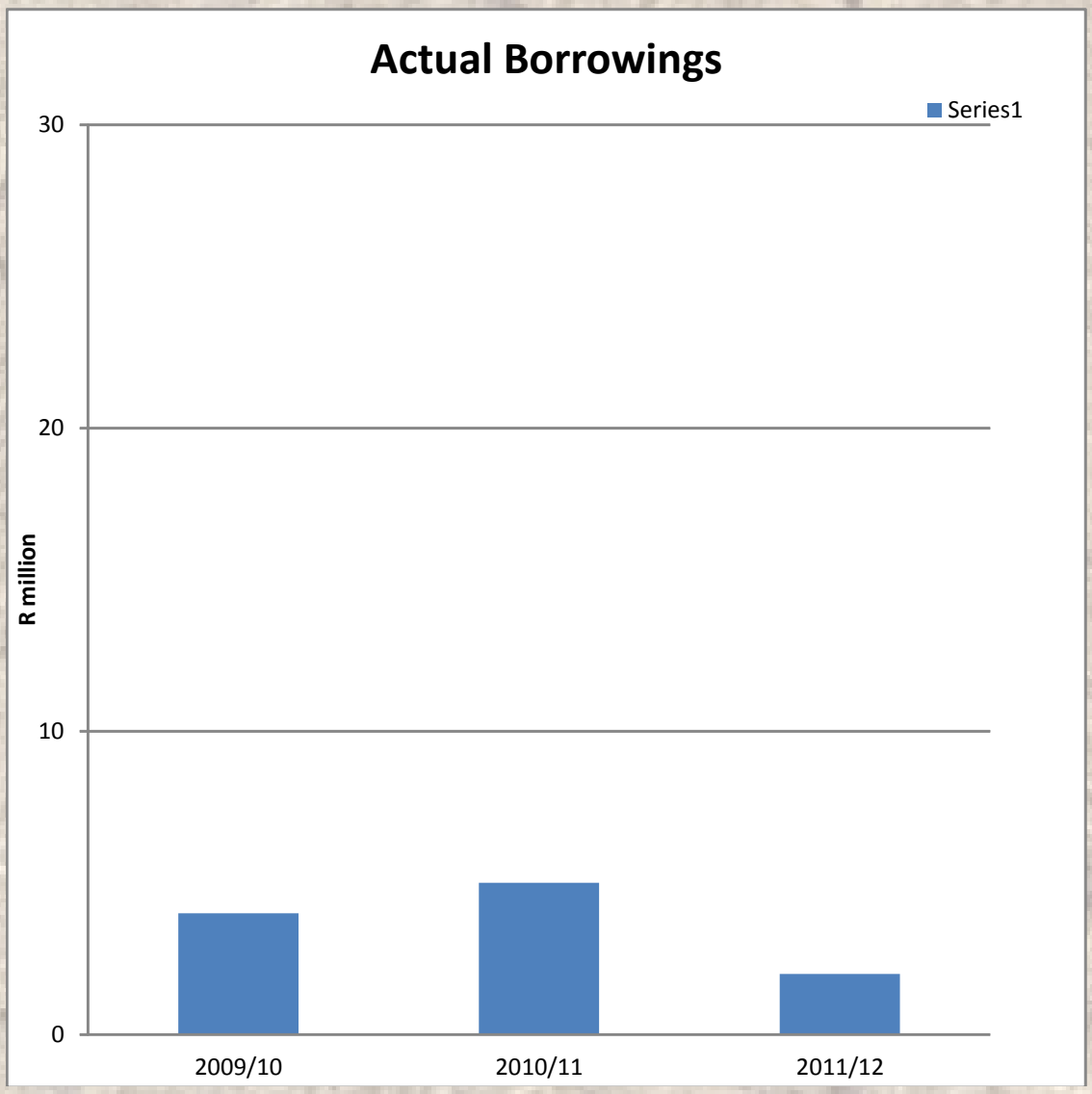
5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Council had a very conservative approach of borrowing money. Council operate on no overdraft. Council had resolved that they will have to commence to borrow funds to ensure effective service delivery. Council are not in a position to obtain grant funding for all projects. Council also resolved that long-term projects must be funded from long-term funding. All surplus funds are invested at the highest prevailing rate to obtain the highest return on the investments.

T5.10.1

Actual Borrowings 2008/09 - 2011/12 R' 000			
Instrument	**2009/10**	**2010/11**	**2011/12**
Municipality			
Long-Term Loans (annuity/reducing balance)	3,581	2,508	0
Long-Term Loans (non-annuity)			
Local registered stock	0		
Installment Credit			
Financial Leases	408	2,546	1,794
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	3,989	5,054	1,794
Municipal Entities			
			T5.10.2



Municipal and Entity Investments			R' 000
Investment* type	2009/10	2010/11	2011/12
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	12,569	9,305	9,776
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	12,569	9,305	9,776
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:	12,569	9,305	9,776
			T5.10.4

COMMENT ON BORROWING AND INVESTMENTS:

Council did not borrow money to any organisation or individual.

T5.10.5

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

Council have not entered in a Public Private Partnership agreement.

T5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Council adopted a supply Chain Policy as prescribed in the MFMA. Bid Committees are functioning. No Councillors are members of the bid committees.

T5.12.1

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

Council had fully implemented all applicable GRAP Standards as required by National Treasury.

T5.13.1

CHAPTER 6 - AUDITOR GENERAL

INTRODUCTION

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

T6.0.1

COMPONENT A:AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2011/12

6.1 AUDITOR GENERAL REPORTS 2011/12

Auditor-General Report on Service Delivery Performance 2009/10	
Audit Report Status:	**Unqualified**
Non-Compliance Issues	**Remedial Action Taken**
Section 46 of the Municipal Systems Act requires the disclosure of measures taken to improve performance in the annual performance report where planned targets were not achieved. Adequate and reliable corroborating evidence could not be provided for 40% of the measures taken to improve performance as disclosed in the annual performance report. The municipality records did not permit the application of alternative audit procedures. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the validity and accuracy of the measures taken to improve performance	Management will ensure that all planned corrective measures are corroborated by appropriate supporting documentation.
The National Treasury Framework for managing programme performance information (FMPPI) requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. A total of 22% of the actual reported measures relevant to Municipal Services, 22% of Physical Infrastructure and 60% of Financial Management objectives were not accurate when compared to source information. This was due to a lack of review of the recording of actual achievements by senior management.	Management has amended the disclosure in the annual performance report to reflect the extent of actual performance substantiated by supporting documentation. Alternatively, all supporting documentation that supports the actual performance per the annual performance report have been submitted for audit.
Of the total number of planned targets, only 95 targets were achieved during the year under review. This represents 35% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process	Management has amended the disclosure in the annual performance report to reflect the extent of actual performance substantiated by supporting documentation. Alternatively, all supporting documentation that supports the actual performance per the annual performance report have been submitted for audit.
Material misstatements in the annual performance report were identified during the audit, all of which were corrected by management.	Management has amended the annual performance report to accurately reflect only those indicators and targets which have been approved.
	T6.2.1

6.2 AUDITOR GENERAL REPORT 2010/11

Auditor-General Report on Financial Performance 2010/11	
Audit Report Status*:	**Unqualified with other matters**
Non-Compliance Issues	Remedial Action Taken
The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets identified by the auditors were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.	The municipality had receivables for services provided to the Northwest Department of Health totaling R15 852 038 at 30 June 2011, which had been outstanding since the 2008 financial year. The recoverability of this amount is doubtful and has been impaired.

Auditor-General Report on Financial Performance 2010/11	
Audit Report Status*:	**Unqualified with other matters**
Non-Compliance Issues	Remedial Action Taken
The accounting officer did not take reasonable steps to prevent unauthorized, irregular, and fruitless and wasteful expenditure, as required by section 62(1) (d) of the MFMA.	In terms of IAS19 council must provide for the Post Retirement Benefits for continuation members on the medical aid. Due to the slowdown in the economy worldwide the provision exceeded the amount provided for in the budget Council will have to closely monitor expenses to ensure compliance to the MFMA
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)	
	T6.1.1

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS 2010/11

The Report of the Auditor General is attached as Annexure

T6.2.3

COMMENTS ON AUDITOR-GENERAL'S OPINION 2010/11

Council had received an unqualified audit opinion. The opinion is the same as the previous financial year will less non-compliance issues raised by the Auditor - General.

Council had once again received an unqualified audit opinion on predetermined objectives

T6.2.4

M.G.WIENEKUS
CHIEF FINANCIAL OFFICER **DATE**

T6.5.2

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
DORA	Division of Revenue Act
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
GRAP	Generally Recognised Accounting Principles
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality’s delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.

Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned

APPENDIX A-COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

APPENDIX A(ii) Attendance of Councillors for the Period 18 May 2011 until 30 June 2011

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT /PT	Committees Allocated	*Ward / Party Represented	Council Meetings Attendance %	Apologies non-attendance %
A ACKERMAN	PT	Sports, Recreation, Art & Culture	Ward 24 DA	88.89	5.56
N BEST	PT	Health & Social Development	ANC	66.67	27.78
AW CILLIERS	PT	Water, Electricity & Gas	DA	94.44	5.56
M DYONASE	FT	Roads, Stormwater & Public Works	ANC	94.44	5.56
NM FANI	FT	Health & Social Development	ANC	88.89	11.11
TK FOTENG	PT	Public Safety & Transport	Ward 8 ANC	61.11	22.22
Z GIWU	PT	Human Settlement & Land Development	Ward 15 ANC	83.33	11.11
L ISHERWOOD	PT	LED, Tourism, Community Development	Ward 17 DA	77.78	11.11
V JANSEN VAN VUUREN	PT	Public Safety & Transport	Ward 28 DA	72.22	27.78
MV JIBA	PT	Finance	Ward 13 ANC	77.78	16.67
JF JOOSTE	PT	Integrated Environmental Management	Ward 21 DA	77.78	0.00
NG KASIBI	PT	LED, Tourism, Community Development	Ward 2 ANC	61.11	27.78
M KAWE	PT	Corporate & Shared Services	ANC	83.33	16.67
IR KOBOYANKWE	PT	Sports, Recreation, Art & Culture	Ward 18 ANC	94.44	5.56
MB LEPHUTING	FT	Integrated Environmental Management	ANC	88.89	11.11
RI LETHEA	FT	Speaker	ANC	100.00	0.00
SH LWANA	FT	Chief Whip	Ward20 ANC	100.00	0.00
TTE MABOE	PT	Corporate & Shared Services	DA	66.67	22.22
N MADIKIZELA	PT	Sports, Recreation, Art & Culture	ANC	83.33	5.56
MMJ MAKITI	FT	LED, Tourism, Community Development	ANC	72.22	22.22
TAG MAKITI	PT	Public Safety & Transport	ANC	77.78	22.22
BN MALIBE	PT	Finance	Ward 27 ANC	55.56	22.22
HM MAMOME	PT	Corporate & Shared Services	Ward 16 ANC	83.33	16.67
SG MANGALI	PT	Roads, Stormwater & Public Works	Ward 4 ANC	72.22	11.11
WM MATHIKGE	FT	Finance	ANC	83.33	0.00
WM MBABA	PT	Corporate & Shared Services	Ward 11 ANC	72.22	16.67
VW MCUNANA	PT	Integrated Environmental Management	DA	100.00	0.00
B MHLWEMPU	PT	Sports, Recreation, Art & Culture	MECA	88.89	11.11
TD MLAMBO	PT	Health & Social Development	Ward 10 ANC	100.00	0.00
MF MOEKETSI	PT	Roads, Stormwater & Public Works	Ward 23 ANC	88.89	11.11

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT /PT	Committees Allocated	*Ward / Party Represented	Council Meetings Attendance %	Apologies non-attendance %
IJM MOGALE	FT	Water, Electricity & Gas	Ward 7 ANC	100.00	0.00
SM MOGALE LETSIE	FT	Executive Mayor	ANC	94.44	5.56
MMK MOKWENA	PT	Roads, Stormwater & Public Works	DA	83.33	11.11
MP MOLAMU	PT	Health & Social Development	DA	88.89	0.00
MJ MOLOKELE	PT	Public Safety & Transport	COPE	94.44	0.00
DP MOLOKWANE	PT	Finance	ANC	61.11	11.11
MMW MOLUBI	FT	Public Safety & Transport	ANC	88.89	5.56
M MOYENI	FT	Human Settlement & Land Development	ANC	88.89	11.11
S MTHAKATHI	PT	LED, Tourism, Community Development	UDM	88.89	0.00
BJ NGWETSHENI	PT	Water, Electricity & Gas	Ward 26 ANC	88.89	11.11
HM NKAYITSHANA	PT	Corporate & Shared Services	Ward 5 ANC	66.67	27.78
VB NKWANYANA	PT	Water, Electricity & Gas	IFP	55.56	33.33
MJ PUSHO	PT	Human Settlement & Land Development	Ward 6 ANC	94.44	5.56
BJ QOTOYI	PT	Integrated Environmental Management	Ward 3 ANC	88.89	5.56
LN QUINEBA	PT	Health & Social Development	Ward 9 ANC	88.89	5.56
JM RAMOKGOATEDI	PT	Human Settlement & Land Development	ANC	55.56	27.78
J ROSSOUW	PT	Human Settlement & Land Development	DA	88.89	11.11
GM SELLO	FT	Sports, Recreation, Art & Culture	Ward 1 ANC	88.89	11.11
MM SETONA	PT	Water, Electricity & Gas	Ward 22 ANC	100.00	0.00
EL SOBANTU	PT	Roads, Stormwater & Public Works	Ward 25 ANC	88.89	11.11
NP SOTASHE	PT	Integrated Environmental Management	Ward 19 ANC	66.67	11.11
MP TELILE	PT	Health & Social Development	Ward 12 ANC	94.44	5.56
TE THATOBA	PT	LED, Tourism, Community Development	Ward 14 ANC	94.44	0.00
MP TWALA	PT		DA	100.00	0.00
BC XULU	PT		ANC	83.33	5.56
JDW ZWART	PT	Finance	DA	88.89	0.00
					T.A.

APPENDIX B-COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Mayoral Committee	Advise the Executive Mayor
Section 80 Committees	Consider Reports of Departments and submit recommendations to Executive Mayor
Section 79 Committees	Audit Committee
Section 79 Committees	MPAC an oversight role on the activities of Council as well as an oversigt role on the Annual Report
Section 79 Committees	Organisational Performance Management Committee

APPENDIX C-THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	**Director/Manager (State title and name)**
Finance	Manager: Income
	Manager: Credit Control
	Manager: Expenditure
	Manager: Supply Chain Management
	Manager: Treasury and Budget
Infrastructure	Manager: Civil Engineering
	Manager: Water and Sanitation
	Manager: PMU
	Manager: Electrical Engineering
Economic Development and Planning	Manager: Town Planning
	Manager: LED
	Manager: IDP
Corporate and Shared Services	Manager: Human Resources
	Manager: Legal and Secretariat
	Manager; Employment Equity
	Manager: Corporate Communication and Marketing
	Manager: ITC
Community Services	Manager: SRACH, Lis and Parks
	Manager: Waste Management
	Manager: Public Safety and Security
Chief Operations Officer	Manager: Housing
	Programme Management Office
	T C

APPENDIX D-FUNCTIONS OF MUNICIPALITY / ENTITY

MUNICIPAL FUNCTIONS	Function applicable to Municipality (Yes/No)*	Function Applicable to Entity (Yes/No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	
Building Regulations	Yes	
Child Care Facilities	Yes	
Electricity and Gas Reticulation	Yes	
Firefighting Services	No	
Local Tourism	Yes	
Municipal Airports	No	
Municipal planning	Yes	
Municipal health services	No	
Municipal Public Transport	Yes	

MUNICIPAL FUNCTIONS	Function applicable to Municipality (Yes/No)*	Function Applicable to Entity (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	Yes	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related	No	
Stormwater management systems in built-up areas	Yes	
Trading regulations	Yes	
Water and Sanitation services limited to potable water supply systems	Yes	
Beaches and amusement facilities	No	
Billboards and the display of advertisements in public places	Yes	
Cemeteries, funeral parlours and crematoria	Yes	
Cleansing	Yes	
Control of undertaking that sell liquor to the public	No	
Facilities for the accommodation, care, and burial of animals	No	
Fencing and fences	Yes	
Licensing of dogs	No	
Licensing and control of undertakings that sell food to the public	Yes	
Local amenities	Yes	
Local sport facilities	Yes	
Markets	No	
Municipal abattoirs	No	
Municipal parks and recreation	Yes	
Municipal roads	Yes	
Noise pollution	No	
Pounds	Yes	
Public places	Yes	
Refuse removal, refuse dumps and solid waste disposal	Yes	
Street trading	Yes	
Street lighting	Yes	
Traffic and parking	Yes	
		TD

APPENDIX E -WARD REPORTING

Functionality of Ward Committees					
Ward Committee Number	Name of Ward Councillor and elected Ward Committee Members	Committee Established (Yes/No)	Number of Montly Meetings Held	Number of Monthly Reports submitted	Number of Quarterly Public Meetings Held
1	GM Sello E. Booysen, N Fokoto, J Fose, J Kgaje, G Monopi, N Matsi, M, Muyai, A Mnwevu, A Ntsane, N Lite	No	4	4	1
2	NG Kasibi N Bila, p, Maaka, M Makhathi, S Mani, V Mkhwanazi, M Mosoche, J Matsoso, M Moloi, J Sebidi, E Vas	No	4	4	1
3	BJ Qotoyi M Abram, N Dodo, R Efalao, D Fokoto, E Kato, T Moholobela, N Nake, B Tsoki, M Natlokwana	No	6	6	1
4	SG Mangali M Dlamine, A Marago, P Mbewana, W Mncube, Mochiwaedi, K Mofokeng, Ngodwana, R Noyo, J Sibiya, P Tlwane	No	12	12	4
5	HM Nkayitshana G Nonkhanyiso, K Monoane, A Menzi, S Mlanjeni, X Mnyani, J Mokele, S Mosate V Same, N Spamla, N Thobi	No	13	13	3
6	MJ Pusho Adams, Dlamini, Dodo, Mokokoana, Msomi, Mwelase, Ratema, Sere, Tausane, Mokokoan	No	14	14	3
7	IJM Mogale Langa, Manganye, Marike, Mekwe, Mhlobo, Moloantoa, Moutlwatsi, Nxiba, Ramantsi, N Sihoyiya	No	3	3	0
8	TK Foteng N Faltuin, Kgobe, Kgomongoe, Mabaso, Manyathela, Mhlaga, Nkabinde, Ntshiyane, Tobatoba, Ziqotyana	No	17	17	4
9	LN Quineba Letlojane, Mabe, Makhutle, Masilo, M Masilo, A Mbinda, Molebatsi, Molebatsi, Rev. Ramoba	No	10	10	2
10	TD Mlambo Masiu, Masilela, Mashapa, Mazikwana,Mogapi, Motsumi, Pooe, Rabele, Ramphomane, Masau	No	9	9	2
11	WM Mbaba Bakaqane, bolisi, Jobela, Mangena, N Mgengo, Mngxunyeni, Njena, N Sefako, Rshekela, Timbela	No	17	17	4
12	MP Telile Daniel, Lieko, Faku, Kometsi, Mkhungeka, Mthebu, Nkosi, Ngcobondwana, Loane	No	8	8	2
13	MV Jiba Ditalamane, Dlamini, Kgomo, T Maswana, Mkekana, Qhole, Ragoro, Sigaji, Sokupa, Ngquphaza	No	8	8	2
14	TE Thatoba Cele, Diautlwa, Mazalene, Mfono, moyeni, Mbokodo, Nqetho, Ncapayi, Sithole, Wllem	No	4	4	0
15	Z Giwu Diko, Madikane, Madolwane, Mamabolo, Maxhwili, Mbuqe, Mamba, Mpini, Mthembu, Nopotso	No	7	7	1
16	HM Mamome Lekhoaoa, Mabile, Mlandu, Mbelle, A Phakoaago, Qolo, Robb, Sefa, Skhova, Wana	No	6	6	1
17	L Isherwood Bonelo, Bosakwe, Karageorgiou, Koalane, A Mokoena, Motsepe, Niewenhuizen, Ntsimane, Sabtino, Van Rensburg	No	0	0	0
18	IR Koboyankweetho Jada, Lekopa, Mali, Moitsheki, Monchosi, Moshoeshoe, Ndlovu, Nhlapo, Skalkie, Tlhobelo	No	10	10	4

Functionality of Ward Committees					
Ward Committee Number	Name of Ward Councillor and elected Ward Committee Members	Committee Established (Yes/No)	Number of Montly Meetings Held	Number of Monthly Reports submitted	Number of Quarterly Public Meetings Held
19	NP Sotashe S. Baca, S. Cwele, Mabitsela, Maskoti, Mathumbu, Ndabeni Sehlabo, Sobatele, Sonyabashe, Tyelingane	No	4	4	1
20	SH Lwana Dubula, Citani, Matyatyie, Mkhetsu, Ntozakhe, D. Ratshefola, Seng-Seng, Sontube, Vovo, Zibi	No	9	9	2
21	JF Jooste O Mabalane, Magagane, Tavanchi, Mokhachane, Tikoe, Tshabalala, Tshabalala, Nqele	No	0	0	0
22	MM Setona Mananga, Moalusi Mosiwa, Molefe Petrus Neo, M. C. Lebogang, M. Lebogang, B. Nyoni, Mtakwande Mpumelelo, M Phuthi, Sikhosana, M Tseku	No	12	12	4
23	MF Moeketsi D. Dlomo, V Khumalo, N Krele , Madubane. Manjingolo, Z Mbazana, E Mokoena, D Nonyane , Z Thintwa, Z Tutani	No	10	10	2
24	A Ackerman A Ditle, A Hoayane, J Letlhake, Mandawe, E Mthimkulu, B Ndayi, O Phalatse, E Ratshefola, D Sedike, M Thekiso	No	8	8	2
25	EL Sobantu S Gundane, N Mageza, L Meleni, C Molefe, D Ngwenya, B Nkalamshe, N Ngxaka, D Rakgetsi, S Sentso, R Tshwana	No	13	13	3
26	BJ Ngwetsheni T Dintwe, M Masiu, J Matlou, M Matlou, N Mofokeng, A Mpeke, I Ndubatha, N Sello, N Shabalala, Sikhosana	No	4	4	1
27	BN Malibe P Landu, P Makiki, Makunga, L Mekuto, P Managa, N Masina, Marixingana, L Mtshiyo, B Nozulu, S Zuma	No	7	7	1
28	V Jansen van Vuuren V Biyela, R Komane, M Legabe, E Machomane, X Mafethe, L Mangane, G Marwanqana, B Mhlongo, L Sam , N Tyatyaza	No	0	0	0
					T. D.

APPENDIX G -RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2010/11

AUDIT AND RISK MANAGEMENT RECOMMENDATION		
DATE OF COMMITTEE	COMMITTEE RECOMMENDATIONS DURING 2010/2011	RECOMMENDATIONS ADOPTED (ENTER YES); NOT ADOPTED (PROVIDE EXPLANATION)
27/01/2011 3rd Quarter A/C Chairperson's Report	5.1 That the Municipality must review and approve an updated Risk Management Policy. The Municipality is rated as a Level 2 risk by the Gauteng Department of Finance (GDF) where Merafong should be at a Level 3 risk rating. The biggest challenge that the GDF has identified is that there is no specific person dealing with risk. It is therefore recommended that such a person is appointed as matter of priority;	Yes
	5.2 That the position of a Risk Officer as recommended by GDF be filled;	Yes
	5.3 That the Strategic Risk Assessment Report be taken to Council for approval;	Yes
	5.4 That the Fraud Policy and Fraud Prevention Plan be reviewed and be submitted to Council for approval;	Yes
	5.5 That the position of Manager: Performance Management System (PMS) be created and filled to assist with performance management in the Municipality;	Yes
	5.6 That performance appraisal for Section 57 Managers is expedited to lower level staff;	Yes
	5.7 That reports from the Vuvuzela Fraud Hotline be investigated and action taken and reported to the Executive Committee (EXCO) and the Audit Committee;	Yes
	5.8 That the Accounting Officer holds line Managers accountable that do not respond to Internal Audit request for information or do not give proper thought to internal findings and who fail to give a management response before the deadline or who fails to implement the response. Report of the ARMC for the 3rd Quarter of 2010/2011 Financial Year queries' with an action plan as opposed to providing excuses and not specific plans or responses. e.g. Management response on the Internal Audit report on the Reticulation Losses has been long outstanding and is of a concern;	Yes

AUDIT AND RISK MANAGEMENT RECOMMENDATION		
DATE OF COMMITTEE	COMMITTEE RECOMMENDATIONS DURING 2010/2011	RECOMMENDATIONS ADOPTED (ENTER YES); NOT ADOPTED (PROVIDE EXPLANATION)
	5.9 Line Management with the assistance of Section: Human Capital and Industrial Relations must be trained to handle disciplinary cases procedurally and substantively fair and have to do so speedily after the incident has happened;	Yes
	5.10 That Audit Committee members and EXCO member are trained on the requirements of the new Companies Act of 2008 and the King III to understand the aspects of corporate governance and how this affect public entities;	Yes
	5.11 That there is training given to Line Managers on how to effectively use the Performance Management System (QPR) to update performance data and also how to prepare the Portfolio of Evidence (PoE) and how to present this to the performance evaluation panel;	Yes
	5.12 That the performance evaluation panel, especially the new members from Mayoral Committee (MAYCOM) are trained on their role within the appraisal process, how to interpret the data from the Performance Management Systems and how to apply the scoring more consistently and fairly;	Yes
	5.13 The Accounting Officer and EXCO must act on the recommendation made on overtime control and also take action against fraudulent overtime booking and management failures to control overtime;	Yes
	5.14 That any information that is presented for Council for a resolution be verified as correct by Internal Audit before submission to Council;	Yes
	5.15 That the adjustment budget should provide for the installation of surveillance cameras at Section: Supply Chain Management (Stores) to attempt to prevent theft;	Yes
	5.16 That the position of Manager: Supply Chain Management (SCM) be filled as a matter of urgency. Section: SCM is a critical position and cannot continuously function with persons appointed on an acting basis;	Yes
	5.17 That the Audit Committee is a functional committee of Council and that there should be improved communication and an official quarterly meeting with the MAYCOM;	Yes
	5.18 That all resolutions passed by Council be forwarded by Internal Audit to the Audit Committee to take note off;	Yes
	5.19 That the Audit Committee be invited to strategic planning to provide assistance and input as assistance to MAYCOM and the MCLM;	Yes
	5.20 That the Audit Committee be invited to strategic planning to provide assistance and input as assistance to MAYCOM and the MCLM;	Yes
		Yes
23/06/2011 4th Quarter A/C Chairperson's Report	5.1 That Section: Human Capital and the Accounting Officer develops a succession plan for the Internal Audit function and further empowers and capacitates the Unit;	Yes
	5.2 That the position of Manager: Internal Audit be filled as a matter of urgency;	Yes
	5.3 Internal Audit is not fully capacitated in terms of staffing. The unit structure is 5 position filled out of 9 and therefore the Audit Committee recommend that the unit be capacitated to ensure effective & efficient assurance services;	Yes
	5.4 That the position of Executive Director: Infrastructure Development be filled as a matter of urgency;	Yes
	5.5 That the MAYCOM are presented with copies of the relevant Audit Committee, Performance Audit Committee and Internal Audit Charters as well as relevant Legislation such as the MFMA, Municipal Systems Act and the Performance Management Act;	Yes

AUDIT AND RISK MANAGEMENT RECOMMENDATION		
DATE OF COMMITTEE	COMMITTEE RECOMMENDATIONS DURING 2010/2011	RECOMMENDATIONS ADOPTED (ENTER YES); NOT ADOPTED (PROVIDE EXPLANATION)
	5.6 That the MAYCOM receives and induction in all the above aspects as well as matters pertaining to good corporate governance and the King III;	Yes
	5.7 That the declaration of interest of all Councilors and Management (Executive Directors & Managers) get's updated signed and filled and investigated if there could be any conflict of interest. Internal Audit to audit this and provide feedback;	Yes
	5.8 That all the previous recommendations are represented to the new MAYCOM and to follow-up if the recommendations has been implemented or not;	Yes
	5.9 Performance reports submitted to Council on a quarterly basis as well as the Mid-Term Report should be submitted to Internal Audit before consideration by Council;	Yes
	5.10 That training be provided to the Audit Committee and all users of the Performance Management System (QPR) and that users be coached on significant data to be captured on a quarterly basis on the QPR system;	Yes
	5.11 The Anti- Fraud and Corruption Plan should be adopted by Council and that implementation get's expedited;	Yes
	5.12 Interference by a Councillor in Administration issues in Eureka Park should be brought to the attention of the Speaker for action;	
	5.13 An Overtime Policy should be drafted for approval by Council;	
	5.14 A Leave Policy should be drafted for approval by Council;	
	5.15 That the Audit Committee Chairperson should be invited to attend Council meetings on a more frequent basis and that communication between the AC and the MAYCOM should be scheduled officially at least once quarter;	
	5.16 The recent media releases regarding allegations of involvement of the Accounting Officer in tendering process were brought under the attention of the Audit Committee and the MAYCOM. The Accounting Officer has responded to both the MAYCOM and the Audit Committee on the matter and that further communication and recommendations on this matter will be forthcoming from the Audit Committee in due course;	
	5.17 That the Audit Committee supports further debate and planning with regards to Vision 2016 with the relevant parties as recommended by the Chief Whip and any assistance from the Audit Committee will be forthcoming;	
	5.18 That Annual Financial Statements be submitted to the Audit Committee by the Chief Financial Officer for review, before they can be submitted to the Auditor – General;	
	5.19 That firm and effective control mechanism be implemented to ensure that lack of credit control and debt collection especially in areas such as Khutsong, Kokosi and Wedela is resolved;	
	5.20 That payment agreements/payment contracts be drawn and entered into between Council and Councillors for all Councillors owing money to the Municipality e.g. Loan to ensure that all those who have debt towards the Municipality settle those debts;	
28/06/2012 4th Quarter A/C Chairperson's Report	5.1 That the Strategic Risk Assessment Report be taken to Council for approval;	No 4th Quarter A/C Chairperson's Report will be tabled at the next Council Meeting.
	5.2 That the position of Manager: Performance Management System (PMS) be created and filled to assist with performance management in the Municipality;	
	5.3 That performance appraisal for Section 57 Managers is expedited to lower level staff;	

AUDIT AND RISK MANAGEMENT RECOMMENDATION		
DATE OF COMMITTEE	COMMITTEE RECOMMENDATIONS DURING 2010/2011	RECOMMENDATIONS ADOPTED (ENTER YES); NOT ADOPTED (PROVIDE EXPLANATION)
	5.4 That reports from the Vuvuzela Fraud Hotline be investigated and action taken and reported to the Executive Committee (EXCO) and the Audit Committee;	
	5.5 That the Accounting Officer holds line Managers accountable that do not respond to Internal Audit request for information or do not give proper thought to internal findings and who fail to give a management response before the deadline or who fails to implement the response.	
	5.6 That the adjustment budget should provide for the installation of surveillance cameras at Section: Supply Chain Management (Stores) to attempt to prevent theft;	
	5.7 Disciplinary procedures to be taken against all employees who refuse to follow Supply Chain policies and procedures;	
	5.8 That Section: Human Capital and the Account Officer develop a succession plan for the Internal Audit function and further empower and capacitate the Unit. Internal Audit is not fully capacitated in terms of staffing. The unit structure is five (5) position filled out of nine (9) and therefore the Audit Committee recommend that the unit be capacitated to ensure effective & efficient assurance services;	
	5.9 That the position of Manager: Internal Audit be filled as a matter of urgency;	
	5.10 Interference by a Councillor in Administration issues in Eureka Park should be brought to the attention of the Speaker for action;	
	5.11 An Overtime Policy should be drafted for approval by Council;	
	5.12 A Leave Policy should be drafted for approval by Council;	
	5.13 Internal Audit is not fully capacitated in terms of staffing. The unit structure is four (4) positions filled out of nice (9) and therefore the Committee recommend that the unit be capacitated to ensure effective & efficient assurance services;	
	5.14 That the position of Manager: Internal Audit be filled as a matter of urgency;	
	5.15 That the position of Executive Director: Infrastructure Development be re-filled as a matter of urgency;	
	5.16 ARMC still make emphasis on lack of co-operation and failure of Management to submit management comments audit findings on time. ARMC recommends that the Accounting Officer holds line Managers accountable that do not respond to Internal Audit requests for information or do not give proper thought to internal findings and who fail to give management responses before the deadline or who fails to implement the response;	
	5.17 The issue regarding the time it takes for Management to fill-in all vacant positions is still a massive concern that needs to be addressed urgently;	
	5.18 Management to put strict adherence to all Council Policies and Procedures. Disciplinary measures to be taken against all employees who deviate from these Policies and Procedures. All deviations to be reported to Council;	

AUDIT AND RISK MANAGEMENT RECOMMENDATION		
DATE OF COMMITTEE	COMMITTEE RECOMMENDATIONS DURING 2010/2011	RECOMMENDATIONS ADOPTED (ENTER YES); NOT ADOPTED (PROVIDE EXPLANATION)
	5.19 Acquiring of Council assets is a serious concern as employees have tendencies of acquiring assets without following proper processes and procedures. ARMC recommend that issues around Assets Management be addressed as a matter of urgency. Management to develop an effective Risk Register, Fixed Asset Register be continuously updated and put in place effective controls to ensure that proper processes and procedures are adhered to when acquiring assets;	
	5.20 The Transport Allowance Policy be reviewed and approved by Council. Furthermore, transport allowance calculations should be urgently investigated and proper action be taken to correct the matter;	
	5.21 Council to source an effective electronic system to monitor attendance of all employees as the manual attendance register is not effective and is inconsistent;	
	5.22 That the findings of the forensic audit be dealt with firmly and within the protocol and procedures to ensure that those that are guilty of fraud, corruption and misappropriation of funds face the full force of the law;	
	5.23 Management look into improving the ineffectiveness of Section: Human Capital and address the issues from the audits done in this unit as the Human Capital has a significant impact on the moral and performance of the organisation;	
	5.24 That the HR recruitment and interview policy and procedure be reviewed to ensure that the best person is placed in the position within the guidelines of Employment Equity.	
	5.25 That performance appraisals be cascaded to lower-level employees across the Municipality;	
	5.26 That PMS Framework be audited by Internal Audit during the 2012/2013 financial year to verify compliance and if the framework is being followed as approved;	
	5.27 All processes involved in tender evaluation are assigned to the Chief Financial Officer. An effective monitoring system should be put in place to control the tender processes from start to end;	
	5.28 The findings on Supply Chain Management Forensic Investigation are a criminal matter and needs be addressed urgently. The matter must be reported to the South African Police Services (SAPS) and proper internal disciplinary procedures must be taken against all employees implicated;	
	5.29 The findings on Youth Social Grant from Dept. of Social Development Investigation are a criminal matter and needs be addressed urgently. The matter must be reported to the South African Police Services (SAPS) and proper internal disciplinary procedures must be taken against all employees implicated;	

APPENDIX H-LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into 2010/11) R' 000					
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Kwanza Communications	Placement of tender and recruitment advertisement in the print media on an as and when required	7-Oct-2010	6-Sep-2013	CFO	R1.3 Million

Long Term Contracts (20 Largest Contracts Entered into 2010/11) R' 000					
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Utility Management Services PTY (Ltd)	Rendering of credit control management services	2-Dec-2010	1-Nov-2013	CFO	R8.1 Million
Take Note trading, Msiphola JV Sakhisizwe and Remoshomong Trading Enterprise	Supply and delivery of printing papers	13/12/2010	11-Dec-2013	CFO	R1.5 Million
Messrs Re'tshepeng JV Madi Ke AO Trading Enterprise	Rendering of meter reading services	15/11/2010	14/10/2013	CFO	R8.1 Million
Makiti Maintenance & projects	Cutting of sidewalks, cemeteries and open spaces	27/10/2010	26/09/2013	Community Services	R6.9 Million
Lesandiphani Trading	Cutting of sidewalks, cemeteries and open spaces	27/10/2010	29/09/2013	Community Services	R6.9 Million
African Sky Properties	Renting of the new council chamber	23/06/2004	23/07/2024	Facilities Manager	R84000.00 escalate 2%
					T H.1

Public Private Partnerships Entered into 2010/11 R'000					
Name and Description of Project	Name of Partners	Initiation Date	Expiry Date	Project Manager	Value 2010/11
The Municpality does not have any Public Private Partnerships					
					T.H.2

APPENDIX I -MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Table is reflected in the Performance Report contained in Annexure U

APPENDIX J-DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2010 to 30 June 2011		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	SM Mogale-Letsie	Gifts: R2349-00, blanket and mirror from Edura
Member of MayCo / Exco		
	RI Lethea	Nil
	SH Lwana	Nil
	M Dyonase	Nil
	NM Fani	Nil
	M Kawe	Property: 5 Paul Kruger Street, Carletonville Property: 12 Willow Park, East London
	MB Lephuting	Lephuting Construction and Projects CC, 50% Lephuting Security, 50%
	MMJ Makiti	Nikiwe Guest Lodge CC, 100%, currently dormant
	WM Mathikge	Nil
	IJM Mogale	Nil
	MMW Molubi	Nil
	M Moyeni	Nil
	GM Sello	Mzema Traders CC, 100%
Councillor	A Ackerman	Employed: Fochville Hospital
		Property: 51 Vrede Street, Fochville
	N Best	Carleton-Mera Construction CC, 100% interest

	AW Cilliers	Owner: Slow Living Nursery and Landscaping
	TK Foteng	Owner: Mekhaya Estate Agency
		Property: 12 Kanaal Street, Carletonville
	Z Giwu	Employed: Driefontein Gold Mine
	L Isherwood	Employed: Carleton Jones High School
	V Jansen van Vuuren	Self employed: AntonicaFotos
	MV Jiba	Nil
	JF Jooste	Partner: Jooste, Slabbert & Moodie Attorneys, 50% Property: Remaining Extent Erf 1316, Carletonville, 25% Property: 0.0095 portion of section 15, 55 Palm Park, Margate
	NG Kasibi	Grant: Foster care
	IR Koboyankwe	ILRK Trading and Projects CC, 100%
	TTE Maboe	Nil
	N Madikizela	Nil
	TAG Makiti	Makiti Maintenance & Projects CC, 49%
	BN Malibe	Employed: DRD Gold Mining Company
		Pension: Sentinel Pension Fund
	HM Mamome	Employed: Merafong Flora PTY LTD
	SG Mangali	Nil
	WM Mbaba	Employed: Harmony Gold Mine
	VW Mcunana	Employed: Correctional Services
	B Mhlwempu	Intsikiri Construction CC, 100%, not yet operating
	TD Mlambo	Mlamtha Trading Enterprise CC, 100%, this CC was never used
	MF Moeketsi	Employed: Merafong Home Based Care
	MMK Mokwena	Pension: Government Employees Pension Fund
	MP Molamu	Nil
	MJ Molokele	Nil
	DP Molokwane	Nil
	S Mthakathi	Nil
	BJ Ngwetsheni	Nil
	HM Nkayitshana	Employed: DRD Goldmining Company
	VB Nkwanyana	Employed: DriefonteinGoldmining Company
	MJ Pusho	Minatlou Trading CC, 10%
	BJ Qotoyi	Nil
	LN Quineba	Grant: Ablood and arthritis
	JM Ramokgoatedi	Property: 11 Amanzimtoti Street, Carletonville
* Financial intersests to be disclosed even if they incurred for only part of the year. See MBRR SA34A		T J

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote

R' 000

Vote Description	2009/10	Current Year 2010/11			2010/11 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Municipal Manager	-	-	-	-		
Vote 2 - Finance	256,541	191,804	221,945	312,159	39%	29%
Vote 3 - Economic Development and Planning	166	46	-	-	0%	0%
Vote 4 - Chief Operating Officer	5,245	1,758	-	-	0%	0%
Vote 5 - Infrastructure	484,214	733,452	724,246	450,845	-63%	-61%
Vote 6 - Community Services	39,814	70,039	83,928	48,470	-45%	-73%

Revenue Collection Performance by Vote						R' 000
Vote Description	2009/10	Current Year 2010/11			2010/11 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 7 - Housing	50,726	257,345	142,875	75,777	-240%	-89%
Vote 8 - Shared Services	520	1,529	2,424	3,630	58%	33%
Total Revenue by Vote	837,227	1,255,973	1,175,418	890,881	-41%	-32%
T.K.1						

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						R '000
Description	2010/11	2011/12			2011/12 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	78,933	80,774	86,494	85,065	5%	-2%
Property rates - penalties & collection charges	3,221	1,809	1,917	1,574	-15%	-22%
Service Charges - electricity revenue	157,239	196,038	191,185	182,189	-8%	-5%
Service Charges - water revenue	199,372	229,892	222,588	199,468	-15%	-12%
Service Charges - sanitation revenue	19,696	27,003	23,003	20,298	-33%	-13%
Service Charges - refuse revenue	25,064	28,433	35,868	29,823	5%	-20%
Service Charges - other	727	372	589	588	37%	0%
Rentals of facilities and equipment	824	687	787	964	29%	18%
Interest earned - external investments	15,178	17,078	14,444	14,890	-15%	3%
Interest earned - outstanding debtors	12,010	10,858	16,981	17,008	36%	0%
Fines	1,516	1,966	5,398	4,499	56%	-20%
Licences and permits	9,823	28,831	31,955	8,865	-225%	-260%
Transfers recognised - operational	158,120	428,586	304,022	267,191	-60%	-14%
Other revenue	5,779	6,770	9,915	8,519	21%	-16%
Gains on disposal of PPE	-	-	3,933	1,281	100%	-207%
Total Revenue (excluding capital transfers and contributions)	687,502	1,059,098	949,079	842,220	-26%	-13%
Gains on disposal of PPE	100.00%	3 710	3 710			
Enviromental Proctection						
Total Revenue (excluding capital transfers and contributions)	0	873 508	833 824	785 476	-11%	-6%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						
T K.2						

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	"Adjustments Budget"	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	"Adjustments Budget"	

Conditional Grants: excluding MIG						R' 000
Details	Budget	"Adjustments Budget"	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	"Adjustments Budget"	
Total						
						T L

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

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

Capital Expenditure - New Assets Programme*							R '000
Description	2010/11	2011/12			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	69,157	209,902	304,893	110,226	320,914	144,397	113,648
Infrastructure: Road transport - Total	33,848	80,051	123,073	27,515	146,084	76,976	70,515
Roads, Pavements & Bridges	33,848	77,051	97,073	27,515	104,584	66,976	60,515
Storm water		3,000	26,000	-	41,500	10,000	10,000
Infrastructure: Electricity - Total	16,308	84,850	90,192	8,884	39,050	41,390	14,954
Generation							
Transmission & Reticulation	16,308	84,850	90,192	8,884	38,400	14,930	2,200
Street Lighting					650	26,460	12,754
Infrastructure: Water - Total	13,855	8,168	31,067	40,058	51,878	2,200	1,200
Dams & Reservoirs		-			13,678	2,200	1,200
Water purification	13,855		8,396	7,373	38,200		
Reticulation		8,168	22,670	32,685			
Infrastructure: Sanitation - Total	5,146	9,500	16,473	15,164	15,177	5,000	-
Reticulation	5,146	9,500	13,206	14,898	7,677		
Sewerage purification		-	3,267	266	7,500	5,000	
Infrastructure: Other - Total	-	580	-	-	3,254	651	-
Waste Management		580		-	3,254	651	
Transportation							
Gas							
Other							
Community - Total	16,586	26,754	44,088	18,604	65,471	18,180	26,979
Parks & gardens		1,375	1,375		1,500	1,500	
Sportsfields & stadia	661	-	739		6,677		
Swimming pools							
Community halls				198			
Libraries	3,656	-	2,620	2,929			

Capital Expenditure - New Assets Programme*							R '000
Description	2010/11	2011/12			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Recreational facilities							
Fire, safety & emergency	1,857			6,495	6,026		
Security and policing		2,378					
Buses							
Clinics							
Museums & Art Galleries						1,000	
Cemeteries	10,413	1,000	1,000				
Taxi Ranks				3,925			
Other		22,001	38,354	5,057	51,268	15,680	26,979
Capital expenditure by Asset Class							
Heritage assets - Total	-	-	-	-	-	-	-
Buildings							
Other							
Investment properties - Total	-	-	-	-	-	-	-
Housing development							
Other							
Other assets	28,072	22,001	38,354	38,354	51,268	15,680	26,979
General vehicles	1,062						
Specialised vehicles	-	-	-	-	-	-	-
Plant & equipment	934	930	930	930	2,000	4,000	2,000
Computers - hardware/ equipment	1,575	150	150	150			
Furniture and other office equipment	3,104	3,538					
Abattoirs							
Markets							
Civic Land and Buildings	9,927	500	3,665	3,665	3,511	1,150	
Other Buildings	6,442	15,583	31,809	31,809	26,588	10,530	24,979
Other Land	5,026	1,300	1,800	1,800	19,169		
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-	-	-	-	-	-
List sub-class							
Biological assets	-	-	-	-	-	-	-
List sub-class							
Intangibles	680	-	-	-	-	-	-

Capital Expenditure - New Assets Programme* R '000							
Description	2010/11	2011/12			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Computers - software & programming	680						
Other (list sub-class)							
Total Capital Expenditure on new assets	114,496	258,656	387,335	167,184	437,653	178,257	167,606
Specialised vehicles	-	-	-	-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T M.1

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

Council's Capital Budget does not make a distinction between Upgrade and Renewal Programmes

APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2010/11

Capital Programme by Project 2010/11 R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
ROADS AND STORMWATER	80,051,958	117,538,852			
Wedela Ext.3 Stormwater Channel		1,500,000			
Rehabilitation Of Existing Roads	1,500,000	1,500,000			
Kokosi Ext6 Construction Of Roads	3,801,958	0			
Khutsong South1,2and3:Construction Of New Road 9352 Stands	29,750,000	24,000,000			
Merafong Construction Of Existing Pavements		472,576			
Loading Zones At Taxi Areas		168,200			
Speed Bumps Khutsong		600,000			
Kokosi Ext5 Ring Road Construction		1,400,000			
Khutsong 1,2,3 Bulk Services Dolomite Risk Management		928,111			
Khutsong South Internal Roads: Detail Designs (Rod- Phase 1,2)		13,500,000			
Khutsong Bulk Roads & Associated Stormwater (9352 Stands)	42,000,000	19,000,000			
Bulk Stormwater : Detail Design And Implementation (Rod-Phase 1&2)	3,000,000	3,000,000			

Capital Programme by Project 2010/11 R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Khutsong South Design Road Over Rail Bridge Detail Design		4,000,000			
Fencing Railway Line		23,000,000			
Khutsong 1,2,3 Bulk Services Stormwater Phase 2		8,969,965			
Lining Of Bulk Stormwater Canals (Rehabilitation)		3,500,000			
Planning For Link Bulk Stormwater Channels (Rod Phase 1,2- Internal)		9,000,000			
Design And Construction Of 2 Pedestrian Bridges		3,000,000			
Electricity	84,850,000	75,322,444			
Fochville Bulk Substation-Eskom	28,000,000	28,000,000			
Khutsong South Extensions Electrification	8,400,000	4,000,000			
Load Control Upgrade	1,300,000	1,300,000			
Khutsong South Ph1 Infrastructure	2,000,000	2,000,000			
Cable Fault Finding Test equipment	150,000	150,000			
Fochville Main Substation Upgrade	15,000,000	2,000,000			
Khutsong south new substation	30,000,000	30,000,000			
Khutsong South Bulk Supply Ph1		5,241,130			
Greenspark Electrification 340 Stands		2,380,000			
Kokosi Electrification Ext.5		71,314			
Bulk Supply Infrastructure		180,000			
Water	8,167,521	27,866,682			
Construction Of Blybank Reservoir And Supply Pipelines	8,167,521	11,000,000			
Upgrading Of Supply To Reservoir Khutsong Ex.1 2 3		5,690,291			
Khutsong 1,2,3 Bulk Services Water Phase 2		1,286,700			
Khutsong South Bulk Water Supply Pipeline (Reservoir To Town 9352 Stands)		5,000,000			
Telemetry System For Khutsong Reservoirs		2,780,155			
Construction Of Various Pipelines Merafong Phase 1		1,046,936			
Construction Of Various Pipelines Merafong Phase 2		1,062,600			
Sewer	9,500,000	18,744,705			
Khutsong West Clinic	1,100,000	1,100,000			
Sanitation Rural Areas	8,400,000	8,400,000			
Kokosi WWTP + Extended		266,950			
Hlangani School Reroute		500,000			
Khutsong 1,2,3 Bulk Services Sewer Phase 2		2,277,755			
Welverdiend Pump station		3,200,000			
Design For Upgrade Welverdiend WWTP		3,000,000			
Waste Management	930,000	930,000			
Acquiring Of Trolley carts	280,000	280,000			

Capital Programme by Project 2010/11 R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Acquiring Of Street litter bins					
Acquiring Of Signage/Information boards	350,000	350,000			
Led	5,000,000	13,000,000			
Industrial Hive-Greenspark Phase I	5,000,000	3,000,000			
Khutsong Industrial Hive Phase 2		5,000,000			
Traders Market Osmium Street		5,000,000			
Public Works	10,500,000	14,318,988			
Upgrading And Extension Taxi Ranks	4,582,500	4,582,500			
Upgrading And Extension Taxi Ranks	117,500	117,500			
Construction Of New Taxi Rank: Wedela	4,300,000	3,000,000			
Construction Of New Taxi Rank: Kokosi		660,000			
Construction Of New Taxi Rank Blybank		1,100,000			
Khutsong South Stadium (Batswaneng)		738,988			
Khutsong Library		1,100,000			
Blybank Library		1,520,000			
Kokosi Pay-Point	1,500,000	1,500,000			
Cemeteries	2,000,000	2,000,000			
Fencing Fochville Cemetery	1,000,000	1,000,000			
Greenspark Extension Of Cemetery	1,000,000	1,000,000			
Public Safety	1,627,500	10,890,879			
Emergency Housing	1,447,500	1,447,500			
Construction Of Security Guardhouses With Ablution At Municipal Buildings	135,000	135,000			
Municipal Disaster Management Centre		7,598,379			
Upgrading Fochville Offices (Licensing)		1,250,000			
Turning Radius		350,000			
Vehicle Pound		65,000			
Mobile Security Guardhouses	45,000	45,000			

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2011/12

Capital Programme by Project by Ward 2010/11 R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
ROADS AND STORMWATER		
Wedela Ext.3 Stormwater Channel		
Rehabilitation Of Existing Roads		
Kokosi Ext6 Construction Of Roads		
Khutsong South1,2and3:Construction Of New Road 9352 Stands		
Merafong Construction Of Existing Pavements		
Loading Zones At Taxi Areas		
Speed Bumps Khutsong		
Kokosi Ext5 Ring Road Construction		
Khutsong 1,2,3 Bulk Services Dolomite Risk Management		

Capital Programme by Project by Ward 2010/11 R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Khutsong South Internal Roads: Detail Designs (Rod- Phase 1,2)		
Khutsong Bulk Roads & Associated Stormwater (9352 Stands)		
Bulk Stormwater : Detail Design And Implementation (Rod-Phase 1&2)		
Khutsong South Design Road Over Rail Bridge Detail Design		
Fencing Railway Line		
Khutsong 1,2,3 Bulk Services Stormwater Phase 2		
Lining Of Bulk Stormwater Canals (Rehabilitation)		
Planning For Link Bulk Stormwater Channels (Rod Phase 1,2- Internal)		
Design And Construction Of 2 Pedestrian Bridges		
Electricity		
Fochville Bulk Substation-Eskom		
Khutsong South Extensions Electrification		
Load Control Upgrade		
Khutsong South Ph1 Infrastructure		
Cable Fault Finding Test equipment		
Fochville Main Substation Upgrade		
Khutsong south new substation		
Khutsong South Bulk Supply Ph1		
Greenspark Electrification 340 Stands		
Kokosi Electrification Ext.5		
Bulk Supply Infrastructure		
Water		
Construction Of Blybank Reservoir And Supply Pipelines		
Upgrading Of Supply To Reservoir Khutsong Ex.1 2 3		
Khutsong 1,2,3 Bulk Services Water Phase 2		
Khutsong South Bulk Water Supply Pipeline (Reservoir To Town 9352 Stands)		
Telemetry System For Khutsong Reservoirs		
Construction Of Various Pipelines Merafong Phase 1		
Construction Of Various Pipelines Merafong Phase 2		
Sewer		
Khutsong West Clinic		
Sanitation Rural Areas		
Kokosi WWTP + Extended		
Hlangani School Reroute		
Khutsong 1,2,3 Bulk Services Sewer Phase 2		
Welverdiend Pump station		
Design For Upgrade Welverdiend WWTP		
Waste Management		
Acquiring Of Trolley carts		
Acquiring Of Street litter bins		
Acquiring Of Signage/Information boards		
Led		

Capital Programme by Project by Ward 2010/11 R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Industrial Hive-Greenspark Phase I		
Khutsong Industrial Hive Phase 2		
Traders Market Osmium Street		
Public Works		
Upgrading And Extension Taxi Ranks		
Upgrading And Extension Taxi Ranks		
Construction Of New Taxi Rank: Wedela		
Construction Of New Taxi Rank: Kokosi		
Construction Of New Taxi Rank Blybank		
Khutsong South Stadium (Batswaneng)		
Khutsong Library		
Blybank Library		
Kokosi Pay-Point		
Cemeteries		
Fencing Fochville Cemetery		
Greenspark Extension Of Cemetery		
Public Safety		
Emergency Housing		
Construction Of Security Guardhouses With Ablution At Municipal Buildings		
Municipal Disaster Management Centre		
Upgrading Fochville Offices (Licensing)		
Turning Radius		
Vehicle Pound		
Mobile Security Guardhouses		
		O

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
None				
Clinics (NAMES, LOCATIONS)				
None				
				T P

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Commmunity where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:	Clinics needed at: Fochville Community Centre Greenspark, Kokosi, Khutsong, Khutsong 1,2,3	Insufficient access to Primary Health Care Services

Service Backlogs Experienced by the Commmunity where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Housing:	Total Backlog all areas 27031 Houses	No access to housing and basic services for these families
Licencing and Testing Centre:	Fochville Licencing and Testing Centre	Insufficient access
Reseviors	Nil	Nil
Schools (Primary and High):	Khutsong 1,2,3 Primary and High School	Dangerous railway crossing to nearest schools
Sports Fields:	Nil	Nil

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the municipality 2008/09				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	"Value 2010/2011 R' 000 "	Total Amount committed over previous and future years
The Municpality Granted no Loans or Grants during the Reporting Period				
* Loans/Grants - whether in cash or in kind				T R

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

MFMA Section 71 Returns Not Made During 2008/09 According to Reporting Requirements	
Return	Reason Return has not been properly made on due date
Nil	Nil
	TS

APPENDIX T – PRESIDENTIAL OUTCOME FOR LOCAL GOVERNMENT

Presidential Outcome for Local Government		
Outcome/ Output	Progress to date	Number or Percentage Achieved
Output: Improving Access to Basic Services	• 49 325 Households with access to basic services • Improvement of bulk water supply. • Improved provision of stand-pipes, • Extension of waste management services to new RDP Housing	Water 99% Sanitation 79% Waste 71% Electricity 61%
Output: Implementation of the Community Work Programme		
Output Deepen Democracy through a refined Ward Committee Model		
Output: Administration and Financial Model		
		T.T.

APPENDIX U – REPORT OF THE AUDITOR GENERAL

Attached.

APPENDIX U 1– Merafong City Audited Financial Statements

Attached.

APPENDIX U 2– Merafong City Annual Performance Report

Attached

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

Merafong City Local Municipality

Trading as Merafong City Local Municipality
Annual Financial Statements for the year ended 30 June 2012

General Information

Legal form of entity	Local Municipality
Legislation governing the municipality's operations	Municipal Finance Management Act (Act no.56 of 2003)
Mayoral committee	
Executive Mayor	Mogale Letsie SM
Councillors	Speaker: Letheya RI
	MMC Roads Stormwater and Public Works: Dyonase M
	MMC Health and Social Development: Fani NM
	MMC Corporate and Shared Services: Kawe M
	MMC Integrated Environmental Management: Lephuting MB
	MMC Local Economic, Tourism and Rural Development: Makiti MJ
	MMC for Finance: Mathikge WM
	MMC Public Safety and Transport: Molubi MMW
	MMC Electricity Gas and Water: Mogale IM
	MMC Human Settlement and Land Development: Moyeni M
	MMC Sports, Recreation, Arts And Culture: Sello GM
Grading of local authority	The municipality is a category C grade 4 local authority in terms of item 4 of the Government Notice R1227 of 18 December 2007 published in terms of the Remuneration of Public Office Bearers Act, 1998
Chief Financial Officer (CFO)	Matthys Gerhardus Wienekus
Accounting Officer	Casper Wilhelmus Albertus Nieuwoudt (Acting)
Registered office	Halite Street Carletonville
Business address	Halite Street Carletonville
Postal address	PO Box 3, Carletonville, 2500
Bankers	Nedbank Ltd
Auditors	Auditor-General of South Africa

Index

The reports and statements set out below comprise the annual financial statements presented to the municipal council:

Index	Page
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Accounting Policies	8 - 21
Notes to the Annual Financial Statements	22 - 73

Abbreviations

PHB	Provincial Housing Board
DPLG	Department of Provincial and Local Government
DBSA	Development Bank of South Africa
WRDM	West Rand District Municipality
GRAP	Generally Recognised Accounting Practice
NLDTF	National Lottery Distribution Trust Fund
VAT	Value Added Tax
EPWP	Extended Public Works Programme
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
UIF	Unemployment Insurance Fund
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
SDL	Skills Development Levy
WCA	Workmen's Compensation
SALGBC	South African Local Government Bargaining Council

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

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

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality’s cash flow forecast for the year to 30 June 2013 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipalty has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 4 to 73, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2012:

Casper Wilhelmus Albertus Nieuwoudt (Acting)
Accounting Officer

Statement of Financial Position

Figures in Rand	Note(s)	2012	2011
Assets			
Current Assets			
Inventories	9	7 721 380	7 434 883
Trade and other receivables	11	176 659 005	120 334 617
Other receivables	10	18 472 208	6 257 881
Long-term receivables	5	2 507 964	3 677 070
Cash and cash equivalents	12	305 164 499	278 937 257
		510 525 056	**416 641 708**
Non-Current Assets			
Property, plant and equipment	3	2 787 946 387	2 784 469 535
Intangible assets	4	1 217 415	2 069 713
Long-term receivables	5	7 905	9 427
Investments	8	9 772 346	9 304 728
		2 798 944 053	**2 795 853 403**
Total Assets		**3 309 469 109**	**3 212 495 111**
Liabilities			
Current Liabilities			
Long-term liabilities	13	7 471 442	7 583 791
Finance lease obligation	14	18 169 831	22 902 583
Payables from exchange transactions	17	110 347 700	80 846 706
VAT payable	18	47 395 059	41 602 168
Consumer deposits	19	10 388 622	9 658 652
Retirement benefit obligation	7	2 351 628	2 124 444
Unspent conditional grants and receipts	15	305 719 124	239 949 669
Provisions	16	16 427 903	14 253 820
		518 271 309	**418 921 833**
Non-Current Liabilities			
Long-term liabilities	13	56 015 801	62 978 397
Finance lease obligation	14	1 989 722	1 469 513
Retirement benefit obligation	7	77 471 437	67 235 304
Provisions	16	11 614 840	10 025 577
		147 091 800	**141 708 791**
Total Liabilities		**665 363 109**	**560 630 624**
Net Assets		**2 644 106 000**	**2 651 864 487**
Net Assets			
Accumulated surplus		2 644 106 000	2 651 864 487

Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011
Revenue			
Property rates	22	85 956 760	78 933 383
Property rates - penalties imposed and collection charges		1 573 626	3 220 760
Service charges	23	436 437 167	402 097 338
Rental of facilities and equipment		963 939	824 029
Interest earned - external investments	31	14 890 052	15 177 709
Interest earned - outstanding receivables		17 007 912	12 010 403
Fines		4 499 455	1 516 056
Licences and permits		8 864 568	9 823 283
Government grants & subsidies	24	289 311 342	304 959 467
Public contributions and donations	26	1 661 378	2 889 454
Other income	25	4 834 971	5 774 637
Total Revenue		**866 001 170**	**837 226 519**
Expenditure			
Employee related costs	28	(243 237 849)	(223 820 777)
Remuneration of councillors	29	(15 331 945)	(13 778 886)
Depreciation and amortisation	32	(95 095 607)	(97 117 190)
Finance costs	33	(8 589 792)	(8 568 305)
Debt impairment	30	(49 372 310)	(75 538 243)
Collection costs		(693 277)	(688 826)
Repairs and maintenance		(34 741 692)	(22 618 897)
Bulk purchases	36	(267 096 903)	(227 647 904)
Contracted services	34	(51 289 220)	(36 344 158)
Grants and subsidies paid	35	(8 123 173)	(55 613 515)
General Expenses	27	(89 043 783)	(84 289 669)
Total Expenditure		**(862 615 551)**	**(846 026 370)**
Loss on disposal of assets and liabilities		(3 092 960)	-
Surplus (deficit) for the year		**292 659**	**(8 799 851)**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	2 329 783 546	2 329 783 546
Adjustments		
Prior period errors	330 880 792	330 880 792
Balance at 01 July 2010 as restated	**2 660 664 338**	**2 660 664 338**
Changes in net assets		
Surplus for the year	(8 799 851)	(8 799 851)
Total changes	(8 799 851)	(8 799 851)
Opening balance as previously reported	2 651 864 487	2 651 864 487
Adjustments		
Adjustments directly agains accumulated surplus	(8 051 146)	(8 051 146)
Balance at 01 July 2011 as restated	**2 643 813 341**	**2 643 813 341**
Changes in net assets		
Surplus for the year	292 659	292 659
Total changes	292 659	292 659
Balance at 30 June 2012	**2 644 106 000**	**2 644 106 000**

Cash Flow Statement

Figures in Rand	Note(s)	2012	2011
Cash flows from operating activities			
Receipts			
Sale of goods and services		523 294 412	466 644 476
Grants		428 425 831	330 099 737
Interest income		31 897 964	27 188 112
Other receipts		256 024	296 118
		983 874 231	824 228 443
Payments			
Employee costs		(113 647 632)	(113 807 665)
Suppliers		(701 000 481)	(550 986 625)
Finance costs		(5 173 728)	(8 156 099)
Other payments		(18 353 147)	(151 531)
		(838 174 988)	(673 101 920)
Net cash flows from operating activities	37	**145 699 243**	**151 126 523**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(108 398 709)	(113 815 216)
Proceeds from sale of property, plant and equipment	3	2 137 019	8 990 416
Purchase of other intangible assets	4	(18 795)	(680 369)
Proceeds from sale of financial assets		1 170 628	(2 598 684)
Purchase of investments		(467 618)	-
Proceeds from sale of investments		-	3 264 416
Net cash flows from investing activities		**(105 577 475)**	**(104 839 437)**
Cash flows from financing activities			
Repayment of long-term liabilities		(7 074 945)	(8 143 410)
Finance lease payments		(6 819 581)	(4 696 806)
Net cash flows from financing activities		**(13 894 526)**	**(12 840 216)**
Net increase/(decrease) in cash and cash equivalents		**26 227 242**	**33 446 870**
Cash and cash equivalents at the beginning of the year		278 937 257	245 490 387
Cash and cash equivalents at the end of the year	12	**305 164 499**	**278 937 257**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board, in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

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

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

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

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. When any significant judgements and sources of estimation uncertainty are applicable, they have been disclosed in the relevant notes and policies.

Accounting Policies

1.2 Property, plant and equipment

INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

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

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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

SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset and the cost or fair value of the item can be measured reliably.

DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure		Other	
Roads and Paving	30 Years	Buildings	30 Years
Pedestrian Malls	30 Years	Specialist vehicles	6 - 10 Years
Electricity	20 - 45 Years	Other vehicles	5 Years
Water	15 - 25 Years	Office equipment	3 - 7 Years
Sewerage	15 - 20 Years	Furniture and fittings	7 Years
		Watercraft	15 Years
Community		Bins and containers	10 Years
		Plant and equipment	2 - 15 Years
Buildings	30 Years	Landfill sites	15 Years
Recreational Facilities	20 - 30 Years	Quarries	15 Years
Security	5 Years	Emergency equipment	5 Years
Halls	30 Years	Computer equipment	5 Years
Libraries	30 Years	Library Material	8 Years
Parks and gardens	30 Years	Library Material	8 Years
Other assets	5 Years		
Heritage assets			
Buildings	30 Years		

Accounting Policies

1.2 Property, plant and equipment (continued)

Paintings and artefacts	20 Years
Finance lease assets	
Office equipment	3 - 6 Years
Other assets	5 Years

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.3 Intangible assets

An asset is identified as an intangible asset when it:

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

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

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

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

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

Accounting Policies

1.3 Intangible assets (continued)

INITIAL RECOGNITION

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:
• the municipality intends to complete the intangible asset for use or sale;
• it is technically feasible to complete the intangible asset;
• the municipality has the resources to complete the project; and
• it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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

SUBEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	4 Years (Changed: 2011 - 3 Years)

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Accounting Policies

1.4 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:
• Held-to-maturity investment financial assets
• Loans and receivables financial assets
• Available-for-sale financial assets
• Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Recognition

Financial assets and financial liabilities are initially recognised on the statement of financial position when the municipality becomes party to the contractual provisions of the instrument.

Measurement

When a financial asset or financial liability is recognised initially, the municipality measure it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the municipality applies the following to determine the amount of any impairment loss:

Financial assets carried at amortised cost: If there is objective evidence that an impairment loss on loans and receivables or held-to maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in surplus or deficit.

Financial assets carried at cost: If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss

is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Available-for-sale financial assets: When a decline in the fair value of an available-for-sale financial asset has been recognised in accumulated surplus or deficit and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in accumulated surplus or deficit is reclassified from accumulated surplus or deficit to surplus or deficit as a reclassification adjustment even though the financial asset has not been derecognised.

Accounting Policies

1.4 Financial instruments (continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the municipality has the positive intention and ability to hold to maturity

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the municipality estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. In those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments) the municipality uses the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the municipality estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. In those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments) the municipality uses the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are subsequently measured at fair value with changes in fair value recognised in accumulated surplus

Impairment losses, interest income and dividend income are reported in surplus or deficit.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the municipality estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. In those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments) the municipality uses the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Accounting Policies

1.4 Financial instruments (continued)

De-recognition

Financial assets

A financial asset is de-recognized where the contractual rights to receive cash flow from the asset have expired, or the municipality has transferred the asset and the transfer qualifies for de-recognition. A transfer qualifying for de-recognition occurs when the municipality transfers the contractual rights to receive the cash flows of the financial asset. Where the municipality has transferred its rights to the cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the municipality's continuing involvement in the asset.

Financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Categorisation

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets or financial liabilities.

A financial asset is any asset that is:

- cash;
- a contractual right to receive cash or to receive another financial asset from another entity;
- a contractual right to exchange financial instruments on potentially favourable terms;
- an equity instrument of another entity;
- a contract that may or will be settled in the entity's own equity instruments (subject to certain conditions).

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

• Investments
• Long term receivables
• Trade and other receivables
• Cash and cash equivalents

In accordance with IAS 39.09 the financial assets of the municipality are classified as follows into one of the four categories allowed by this standard:

Type of financial asset	Classification in terms of IAS 39.09
Investments	Held to maturity
Long term receivables	Loans and receivables
Trade and other receivables	Loans and receivables
Cash and cash equivalents	Available for sale

A financial liability is any liability that is:

- a contractual obligation to deliver cash or to deliver another financial asset;
- a contractual obligation to exchange financial instruments on potentially unfavourable terms;

The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

• Long term liabilities (Current & non-current)
• Trade and other payables
• Consumer deposits
• Unspent conditional grants
• Finance lease liability

There are two main categories of financial liabilities, classified based on how they are measured.

Accounting Policies

1.4 Financial instruments (continued)
Any other financial liabilities are classified as financial liabilities that are not measured at fair value through profit or loss.

In accordance with IAS 39.09 the financial liabilities of the municipality are classified only as financial liabilities that are not measured at fair value through profit or loss because none of the following instruments are held for trading.

Type of financial liability	Classification in terms of IAS 39.09
Long term liabilities (Current & non-current)	Financial liability that is not measured at fair value through profit or loss
Trade and other payables	Financial liability that is not measured at fair value through profit or loss
Consumer deposits	Financial liability that is not measured at fair value through profit or loss
Unspent conditional grants	Financial liability that is not measured at fair value through profit or loss
Finance lease liability	Financial liability that is not measured at fair value through profit or loss

Impairment of financial assets

Consumer debtors, long term receivables and other receivables are stated at cost less a provision for bad debts. The provision is made on an individual basis or group, based on expected cash flows.

At each balance sheet date an assessment is made of whether there is any objective evidence of impairment of financial assets. If there is evidence then the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39 as an expense in the Statement of Financial Performance.

1.5 Leases

MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

Accounting Policies

1.6 Inventories

INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Accounting Policies

1.7 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

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

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

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

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

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

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

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

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

1.8 Employee benefits

RETIREMENT BENEFIT

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

MEDICAL AID: CONTINUED MEMBERS

The municipality provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds, with which the municipality is associated, a member (subject to the applicable conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for the portion as determined by Council from time to time, of the medical aid membership fee, and the municipality for the remaining portion.

Accounting Policies

1.9 Provisions and contingencies

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:
(a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

LANDFILL REHABILITATION

The Landfill Rehabilitation Provision is created for the rehabilitation of the current operational sites at the future estimated time of closure.

The value of the Provision is based on the expected future cost to rehabilitate the various sites discounted back to the balance sheet date at the cost of capital, which is currently 7.61% (2011:10.5%).

The municipality has an obligation to rehabilitate these Landfill sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which a municipality incurs as a consequence of having used the property during a particular period for landfill purposes. The municipality estimates the useful lives and make assumptions as to the useful lives of these assets, which influence the provision for future costs.

The asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;

(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and

(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit.

Accounting Policies

1.10 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. The estimates of consumption between meter readings are based on. the average of the past six months readings

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

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

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

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

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

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is the gross inflows of economic benefits or service potential during the reporting period when those inflows result in increases in net assets, other than increases relating to contributions from owners.

Revenue is measured at the fair value of the consideration received or receivable.

When the inflow of cash or cash equivalents is deferred and the fair value of the consideration is less than the nominal amount of cash received or receivable, the arrangement effectively constitutes a financing transaction. The fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

• The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
• A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

REVENUE FROM SALE OF GOODS

Revenue from the sale of goods is recognised when the following conditions have been satisfied:
- The municipality has transferred to the buyer the significant risks and rewards of ownership.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Accounting Policies

1.11 Revenue from non-exchange transactions

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

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

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

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

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

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

GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.

- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets as per accounting policy number 1.16. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Extended periods are periods that exceed 12 months.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Accounting Policies

1.13 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.15 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 Presentation of currency

These annual financial statements are presented in South African Rand.

1.17 Going concern

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.18 Comparative information

Budget information has been provided in a note in these Annual Financial Statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2012 or later periods:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have no been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions un the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard has not yet been set.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 23: Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the municipality.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 1 July 2012.

Figures in Rand	2012	2011

2. New standards and interpretations (continued)

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph .19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the municipality is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the ‘Statement of Comparison of Budget and Actual Amounts’. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 1 July 2012.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 103: Heritage Assets

Grap 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Certain heritage assets are described as inalienable items thus assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

A heritage asset should be recognised as an asset only if:

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

The standard required judgment in applying the initial recognition criteria to the specific circumstances surrounding the entity and the assets.

Grap 103 states that a heritage asset should be measured at its cost unless it is acquired through a non-exchange transaction which should then be measured at its fair value as at the date of acquisition.

Figures in Rand	2012	2011

2. New standards and interpretations (continued)

In terms of the standard, an entity has a choice between the cost and revaluation model as accounting policy for subsequent recognition and should apply the chosen policy to an entire class of heritage assets.

The cost model requires a class of heritage assets to be carried at its cost less any accumulated impairment losses.

The revaluation model required a class of heritage assets to be carried at its fair value at the date of the revaluation less any subsequent impairment losses. The standard also states that a restriction on the disposal of a heritage asset does not preclude the entity from determining the fair value.

Grap 103 prescribes that when determining the fair value of a heritage asset that has more than one purpose, the fair value should reflect both the asset's heritage value and the value obtained from its use in the production or supply of goods or services or for administrative purposes.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase should be credited directly to a revaluation surplus. However, the increase should be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit. If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease should be recognised in surplus or deficit. However, the decrease should be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Grap 103 states that a heritage asset should not be depreciated but an entity should assess at each reporting date whether there is an indication that it may be impaired.

In terms of the standard, compensation from third parties for heritage assets that have been impaired, lost or given up, should be included in surplus or deficit when the compensation becomes receivable.

For a transfer from heritage assets carried at a revalued amount to property, plant and equipment, investment property, inventories or intangible assets, the asset's deemed cost for subsequent accounting should be its revalued amount at the date of transfer. The entity should treat any difference at that date between the carrying amount of the heritage asset and its fair value in the same way as a revaluation in accordance with this Standard. If an item of property, plant and equipment or an intangible asset carried at a revalued amount, or investment property carried at fair value is reclassified as a heritage asset carried at a revalued amount, the entity applies the applicable Standard of GRAP to that asset up to the date of change. The entity treats any difference at that date between the carrying amount of the asset and its fair value in accordance with the applicable Standard of GRAP relating to that asset. For a transfer from investment property carried at fair value, or inventories to heritage assets at a revalued amount, any difference between the fair value of the asset at that date and its previous carrying amount should be recognised in surplus or deficit.

The carrying amount of a heritage asset should be derecognised:

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

The gain or loss arising from the derecognition of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

The effective date of the standard is for years beginning on or after 1 July 2012.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 21: Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

An municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, an entity estimates the recoverable service amount of the asset.

Figures in Rand	2012	2011

2. New standards and interpretations (continued)

The present value of the remaining service potential of a non-cash-generating asset is determined using one of the following approaches:

- Depreciated replacement cost approach
- Restoration cost approach
- Service units approach

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

An municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, an entity estimates the recoverable service amount of that asset.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 1 July 2012.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 26: Impairment of cash-generating assets

Cash-generating assets are those assets held by an municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

An entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, an municipality estimates the recoverable amount of the asset. When estimating the value in use of an asset, an municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and an municipality applies the appropriate discount rate to those future cash flows.

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

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

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, an entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

Figures in Rand	2012	2011

2. New standards and interpretations (continued)

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

An municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, an municipality estimates the recoverable amount of that asset.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 1 July 2012.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 25: Employee benefits

The objective of GRAP25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an municipality to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when an municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

GRAP25 defines, amongst others, the following:

- Employee benefits as all forms of consideration given by an municipality in exchange for service rendered by employees;
- Defined contribution plans as post-employment benefit plans under which an municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods;
- Defined benefit plans as post-employment benefit plans other than defined contribution plans;
- Multi-employer plans as defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that:
  - pool the assets contributed by various entities that are not under common control; and
  - use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the municipality that employs the employees concerned;
- Other long-term employee benefits as employee benefits (other than post-employment benefits and termination benefits) that is not due to be settled within twelve months after the end of the period in which the employees render the related service;
- Post-employment benefits as employee benefits (other than termination benefits) which are payable after the completion of employment;
- Post-employment benefit plans as formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees;

Figures in Rand	2012	2011

2. New standards and interpretations (continued)

- Short-term employee benefits as employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service;
- State plans as plans other than composite social security programmes established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation;
- Termination benefits as employee benefits payable as a result of either:
  - an entity's decision to terminate an employee's employment before the normal retirement date; or
  - an employee's decision to accept voluntary redundancy in exchange for those benefits;
- Vested employee benefits as employee benefits that are not conditional on future employment.

The standard states the recognition, measurement and disclosure requirements of:

- Short-term employee benefits;
  - All short-term employee benefits;
  - Short-term compensated absences;
  - Bonus, incentive and performance related payments;
- Post-employment benefits: Defined contribution plans;
- Other long-term employee benefits;
- Termination benefits.

The standard states Post-employment benefits: Distinction between defined contribution plans and defined benefit plans:

- Multi-employer plans;
- Defined benefit plans where the participating entities are under common control;
- State plans;
- Composite social security programmes;
- Insured benefits.

The standard states, for Post-employment benefits: Defined benefit plans, the following requirements:

- Recognition and measurement;
- Presentation;
- Disclosure;
- Accounting for the constructive obligation;
- Statement of financial position;
- Asset recognition ceiling;
- Asset recognition ceiling: When a minimum funding requirement may give rise to a liability;
- Statement of financial performance.

The standard prescribes recognition and measurement for:

- Present value of defined benefit obligations and current service cost:
  - Actuarial valuation method;
  - Attributing benefits to periods of service;
  - Actuarial assumptions;
  - Actuarial assumptions: Discount rate;
  - Actuarial assumptions: Salaries, benefits and medical costs;
  - Actuarial gains and losses;
  - Past service cost.
- Plan assets:
  - Fair value of plan assets;
  - Reimbursements;
  - Return on plan assets.

The standard also deals with Entity combinations and Curtailments and settlements.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is 01 July 2013.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Figures in Rand	2012	2011

2. New standards and interpretations (continued)

GRAP 104: Financial Instruments

The standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments. Financial instruments are defined as those contracts that results in a financial asset in one municipality and a financial liability or residual interest in another municipality. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

One of the key considerations in initially recognising financial instruments is the distinction, by the issuers of those instruments, between financial assets, financial liabilities and residual interests. Financial assets and financial liabilities are distinguished from residual interests because they involve a contractual right or obligation to receive or pay cash or another financial instrument. Residual interests entitle an municipality to a portion of another municipality's net assets in the event of liquidation and, to dividends or similar distributions paid at management's discretion.

In determining whether a financial instrument is a financial asset, financial liability or a residual interest, an municipality considers the substance of the contract and not just the legal form.

Where a single instrument contains both a liability and a residual interest component, the issuer allocates the instrument into its component parts. The issuer recognises the liability component at its fair value and recognises the residual interest as the difference between the carrying amount of the instrument and the fair value of the liability component. No gain or loss is recognised by separating the instrument into its component parts.

Financial assets and financial liabilities are initially recognised at fair value. Where an municipality subsequently measures financial assets and financial liabilities at amortised cost or cost, transactions costs are included in the cost of the asset or liability.

The transaction price usually equals the fair value at initial recognition, except in certain circumstances, for example, where interest free credit is granted or where credit is granted at a below market rate of interest.

Concessionary loans are loans either received by or granted to another municipality on concessionary terms, e.g. at low interest rates and flexible repayment terms. On initial recognition, the fair value of a concessionary loan is the present value of the agreed contractual cash flows, discounted using a market related rate of interest for a similar transaction. The difference between the proceeds either received or paid and the present value of the contractual cash flows is accounted for as non-exchange revenue by the recipient of a concessionary loan in accordance with Standard of GRAP on Revenue from Non-exchange Revenue Transactions (Taxes and Transfers), and using the Framework for the Preparation and Presentation of Financial Statements (usually as an expense) by the grantor of the loan.

Financial assets and financial liabilities are subsequently measured either at fair value or, amortised cost or cost. An municipality measures a financial instrument at fair value if it is:

- a derivative;
- a combined instrument designated at fair value, i.e. an instrument that includes a derivative and a non-derivative host contract;
- held-for-trading;
- a non-derivative instrument with fixed or determinable payments that is designated at initial recognition to be measured at fair value;
- an investment in a residual interest for which fair value can be measured reliably; and
- other instruments that do not meet the definition of financial instruments at amortised cost or cost.

Derivatives are measured at fair value. Combined instruments that include a derivative and non-derivative host contract are accounted for as follows:

- Where an embedded derivative is included in a host contract which is a financial instrument within the scope of this Standard, an entity can designate the entire contract to be measured at fair value or, it can account for the host contract and embedded derivative separately using GRAP 104. An municipality is however required to measure the entire instrument at fair value if the fair value of the derivative cannot be measured reliably.
- Where the host contract is not a financial instrument within the scope of this Standard, the host contract and embedded derivative are accounted for separately using GRAP 104 and the relevant Standard of GRAP.

Figures in Rand	2012	2011

2. New standards and interpretations (continued)

Financial assets and financial liabilities that are non-derivative instruments with fixed or determinable payments, for example deposits with banks, receivables and payables, are measured at amortised cost. At initial recognition, an municipality can however designate such an instrument to be measured at fair value.

An municipality can only measure investments in residual interests at cost where the fair value of the interest cannot be determined reliably.

Once an municipality has classified a financial asset or a financial liability either at fair value or amortised cost or cost, it is only allowed to reclassify such instruments in limited instances.

An entity derecognises a financial asset, or the specifically identified cash flows of an asset, when:

- the cash flows from the asset expire, are settled or waived;
- significant risks and rewards are transferred to another party; or
- despite having retained significant risks and rewards, an municipality has transferred control of the asset to another municipality.

An municipality derecognises a financial liability when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where an municipality modifies the term of an existing financial liability, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

An municipality cannot offset financial assets and financial liabilities in the statement of financial position unless a legal right of set-off exists, and the parties intend to settle on a net basis.

GRAP 104 requires extensive disclosures on the significance of financial instruments for an municipality's statement of financial position and statement of financial performance, as well as the nature and extent of the risks that an municipality is exposed to as a result of its annual financial statements. Some disclosures, for example the disclosure of fair values for instruments measured at amortised cost or cost and the preparation of a sensitivity analysis, are encouraged rather than required.

GRAP 104 does not prescribe principles for hedge accounting. An municipality is permitted to apply hedge accounting, as long as the principles in IAS 39 are applied.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 1 July 2012.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 105: Transfers of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard has not yet been set.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

Figures in Rand	2012	2011

2. New standards and interpretations (continued)

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 106: Transfers of functions between entities not under common control

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard has not yet been set.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 107: Mergers

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard has not yet been set.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity’s annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Figures in Rand	2012	2011

2. New standards and interpretations (continued)

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard has not yet been set.

The municipality does not envisage adopting the standard/ before it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP 11: Consolidation – Special purpose entities

Figures in Rand	2012	2011

2. New standards and interpretations (continued)

An entity may be created to accomplish a narrow and well-defined objective (e.g. to effect a lease, research and development activities or a securitisation of financial assets). Such a special purpose entity ('SPE') may take the form of a corporation, trust, partnership or unincorporated entity. SPEs often are created with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their management over the operations of the SPE. Frequently, these provisions specify that the policy guiding the ongoing activities of the SPE cannot be modified, other than perhaps by its creator or sponsor (ie they operate on so-called 'autopilot'). The sponsor (or entity on whose behalf the SPE was created) frequently transfers assets to the SPE, obtains the right to use assets held by the SPE or performs services for the SPE, while other parties ('capital providers') may provide the funding to the SPE. An entity that engages in transactions with an SPE (frequently the creator or sponsor) may in substance control the SPE. A beneficial interest in an SPE may, for example, take the form of a debt instrument, an equity instrument, a participation right, a residual interest or a lease. Some beneficial interests may simply provide the holder with a fixed or stated rate of return, while others give the holder rights or access to other future economic benefits or service potential of the SPE's activities. In most cases, the creator or sponsor (or the entity on whose behalf the SPE was created) retains a significant beneficial interest in the SPE's activities, even though it may own little or none of the SPE's net assets.

The Standard of GRAP on Consolidated and Separate Financial Statements requires the consolidation of entities that are controlled by the reporting entity. However, the Standard of GRAP does not provide explicit guidance on the consolidation of SPEs. The issue is under what circumstances an entity should consolidate an SPE. This interpretation of the Standards of GRAP does not apply to post-employment benefit plans or other long-term employee benefit plans to which the Standard of GRAP on Employee Benefits applies.

A transfer of assets from an entity to an SPE may qualify as a sale by that entity. Even if the transfer does qualify as a sale, the provisions of the Standard of GRAP on Consolidated and Separate Financial Statements and this Interpretation of the Standards of GRAP may mean that the entity should consolidate the SPE. This Interpretation of the Standards of GRAP does not address the circumstances in which sale treatment should apply for the entity or the elimination of the consequences of such a sale upon consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP105, 106 and 107.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures

Paragraph .54 in the Standard of GRAP on Interests in Joint Ventures refers to both contributions and sales between a venturer and a joint venture as follows: 'When a venturer contributes or sells assets to a joint venture, recognition of any portion of a gain or loss from the transaction shall reflect the substance of the transaction'. In addition, paragraph 31 in the Standard of GRAP on Interests in Joint Ventures says that 'a jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest'. There is no explicit guidance on the recognition of gains and losses resulting from contributions of non-monetary assets to jointly controlled entities ('JCEs').

Contributions to a JCE are transfers of assets by venturers in exchange for an interest in the net asset in the JCE. Such contributions may take various forms. Contributions may be made simultaneously by the venturers either upon establishing the JCE or subsequently. The consideration received by the venturer(s) in exchange for assets contributed to the JCE may also include cash or other consideration that does not depend on future cash flows of the JCE ('additional consideration').

The issues are:

- when the appropriate portion of gains or losses resulting from a contribution of a non-monetary asset to a JCE in exchange for an interest in the net assets in the JCE should be recognised by the venturer in surplus or deficit;
- how additional consideration should be accounted for by the venturer; and
- how any unrealised gain or loss should be presented in the consolidated

This Interpretation of the Standards of GRAP deals with the venturer's accounting for non-monetary contributions to a JCE in exchange for an interest in the net assets in the JCE that is accounted for using either the equity method or proportionate consolidation.

Figures in Rand	2012	2011

2. New standards and interpretations (continued)

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP105, 106 and 107.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements

The definition of 'minority interest' has been amended to 'non-controlling interest', and paragraph .60 was added by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

Paragraph .59 was amended by Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107] from the date at which it first applied the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .03, .39, .47 to .50 and added paragraphs .51 to .58 and .61 to .62. An entity shall apply these amendments when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 7 (as revised 2010): Investments in Associates

Paragraphs .03 and .42 were amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .22, .28 and .38 and added paragraph .24. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 8 (as revised 2010): Interests in Joint Ventures

Paragraph .04 was amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

2. New standards and interpretations (continued)

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers added paragraph .50 and amended paragraphs .51 and .52. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 1 (as revised 2012): Presentation of Financial Statements

Paragraphs .108 and .109 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to the Statement of Financial Performance as well as the Statement of Changes in Net Assets.

All amendments to be applied retrospectively.

The effective date of the amendment's is for years beginning on or after 01 July 2013.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors

Paragraphs .17 and .18 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Changes in Accounting Policies.

The effective date of the amendment is for years beginning on or after 01 July 2013.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 7 (as revised 2012): Investments in Associates

Paragraph .17 was amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Definitions.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 July 2013.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 9 (as revised 2012): Revenue from Exchange Transactions

Paragraphs .11 and .13 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to the Scope and Definitions.

All amendments to be applied retrospectively.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

2. New standards and interpretations (continued)

The effective date of the amendment is for years beginning on or after 01 July 2013.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 12 (as revised 2012): Inventories

Paragraph .30 was amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Measurement after recognition.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 July 2013.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 13 (as revised 2012): Leases

Paragraphs .38 and .42 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Disclosures.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 July 2013.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 16 (as revised 2012): Investment Property

Paragraphs .12, .15, .34, .76, .84 and .87 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Definitions, Measurement at recognition, Disposals and Disclosure.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 July 2013.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 17 (as revised 2012): Property, Plant and Equipment

Paragraphs .44, .45, .72, .75, .79 and .85 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Measurement after recognition, Derecognition and Disclosure.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 July 2013.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

Figures in Rand	2012	2011

2. New standards and interpretations (continued)

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)

Paragraphs .07, .08, .19, .22, .23, .37, .38, .40, .45 and .46 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Definitions, Recognition and measurement and Disclosure.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 July 2013.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)

Numerous paragraphs were amended by the improvements to the Standards of GRAP issued previously:

Changes made comprise 3 areas that can be summarised as follows:

- Consequential amendments arising from the alignment of the accounting treatment and text of GRAP 102 with that in IPSAS 31,
- The deletion of guidance and examples from Interpretations issues by the IASB previously included in GRAP102,
- Changes to ensure consistency between the Standards, or to clarify existing principles.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 July 2013.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

IGRAP16: Intangible assets website costs

An entity may incur internal expenditure on the development and operation of its own website for internal or external access. A website designed for external access may be used for various purposes such as to disseminate information, for example annul reports and budgets, create awareness of services, request comment on draft legislation, promote and advertise an entity’s own services and products, for example the E-filing facility of SARS that enables taxpayers to complete their annual tax assessments, provide electronic services and list approved supplier details. A website designed for internal access may be used to store an entity’s information, for example policies and operating procedures, and details of users of a service, and other relevant information.

The stages of a website’s development can be described as follows:

- Planning – includes undertaking feasibility studies, defining objectives and specifications, evaluating alternatives and selecting preferences.
- Application and infrastructure development – includes obtaining a domain name, purchasing and developing hardware and operating software, installing developed applications and stress testing.
- Graphical design development – includes designing the appearance of web pages.
- Content development – includes creating, purchasing, preparing and uploading information, either text or graphic, on the website before the completion of the website’s development. This information may either be stored in separate databases that are integrated into (or accessed from) the website or coded directly into the web pages.

Once development of a website has been completed, the operating stage begins. During this stage, an entity maintains and enhances the applications, infrastructure, graphical design and content of the website.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

2. New standards and interpretations (continued)

When accounting for internal expenditure on the development and operation of an entity's own website for internal or external access, the issues are:

- whether the website is an internally generated intangible asset that is subject to the requirements of the Standard of GRAP on Intangible Assets; and
- the appropriate accounting treatment of such expenditure.

This Interpretation of Standards of GRAP does not apply to expenditure on purchasing, developing, and operating hardware (eg web servers, staging servers, production servers and internet connections) of a website. Such expenditure is accounted for under the Standard of GRAP on Property, Plant and Equipment. Additionally, when an entity incurs expenditure on an internet service provider hosting the entity's website, the expenditure is recognised as an expense under the paragraph .93 in the Standard of GRAP on Presentation of Financial Statements and the Framework for the Preparation and Presentation of Financial Statements when the services are received.

The Standard of GRAP on Intangible Assets does not apply to intangible assets held by an entity for sale in the ordinary course of operations (see the Standards of GRAP on Construction Contracts and Inventories) or leases that fall within the scope of the Standard of GRAP on Leases. Accordingly, this Interpretation of Standards of GRAP does not apply to expenditure on the development or operation of a website (or website software) for sale to another entity. When a website is leased under an operating lease, the lessor applies this Interpretation of Standards of GRAP. When a website is leased under a finance lease, the lessee applies this Interpretation of Standards of GRAP after initial recognition of the leased asset.

The effective date of the amendment is for years beginning on or after 01 July 2013.

The municipality does not envisage adopting the standard/interpretation before it becomes effective.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

Figures in Rand	2012	2011

3. Property, plant and equipment

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	394 537 731	-	394 537 731	397 974 541	-	397 974 541
Infrastructure	3 514 884 721	(1 292 232 307)	2 222 652 414	3 426 052 074	(1 210 564 841)	2 215 487 233
Community	329 035 190	(175 227 682)	153 807 508	314 779 266	(164 329 699)	150 449 567
Finance lease assets	44 260 309	(40 203 316)	4 056 993	43 836 617	(34 382 013)	9 454 604
Heritage	42 785	(15)	42 770	42 785	-	42 785
Other property, plant and equipment	35 634 850	(22 785 879)	12 848 971	32 541 573	(21 480 768)	11 060 805
Total	**4 318 395 586**	**(1 530 449 199)**	**2 787 946 387**	**4 215 226 856**	**(1 430 757 321)**	**2 784 469 535**

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Land and buildings	397 974 541	780 150	(4 216 960)	-	-	394 537 731
Infrastructure	2 215 487 233	88 832 647	-	-	(81 667 466)	2 222 652 414
Community	150 449 567	14 255 924	-	-	(10 897 983)	153 807 508
Finance lease assets	9 454 604	423 691	-	-	(5 821 303)	4 056 992
Heritage	42 785	-	-	-	(15)	42 770
Other property, plant and equipment	11 060 805	4 106 296	(1 013 018)	-	(1 305 111)	12 848 971
	2 784 469 535	**108 398 709**	**(5 229 979)**	**-**	**(99 691 878)**	**2 787 946 387**

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Land and buildings	360 878 064	37 096 476	-	-	-	397 974 540
Infrastructure	2 219 092 240	69 156 933	-	-	(72 761 940)	2 215 487 233
Community	158 178 193	757 142	-	-	(8 485 769)	150 449 566
Finance lease assets	16 451 217	1 109 148	(414 861)	-	(7 690 900)	9 454 603
Heritage	42 785	-	-	-	-	42 785
Other property, plant and equipment	16 883 780	5 695 517	(8 575 554)	983 719	(3 926 656)	11 060 806
	2 771 526 282	**113 815 216**	**(8 990 416)**	**983 719**	**(92 865 265)**	**2 784 469 535**

Work-in-progress (Included in Infrastructure)		
Opening balance	391 625 596	319 489 007
Additions	103 088 571	72 136 589
Transferred to finished items (transfers from work-in-progress to completed assets)	(336 315 017)	-
	158 399 150	**391 625 596**

Other information

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Figures in Rand	2012	2011

4. Intangible assets

	2012			2011		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	5 582 744	(4 365 329)	1 217 415	5 563 949	(3 494 236)	2 069 713

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Computer software	2 069 713	18 795	-	(871 093)	1 217 414

Reconciliation of intangible assets - 2011

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Computer software	3 578 917	680 369	(679 441)	(1 510 132)	2 069 713

5. Long-term receivables

Loans and receivables		
Consumer loans Consumer Loans are granted to consumers for the purchase of stands and are charged interest equal to the prevailing prime rate.	173 130	168 254
Computer loans Computer loans are charged at an interest rate equivalent to the rate that Council invests funds during the year.	7 905	9 427
Bursaries Bursaries were granted in terms of a specific policy at an interest rate of 8% if a candidate passes or 10% if a candidate fails his/her academic year.	1 091 701	1 000 852
DBSA Claim for work done with no terms and conditions attached currently.	2 507 964	2 507 964
	3 780 700	3 686 497
Loans and receivables (impairments)	(1 264 831)	-
	2 515 869	**3 686 497**
Non-current assets		
Loans and receivables	7 905	9 427
Current assets		
Loans and receivables	2 507 964	3 677 070
	2 515 869	**3 686 497**

Credit quality of long-term receivables

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

6. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

Loans and Receivables		
Trade and other receivables	176 659 005	120 334 625
Other receivables	18 472 208	6 257 881
Long-term receivables	2 515 869	3 686 497
Available for sale investments		
Cash and cash equivalents	305 164 499	278 937 257
Held to maturity investments		
Investments	9 772 346	9 304 728
	512 583 927	**418 520 988**

7. Employee benefit obligations

Defined benefit plan

The following is defined as a benefit plan: Joint Municipal Pension Fund. These are not treated as defined benefit plans as defined by IAS19, but are accounted for as defined contribution plans. This is in line with the exemption in IAS 19 par. 30 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of detail.

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

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(79 823 065)	(69 359 748)
Non-current liabilities	(77 471 437)	(67 235 304)
Current liabilities	(2 351 628)	(2 124 444)
	(79 823 065)	**(69 359 748)**

The fair value of plan assets includes:

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

Opening balance	(69 359 748)	(58 313 901)
Contributions (benefits paid)	2 124 444	1 851 636
Net expense recognised in the statement of financial performance	(12 587 761)	(12 897 483)
	(79 823 065)	**(69 359 748)**

Net expense recognised in the statement of financial performance

Current service cost	(3 490 392)	(2 963 551)
Interest cost	(5 938 055)	(5 293 216)
Actuarial losses	(3 159 314)	(4 640 716)
	(12 587 761)	**(12 897 483)**

Actuarian losses are recognised in period in which they occur.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

7. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	7,00 %	8,00 %
Healthcare cost inflation rate	6,00 %	7,00 %
Net effective discount rate	1,00 %	1,00 %

7. Employee benefit obligations (continued)

2012

Sensitivity Analysis on the Accrued Liability (R Millions)

Assumption	Change	In-service
Central Assumptions		43.07
Health care inflation	1%	51.53
	-1%	36.27
Post-retirement mortality	-1 yr	44.59
Average retirement age	-1 yr	47.01
Withdrawal Rate	-50%	46.80

Sensitivity Analysis on the Accrued Liability (R Millions)

Assumption	Continuation	Total	% change
Central Assumptions	36.74	79.82	
Health care inflation	40.90	92.43	16%
	28.71	69.41	-13%
Post-retirement mortality	38.15	82.75	4%
Average retirement age	36.74	83.76	5%
Withdrawal Rate	36.74	83.55	5%

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Change	"Current-service Cost "
Central Assumptions		3,490,400
Health care inflation	1%	4,302,100
	-1%	2,860,700
Post-retirement mortality	-1 yr	3,606,000
Average retirement age	-1 yr	3,686,900
Withdrawal Rate	-50%	3,989,200

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Interest Cost	Total	% change
Central Assumptions	5,938,100	9,428,500	
Health care inflation	6,943,700	11,245,800	19%
	7,981,700	5,121,000	-15%
Post-retirement mortality	6,154,200	9,760,200	4%
Average retirement age	6,208,900	9,895,800	5%
Withdrawal Rate	6,265,800	10,255,000	9%

There are no plan assets.

Key demographic assumptions

Assumption	Value
Average retirement age	65 for males; 60 for females
Cotinuation of membership at retirement	95%
Proportion assumed married at retirement	90%
Proportion of eligible current non-member employees joining the scheme by retirement	10%
Mortality during employment	SA 85-90
Mortality post-retirement	PA90-1

Withdrawals from service (sample annual rates)	Age	Females	Males
	20	24%	16%
	30	15%	10%
	40	6%	6%
	50	2%	2%
	>55	0%	0%

7. Employee benefit obligations (continued)

2011

Sensitivity Analysis on the Accrued Liability (R Millions)

Assumption	Change	In-service
Central Assumptions		37.61
Health care inflation	1%	45.68
	-1%	31.25
Post-retirement mortality	-1 yr	38.90
Average retirement age	-1 yr	40.73
Withdrawal Rate	-50%	41.38

Sensitivity Analysis on the Accrued Liability (R Millions)

Assumption	Continuation	Total	% change
Central Assumptions	31.75	69.36	
Health care inflation	35.25	80.93	17%
	28.71	59.96	-14%
Post-retirement mortality	32.95	71.85	4%
Average retirement age	31.75	72.48	4%
Withdrawal Rate	31.75	73.13	5%

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Change	"Current-service Cost "
Central Assumptions		2,963,600
Health care inflation	1%	3,666,400
	-1%	2,419,700
Post-retirement mortality	-1 yr	3,056,400
Average retirement age	-1 yr	3,265,400
Withdrawal Rate	-50%	3,416,200

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Interest Cost	Total	% change
Central Assumptions	5,293,200	8,256,800	
Health care inflation	6,186,400	9,852,800	19%
	4,567,600	6,987,300	-15%
Post-retirement mortality	5,474,300	8,530,700	3%
Average retirement age	5,544,500	8,809,900	7%
Withdrawal Rate	5,578,400	8,994,600	9%

There are no plan assets.

Key demographic assumptions

Assumption	Value
Average retirement age	65 for males; 60 for females
Cotinuation of membership at retirement	95%
Proportion assumed married at retirement	90%
Proportion of eligible current non-member employees joining the scheme by retirement	10%
Mortality during employment	SA 85-90
Mortality post-retirement	PA90-1

Withdrawals from service (sample annual rates)	Age	Females	Males
	20	24%	16%
	30	15%	10%
	40	6%	6%
	50	2%	2%
	>55	0%	0%

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

8. Investments

Financial instruments		
Fixed deposits	9 772 346	9 304 728

Pledged investments

Fixed deposits amounting to R9,772,346 (2011 - R9,304,728) has been invested for the purpose of repaying long-term liabilities.

Credit quality of investments

The credit quality of investments can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

9. Inventories

Consumable stores	7 312 938	7 323 596
Water	564 803	495 101
	7 877 741	7 818 697
Inventories (Provision for obsolete stock)	(156 361)	(383 814)
	7 721 380	**7 434 883**
Reconciliation of Consumable stores		
Opening balance	6 939 781	6 345 377
Additions	7 530 638	7 618 840
Issued (expensed)	(7 157 481)	(6 640 622)
Provision for obsolete stock	(156 360)	(383 814)
	7 156 576	**6 939 781**
Reconciliation of Water		
Opening balance	495 102	438 448
Additions	131 450 322	122 399 171
Issued (expensed)	(131 380 620)	(122 342 517)
	564 804	**495 102**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

10. Other receivables

Government subsidies	15 852 038	15 852 038
Other	16 614 569	29 908
Fraud cashiers	1 800 080	1 800 080
Payments made in advance	57 559	4 427 893
Less: Provision for debt impairment	(15 852 038)	(15 852 038)
	18 472 208	**6 257 881**
Other receivables from non-exchange transactions included in the total above		
Government grants and subsidies	15 852 038	15 852 038
Less: Provision for debt impairment	(15 852 038)	(15 852 038)
	-	**-**
Other receivables from exchange transactions included in the total above		
Payments made in advance	57 559	4 427 893
Fraud cashiers	1 800 080	1 800 080
Other	16 614 569	29 908
	18 472 208	**6 257 881**

Fraud cashiers

Fraud Cashiers Debtor: Council discovered an irregularity with the sale of pre paid tokens and the recording of the receipts. Certain funds were not banked and 11 employees were suspended for fraud and criminal cases were opened. Cases are not yet finalised as at Statement of Financial Position date.

Credit quality of other receivables

The credit quality of other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Reconciliation of provision for impairment of other receivables

Opening balance	(15 852 038)	-
Provision for impairment	-	(15 852 038)
	(15 852 038)	**(15 852 038)**

11. Trade and other receivables

Gross balances		
Rates	100 135 284	94 343 751
Electricity	35 507 619	20 409 521
Water	119 317 318	93 021 987
Sewerage	44 679 932	39 189 290
Refuse	74 008 075	59 812 794
Other	252 498 338	214 937 358
	626 146 569	**521 714 701**

Figures in Rand	2012	2011

11. Trade and other receivables (continued)

Less: Provision for debt impairment		
Rates	(88 335 689)	(77 478 958)
Electricity	(35 263 433)	(15 245 328)
Water	(108 304 457)	(69 481 824)
Sewerage	(41 806 587)	(29 273 277)
Refuse	(69 553 723)	(44 678 444)
Other	(106 223 673)	(165 222 253)
	(449 487 564)	**(401 380 084)**
Net balance		
Rates	11 799 594	16 864 793
Electricity	244 187	5 164 193
Water	11 012 862	23 540 163
Sewerage	2 873 345	9 916 013
Refuse	4 454 352	15 134 350
Other	146 274 665	49 715 105
	176 659 005	**120 334 617**
Rates		
Current (0 -30 days)	6 873 777	10 661 581
31 - 60 days	4 700 121	2 143 969
61 - 90 days	1 474 061	1 089 015
91 - 120 days	1 321 575	1 014 795
121 - 365 days	7 296 919	2 854 938
> 365 days	78 468 828	77 430 391
	100 135 284	**95 194 689**
Other		
Current (0 -30 days)	44 753 402	26 465 124
31 - 60 days	29 353 630	26 316 982
61 - 90 days	14 152 201	12 467 267
91 - 120 days	12 842 759	12 510 830
121 - 365 days	79 785 200	31 478 653
> 365 days	345 124 090	317 281 156
	526 011 285	**426 520 012**

Figures in Rand	2012	2011

11. Trade and other receivables (continued)

Summary of debtors by customer classification

Consumers/Households		
Current (0 -30 days)	20 097 600	27 170 672
31 - 60 days	12 958 726	13 428 554
61 - 90 days	8 387 888	8 757 998
91 - 120 days	6 608 838	12 576 902
121 - 365 days	45 557 024	30 524 854
> 365 days	294 848 450	383 245 510
	388 458 529	475 704 490
Less: Provision for debt impairment	(332 035 610)	(361 059 828)
	56 422 918	**114 644 662**
Industrial/ commercial		
Current (0 -30 days)	2 799 238	2 985 199
31 - 60 days	1 412 584	400 078
61 - 90 days	555 124	232 010
91 - 120 days	236 961	165 304
121 - 365 days	1 006 060	689 704
> 365 days	2 897 785	2 214 691
	8 907 756	6 686 986
Less: Provision for debt impairment	(4 329 812)	(5 075 424)
	4 577 943	**1 611 562**
National and provincial government		
Current (0 -30 days)	1 221 154	2 209 953
31 - 60 days	3 707 392	909 661
61 - 90 days	754 451	710 292
91 - 120 days	600 253	583 334
121 - 365 days	2 452 537	2 186 660
> 365 days	7 148 354	6 526 143
	15 884 145	13 126 043
Less: Provision for debt impairment	(9 324 355)	(9 962 670)
	6 559 789	**3 163 373**
Other		
Current (0 -30 days)	27 470 822	3 380 325
31 - 60 days	15 975 486	1 965 807
61 - 90 days	5 928 890	729 559
91 - 120 days	6 718 281	826 694
121 - 365 days	37 975 619	4 672 956
> 365 days	118 827 039	14 621 841
	212 896 139	26 197 182
	(103 797 785)	(25 282 162)
	109 098 354	**915 020**
Total		
Current (0 -30 days)	51 588 816	35 746 149
31 - 60 days	34 054 189	16 704 099
61 - 90 days	15 626 355	10 429 858
91 - 120 days	14 164 334	14 152 234
121 - 365 days	86 991 242	38 074 173
> 365 days	423 721 629	406 608 185

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

11. Trade and other receivables (continued)

	626 146 569	521 714 701
Less: Provision for debt impairment	(449 487 563)	(401 380 084)
	176 659 005	**120 334 617**

Reconciliation of debt impairment provision

Balance at beginning of the year	(405 357 044)	(373 525 770)
Contributions to provision	(44 130 520)	(59 686 205)
Debt impairment written off against provision	-	31 831 891
	(449 487 564)	**(401 380 084)**

Fair value of consumer debtors

The fair value of consumer debtors approximates their carrying amounts.

Consumer debtors past due but not impaired

Consumer debtors which are less than 90 days past due are not considered to be impaired. At 30 June 2012, R 42 838 558 (2011: R 36 299 199) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Consumer debtors impaired

As of 30 June 2012, consumer debtors of R 197 245 294 (2011: R 183 359 020) were impaired and provided for.

Trade and other receivables from non-exchange transactions included in the total above

Rates	11 799 594	16 864 793

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand (Credit grade: High)	12 125	54 671
Bank balances (Credit grade: High)	21 365 257	56 055 913
Call deposits & short-term investments (Credit grade: High)	283 787 117	222 826 673
	305 164 499	**278 937 257**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

12. Cash and cash equivalents (continued)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

Low credit grade - The counter party has evidenced high occurrences of defaults and / or re-negotiations of contractual terms in prior periods. Furthermore an assessment of the financial position and liquidity position of the party has provided evidence of financial difficulties that may impede the recoverability of the outstanding amounts. As such the counter parties included in the low credit grade category pose a high credit risk to the entity.

Medium credit grade - The counter party has evidenced instances of defaults and / or re-negotiations of contractual terms in prior periods on the repayment of outstanding amounts (and / or). An assessment of the financial position and liquidity positions of the party has provided evidence of financial difficulties that may impede the recoverability of the outstanding amounts. (and / or) The counter parties included in this credit grade category are active in an industry that is highly sensitive to market fluctuations and volatility in the international economies. As such the counter parties included in the medium credit grade category pose a medium credit risk to the entity.

High credit grade - The counter party has evidenced no occurrences of defaults and / or re-negotiations of contractual terms in prior periods. Furthermore an assessment of the financial position of the entity has not evidenced a weakening in either the financial position or liquidity of the entity. As such the counter parties included in the high credit grade category pose a low risk to the entity with the reasonability of the outstanding amounts being almost certain.

Figures in Rand	2012	2011

12. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2012	30 June 2011	30 June 2010	30 June 2012	June 30, 2011	June 30, 2010
ABSA Bank Ltd - Current account No. 3-000-0000-2	-	-	3 593 383	-	-	3 593 383
ABSA Bank Ltd - Current account No. 16-1000-0017	-	-	3 533 756	-	-	3 533 756
ABSA Bank Ltd - Current account No. 40-6380-8201	-	2 966 055	25 191	-	2 966 055	25 191
ABSA Bank Ltd - Current account No. 40-6391-4228	-	-	16	-	-	16
ABSA Bank Ltd - Current account No. 40-6061-4407	-	-	2 953 494	-	-	2 953 494
NEDBANK Ltd - Current account No. 1454087331	16 453 774	46 919 362	37 848 872	16 994 676	52 062 673	39 487 849
NEDBANK Ltd - Current account No. 1454087358	2 432 750	489 243	87 508	2 432 750	489 243	87 508
NEDBANK Ltd - Current account No. 1454087366	11 185	12 187	11 216	11 185	12 187	11 216
NEDBANK Ltd - Current account No. 1454087374	12 688	13 624	9 508	12 688	13 624	9 508
NEDBANK Ltd - Current account No. 1454087382	789 958	512 132	206 383	789 958	512 132	206 383
ABSA Bank Ltd - Savings account No. 9079119247	-	82 557 071	81 158 587	-	82 557 258	81 158 589
ABSA Bank Ltd - Savings account No. 6074386162	-	111 572	111 134	-	111 572	111 134
ABSA Bank Ltd - Savings account No. 8074386033	-	92 923	93 554	-	93 923	93 554
ABSA Bank Ltd - Savings account No. 54365896	-	101 874	101 475	-	101 874	101 475
NEDBANK Ltd - Savings account No. 7492501323/5	173 744 676	132 887 065	111 166 870	173 744 676	132 887 065	111 166 870
NEDBANK Ltd - Savings account No. 7492501323/7	2 211 131	2 103 224	1 995 081	2 211 131	2 103 224	1 995 081
NEDBANK Ltd - Savings account No. 7492501323/13	1 021 612	971 756	921 790	1 021 612	971 756	921 790
NEDBANK Ltd - Savings account No. 7492501323/15	106 809 698	-	-	107 933 698	-	-
INCA Investment account	-	4 000 000	-	-	4 000 000	-
Cash on hand	12 125	51 771	33 590	12 125	54 671	33 590
Total	**303 499 597**	**273 789 859**	**243 851 408**	**305 164 499**	**278 937 257**	**245 490 387**

13. Long-term liabilities

Held at amortised cost		
Bank loans Various loans with redemption dates ranging from 30 September 2012 and 30 June 2025 and interest rates that ranges between variable rates and 10.97%	63 487 243	70 562 188
Non-current liabilities		
At amortised cost	56 015 801	62 978 397

Figures in Rand	2012	2011

13. Long-term liabilities (continued)

Current liabilities		
At amortised cost	7 471 442	7 583 791
	63 487 243	**70 562 188**

In terms of the loan agreement with INCA (24996) Assessment rates income act as security for repayments. Total repayments for 2012 amount to R4,524,927.

COVENANTS

FINANCE INSTITUTION	LOAN	COVENANT
Standard Bank (INCA)	MER-00-0001	The debt service to income ratio of Merafong Local Municipality shall not exceed 15% in any one year of the period of the loan.
DBSA	DBSA Loan: 102298/1	Merafong Local Municipality undertakes not to enter into any further long term financial commitments that would increase its debt servicing ratio to more than 20% without first obtaining the written consent of the DBSA and warrants that the [project] assets will not be encumbered for the duration of the agreement.
DBSA	DBSA Loan: 13994/1	Merafong Local Municipality undertakes not to enter into any further long term financial commitments that would increase its debt servicing ratio to more than 20% without first obtaining the written consent of the DBSA.

14. Finance lease obligation

Minimum lease payments due		
- within one year	19 128 167	24 847 794
- in second to fifth year inclusive	2 598 687	1 907 150
	21 726 855	26 754 944
less: future finance charges	(1 567 301)	(2 382 848)
Present value of minimum lease payments	**20 159 553**	**24 372 096**
Present value of minimum lease payments due		
- within one year	18 169 831	22 902 583
- in second to fifth year inclusive	1 989 722	1 469 513
	20 159 553	**24 372 096**
Non-current liabilities	1 989 722	1 469 513
Current liabilities	18 169 831	22 902 583
	20 159 553	**24 372 096**

The lease terms average from two to five years and the effective borrowing rate is as determined by the Standard Interest Rate to be levied on debt owing to the state. The Amasondo contract is linked to the prime interest rate. Obligations under finance leases are secured by the lessor's title to the leased asset.

Figures in Rand	2012	2011

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts from other spheres of government		
MIG Grants	12 210 254	23 100 650
PHB North-West	-	109 539 868
DPLG	1 368 259	346 043
WRDM	-	(718 732)
Dr Kaunda Disctrict Municipality	-	369 160
Department of Mineral Energy	7 195 542	9 520 667
Department of Sports, arts, culture and recreation	-	1 726 563
Housing resettlement plan	278 004 738	96 153 551
Local Economic Development	-	(390 295)
Department of Water Affairs	500 000	-
Extended Public Works Programme	5 117 845	-
Other Unspent conditional grants and receipts		
NLDTF	342 503	47 220
Other grants and donations	979 983	254 974
	305 719 124	**239 949 669**

Movement during the year

Balance at the beginning of the year	239 949 669	214 722 893
Additions during the year	269 137 820	181 168 806
Income recognition during the year	(203 368 365)	(155 942 030)
	305 719 124	**239 949 669**

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

Figures in Rand	2012	2011

16. Provisions

Reconciliation of provisions - 2012

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for rehabilitation of landfill sites	10 025 577	1 589 263	-	-	11 614 840
Workmens compensation	-	545 292	-	-	545 292
Performance bonus	1 262 521	619 979	(674 294)	(416 673)	791 533
Leave	12 991 299	10 096 777	(7 996 998)	-	15 091 078
	24 279 397	**12 851 311**	**(8 671 292)**	**(416 673)**	**28 042 743**

Reconciliation of provisions - 2011

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for rehabilitation of landfill sites	5 108 125	5 284 154	-	(366 702)	10 025 577
Performance bonus	1 262 521	911 237	(365 911)	(545 326)	1 262 521
Leave	12 711 762	5 837 138	(5 557 601)	-	12 991 299
	19 082 408	**12 032 529**	**(5 923 512)**	**(912 028)**	**24 279 397**

Non-current liabilities	11 614 840	10 025 577
Current liabilities	16 427 903	14 253 820
	28 042 743	**24 279 397**

Provision for rehabilitation of landfill sites

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at the prevailing prime interest rate, over the estimate useful life of the landfill site.

Performance bonus

Performance bonuses are paid one year in arrears as the assessment of eligible employees has not taken place at the reporting date and no present obligation exists.

Performance bonuses are provided at 14% of the packages of section 57 employees and managers with performance contracts as stated in the contracts.

17. Payables from exchange transactions

Trade payables	39 192 876	53 609 755
Payments received in advanced	5 373 796	3 575 547
Outstanding cheques	25 914 079	14 095 759
Retentions	11 192 663	6 823 410
Other creditors	28 674 286	2 742 235
	110 347 700	**80 846 706**

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

Figures in Rand	2012	2011
18. VAT payable		
VAT payable	47 395 059	41 602 168
VAT is accounted for on the payment (cash) basis.		
19. Consumer deposits		
Electricity and Water	10 388 622	9 658 652
Guarantees		
Guarantees held in lieu of Electricity and Water Deposits	1 291 820	1 308 820
20. Financial liabilities by category		
The accounting policies for financial instruments have been applied to the line items below:		
Financial liabilities at amortised cost		
Trade and other payables	157 742 759	122 448 870
Finance lease obligation	20 159 553	24 372 096
Long-term liabilities	63 487 243	70 562 188
Consumer deposits	10 388 622	9 658 652
Unspent conditional grants and receipts	305 719 124	239 949 669
	557 497 301	**466 991 475**
21. Revenue		
Property rates	85 956 760	78 933 383
Property rates – Penalties imposed and collection charges	1 573 626	3 220 760
Service charges	436 437 167	402 097 338
Rental of facilities & equipment	963 939	824 029
Interest earned – outstanding receivables	17 007 912	12 010 403
Public contributions and donations	1 661 378	2 889 454
Fines	4 499 455	1 516 056
Licences and permits	8 864 568	9 823 283
Government grants & subsidies	289 311 342	304 959 467
Other income	4 834 971	5 774 637
	851 111 118	**822 048 810**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	436 437 167	402 097 338
Rental of facilities & equipment	963 939	824 029
Interest earned – outstanding receivables	17 007 912	12 010 403
Licences and permits	8 864 568	9 823 283
Other income	4 834 971	5 774 637
	468 108 557	**430 529 690**

Figures in Rand	2012	2011

21. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	85 956 760	78 933 383
Property rates – Penalties imposed and collection charges	1 573 626	3 220 760
Public contributions and donations	1 661 378	2 889 454
Fines	4 499 455	1 516 056
Transfer revenue		
Government grants and subsidies	289 311 342	304 959 467
	383 002 561	**391 519 120**

22. Property rates

Rates received

Residential	105 178 282	97 146 695
Less: Income forgone	(19 221 522)	(18 213 312)
	85 956 760	78 933 383
Property rates - penalties imposed and collection charges	1 573 626	3 220 760
	87 530 386	**82 154 143**

Valuations R'000

Residential	4 547 888	4 477 299
Commercial	1 161 681	1 153 351
State	77 249	77 249
Municipal	194 539	194 539
	5 981 358	**5 902 438**

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2008. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of R0.012023 (2011: R0.0113) is applied to property valuations for residential properties, R0.028517 (2011: R0.0269) for businesses and R0.03645 (2011: R0.0343) for mines to determine assessment rates. Rates are levied on a monthly basis on property owners. Interest at the Prime interest rate is levied on outstanding rates.

The new general valuation will be implemented on 01 July 2012.

23. Service charges

Sale of electricity	182 143 418	157 239 324
Sale of water	199 513 674	199 371 631
Sewerage and sanitation charges	20 297 699	19 695 763
Refuse removal	33 894 192	25 063 772
Rent subsidised housing	588 184	726 848
	436 437 167	**402 097 338**

Figures in Rand	2012	2011

24. Government grants and subsidies

Government grants and subsidy	289 311 342	304 952 487
Health subsidies	-	6 980
	289 311 342	**304 959 467**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of R 235 (2011: R 217), which is funded from this grant.

MIG Grant

Balance unspent at beginning of year	23 100 650	32 334 739
Current-year receipts	61 137 000	52 252 300
Conditions met - transferred to revenue	(68 956 847)	(61 486 389)
Other - restructuring of note	(3 070 549)	-
	12 210 254	**23 100 650**

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

This grant was used to construct various infrastructure assets. No funds have been withheld.

DPLG

Balance unspent at beginning of year	346 043	121 360
Current-year receipts	-	1 750 000
Conditions met - transferred to revenue	-	(1 525 317)
Other - restructuring of note	(346 043)	-
	-	**346 043**

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

This grant was used to construct infrastructure. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld.

Housing Settlement Plan

Balance unspent at beginning of year	109 539 870	175 136 607
Current-year receipts	182 551 237	450 000
Conditions met - transferred to revenue	(106 469 949)	(66 046 737)
Other - restructuring of note	94 574 326	-
	280 195 484	**109 539 870**

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

This grant was used to construct housing. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld.

This grant used to be called North West Provincial Housing Board.

West Rand District Municipality

Balance unspent at beginning of year	(718 732)	425 618
Current-year receipts	6 936 536	100 000
Conditions met - transferred to revenue	(6 217 804)	(1 244 350)

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

24. Government grants and subsidies (continued)

	-	**(718 732)**

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

This grant was used to construct infrastructure and to finance a HIV Programme. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld.

Dr Kaunda District Municipality

Balance unspent at beginning of year	369 160	689 355
Conditions met - transferred to revenue	(369 160)	(320 195)
	-	**369 160**

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

This grant was used to construct infrastructure. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld.

Department of Mineral Energy

Balance unspent at beginning of year	9 520 667	4 143 446
Current-year receipts	8 400 000	18 800 000
Conditions met - transferred to revenue	(10 725 125)	(13 422 779)
	7 195 542	**9 520 667**

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

This grant was used to construct infrastructure. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld.

Department of Sports, arts, culture and recreation

Balance unspent at beginning of year	1 726 563	-
Current-year receipts	4 350 000	6 500 000
Conditions met - transferred to revenue	(6 076 563)	(4 773 437)
	-	**1 726 563**

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

This grant was used to acquire a library management system. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld.

Housing resettlement plan

Balance unspent at beginning of year	96 153 551	-
Current-year receipts	-	100 000 000
Conditions met - transferred to revenue	-	(3 846 449)
Other - restructuring of note	(96 153 551)	-
	-	**96 153 551**

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

This grant was used to construct low cost housing. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

24. Government grants and subsidies (continued)

EPWP

Current-year receipts	2 394 000	-
Conditions met - transferred to revenue	(174 675)	-
Other - restructuring of note	2 898 520	-
	5 117 845	**-**

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

North West Provincial Government (NWPG)

Conditions met - transferred to revenue	(1 579 225)	-
Other - restructuring of note	2 947 484	-
	1 368 259	**-**

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

Financial Management Grant (FMG)

Current-year receipts	1 250 000	-
Conditions met - transferred to revenue	(1 469 151)	-
Other - restructuring grant	219 151	-
	-	**-**

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

Municipal Systems Improvement Grant

Current-year receipts	800 000	-
Conditions met - transferred to revenue	(926 892)	-
Other - restructuring of note	126 892	-
	-	**-**

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

Department of Water Affairs

Current-year receipts	500 000	-

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

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, 2006, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

Figures in Rand	2012	2011

25. Other income

Administrative costs	533 204	482 374
Building plan fees	106 920	140 450
Certificates and levies	954 891	458 810
Claims	291 668	585 399
Commission and other recoveries	316 228	960 970
Dumping	144 913	76 406
Electricity meter conversions	718 756	205 592
Fees and permits	783 043	861 596
Other income	985 348	2 003 040
	4 834 971	**5 774 637**

26. Public contributions and donations

Public contributions and donations		
Public contributions - Unconditional	-	-
Donations	1 661 378	1 879 390
	1 661 378	**1 879 390**

These grants was used to construct infrastructure. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld.

Reconciliation of unspent public contributions and donations		
Balance unspent at the beginning of the year	450 705	1 460 769
Current year receipts	2 190 657	1 879 390
Conditions met - transferred to revenue	(1 661 378)	(2 889 454)
	979 984	**450 705**

Figures in Rand	2012	2011

27. General expenses

Advertising	763 658	490 528
Bank charges	1 864 051	1 523 580
Cleaning	404 942	311 388
Consulting and professional fees	6 579 134	4 446 155
Consumables	171 759	130 284
Donations	20 200	22 000
Entertainment	998 559	1 807 833
Gifts	210 120	473 086
Hire	1 036 644	1 065 537
Community development and training	3 517 983	2 696 860
Conferences and seminars	270 674	178 083
IT expenses	211 239	298 032
Horticulture	144 854	105 573
Promotions and sponsorships	1 159 458	-
Magazines, books and periodicals	136 416	114 791
Medical expenses	110 478	58 022
Fuel and oil	9 879 766	5 263 297
Postage and courier	48 011	64 587
Printing and stationery	1 148 198	1 259 049
Secretarial fees	119 703	52 324
Software expenses	3 863 315	507 991
Telephone and fax	4 872 455	6 887 291
Training	409 414	872 196
Travel - local	1 348 231	1 580 948
Refuse	345 071	323 415
Title deed search fees	63 448	38 333
Assets expensed	8 017 808	7 329 254
Electricity	7 322 203	8 538 849
Sewerage	4 733	4 676
Water	908 719	433 484
Tourism development	110 408	256 974
Maps	15 428	25 766
Consumables	698 377	487 723
Reference material	56 661	60 686
Disaster management	915 906	1 283 739
Employment equity	3 275 805	2 987 995
Clean-up projects	1 023 866	20 400
Khutsong resettlement costs	8 390 613	-
VAT audit	(4 230 085)	(100)
Other expenses	22 835 560	32 289 040
	89 043 783	**84 289 669**

Figures in Rand	2012	2011

28. Employee related costs

Housing benefits and allowances	1 445 083	1 326 951
Performance bonus	619 979	434 214
Medical aid - company contributions	14 098 617	12 759 214
Overtime payments	27 751 707	22 672 020
Pension	35 655 260	38 656 381
Long service bonus	1 964 209	1 363 354
Provident fund	1 246 095	1 180 868
SALGBC	49 740	82 019
SDL	1 347 500	1 237 738
Salaries and wages	145 712 878	135 169 822
Travel, motor car, accommodation, subsistence and other allowances	7 343 267	6 779 071
UIF	1 356 435	1 214 817
WCA	4 647 079	944 308
	243 237 849	**223 820 777**

Remuneration of municipal manager

Annual Remuneration	822 531	693 804
Travel, motor car, accommodation, subsistence and other allowances	256 210	119 756
Performance & other bonuses	199 705	73 616
Contributions to UIF, Medical and Pension Funds	236 016	166 610
	1 514 462	**1 053 786**

Remuneration of chief financial officer

Annual Remuneration	839 670	614 988
Travel, motor car, accommodation, subsistence and other allowances	116 725	132 821
Performance & other bonuses	178 432	83 754
Contributions to UIF, Medical and Pension Funds	214 150	162 122
	1 348 977	**993 685**

Remuneration of executive directors

2012	**Infrastructure Development**	**Corporate Services**	**Community Services**	**Economic Development & Planning**	**Total**
Annual remuneration	362 826	957 607	876 631	515 724	2 712 788
Travel, motor car, accommodation, subsistence and other allowances	70 432	90 537	196 633	240 080	597 682
Performance & other bonuses	56 219	-	178 432	33 745	268 396
Contributions to UIF, Medical and Pension Funds	83 206	110 780	223 339	135 792	553 117
	572 683	**1 158 924**	**1 475 035**	**925 341**	**4 131 983**

2011	**Infrastructure Development**	**Corporate Services**	**Community Services**	**Economic Development & Planning**	**Total**
Annual remuneration	566 451	714 070	585 765	607 057	2 473 343
Travel, motor car, accommodation, subsistence and other allowances	107 108	85 640	152 023	129 524	474 295
Performance & other bonuses	64 800	-	68 362	75 379	208 541
Contributions to UIF, Medical and Pension Funds	163 634	104 307	172 143	179 920	620 004
	901 993	**904 017**	**978 293**	**991 880**	**3 776 183**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

28. Employee related costs (continued)

Refer to Related Party note for related party relationships (see note 40).

29. Remuneration of councillors

Executive Mayor	673 095	627 452
Executive Committee Members	5 710 903	5 116 855
Speaker	527 114	567 155
Councillors	8 420 833	7 467 424
	15 331 945	**13 778 886**

There are 10 (2011:10) Executive Committee Members and 44 (2011:40) Other Councillors.

In-kind benefits

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

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

The Executive Mayor has four full-time VIP Security personnel.

The Executive Mayor has two full-time bodyguards.

30. Debt impairment

Debt impairment	49 372 310	75 538 243

31. Investment revenue

Interest revenue		
Bank and investments	14 890 052	15 177 709

32. Depreciation and amortisation

Property, plant and equipment	94 224 514	95 694 193
Intangible assets	871 093	1 422 997
	95 095 607	**97 117 190**

33. Finance costs

External loans	5 173 728	6 650 570
Finance leases	2 607 038	1 505 529
Interest: Rehabilitation of landfill sites	809 026	412 206
	8 589 792	**8 568 305**

34. Contracted services

Fleet Services	13 478 794	9 911 784
Operating Leases	1 073 263	1 056 705
Specialist Services	30 213 683	19 160 710
Other Contractors	6 523 480	6 214 959
	51 289 220	**36 344 158**

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
35. Grants and subsidies paid		
Other subsidies		
Grant/subsidy to indigent consumers	8 123 173	55 613 515
36. Bulk purchases		
Electricity	135 716 283	105 305 387
Water	131 380 620	122 342 517
	267 096 903	**227 647 904**
37. Cash generated from operations		
Surplus (deficit)	292 659	(8 799 851)
Adjustments for:		
Depreciation and amortisation	95 095 607	97 117 190
Gain on sale of assets and liabilities	3 092 960	-
Finance costs - Finance leases	2 607 038	1 505 529
Debt impairment	49 372 310	75 538 243
Movements in retirement benefit assets and liabilities	10 463 317	11 045 847
Movements in provisions	3 763 346	5 196 989
Other non-cash items	(2 583 786)	15 708
Changes in working capital:		
Inventories	(286 497)	(963 370)
Other receivables from non-exchange transactions	(12 214 327)	12 843 785
Consumer debtors	(105 696 698)	(88 088 126)
Payables from exchange transactions	29 500 998	6 314 307
VAT	5 792 891	14 047 631
Unspent conditional grants and receipts	65 769 455	25 226 776
Consumer deposits	729 970	125 865
	145 699 243	**151 126 523**

Figures in Rand	2012	2011

38. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment - Infrastructure	388 544 585	322 185 385
• Property, plant and equipment - Community	14 458 775	10 259 834
• Other financial assets	-	7 002 129
	403 003 360	**339 447 348**
This expenditure will be financed from:		
Government grants	384 781 890	325 316 595
Own resources	18 221 470	11 874 671
Public contributions and donations	-	629 014
External loans	-	1 627 068
	403 003 360	**339 447 348**

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

39. Contingencies

Contingent laibilities		
Claim for payment of “outstanding” construction fees for work done at new Kokosi waste water treatment plant(wwtp) - Claimant: MSD Engineering & Mining Supplies	1 193 789	1 193 789
Claim for loss of movable goods (liquor stock) at business due to civil unrest in Khutsong in 2005 - Claimant: Vusi Mbotshana	-	883 000
Civil claim for expert work done - Claimant: Sanin Yoyo Trading Enterprise cc	-	440 000
Application for interdict and related orders against the levying of surcharges on industrial and domestic water by the municipality - Claimant: Anglogold Ashanti Ltd	-	600 000
Claim for access to information in terms of promotion of access to information act 2 of 2000: award of security tender - Claimant: BA & DJ Security	100 000	-
Claim for alleged unfair dismissal: default arbitration award at SALGBC - Claimant: F.P.Caiya	306 000	-
Claim for alleged unfair dismissal: arbitration award at SALGBC - Claimant: MM Mofolo and 6 others	800 000	-
Claim to set aside appointment of new Municipal Manager - Claimant: SAMWU	1 000 000	-
Civil claim for outstanding notice pay and continued contribution to medical aid - Claimant: Neels Putter	250 000	-
Civil claim for outstanding councillor salaries - Claimant: MS. H.M van der Merwe	80 000	-
Contingent liability petaining to arbitration award compelling entity to reinstate and reimburse a dismissed contract employee - Claimant: S. Gaeganelwe	800 000	-
Claim for damages: motor vehicle accident: warrant of execution against property - Claimant: M.F. Meygaarden	391 429	-
	4 921 218	**3 116 789**

Figures in Rand	2012	2011

40. Related parties

Relationships

Acting Municipal Manager (Key management)	Nieuwoudt, Casper, Wilhelmus, Albertus
Chief Financial Officer (Key management)	Wienekus, Matthys, Gerhardus
Executive Director (Key management)	Blaai Mokgethi, Emily (Doctor)
Acting Executive Director (Key management)	Moketsi, Thomas, Kgosi, Matlatsi
Acting Executive Director (Key management)	Murray, Jan, Johannes
Acting Executive Director (Key management)	Moyo, Nontyatyambo

Refer to Employee Related Costs note for remuneration of Key Management Personnel (see note 28).

41. Prior period errors

2012
Pre-paid electricty is now correctly accounted for on the accrual basis and not once funds are received.

Property, plant and equipment have been amended with work-in-progress adjustments as well as depreciation adjustments.

2011
Library books were capitalised during the year, after being expensed in the past.

The landfill site provision was adjusted to capitalise the estimate to the cost of the assets as well as to account for this provision correctly.

Items of property, plant and equipment were found during the year and brought onto the asset register.

Leave accrual was increased due to the bargaining council agreement being applied.

Provision for bonus changed due to expected outflow changes with regards to employment contracts.

Intangible assets were found and brought in as well as corrected.

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

Statement of financial position		
Property, plant and equipment	315 905 493	34 454 669
Provision (Rehabilitation of Landfill site)	-	(1 005 329)
Trade and other payables from exchange transactions	-	(6 077 557)
Intangible assets	-	1 311 278
Provisions	-	(2 172 072)
Opening Accumualted Surplus or Deficit	(330 880 792)	(28 059 916)
Trade and other receivables from exchange transactions	(850 930)	-
Statement of Financial Performance		
Finance costs (unwinding of discounting)	-	80 554
Depreciation	14 975 299	2 000 377
General expenses	-	(532 004)
Service charges	850 930	-

42. Comparative figures

Certain comparative figures have been reclassified and/or renamed in order for the item/transactions to be more in-line with the benchmark presentation and disclosure according to the GRAP Reporting Framework.

Notes to the Annual Financial Statements

Figures in Rand	2012	2011

42. Comparative figures (continued)

The effects of the reclassification are as follows:

Statement of financial performance

Employee related costs	12,283,572
General expenses	(12,283,572)

43. Risk management

Liquidity risk

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 30 June 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Gross lease obligation	18 169 831	1 989 723	-	-
Long-term liabilities	7 471 442	7 787 617	19 239 780	28 988 404
Trade and other payables	100 088 644	-	-	-

At 30 June 2011	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Gross lease obligation	22 902 583	1 469 513	-	-
Long-term liabilities	7 583 791	6 260 958	17 611 623	39 105 816
Trade and other payables	80 846 703	-	-	-

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain approximately 60% of its borrowings in fixed rate instruments.

At year end, financial instruments exposed to interest rate risk were as follows:

Call deposits
Notice deposits
Development Bank of South Africa loan

Figures in Rand	2012	2011

43. Risk management (continued)

Credit risk

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

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

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

Financial instrument	**2012**	**2011**
ABSA Bank	-	85 830 682
Nedbank	305 164 499	189 051 904
INCA	9 772 346	13 304 728
Trade and other receivables	200 252 753	127 447 254

44. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

45. Unauthorised expenditure

Opening balance	12 493 067	54 057 545
Add: Unauthorised expenditure - current year	16 442 036	13 404 303
Less: Amounts condoned or approved by council	(12 493 067)	(54 968 781)
	16 442 036	**12 493 067**

46. Irregular, fruitless and wasteful expenditure

Opening balance	2 023 966	4 380 564
Add: Expenditure - current year	11 928 380	83 208
Less: Amounts condoned, approved by council or transferred to debtors	(2 023 966)	(2 439 806)
	11 928 380	**2 023 966**

An investigation was conducted by an independent consulting firm on request of the entity. The investigation was initiated based on the allegation of possible collusion between supply chain management personnel and suppliers. The investigation has not yet been finalised.

47. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription	1 099 026	1 065 588
Amount paid - current year	(1 099 026)	(1 065 588)
	-	**-**

Figures in Rand	2012	2011

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

Audit fees

Current year audit fee	2 897 316	2 385 536
Amount paid - current year	(2 897 316)	(2 385 536)
	-	-

PAYE and UIF

Opening balance	-	158 704
Current year payroll deductions	34 866 813	27 665 825
Amount paid - current year	(34 866 813)	(27 824 529)
	-	-

Pension and Medical Aid Deductions

Current year payroll deductions and council contributions	58 773 655	53 734 471
Amount paid - current year	(58 773 655)	(53 734 471)
	-	-

VAT

VAT payable	47 395 059	41 602 168

VAT output payables and VAT input receivables are shown in note .

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

Figures in Rand	2012	2011

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

Councillors' arrear consumer accounts

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

30 June 2012	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
IR Koboyankwe	2 821	4 334	7 155

30 June 2011	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
IM Mogale	11 803	1 152	12 955
IR Koboyankwe	10 479	2 091	12 570
F Kotze	8 497	2 688	11 185
HM Mamome	14 487	4 067	18 554
TD Mlambo	1 106	651	1 757
BJ Ngwetsheni	5 963	2 809	8 772
MJ Pusho	5 765	762	6 527
EL Sobantu	2 085	1 055	3 140
	60 185	**15 275**	**75 460**

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2012	Highest outstanding amount	Aging (in days)
IM Mogale	12 955	90+
IR Koboyankwe	12 570	90+
F Kotze	11 185	90+
HM Mamome	18 554	90+
TD Mlambo	1 757	90+
BJ Ngwetsheni	8 972	90+
MJ Pusho	6 527	90+
EL Sobantu	3 140	90+
	75 660	

30 June 2011	Highest outstanding amount	Aging (in days)
IM Mogale	12 955	90+
IR Koboyankwe	13 846	90+
F Kotze	11 185	90+
HM Mamome	20 142	90+
TD Mlambo	2 382	90+
BJ Ngwetsheni	8 972	90+
MJ Pusho	7 135	90+
EL Sobantu	4 239	90+
	80 856	

Figures in Rand	2012	2011

48. Utilisation of Long-term liabilities reconciliation

Used to finance property, plant and equipment	13 081 484	10 651 375
	13 081 484	10 651 375
Cash set aside for the repayment of long-term liabilities	(9 772 346)	(9 304 728)
	-	-
Long-term liabilities		
Used to finance property, plant and equipment	13 081 484	10 651 375
Cash set aside and invested for the repayment of long-term liabilities	9 772 346	9 304 728

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

49. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

The expenses incurred, as listed hereunder, have been approved/condoned		
Emergencies	733 252	630 282
Sole supplier	2 413 041	756 340
Other	29 245 714	9 785 009
	32 392 007	**11 171 631**

50. Distribution losses

During the year under consideration Merafong City Local Municipality had unaccounted water of 33.28% (2011: 18.36%) respectively. The total rand value of these losses were R16,174,583 (2011: R8,228,431).

During the year under consideration Merafong City Local Municipality had unaccounted Electricity of 20.07% (2011: 17.51%) respectively. The total rand value of these losses were R27,243,862 (2011: R15,686,512).

Notes to the Annual Financial Statements

Figures in Rand

51. Statement of comparative and actual information

2012

	Original budget	Adjustments Budget (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance							
Property rates	82 582 798	88 410 443	88 410 443	87 530 386	880 057	99 %	106 %
Service charges	481 366 438	472 644 195	472 644 195	436 437 167	36 207 028	92 %	91 %
Investment revenue	17 078 024	14 444 058	14 444 058	14 890 052	(445 994)	103 %	87 %
Transfers recognised - operational	511 058 838	299 294 932	299 294 932	267 191 299	32 103 633	89 %	52 %
Other own revenue	49 484 993	67 610 825	67 610 825	36 170 845	31 439 980	53 %	73 %
Total revenue (excluding capital transfers and contributions)	**1 141 571 091**	**942 404 453**	**942 404 453**	**842 219 749**	**100 184 704**	**89 %**	**74 %**
Employee costs	(231 950 306)	(227 367 029)	(227 367 029)	(243 237 849)	15 870 820	107 %	105 %
Remuneration of councillors	(14 900 033)	(14 724 831)	(14 724 831)	(15 331 945)	607 114	104 %	103 %
Debt impairment	(69 759 646)	(69 378 641)	(69 378 641)	(49 372 310)	(20 006 331)	71 %	71 %
Depreciation and asset impairment	(90 100 000)	(90 100 000)	(90 100 000)	(95 095 607)	4 995 607	106 %	106 %
Finance charges	(22 050 935)	(10 269 453)	(10 269 453)	(8 589 792)	(1 679 661)	84 %	39 %
Materials and bulk purchases	(271 926 414)	(273 098 657)	(273 098 657)	(267 096 903)	(6 001 754)	98 %	98 %
Transfers and grants	(272 790 204)	(150 250 592)	(150 250 592)	(8 123 173)	(142 127 419)	5 %	3 %
Other expenditure	(245 725 155)	(184 846 852)	(184 846 852)	(178 860 932)	(5 985 920)	97 %	73 %
Total expenditure	**(1 219 202 693)**	**(1 020 036 055)**	**(1 020 036 055)**	**(865 708 511)**	**(154 327 544)**	**85 %**	**71 %**
Surplus/(Deficit)	**(77 631 602)**	**(77 631 602)**	**(77 631 602)**	**(23 488 762)**	**(54 142 840)**	**30 %**	**30 %**

Notes to the Annual Financial Statements

Figures in Rand

51. Statement of comparative and actual information (continued)

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	114 401 979	203 648 000	203 648 000	103 901 228	99 746 772	51 %	91 %
Contributions recognised - capital and contributed assets	-	-	-	1 661 378	(1 661 378)	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	**36 770 377**	**126 016 398**	**126 016 398**	**82 073 844**	**43 942 554**	**65 %**	**223 %**
Surplus/(Deficit) for the year	**36 770 377**	**126 016 398**	**126 016 398**	**82 073 844**	**43 942 554**	**65 %**	**223 %**

Notes to the Annual Financial Statements

Figures in Rand

51. Statement of comparative and actual information (continued)

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources							
Total capital expenditure	209 901 979	304 892 585	304 892 585	110 225 640	194 666 945	36 %	53 %
Sources of capital funds							
Transfers recognised - capital	114 401 979	203 647 585	203 647 585	103 901 228	99 746 357	51 %	91 %
Public contributions and donations	-	-	-	887 611	(887 611)	DIV/0 %	DIV/0 %
Borrowing	78 000 000	86 180 000	86 180 000	129 693	86 050 307	- %	- %
Internally generated funds	17 500 000	15 065 000	15 065 000	5 307 108	9 757 892	35 %	30 %
Total sources of capital funds	**209 901 979**	**304 892 585**	**304 892 585**	**110 225 640**	**194 666 945**	**36 %**	**53 %**
Cash flows							
Net cash from (used) operating	119 509 878	229 080 837	229 080 837	145 699 243	83 381 594	64 %	122 %
Net cash from (used) investing	(206 637 562)	(304 421 270)	(304 421 270)	(105 577 475)	(198 843 795)	35 %	51 %
Net cash from (used) financing	23 055 906	23 055 906	23 055 906	(13 894 526)	36 950 432	(60)%	(60)%
Net increase/(decrease) in cash and cash equivalents	**(64 071 778)**	**(52 284 527)**	**(52 284 527)**	**26 227 242**	**(78 511 769)**	**(50)%**	**(41)%**
Cash and cash equivalents at the beginning of the year	(64 071 778)	(52 284 527)	(52 284 527)	278 937 257	(331 221 784)	(533)%	(435)%
Cash and cash equivalents at year end	**214 865 479**	**226 652 730**	**226 652 730**	**305 164 499**	**(78 511 769)**	**135 %**	**142 %**

Merafong City 2011 / 2012

Annual Performance Report

Table of Contents

1. Purpose 3

2. Background 3

3. Discussion 4

3.1 Comparison of Performance 2010/2011 and 2011/2012 financial years 4

Graph 1 - Performance on SDBIP Merafong City Wide 2010/2011 5

Graph 2 - Performance on SDBIP Merafong City Wide 2011/2012 (Comparison) 6

3.2 Performance Service Delivery and Budget Implementation Plan – Merafong City Wide 7

Goal 1 – Ensure the Provision of BasicServeces 8

Table1 - KPI's 9-14

Goal 2 –Promote Local Economic Development 15

Table 2 – KPI's 16-17

Goal 3 -Ensure Municipal Transformation and Organisational Development 18

Table 3 – KPI's 19-20

Goal 4 –Ensure Muncipal Finacial Viability and Management. 21

Table4 – KPI's 22

Goal 5 – Ensure Good Governance and Public Participation 23

Table 5 – KPI's 24-25

Goal 6 – Intergrated Spatial development Framework for Suatainable Development 26

Table 6 –KPI's 27-29

3.3 Project Performance 30-39

3.4 Evaluation of Services Providers 40-42

4. Motivation 43

5. Organisational and Personnel Implications 43

6. Financial Implication 43

7. Communications Implications 43

8. Other Departments Consulted 43

9. Recommendations 43

1. Purpose

The purpose of this report is to report to Council the Annual performance of the Municipality against predetermined objectives for the period July 2011 – 30 June 2012 in accordance with Councils Service Delivery and Budget Implementation Plan (SDBIP) as reviewed during the Mid-year performance review.

2. Background

Council adopted an Integrated Development Plan for the year under review in accordance with the provisions of Section 26 of the Municipal Systems Act, Act 32 of 2000. Council adopted a Performance Management System Framework to give effect to the provision of Section 38 of the Municipal Systems Act that determines that municipalities must:

a. Establish a performance Management System that is:

   i. Commensurate with its resources

   ii. Best suited for its circumstances

   iii. In line with the priorities, objectives, indicators and targets in its IDP.

b. Promote a culture of performance management among its political structures, office bearers, councilors and its administration.

c. Administer its affairs in an economical, effective, efficient and accountable manner.

Council adopted a Services Delivery and Budget Implementation Plan (SDBIP) as a monitoring tool aligned with the Integrated Development Plan (IDP) and Budget.
The SDBIP is an implementation tool to measure quarterly service delivery and determine the outputs and timeframes to enable council to monitor the performance of the municipality against quarterly service delivery targets. The SDBIP is monitored through an electronic performance management system.
Council did a mid-year budget and performance assessment in terms of Section 72 of the Municipal Finance Management Act, which informed the adjustment budget and revised SDBIP.
This report reflects Council's performance on predetermined objectives in accordance with the Key Performance Areas identified to address the development priorities and objectives and internal transformation needs in accordance with the IDP and SDBIP.

Key Performance Areas (KPA's)
Municipal transformation and Organizational Development
Infrastructure Development and Service Delivery
Local Economic Development (LED)
Municipal Financial Viability and Management
Good Governance and Public Participation
Spatial Rationale

3. Discussion

This chapter reflects the overall performance of the municipality in accordance with the performance indicators and targets measured against planned and actual.

The performance on organizational level is the roll-up of the performance measured at the departmental and sectional level in the performance management system of council.

The scores achieved are measured based on the actual performance and evidence provided for the specific indicator. The evidence is electronically captured on the system and is subjected to audit. The audited performance reports forms part of the annual report of council.

The performance of the Municipality in accordance with the SDBIP is measured as a % of targets achieved as per the measuring instrument indicated below. The measurement instrument measures the variance of 15% of target as a compliance benchmark.

% Score	Performance – Target vs. Actual	
70.00 %	Unacceptable Performance	
77.50 %	Performance not Fully Effective	
85.00 %	Fully Effective	
92.50 %	Performance Significant and Above Expectation	
100.00 %	Outstanding Performance	

3.1. Comparison of performance 2010/2011 and 2011/2012:

In comparing the Organizational Performance of 2010/2011 and 2011/2012, there is an improvement in the performance on Goal 1 – Basic Service Delivery, from an overall performance score in 2010/2011 of 71.05% to 79.04%. The performance on Goal 2 –Local Economic Development increased from 87.18% to 92.99%.

The performance on Goal 3 - Transformation and Organizational Development declined from 99.53% to 78.69 %. This was mainly due to the delays experienced with the LLF consultation processes to approve HR related policies. The ICT policy implementation also did not materialize due to the late approval of the policies.

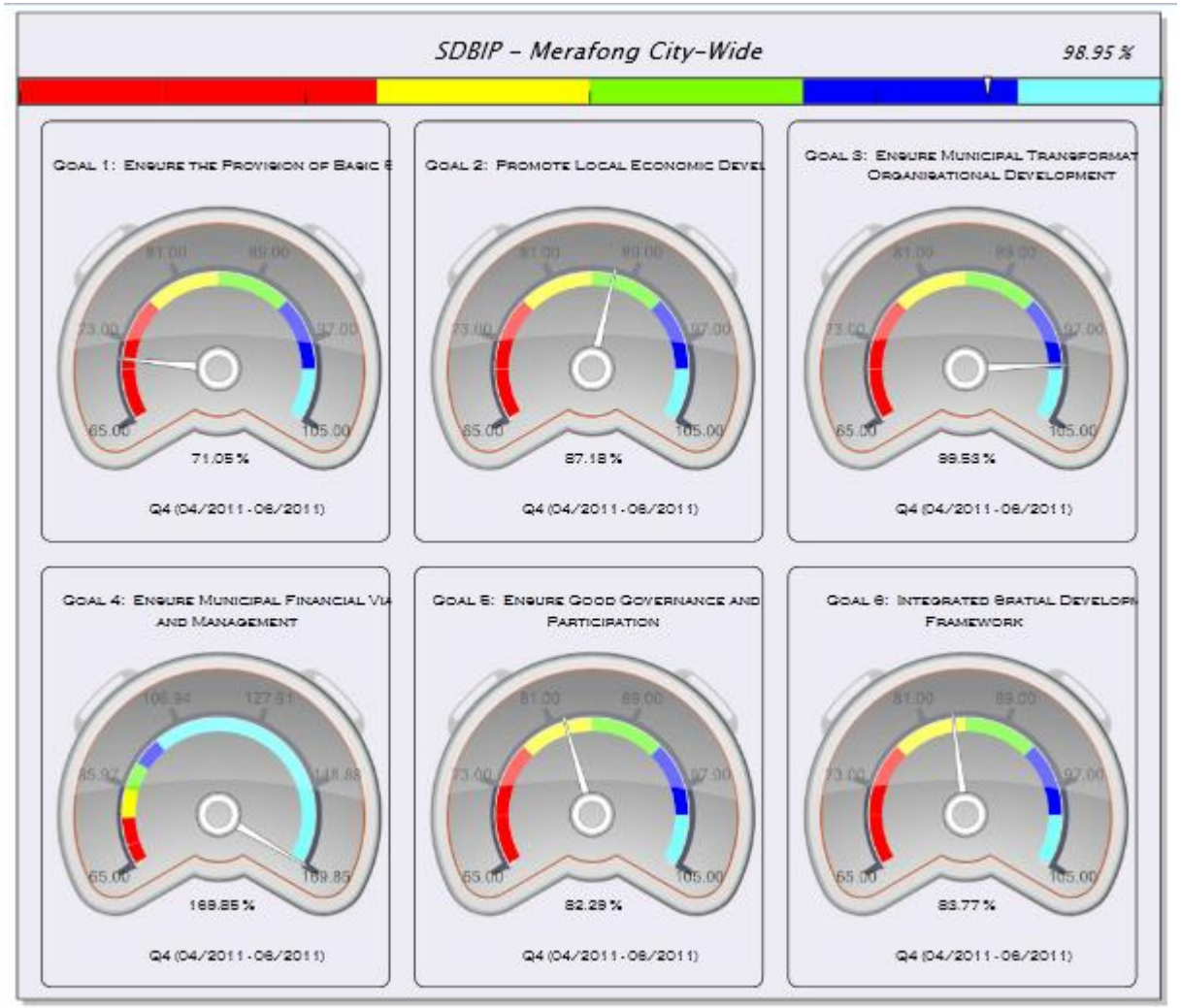
The performance on Goal 4 – Municipal Financial Viability and Management, declined from 169.85% to 92.13 %. This was mainly due to the under spending on the Capital Budget due to moratorium on procurement processes, pending investigations. The performance on Goal 5 – Ensure Good Governance and Public Participation, increased from 82.29 % to 89.80 %. The performance on Goal 6 – Spatial Development, increased from 83.77% to 86.27 %.

The tables below report on the performance of each goal for the year of review based on the SDBIP targets.

GRAPH 1

Scorecard: SDBIP – Merafong City Wide – 2010/2011

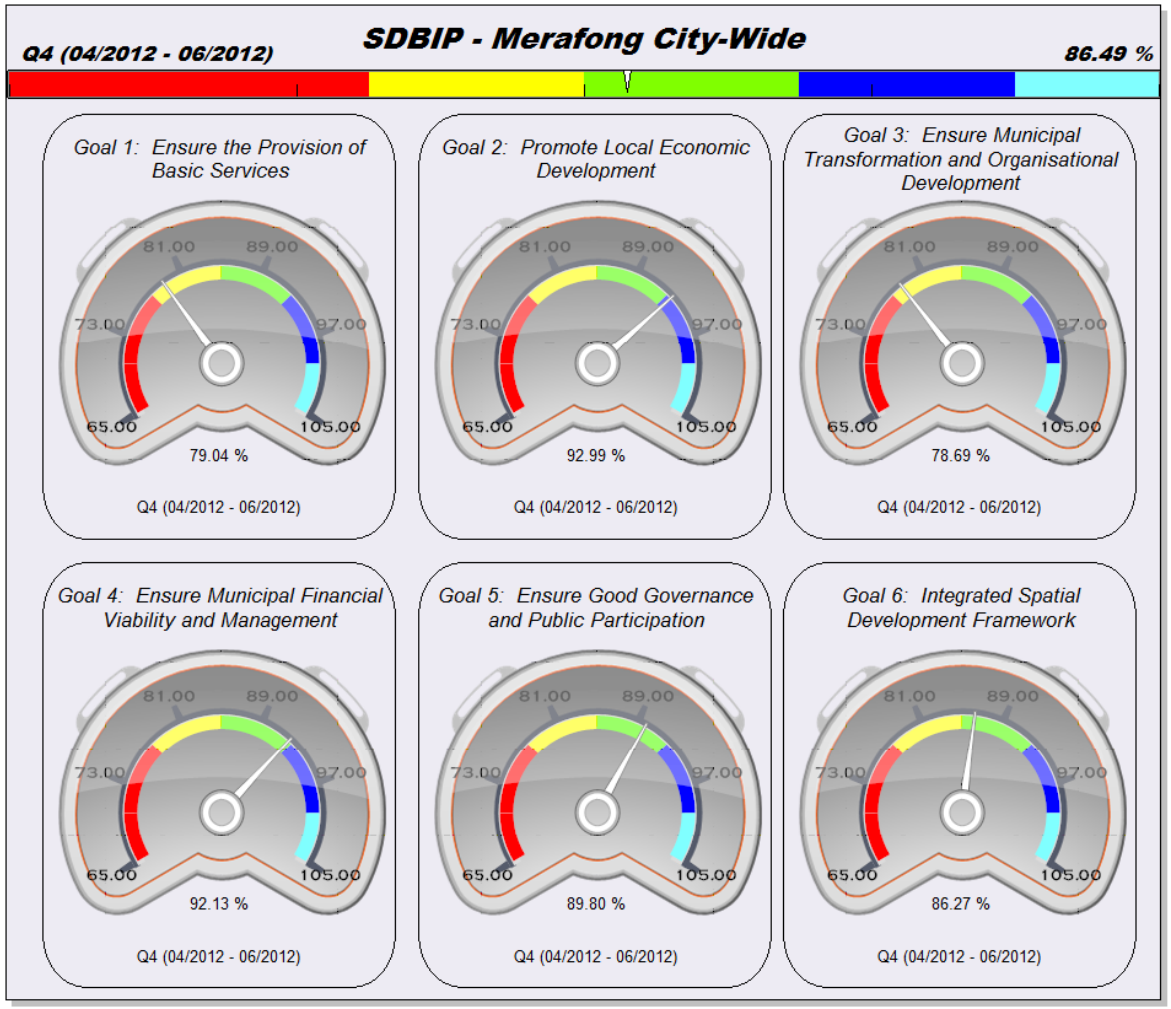
Merafong Performance Service and Budget Implementation Plan – 2010/2011



GRAPH 2

Scorecard: SDBIP – Merafong City Wide – 2011/2012

Merafong Performance Service and Budget Implementation Plan – 2011/2012

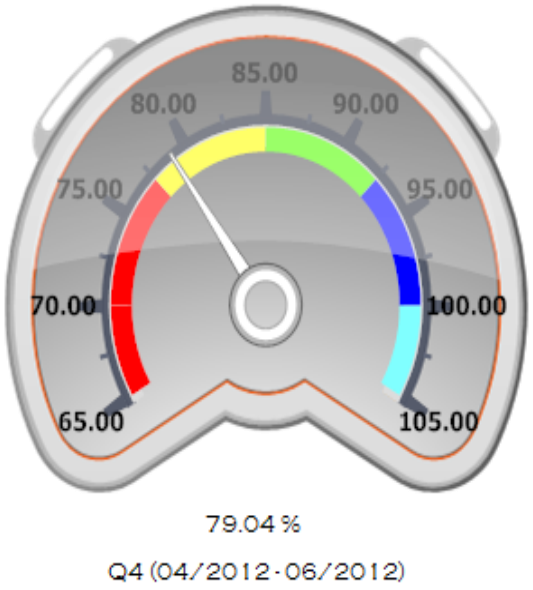


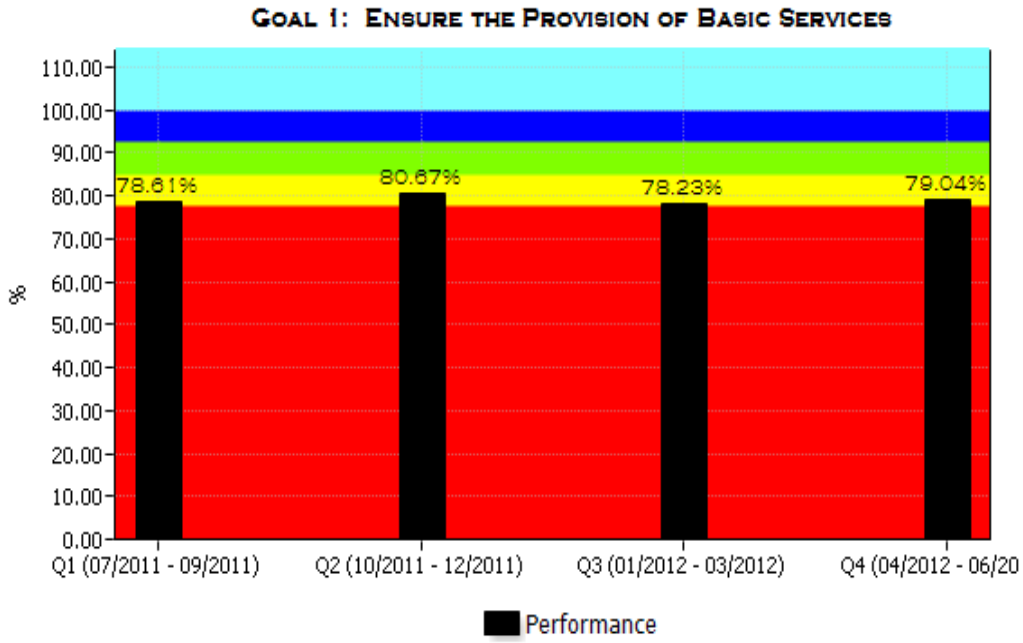
3.2. Performance Service Delivery and Budget Implementation Plan – Merafong City Wide

The following Tables reflect the performance of the Municipality for the year of review.

- Graph1 : Performance on SDBIP Merafong City Wide
- Goal 1 : Ensure the Provision of Basic Services
- Goal 2 : Promote Local Economic Development
- Goal 3 : Ensure Municipal Transformation and Organizational Development
- Goal 4 : Ensure Municipal Financial Viability and Management
- Goal 5 : Ensure Good Governance and Public Participation
- Goal 6 : Integrated Spatial Development

Strategic Goal 1: To Ensure the Provision of Basic Services





.

TABLE 1

Strategic Objective	Measure	Description	Annual Target	Target–YTD	Actual – YTD	% Performance Achieved	Comments	Reasons for Deviation	Corrective Measures
Municipal Services	# New Service Areas with Communal Waste Skips	# New Service Areas with Communal Waste Skips.	4.00	4.00	0.00	0.00 %	Plan to develop new refuse model for informal areas - New financial year.	New model not developed	New refuse model for informal areas to be developed in the new financial year 2012/2013
Municipal Services	# New Water Borne Sewer Connections	# New Water Borne Sewer Connections.	2 805.00	3 906.00	1 267.00	53.39 %	Water connections linked to approved houses in housing projects	Slow progress on completion of housing top structure	Refer to housing
Municipal Services	# New Water Connections	# New Water Connections (Formal).	2 805.00	3 906.00	1 267.00	53.39 %	New water connections is linked to housing top structure construction progress	Refer to housing	Refer to housing
Municipal Services	% Access to Water Planned vs. Provided	% Access to Water Planned vs. Provided.	100.00 %	100.00 %	100.00 %	100.00 %	Target Achieved.	N/A	N/A
Municipal Services	% Bucket System Eradicated	% Bucket System Eradicated.	50.00 %	50.00 %	0.00 %	0.00 %	Rand Water funding did not materialise. Project (94) to be implemented in 2012/2013 together with MIG Rural Sanitation Project.	Lack of funding	Project (94) to be implemented in 2012/2013 together with MIG Rural Sanitation Project.
Municipal Services	% Bulk Sanitation Capacity Planned vs. Implemented	% Bulk Sanitation Capacity Planned vs. Implemented. Capacity: refers to WWTW capacity measured in megalitres	100.00 %	100.00 %	100.00 %	100.00 %	Capacity is sufficient	N/A	N/A

TABLE 1

Strategic Objective	Measure	Description	Annual Target	Target–YTD	Actual – YTD	% Performance Achieved	Comments	Reasons for Deviation	Corrective Measures
Municipal Services	% Bulk Water Capacity Available vs. Required	% Bulk Water Capacity Available vs. Required. Capacity: Reservoir storage capacity in megalitres	100.00 %	100.00 %	86.00 %	94.10 %	5ml Reservoir in Blybank under construction	During the planning process, construction of blybank reservoir was incorporated but could not kick-start during 2011/2012 financial year. Contractor appointed in february.The implementation of the project has not commenced according to the plan	Obtain authorisation from land owner - Goldfields
Municipal Services	% Increase in Access to Solid Waste Removal	% Increase in Access to Solid Waste Removal.	3.00 %	2 373.00	1 267.00	53.39 %	Formal households received refuse removal	Slow housing progress.	Refer to Housing
Municipal Services	% Performance against Effluent Treatement Standards	% Performance against effluent Treatement Standards.	80.00 %	80.00 %	72.50 %	90.63 %	Target met.	Raw effluent released due to power outages	Monitoring program(green drop) put in place
Municipal Services	% Performance against Landfill Sites Standards	% Performance against Landfill Sites Standards.	80.00 %	80.00 %	39.10 %	48.88 %	Target not achieved due to limited resources.	Lack of resources to operate the facility	Rehabilitation planned in 2012 / 2013 financial year.
Municipal Services	% Performance against Planned Solid Waste Removal Standards	% Performance against Planned Solid Waste Removal Standards. New published waste management standards.	100.00 %	100.00 %	98.35 %	98.35 %	On target	N/A	N/A

TABLE 1

Strategic Objective	Measure	Description	Annual Target	Target–YTD	Actual – YTD	% Performance Achieved	Comments	Reasons for Deviation	Corrective Measures
Municipal Services	% Performance against the Waste Recycling Plan	% Performance against the Waste Recycling Plan.	100.00 %	100.00 %	24.57 %	24.57 %	Proposal to advertise put on hold due to mining houses recycling initiation in partnership	Slow response from the mining houses regarding the implementation of the project	Awaits signing of MOU
Municipal Services	% Recycled Waste vs. Total Landfill Waste	% Recycled Waste vs. Total Landfill Waste.	8.00 %	8.00 %	4.79 %	59.85 %	Recycling very low due to non commitment from companies collecting recycled waste	Recycling percentages are low due to the recycleable waste which are being taken outside the boundaries of Merafong without being captured in the waste stream.	Operationalisation of the weigh-bridge to capture the waste entering and leaving the landfill site.
Municipal Services	% Sewer Maintenance Plan Targets Met	% Sewer Maintenance Plan Targets Met.	85.00 %	85.00 %	73.80 %	86.82 %	Target met	Limited staff capacity	Filling of vacancies to be expedited
Municipal Services	% Unaccounted Water Loss Reduction	% Unaccounted Water Loss Reduction.	15.00 %	15.00 %	32.87 %	45.65 %	High % loss can be contributed to non revenued water used by contractors, indigents and in rural areas, as well as the number of pipe breaks experienced.	All water usage are not being taken into account when calculating water loss.	All water usage to be taken into account when calculating water loss. Repair of leaking pipes to be prioritised to minimise the water loss.
Municipal Services	% Uninterrupted Water Supply	% Uninterrupted Water Supply.	95.00 %	95.00 %	92.18 %	97.03 %	Target met	N/A	N/A
Municipal Services	% Water Care Works Maintenance Plan Target Met	% Water Care Works Maintenance Plan Target Met.	85.00 %	85.00 %	82.42 %	96.96 %	Slightly below target due to shortage of skilled staff	Shortage of skilled staff	Filling of vacancies

TABLE 1

Strategic Objective	Measure	Description	Annual Target	Target–YTD	Actual – YTD	% Performance Achieved	Comments	Reasons for Deviation	Corrective Measures
Municipal Services	% Water Network Maintenance Plan Targets Met	% Water Network Maintenance Plan Targets Met.	80.00 %	80.00 %	84.80 %	105.99 %	Target exceeded.	N/A	N/A
Municipal Services	% Water Quality Standards Met	% Water Quality Standards Met.	95.00 %	95.00 %	97.15 %	102.27 %	Target exceeded	N\A	N\A
Physical Infrastructure	# New Electricity Connections in MCLM Distribution Installed	# New Electricity Connections in MCLM Distribution Installed	2 373.00	1 958.33	236.33	12.30 %	Delays in housing top structure construction	Grant funding will be received after completion of houses in Khutsong south.	Construction program to be aligned with housing construction program
Physical Infrastructure	# New Street Lights Installed	# New Street Lights Installed.	260.00	221.00	221.00	100.00 %	On target	N/A	N/A
Physical Infrastructure	% Building Maintenance Plan Targets Met	% Building Maintenance Plan Targets Met.	100.00 %	100.00 %	48.57 %	48.57 %	Target not achieved.	Lack of capacity	Facility manager appointed to coordinate maintenance
Physical Infrastructure	% Community / Sport Facilities Maintenance Plan Targets Met	% Community / Sport Facilities Maintenance Plan Targets Met.	100.00 %	100.00 %	36.16 %	36.16 %	Target not achieved	Slow procurement services	Procurement services to be expedited
Physical Infrastructure	% Community Facilities Functionality Rating	% Community Facilities Functionality Rating.	65.00 %	65.00 %	58.12 %	89.42 %	Rating system commenced in Q3	Rating system commenced in Q3	Upgrading the standard & functionality of community facilities to a more user friendly conditions.
Physical Infrastructure	% Community Facilities Utilisation Rate	% Community Facilities Utilisation Rate (Avg).	35.00 %	35.00 %	67.86 %	193.89 %	Overall booking of council facility is on target	N/A	N/A
Physical Infrastructure	% Electricity Distribution Capacity Planned vs. Delivered	% Electricity Distribution Capacity Planned vs. Delivered.	30.00 %	30.00 %	29.30 %	97.67 %	Project in progress. Target achieved	N/A	N/A

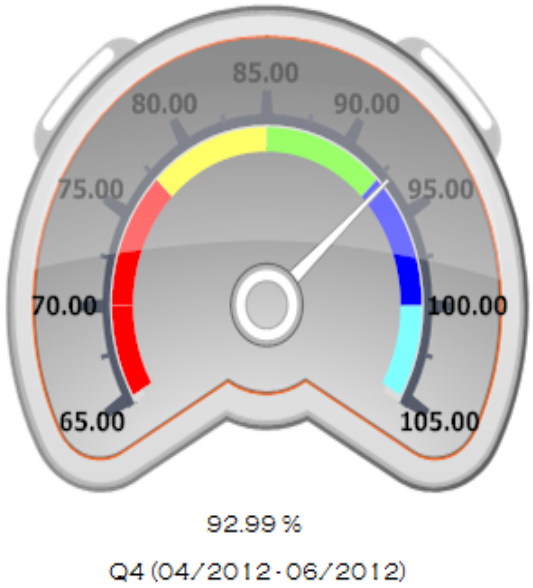
TABLE 1

Strategic Objective	Measure	Description	Annual Target	Target–YTD	Actual – YTD	% Performance Achieved	Comments	Reasons for Deviation	Corrective Measures
Physical Infrastructure	% Electricity Maintenance Plan Targets Met	% Electricity Maintenance Plan Targets Met.	65.00 %	65.00 %	62.95 %	96.84 %	Target not achieved, planned activities did not consider December month for closure	Council recess was not taken into account during maintenance planning	Future planning will take December month during council closure into account
Physical Infrastructure	% Gravel Roads Maintenance Plan Targets Met	% Gravel Roads Maintenance Plan Targets Met.	100.00 %	100.00 %	100.00 %	100.00 %	Grading & re-gravelling of roads has been successfully completed.	N/A	N/A
Physical Infrastructure	% Performance against Quality of Electricity Supply Standards	% Performance against Quality of Supply Standards.	80.00 %	80.00 %	87.50 %	109.38 %	Reporting system unrepairable since beginning of July 2011. Only power outages were measured.	N/A	N/A
Physical Infrastructure	% Potholes on Municipal Road Identified vs. Repaired within 7 Days	% Potholes on Municipal Road Identified vs. Repaired within 7 Days.	95.00 %	95.00 %	100.00 %	105.26 %	Above planned target.	N/A	N/A
Physical Infrastructure	% Public Amenities Developments Planned vs. Implemented	% Public Amenities Developments Planned vs. Implemented.	100.00 %	100.00 %	57.14 %	57.14 %	No public amenities implemented, project to be executed in the next financial year	Lack of capacity	No public amenities implemented, projects to be executed in the next financial year
Physical Infrastructure	% Storm Water Drainage Maintenance Plan Targets Met	% Storm Water Drainage Maintenance Plan Targets Met.	100.00 %	100.00 %	100.00 %	100.00 %	Maintenance plan targets met	N/A	N/A
Physical Infrastructure	% Street Light Default Registed vs. Repaired within 7 Days	% Street Light Default Registed vs. Repaired within 7 Days.	100.00 %	100.00 %	87.39 %	87.39 %	Unavailability of spares created delays.	Cable faults and the shortage of spares on light fittings, day-night switches.	Communication with supply chain to increase stock items.

TABLE 1

Strategic Objective	Measure	Description	Annual Target	Target–YTD	Actual – YTD	% Performance Achieved	Comments	Reasons for Deviation	Corrective Measures
Physical Infrastructure	% Tarred Roads Maintenance Plan Targets Met	% Tarred Roads Maintenance Plan Targets Met.	100.00 %	100.00 %	78.27 %	78.27 %	Tarred(Slurry) Maintance work was done	Unavailability of materials from stores.	Service providers to be appointed on database to improve practical turaround times
Physical Infrastructure	% Unaccounted Electricity Loss Reduction	% Unaccounted Electricity Loss Reduction.	13.50 %	13.50 %	17.61 %	76.72 %	Average target 18.82% for the year- Target not achieved	Losses due to technical losses, billing deficiency and theft Average target 18.82% for the year- Target not achieved	Electricity loss control measures to be implemented
Physical Infrastructure	Km New Storm Water Drainage Constructed	Km New Storm Water Drainage Constructed.	15.00 Km	15.00 Km	6.48 Km	43.20 %	Project delayed due to delays in pipejacking	N/A	Project to be completed in 2012/213 financial year
Physical Infrastructure	Km New Tarred Roads Completed	Km New Tarred Roads Completed.	15.00 Km	6.90 Km	6.90 Km	100.00 %	Annual Target overstated. Secured funding for 6.9km @ 7.1m wide = 49390sq.m	Target overstated	Re-align target with secured funding

Strategic Goal 2: To Promote Local Economic Development.



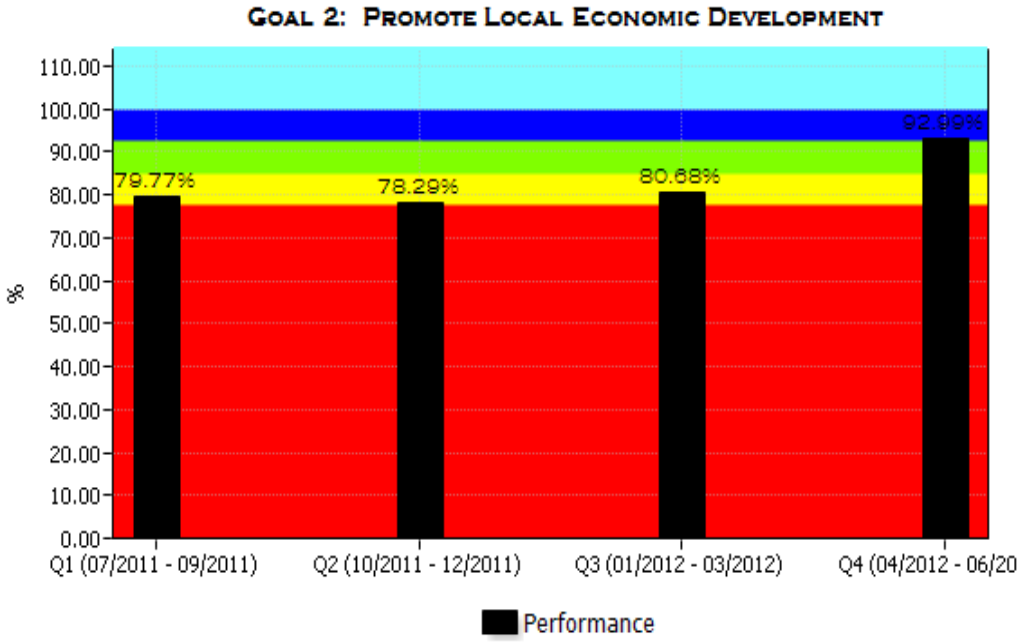


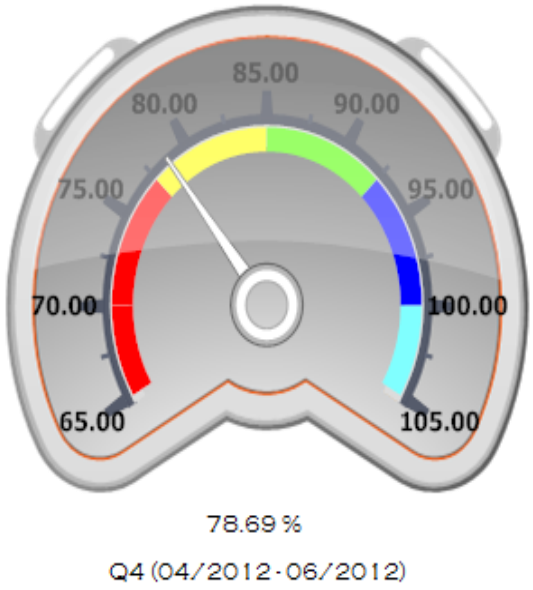
TABLE 2

Strategic Objective	Measure	Description	Annual Target	Target–YTD	Actual – YTD	% Performance Achieved	Comments	Reasons for Deviation	Corrective Measures
Economic Development	# FTE Jobs Through Infrastructure Projects	# FTE Jobs Through Infrastructure Projects.	260.00	260.00	251.03	96.55 %	Info received from PMU	N/A	N/A
Economic Development	# Jobs Created Through Community Works Programme	# Jobs Created Through Community Works Programme.	2 150.00	2 150.00	2 120.00	98.60 %	Programme implemented by NGO.	N/A	N/A
Economic Development	% BBBEE Spent on Capital Budget vs. Actual	% BBBEE Spent on Capital Budget vs. Actual.	60.00 %	60.00 %	75.00 %	125.00 %	9 tenders awarded to BBBEE companies.	N/A	N/A
Economic Development	% Business Licenses Required vs. Actual	% Business Licenses Required vs. Actual.	85.00 %	85.00 %	100.00 %	117.65 %	Target exceeded.	N/A	N/A
Economic Development	% External LED Projects Planned vs. Implemented	% External LED Projects Planned vs. Implemented.	100.00 %	100.00 %	116.36 %	116.36 %	Mines initatives	N/A	N/A
Economic Development	% Internal LED Projects Planned vs. Implemented	% Internal LED Projects Planned vs. Implemented.	100.00 %	100.00 %	135.40 %	135.40 %	Target achieved	N\A	N\A
Economic Development	% SMME Business Initiatives Planned vs. Implemented	% SMME Business Initiatives Planned vs. Implemented.	100.00 %	100.00 %	100.00 %	100.00 %	SMME On target	N/A	N/A
Economic Development	% Street Trading Facilities Occupancy Rate	% Street Trading Facilities Occupancy Rate.	95.00 %	95.00 %	100.00 %	105.26 %	Target exceeded.	N/A	N/A
Rural Development	Rural Development Initiatives Planned vs. Implemented	Rural Development Initiatives Planned vs. Implemented.	100.00 %	100.00 %	88.07 %	88.07 %	On Target	Staff shortage.	An agriculturalist will be appointed, to deal with agricultural development.
Social Development	# Integrated Social Development Interventions Plan Available	# Integrated Social Development Interventions Plan Available.	1.00 %	1.00 %	1.00 %	100.00 %	Target achieved.	N/A	N/A

TABLE 2

Strategic Objective	Measure	Description	Annual Target	Target–YTD	Actual – YTD	% Performance Achieved	Comments	Reasons for Deviation	Corrective Measures
Social Development	% Decrease in Security Breaches	% Decrease in Security Breaches.	30.00 %	30.00 %	28.01 %	93.38 %	Theft of office equipment, & malicious damage to property	No proper security electronic system for access control in place	Installation of security system
Social Development	% Library Services Planned vs. Provided	% Library Services Planned vs. Provided. All the approved programmes / projects (departmental plans) that is planned and implemented.	100.00 %	100.00 %	100.00 %	100.00 %	Target achieved	N/A	N/A
Social Development	% Traffic Services Planned vs. Provided	% Traffic Services Planned vs. Provided.	100.00 %	100.00 %	89.42 %	89.42 %	8 Operations planned & 6 operations executed	Interruption by special VIP events	N/A

Strategic Goal 3: To Ensure Municipal Transformation and Organizational Development.



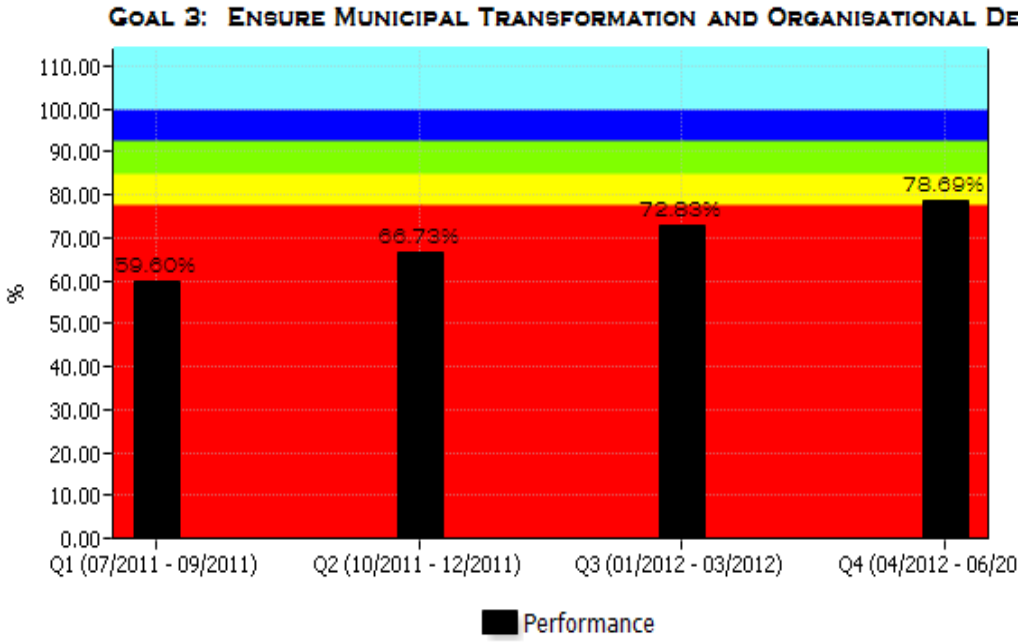


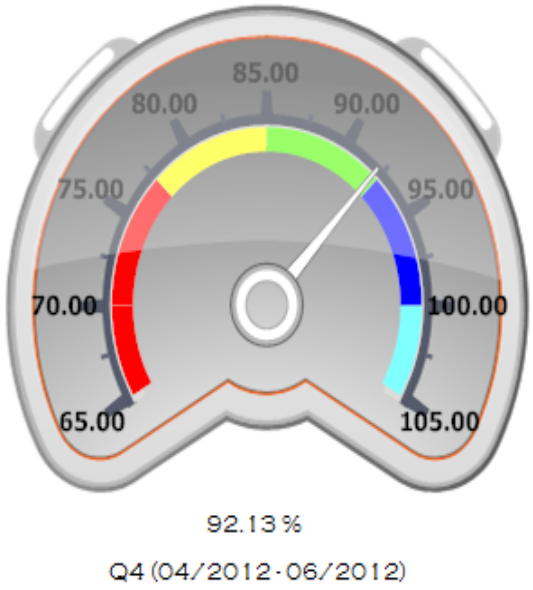
TABLE 3

Strategic Objective	Measure	Description	Annual Target	Target–YTD	Actual – YTD	% Performance Achieved	Comments	Reasons for Deviation	Corrective Measures
Asset Management	% Asset Management Plan Development vs. Implemented	% Asset Management Plan Development vs. Implemented.	70.00 %	70.00 %	90.58 %	129.40 %	Target exceeded	N/A	N/A
Business Management / Leadership	# Unqualified Audit Reports	# Unqualified Audit Reports.	0.00	1.00	1.00	100.00 %	Unqualified Audit Achieved.	N/A	N/A
Business Management / Leadership	% External Client Satisfaction Rating	% External Client Satisfaction Rating.	45.00 %	45.00 %	40.80 %	90.67 %	Survey's to be continued in all areas during Mayoral Imbizo's	Satisfaction rating lower than anticipated	Address areas of concern as indicated in survey's
Business Management / Leadership	% Performance against SLA's Requirements	% Performance against SLA's Requirements.	80.00 %	44.00	70.84	88.55 %	Performance of service provides evaluated accordingly	N\A	N\A
Business Management / Leadership	% Policies Planned to be Developed / Reviewed vs. Developed / Reviewed	% Policies Planned to be developed / Reviewed vs. Developed / Reviewed.	100.00 %	100.00 %	63.52 %	63.52 %	Delays experience due to LLF consultations	procedure to approve policies takes too long	Speed up approval of policies
Business Management / Leadership	% Stakeholder Consultative Forums Planned to be Established vs. Established	% Stakeholder Consultative Forums Planned to be Established vs. Established.	70.00 %	70.00 %	19.41 %	40.12 %	Forums established are on target	N/A	N/A
Business Management / Leadership	Performance Management System Cascaded	# Performance Management System Cascaded. Cascading of scorecards in pilot projects. 20% of 362 on AD.	20.00 %	94.44 %	55.90 %	55.90 %	PMS to be cascaded to all departments.	Departments to submit scorecards on time.	PMS to be cascaded to all departments.
ICT Management	# ICT Master Plans Available	# ICT Master Plans Available.	1.00	1.00	0.00	0.00 %	Draft ICT master plan presented to section 80	Slow approval processes	Item to serve at council by Q1 2012/2013
ICT Management	% ICT Polices Planned vs. Implemented	% ICT Polices Planned vs. Implemented.	50.00 %	50.00 %	0.00 %	0.00 %	Policy to be approved by council	Slow approval processes	Review current policies.Item to serve in council by Q1 2012/2013

TABLE 3

Strategic Objective	Measure	Description	Annual Target	Target–YTD	Actual – YTD	% Performance Achieved	Comments	Reasons for Deviation	Corrective Measures
Record / Knowledge	% Knowledge Management Interventions Planned vs. Implemented	% Knowledge Management Interventions Planned vs. Implemented.	100.00 %	100.00 %	100.27 %	100.27 %	Target Achieved	N/A	N/A
Resource Management	% Equity Targets Met	% Equity Targets Met.	90.00 %	90.00 %	83.75 %	93.05 %	Target achived	N/A	N/A
Resource Management	% Funded Positions Filled	% Funded Positions Filled.	90.00 %	90.00 %	93.14 %	103.49 %	Commitment by all parties (political & administration) in the process.	Amendment of recruitment policy.	Amendment of recruitment policy
Resource Management	% Labour Relations Issues Lodged vs. Attended to within Regulatory Guidelines	% Labour Relations Issues Lodged vs. Attended to within Regulatory Guidelines.	50.00 %	50.00 %	86.70 %	173.39 %	Grievances relating to the implementation of 2008 organisational structure were resolved through the LLF task team.	N/A	N/A
Resource Management	% Skilled Development Plan Targets Met	% Skilled Development Plan Targets Met.	80.00 %	80.00 %	42.81 %	53.51 %	Skills development plan targets were not achieved but training was done outside the framework of WSP.	N/A	Budget to be aligned with legal framework and SDF to be appointed.

Strategic Goal 4: To Ensure Municipal Financial Viability and Management.



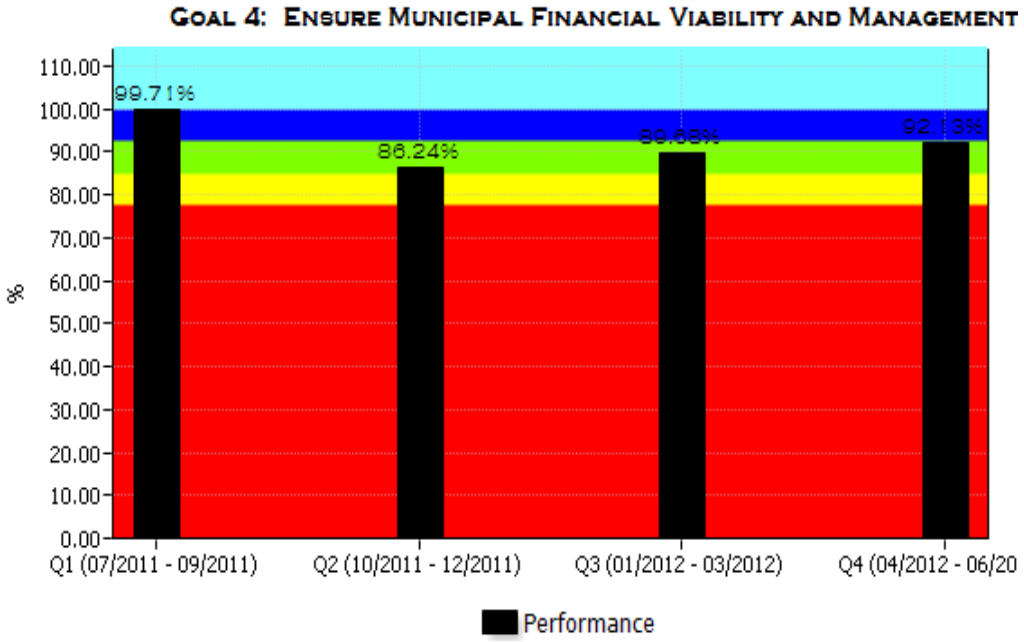
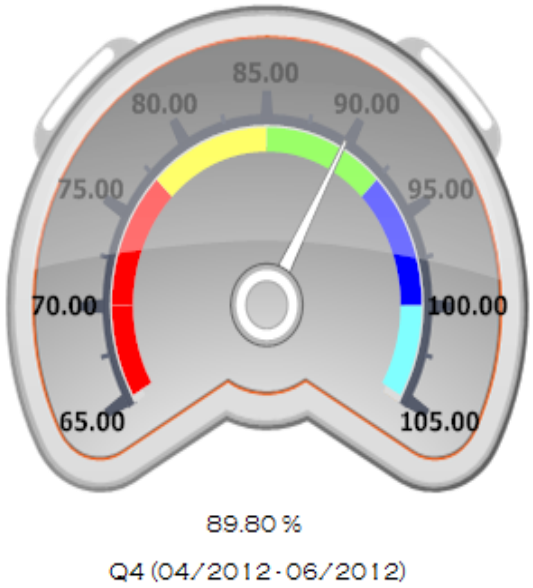


TABLE 4

Strategic Objective	Measure	Description	Annual Target	Target–YTD	Actual – YTD	% Performance Achieved	Comments	Reasons for Deviation	Corrective Measures
Finanacial Management	% Creditors Paid within 30 Days	% Creditors Paid within 30 Days.	100.00 %	100.00 %	100.00 %	100.00 %	Creditors are paid within the specified date	N/A	N/A
Finanacial Management	% Goods / Services / Assets Planned to be Procured vs. Procured within Specified Standards	% Goods / Services / Assets Planned to be Procured vs. Procured within Specified Standards.	70.00 %	70.00 %	43.10 %	61.57 %	Staff Capacity and moratorium on procurement due to investigations	Staff Capacity and monotorium on procurement due to investigations	Systems and procedures reviewed to speed-up procurement
Finanacial Management	% Increase in the Collection Rate of Traffic Fines	% Increase in the Collection Rate of Traffic Fines.	10.00 %	31.00 %	24.24 %	78.19 %	Low productivity	Low productivity	Management oversight to be improved
Finanacial Management	% Variance on Capital Budget Spent	% Variance on Capital Budget Spent.	15.00 %	15.00 %	63.85 %	23.49 %	Slow procurement and late receipt of grant funding	Slow procurement and late receipt of grant funding	Restructuring of Bid Cmmittees
Finanacial Management	% Variance on Operational Budget Spent	% Variance on Operational Budget Spent.	10.00 %	10.00 %	9.53 %	104.96 %	Target Achieved	N/A	N/A
Financial Viability	% Labour Cost to Total Income	% Labour Cost to Total Income.	30.00 %	30.00 %	27.38 %	100.27 %	labour costs are within the total planned budget	N/A	N/A
Financial Viability	% Outstanding Debtors to Revenue	% Outstanding Debtors to Revenue.	22.80 %	22.80 %	21.48 %	106.14 %	Non-Payment of Blyvooruitzicht debtor account. Court case pending	N/A	N/A
Financial Viability	Revenue Collected Actual vs. Planned	Revenue Collected Actual vs. Planned.	82.00 %	82.00 %	84.36 %	125.46 %	Implementation of credit control in all areas.New indigents register to be approved.	N/A	Continous community imbizo's

Strategic Goal 5: To Ensure Good Governance and Public Participation.



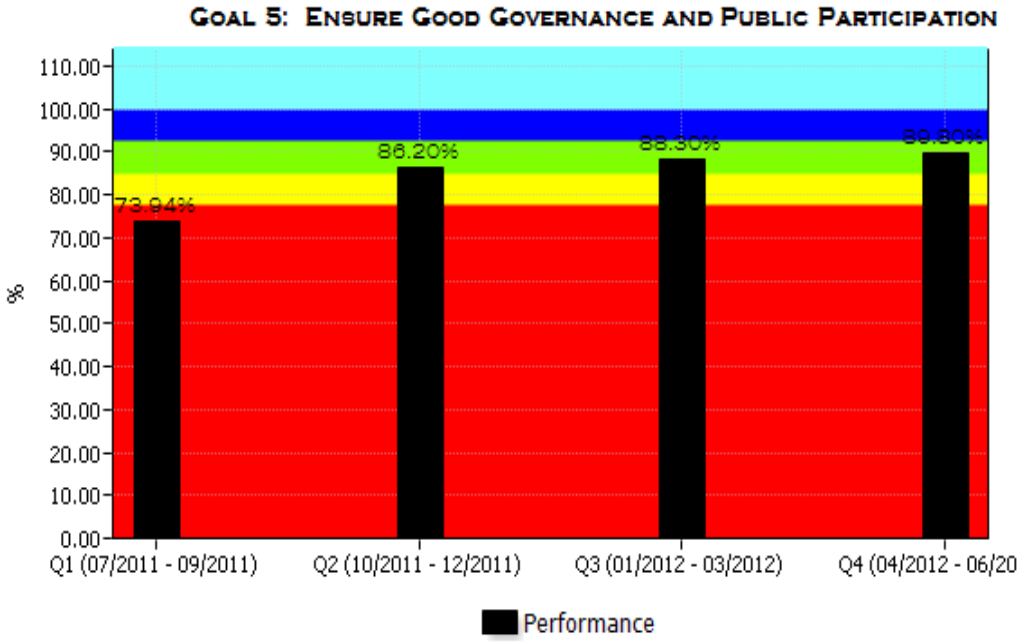


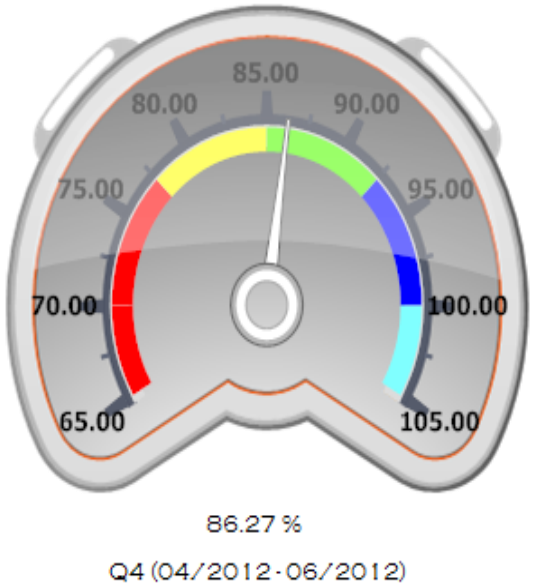
TABLE 5

Strategic Objective	Measure	Description	Annual Target	Target–YTD	Actual – YTD	% Performance Achieved	Comments	Reasons for Deviation	Corrective Measures
Broaden Local Democracy	# Public Participation Strategies Available	# Public Participation Strategies Available.	1.00	1.00	1.00	100.00 %	Approved by council	N/A	N/A
Broaden Local Democracy	% Council Committee Functionality Rating	% Council Committee Functionality Rating.	70.00 %	70.00 %	70.80 %	101.15 %	On target	N/A	N/A
Broaden Local Democracy	% Public Participation Meetings / Events / Imbizo's Effectives Rating	% Public Participation Meetings / Events / Imbizo's Effectives Rating.	70.00 %	70.00 %	0.00 %	0.00 %	Survey not conducted during this financial year	Survey not conducted.	Survey to be conducted.
Broaden Local Democracy	% Public Participation Meetings / Events / Imbizo's Planned vs. Conducted	% Public Participation Meetings / Events / Imbizo's Planned vs. Conducted.	90.00 %	90.00 %	86.08 %	95.64 %	Imbizo and events took place as planned	N/A	N/A
Broaden Local Democracy	% Special Mayoral Programmes Planned vs. Implemented	% Special Mayoral Programmes Planned vs. Implemented.	100.00 %	100.00 %	100.00 %	100.00 %	Mayoral project took place as planned	N/A	N/A
Broaden Local Democracy	% Ward Committee Issues Raised vs. Addressed	% Ward Committee Issues Raised vs. Addressed.	100.00 %	100.00 %	100.00 %	100.00 %	Target Achieved	N/A	N/A
Broaden Local Democracy	% Ward Committee Meetings Planned vs. Conducted	% Ward Committee Meetings Planned vs. Conducted.	100.00 %	100.00 %	97.57 %	97.57 %	meetings held as planned in the calender	N/A	N/A
Broaden Local Democracy	% Ward Committee Support Programmes conducted vs. Planned	% Ward Committee Support Programmes conducted vs. Planned.	100.00 %	100.00 %	100.00 %	100.00 %	Programme implemented	N/A	N/A

TABLE 5

Strategic Objective	Measure	Description	Annual Target	Target–YTD	Actual – YTD	% Performance Achieved	Comments	Reasons for Deviation	Corrective Measures
Corporate Governance	% Audit Queries Received vs. Corrective Action Taken	% Audit Queries Received vs. Corrective Action Taken.	100.00 %	100.00 %	100.00 %	100.00 %	Target Achieved	N/A	N/A
Corporate Governance	% Compliance to Regulatory Framework	% Compliance to Regulatory Framework.	100.00 %	100.00 %	100.00 %	100.00 %	Council within compliance	N/A	N/A
Corporate Governance	% Council Resolutions Made vs. Executed	% Council Resolutions Made vs. Executed.	100.00 %	100.00 %	100.00 %	100.00 %	Council resolution executed as planned	N/A	N/A
Corporate Governance	% ERM Planned vs. Executed	% Enterprise Risk Management Planned vs. Executed.	100.00 %	100.00 %	30.38 %	30.38 %	Executed the strategic support plan of the province successfully	Risk manager appointed in last quater of the year.	Deliverables that were not achieved will be carried over to the next financial year
Local Government Accountability	Average Lead Time from Community Queries / Petitions received until Finalised	Average Lead Time from Community Queries / Petitions recieved until Finalised.	14.00 day(s)	14.00 day(s)	14.00 day(s)	100.00 %	Target Achieved	N/A	N/A
Local Government Accountability	Reports Required in Terms of Legislation vs. Submitted Timeously	Reports Required in Terms of Legislation vs. Submitted Timeously.	100.00 %	100.00 %	100.00 %	100.00 %	Section 71,72 and 52 reports were submitted timously but could not go through due to system error	N/A	N/A

Strategic Goal 6: Integrated Spatial Development Framework for Sustainable Development.



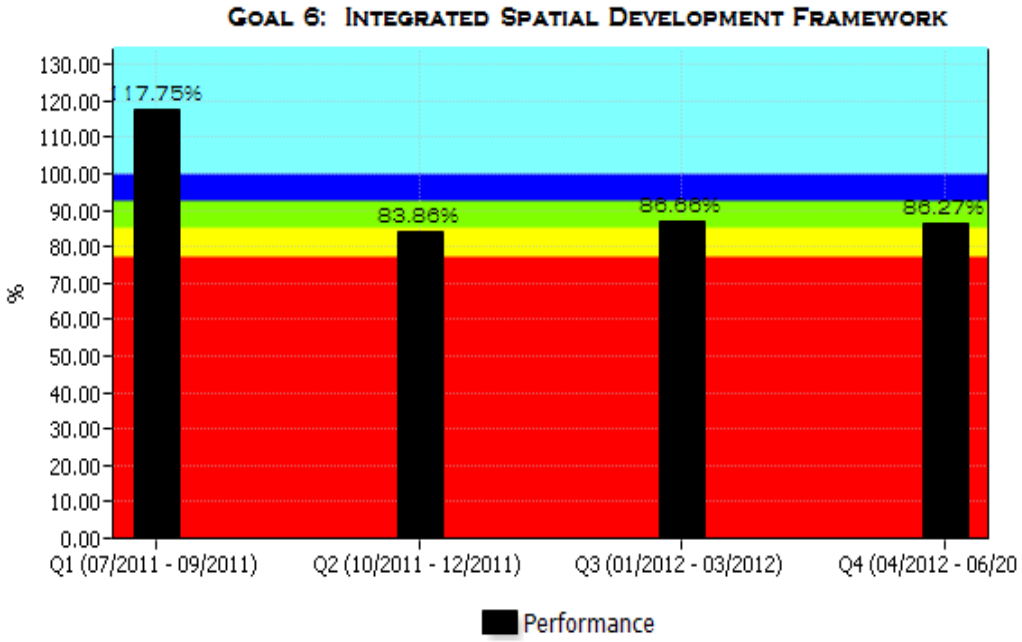


TABLE 6

Strategic Objective	Measure	Description	Annual Target	Target–YTD	Actual – YTD	% Performance Achieved	Comments	Reasons for Deviation	Corrective Measures
Environmental Management	% Environmental Quality Standards Met	% Environmental Quality Standards Met. % Calculated from audit report.	100.00 %	100.00 %	57.39 %	57.39 %	On average 70% compliance on the Khutsong South housing Project, and 42% compliance on the Rooipoort Landfill site.	Non compliance by Departments / Contractors.	Recommendations made in Audit report
Environmental Management	% Non-Compliance Detected vs. Compliance Notices Issued	% Non-Compliance Detected vs. Compliance Notices Issued.	100.00 %	100.00 %	100.00 %	100.00 %	Recommendations regarding non-compliance was made in the findings of the audit report	Non compliance to ROD requirements.	Departments to comply
Human Settlement Management	# Houses Completed	# Houses Completed. Measures the completed top structures on low cost housing projects.	2 805.00	2 373.00	1 267.00	53.39 %	Slow construction delivery & delays in beneficiary approvals.	Slow construction delivery & delays in beneficiary approvals.	Adjusted delivery programme submitted by contractors & regular follow-ups with province for approvals.
Human Settlement Management	# Informal Settlements Formalised	# Informal Settlements Formalised. Measures the number of informal structures formalised in transit area with full municipal services.	500.00	500.00	0.00	0.00 %	Acquisition of land not finalised.	Acquisition of land not finalised.	Negotiations with the Far west Rand Dolomitic Water Associations has resumed
Human Settlement Management	# Informal Settlements Reduced	# Informal Settlements Reduced. Measures the reduction of informal structures allocated to formal housing.	2 805.00	2 373.00	1 267.00	53.39 %	Informal settlements re-setteled to formal houses.	Dependent on housing delivery.	Refer to Housing

TABLE 6

Strategic Objective	Measure	Description	Annual Target	Target–YTD	Actual – YTD	% Performance Achieved	Comments	Reasons for Deviation	Corrective Measures
Human Settlement Management	% Mixed Housing Projects Planned vs. Facilitated	% Mixed Housing Projects Planned vs. Facilitated. Measures the number of mixed housing developments planned in terms of SDF as per council mandate vs. proposals advertised.	100.00 %	100.00 %	50.00 %	50.00 %	Legal processes to unfold with regard to Township Establishment.	Legal processes to unfold with regard to Township Establishment.	Finalize legal process
Land Use Management	% Illegal Land Uses Actioned vs. Reported	% Illegal Land Uses Actioned vs. Reported. Measures the number of reported illegal land uses vs. actions taken to resolve. Reported monthly with a target to action 85% of reported cases per month. Actual-YTD is a cumalative total.	85.00 %	85.00 %	100.00 %	117.65 %	Target Achieved	N/A	N/A

TABLE 6

Strategic Objective	Measure	Description	Annual Target	Target–YTD	Actual – YTD	% Performance Achieved	Comments	Reasons for Deviation	Corrective Measures
Spatial Planning	Average Lead Time from Townships Development Applications	Average Lead Time From Towship Development Applications Recieved until Approved. Measures the average time taken to approve a completed township applications within 60 days. This is a minimise measure, the objective is to reduce lead time (Lower lead time = higher performance).	60.00 day(s)	60.00 day(s)	-	-	No applications received.	N/A	N/A
Spatial Planning	Revised Spatial Development Framework	Revised Spatial Development Framework in Line with 2016 Uni-City Vision. Measures completed SDF annually, in line with IDP review process.	1.00	1.00	1.00	100.00 %	Target Achieved	N/A	N/A

3.3 Project Performance

The following table reflects the performance on projects approved in the IDP and adjustment budget for the year of review.

SDBIP - Project List -Annual Performance								
Department	**Projects**	**Construction - Actual - YTD**	**Construction - Planned - YTD**	**Expenditure - Actual - YTD**	**Expenditure - Planned - YTD**	**Comments**	**Reasons for Deviation from Target**	**Corrective Measures**
Budget and Treasury Office	Kokosi - Paypoint	0.00 %	100.00 %	R 198 384.00	R 1 500 000.00	Project completed in 2010\2011 financial year	N/A	N/A
Cemetries	Greenspark - Extension of Cemetery	0.00 %	100.00 %	R 0.00	R 1 000 000.00	Project completed in 2011\2012 financial year	N/A	N/A
Communication and Marketing	Call Centre	6,523.34 %	100.00 %	R 906 291.27	R 500 000.00	-	-	-
Electricity	Cable Fault Finding Test Equipment	0.00 %	100.00 %	R 0.00	R 150 000.00	Went out for quoitations	N/A	N/A
Electricity	Fochville - Bulk Substation (Eskom)	0.00 %	100.00 %	R 0.00	R 28 000 000.00	Applied for feasibility quote from eskom	N/A	N/A
Electricity	Fochville - Main Substation Upgrade	0.00 %	100.00 %	R 0.00	R 15 000 000.00	Tender specification	N/A	Compiling tender document
Electricity	Khutsong South - Extension Electrification	5.00 %	100.00 %	R 2 841 276.00	R 8 400 000.00	Material was ordered by the contractor	N/A	N/A

Department	Projects	Construction - Actual - YTD	Construction - Planned - YTD	Expenditure - Actual - YTD	Expenditure - Planned - YTD	Comments	Reasons for Deviation from Target	Corrective Measures
Electricity	Khutsong South - Infrastructure	0.00 %	100.00 %	R 1 093 693.00	R 2 000 000.00	-	-	-
Electricity	Khutsong South - New Substation	0.00 %	100.00 %	R 0.00	R 30 000 000.00	The servitute was finalised	N/A	N/A
Electricity	Load Control Upgrade	0.00 %	100.00 %	R 0.00	R 1 300 000.00	Still with BEC	N/A	N/A
Housing	Greenspark (340)	340.00	340.00	R 0.00	R 10 855 860.00	Project implemented by Gauteng Department of Housing.	- Project implemented by Gauteng Department of Housing.	Contractors paid by GDoHA
Housing	Khutsong South Ext - Land Acquisition	0.00 %	100.00 %	R 0.00	R 12 020 444.00	Land identification	Land identification	Land identification in process
Housing	Khutsong South Ext 1,2,3 (1500)	297.00	175.00	R 17 705 165.05	R 38 984 000.00	Contractors are behind approved programme	Slow progress by Contractor	Request to Gauteng Province for the appointment of a back up contractor
Housing	Khutsong South Ext 1,2,3 (4000)	630.00	758.00	R 51 053 461.00	R 155 936 000.00	Contractors behind approved programme	-Slow progress by Contractor	Request to Gauteng Province for the appointment of a back up contractor
Housing	Kokosi Ext 6 (2138)	0.00	1 000.00	R 502 916.00	R 38 984 000.00	-Land expropriation	Legal matter pending	Land expropriation in process
Local Economic Development	Greenspark - Industrial Hive	0.00 %	100.00 %	R 0.00	R 5 000 000.00	Consultant appointed	Identifying of site delayed	-Speed up site identification

Department	Projects	Construction - Actual - YTD	Construction - Planned - YTD	Expenditure - Actual - YTD	Expenditure - Planned - YTD	Comments	Reasons for Deviation from Target	Corrective Measures
Parks	Development of Parks	17.20 %	100.00 %	R 479 494.00	R 1 000 000.00	-Development of parks in Kokosi still to be identified. Khutsong done awaiting infrastructure to do fencing and walkways. Beautification Town entrances completed	N/A	N/A
Parks	Municipal Facilities Gardens	0.00 %	100.00 %	R 0.00	R 375 000.00	-Project to roll-over to the new financial year	N/A	N/A
Public Safety	Construction of Security Guardhouses	0.00	12.00	R 0.00	R 135 000.00	Tender process	N/A	N/A
Public Safety	Emergency Housing	0.00	20.00	R 0.00	R 1 447 500.00	Project could not be implemented as it was to be transferred to WRDM-	N/A	N/A
Public Safety	Mobile Security Guardhouse	0.00	3.00	R 0.00	R 45 000.00	Project to be advertised as a quotation on 14 June 2012	Reliant upon Public Works which implements the projects	N/A
Public Safety	Road Traffic Signage	0.00	3 768.00	R 0.00	R 750 000.00	Transferred to marketing section to be implemented on the next financial year	N/A	N/A
Public Works	Upgrading and Extension - Taxi Ranks	0.00 %	100.00 %	R 0.00	R 117 500.00	Awaiting BEC recommendation on re-evaluation	N/A	N/A
Public Works	Upgrading and Extension - Taxi Ranks (MIG)	0.00 %	100.00 %	R 352 502.00	R 4 582 500.00	Tender not awarded referred back to bid evaluation committee	N/A	N/A

Department	Projects	Construction - Actual - YTD	Construction - Planned - YTD	Expenditure - Actual - YTD	Expenditure - Planned - YTD	Comments	Reasons for Deviation from Target	Corrective Measures
Public Works	Wedela - Construction of New Taxi Rank	6.00 %	100.00 %	R 1 036 306.00	R 4 300 000.00	Construction in progress	N/A	N/A
Roads	Khutsong 1, 2 & 3 - Construction of New Roads (HSG)	0.00 %	100.00 %	R 26 448 317.00	R 42 000 000.00	Tender awarded	- N\A	N\A
Roads	Khutsong 1, 2 & 3 - Construction of New Roads (MIG)	132.00 %	100.00 %	R 13 870 112.00	R 29 750 000.00	Delays due to rain, sub-standard crusher for layer works.	-Delays due to rain, sub-standard crusher for layer works	Approval for extension of time
Roads	Kokosi Ext 6 - Construction of Roads	0.00 %	100.00 %	R 0.00	R 3 801 958.00	Project suspended pending resolution of land issue	Project suspended pending legal outcome	Legal action for expropriation
Roads	Rehabilitation of Existing Roads	59.72 %	100.00 %	R 1 517 993.00	R 1 500 000.00	-Project well executed	- N\A	N\A
Roads	Khutsong 1, 2 & 3 - Construction of New Roads (HSG)	0.00 %	100.00 %	R 26 448 317.00	R 42 000 000.00	Tender awarded	- N\A	N\A
Sewer	Khutsong West - Clinic	129.00 %	100.00 %	R 0.00	R 1 100 000.00	-Tender process	N\A	Will postpone end date of contract to end of June 2012 due to rocks
Sewer	Sanitation Rural Areas	0.00 %	100.00 %	R 6 506 600.00	R 8 400 000.00	Dispute arose on tender award	- N\A	Matter referred to dispute resolution committee
Spatial Planning	Fochville Ext 14 - Township Establishment	237,804.00 %	100.00 %	R 0.00	R 600 000.00	Geology approved by geo science	- N/A	N/A

Department	Projects	Construction - Actual - YTD	Construction - Planned - YTD	Expenditure - Actual - YTD	Expenditure - Planned - YTD	Comments	Reasons for Deviation from Target	Corrective Measures
Spatial Planning	Khutsong South - Creation of Commercial Stands	0.00 %	100.00 %	R 95 296.00	R 400 000.00	Project deviated by 10%	-Project deviated by 10%	10% deviation and letter signed by the AMM
Spatial Planning	Multi Transport Node	0.00 %	100.00 %	R 0.00	R 300 000.00	Project deviated by R65 000.00	-Project deviated by R65 000.00	Deviation letter signed by the AMM
Stormwater	Bulk Stormwater	0.00 %	100.00 %	R 0.00	R 3 000 000.00	Designs complete. Tender documentation to be finalised	-N/A	-N/A
Waste Management	Acquiring of Signage / Information Signs	0.00 %	100.00 %	R 0.00	R 350 000.00	-Project to be implemented in the next financial year	-N/A	-N/A
Waste Management	Acquiring of Street Litter Bins	0.00 %	100.00 %	R 0.00	R 300 000.00	- Project to be implemented in the next financial year	-N/A	-N/A
Waste Management	Acquiring of Trolley Carts	0.00 %	100.00 %	R 0.00	R 280 000.00	- Project to be implemented in the next financial year	-N/A	-N/A
Water	Blybank - Construction of Reservoir and Supply Pipelines	0.00 %	100.00 %	R 1 626 781.00	R 8 167 521.00	Goldfields agreement finalised.Awaiting authorisation to enter onto property	-N/A	Requested letter of authorisation

Roll-Over Projects

SDBIP - Project List -Annual Performance (Roll-Over Projects)

Department	Projects	Construction - Actual - YTD	Construction - Planned - YTD	Expenditure - Actual - YTD	Expenditure - Planned - YTD	Comments	Reasons for Deviation from Target	Corrective Measures
LED & Tourism	Khutsong - Industrial Hive	0.00 %	100.00 %	R 147.75	R 4 645 642.00	Tender validity expired.	BEC non-compliance i.r.o. timeous recommendation to BAC	Tender to be re advertised
LED & Tourism	Traders Market - Osmium Street	9.00 %	100.00 %	R 371 831.00	R 4 628 189.00	Construction in progress	N\A	N\A
Mayor	Programme for People Living with Disability	0.00%-	-100.00%	R 166 628.00	R 200 000.00	-Advocacy programs well executed	N\A	N\A
Mayor	Women and Children Programme	-0.00%	-100.00%-	R 100 000.00	R200 000.00	-education and awareness workshops implemented	N\A	N\A
Public Safety	Fochville - Upgrading of Offices	0.00 %	0.00 %	R 0.00	R 0.00	Briefing will be held on 12 July 2012. Closing of tender will be on 26 August 2012	Reliant upon Public Works which implements the projects	N/A
Public Safety	Municipal Disaster Management Centre	89.00 %	100.00 %	R 6 494 600.00	R 1 572 126.00	RoD to be obtained from GDARD	GDARD Notice of Non-compliance	EIA Consultant appointed
Public Safety	Turning Radius	0.00 %	0.00 %	R 0.00	R 0.00	-Project to be executed in the next financial year	--N/A	--N/A

Department	Projects	Construction - Actual - YTD	Construction - Planned - YTD	Expenditure - Actual - YTD	Expenditure - Planned - YTD	Comments	Reasons for Deviation from Target	Corrective Measures
Public Safety	Vehicle Pound	240.00 %	-	R 0.00	R 0.00	Project completed 2010/2011 financial year.	-N/A	Additional work required
Public Works	Blybank - Construction of New Taxi Rank	100.00 %	100.00 %	R 1 750 056.00	R 2 953 844.00	Structural steel taxi shelter completed	N/A	N/A
Public Works	Fencing Railway Line	16.00 %	100.00 %	R 8 409 052.00	R 21 837 154.00	Slow progress due to labour & supplier challenges	-Slow progress due to labour & supplier challenges	Contractor advised verbally of intention to terminate if progress does not improve. Contractor sourced alternative supplier
Public Works	Kokosi - Construction of New Taxi Rank	0.00 %	100.00 %	R 585 195.00	R 1 209 628.00	Project Completed 2010/2011 financial year	N/A-	Project completed in the previous finacial year
Recreation	Blybank - Library	172.00 %	100.00 %	R 2 036 111.00	R 0.00	Project Complete. Retention	N/A	N/A-
Recreation	Khutsong - Community Hall	0.00 %	100.00 %	R 0.00	R 1 003 889.00	Project funding consolidated with swimming pool, funding to be applied upgrading of Khutsong Proper stadium	- N/A-	Consulltant appointed
Recreation	Khutsong - Library	193.00 %	100.00 %	R 892 823.00	R 2 019 596.00	Practical completion	Contractor dispute	Quotation assessment
Recreation	Khutsong - Swimming Pool	0.00 %	100.00 %	R 0.00	R 1 414 041.00	Available funding consolidated with community hall. Consolidated funding to be applied for upgrading of khutsong proper stadium	- N/A-	Consultant appointed

Department	Projects	Construction - Actual - YTD	Construction - Planned - YTD	Expenditure - Actual - YTD	Expenditure - Planned - YTD	Comments	Reasons for Deviation from Target	Corrective Measures
Roads	Construction of Existing Pavements	200.00 %	100.00 %	R 277 859.00	R 96 774.00	Project completed	N/A	N/A-
Roads	Design and Construction of 2 Pedestrian Bridges	0.00 %	100.00 %	R 855.23	R 10 000 000.00	Site briefing scheduled for 11 July 2012	- N/A-	N/A
Roads	Khutsong South - Design Road over Rail Bridge	90.00 %	100.00 %	R 1 290 544.00	R 3 260 578.00	Design. Funding to be sourced for implementation	N/A	AMM entered into discussions with DOHS
Roads	Khutsong South - Internal Roads: Detail Designs	100.00 %	100.00 %	R 5 649 664.00	R 7 526 026.00	Designs completed.Funding to be sourced for implementation	-N/A	AMM entered into discussion with DOHS
Roads	Kokosi Ext 5 - Ring Road Construction	195.00 %	100.00 %	R 635 508.00	R 0.00	Project completed	- N/A-	N\A
Roads	Loading Zones at Taxi Areas	0.00 %	100.00 %	R 223 281.00	R 373 458.00	Project Complete	- N/A-	- N/A-
Sewer	Hlanganani School Reroute Pipeline	190.00 %	100.00 %	R 0.00	R 0.00	Pipeline survey (CCTV) was done, awaiting recommendation by the consultant	- Non performance letter to be forwarded to the Consulting Engineers	Non perfomance letter to be forwarded to the Consulting Egineers
Sewer	Khutsong - WWTP and Extension	100.00 %	100.00 %	R 27 127.00	R 171 862.00	Project completed & commissioned	-N/A	-N/A
Sewer	Khutsong Ext 1, 2 & 3 - Bulk Services Sewer	100.00 %	100.00 %	R 0.00	R 2 277 765.00	Project completed	-N/A	-N/A

Department	Projects	Construction - Actual - YTD	Construction - Planned - YTD	Expenditure - Actual - YTD	Expenditure - Planned - YTD	Comments	Reasons for Deviation from Target	Corrective Measures
Sewer	Kokosi - WWTP and Extension	100.00 %	100.00 %	R 266 229.00	R 4 444 762.00	Project completed & commissioned	-N/A	-N/A
Sewer	Welverdiend - Design for Upgrade of WWTP	0.00 %	100.00 %	R 0.00	R 7 500 000.00	Progress on design at 30%	-N/A	-N/A
Sport Facilities	Khutsong South - Stadium	0.00 %	100.00 %	R 0.00	R 736 968.00	Consultant evaluation report submitted to SCM for BEC	Slow SCM processes	-Speed up SCM processes
Stormwater	Khutsong Ext 1, 2 & 3 - Bulk Services Dolomite Risk Management	0.00 %	100.00 %	R 376 475.00		Monitoring implemented	-Monitoring tool for contractor not properly implemented	Monitoring in process
Stormwater	Khutsong Ext 1, 2 & 3 - Bulk Services Stormwater (Phase 1)	100.00 %	100.00 %	-	R 928 111.00	Project completed	-N/A	-N/A
Stormwater	Khutsong Ext 1, 2 & 3 - Bulk Services Stormwater (Phase 2)	135.00 %	100.00 %	R 10 586 077.00	R 12 523 214.00	Culverts at 60% completion	-N/A	-N/A
Stormwater	Lining of Bulk Stormwater Canals	345.00 %	100.00 %	R 549 789.00	R 27 533 214.00	Re-prioritise due to funding constraints	-N/A	-N/A
Stormwater	Planning of Link Bulk Stormwater Channels	0.00 %	100.00 %	R 4 567 583.00	R 34 450 211.00	Planning & design only	-N/A	-N/A
Stormwater	Wedela Ext 3 - Stormwater Channel	100.00 %	100.00 %	R 43 322.00	R 5 432 417.00	Project completed	-N/A	-N/A

Department	Projects	Construction - Actual - YTD	Construction - Planned - YTD	Expenditure - Actual - YTD	Expenditure - Planned - YTD	Comments	Reasons for Deviation from Target	Corrective Measures
Water	Khutsong - Telemetry System for Reservoirs	100.00 %	100.00 %	R 3 297 914.00	R 0.00	Project completed	-N/A	-N/A
Water	Khutsong Ext 1, 2 & 3 - Bulk Services Water	200.00 %	100.00 %	R 737 491.00	R 8 345 364.00	Project Completed	-N/A	-N/A
Water	Khutsong Ext 1, 2 & 3 - Upgrading of Supply of Reservoir	100.00 %	100.00 %	R 5 746 211.00	R 5 690 291.00	Final testing completed. practical completion achieved	-N/A	-N/A
Water	Khutsong South - Bulk Water Supply Pipeline	0.00 %	100.00 %	R 416 451.00	R 42 083 549.00	Tender phase	-N/A	-N/A
Water	Merafong - Construction of Pipelines (Phase 1)	100.00 %	100.00 %	R 440 460.00	R 1 046 936.00	Project complete	-N/A	-N/A
Water	Merafong - Construction of Pipelines (Phase 2)	100.00 %	100.00 %	R 0.00	R 1 062 600.00	Project completed	-N/A	-N/A

3.4 Evaluation of Service Providers – July 2011 to June 2012

In compliance with section 46 (1a) of the Municipal Systems Act, the following table reflects the performance of external service provider utilized during the year of review for the implementation of projects approved in the IDP.

Evaluation of service providers are done with the authorization of each progress payment certificate and service providers are evaluated on five point scale verifying from poor performance (1) to excellent performance (5).

Name of Project	Company Name	Contract Value	Number of Payments	Average Score 1-5 scale 1 poor 2 average 3 good 4 very good 5 excellent
Khutsong Ext 1, 2 & 3	Angle-Gwitsi trading projects	6 820 634.82	24	2 - Average
Khutsong Ext. 123 1500 Units	Fikile Themane	21 919 157.89	95	2 - Average
Khutsong Ext . 1, 2 & 3 1500 Units	Pro-Plan Consulting Engineers (Pty) Ltd	7 943150.57	7	2 - Average
Khutsong Ext . 1, 2 & 3	ICBS MCE CC JV	1 675 243.64	5	2 - Average
Khutsong Ext . 1, 2 & 3	Integrated Central Buying Supplies CC t/a ICBS	2 162 942.47	12	2 - Average
Khutsong Ext . 1, 2 & 3	Lefatshe La Rona Trading and Projects 217	2 512 865.04	7	1 - Poor
Khutsong Ext . 1, 2 & 3	Ilifa Africa Engineers (Pty) Ltd	736 967.00	3	3 - Good
Khutsong Ext . 1, 2 & 3	Afripotego IT (Pty)Ltd	1 794 903.60	4	1 - Poor
Khutsong Ext . 1, 2 & 3	Jack's Paint & Hardware	767 561.77	4	2 - Average
Khutsong Ext . 1, 2 & 3	Nkazimolo Trading & Projects CC	1 641 727.11	2	1 - Poor
Khutsong Ext . 1, 2 & 3	Cape Gannet Transport (Pty)Ltd	35 112 000.00	3	2 - Average
Khutsong Ext . 1, 2 & 3 Roads	Selby Construction / Arocon Projects JV	35 529 337.00	6	3 – Good
Khutsong Ext . 1, 2 & 3 Bulk Services	Seabo Construction Engineers	105 000 000.00	6	3 – Good
Wedela Taxi Rank Construction	Civstrust Consulting Engineers cc	5 251 504.00	4	3 – Good

Name of Project	Company Name	Contract Value	Number of Payments	Average Score 1-5 scale 1 poor 2 average 3 good 4 very good 5 excellent
Construction of various pipelines	Mapitsi Civil Works	1 126 600.00	3	3 – Good
Wedela Storm Water Channel	Godirela Civils CC	4 400 000.00	3	3 - Good
Kokosi Ext. 5	DWP Consultants Inc.			
Kokosi Ext. 5	JC Construction CC	28 842 343.68	20	3 - Good
Kokosi Ext 6	KRM Consulting Engineers (Pty) Ltd	18 770 319.68	11	3 - Good
Kokosi Ext 6	Big Bravo JV	10 058 310.91	3	3 - Good
Khutsong Ext . 1, 2 & 3 4000 Units	Fikile Themane	250 597 240.00	78	2 - Average
Khutsong Ext . 1, 2 & 3 1500 Units	Pro-Plan Consulting Engineers (Pty) Ltd	29 124 885.44	12	2 - Average
Municipal disaster Management Centre	Mogale Solutions providers	10 901 252.00	4	3 - Good
Blybank Reservoir and Pipelines	Tsokhu Construction/Crystal Sparkle	13 899 060.00	3	3 - Good
Blybank Library	Paparich Property Development	1 350 000.00	5	3 - Good
Construction of various pipelines Merafong Phase1	Inyani Civil Works & Plant Hire CC	1 046 936.00	2	3 - Good
Khutsong South Bulk Electricity Supply	Ithembalethu Cons Services Pty Ltd	12 676 855.00	3	4 – Very Good
Supply of material for construction of khutsong house elect phase 1	Lyon and Partners	2 613 267.60	4	3 - Good
Upgrading & Extension of Taxi Ranks	AC Aphane Consulting CC	4 582 500.00	2	3 - Good
Rooipoort Landfill site Upgrade	Lohan Civil Pty Ltd	14 797 510.00	8	3 - Good
Telemetry System for Khutsong Reservoirs	Tsalano Business solutions	1 602 389.00	6	3 - Good
Electrification of 175 Stands in Kokosi Ext5	Rekhon Eletrical	71 314.00	6	4 – Very Good
New Taxi Rank Blybank	Bigen Africa Services Pty Ltd	5 251 504.00	10	3 - Good
Kokosi WWTP	Safcrete Construction CC	2 212 913.94	12	4 – Very Good

Name of Project	Company Name	Contract Value	Number of Payments	Average Score 1-5 scale 1 poor 2 average 3 good 4 very good 5 excellent
Industrial Hive C'ville Ext 6	South Sounds Civils/Zweni Projects JV	3 420 000.00	6	4 – Very Good
Loading Zones at Taxi Areas	Brainwave Projects 1196 CC	1 950 000.00	8	3 - Good
Construction of new Taxi Rank - Kokosi	Maziya Services CC	5 251 504.00	7	3 - Good
Sanitation Rural Areas	Eldocrete CC	14 076 528.00	8	3 - Good

4 Motivation

The report reflects the performance of the municipality and departments, measured on the approved KPI'S and targets, based on the information reported by the respective departments. All data is supported by the relevant evidence captured and maintained by the departments to support the data captured on the Performance Management System of Council. The scores are mathematically calculated by the automated system.

5 Organizational and Personnel Implications

None

6 Financial Implication

None

7 Communications Implications

The Annual Performance Report forms part of the Annual Report of Council that is subject to Audit and Oversight by the MPAC.

8 Other Departments Consulted

All Municipal Departments formed part of the compilation of the report and were consulted throughout the process.

9 Recommendations

That the Performance Report for the 2011 / 2012 financial year will be noted and be submitted for audit purposes and inclusion in the Annual Report of Council.

Auditing to build public confidence

AUDITOR-GENERAL
SOUTH AFRICA

Auditor's report of the Auditor-General to the Gauteng Provincial Legislature on the Merafong Local Municipality for the year ended 30 June 2012

The reputation promise of the Auditor-General

"The Auditor-General has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, it exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence."

The mission statement informs the content of the Public Audit Manual (PAM) by recognising that the audits conducted by the SAI of South Africa are unique due to its mandate. This mandate includes responsibilities in terms of laws or regulations that go beyond generally accepted practice of the auditor's responsibilities in the audit of the financial statements.

These responsibilities include: consideration of issues such as public interest; accountability; probity; effective legislative oversight, in particular as concerns compliance with law, regulation or other authority; performance against pre-determined objectives; and economic, efficient, and effective procurement of resources.

The ultimate goal of the audits is to strengthen the South African democracy.

AUDITOR-GENERAL
SOUTH AFRICA

Mr. MG Seitisho
Accounting Officer
Merafong Local Municipality
P O Box 3
Carletonville
2500

Date 30 November 2012

Reference: TS 9819611

Dear Mr Seitisho

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

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

the hard copy that is provided to you. The official logo will be made available to you in electronic format.

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

Kindly acknowledge receipt of this letter.

Yours sincerely

.....

Prakash Narismulu
Deputy Business Executive: Gauteng

Enquiries: Nokukhanya Vilakazi
Telephone: (011) 703 7814
Fax: (011) 703 7690

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND THE COUNCIL ON MERAFONG CITY LOCAL MUNICPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

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

Accounting officer's responsibility for the financial statements

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

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Merafong City Local Municipality as at 30 June 2012, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice and the requirements of the MFMA.

Emphasis of matters

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

Significant uncertainties

8. With reference to note 39 to the financial statements, the municipality is a defendant in a number of lawsuits. The outcome of these lawsuits cannot be determined at present and no provision has been made for any liability that may result.

Restatement of corresponding figures

9. As disclosed in note 41 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of errors discovered during 30 June 2012 in the financial statements of the municipality at, and for the year ended, 30 June 2011.

Material losses

10. As disclosed in note 50 to the financial statements, material losses to the amount of R27 243 862 (2011:R15 686 512) representing 44 019 456 kilowatts (2011:34 362 873 kilowatts) were incurred as a result of electricity losses. Included in the electricity losses are non technical losses amounting to R16 384 326 (2011:R1 491 787) representing 26 473 086 kilowatts (2011:3 267 909 kilowatts).

11. As disclosed in note 50 to the financial statements, material losses to the amount of R16 174 583 (2011:R8 228 431) representing 3 559 657 kilolitres (2011:1 791 856 kilolitres) were incurred as a result of water losses.

Material impairment

12. As disclosed in note 11 to the financial statements, material impairments to the amount of R 449 487 564 (2011:R401 380 084) representing 72% (2011:77%) were incurred on trade and other receivables, as the recoverability of these amounts are doubtful.

Additional matters

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

Unaudited supplementary schedules

13. The supplementary information set out on pages x to x do not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages XX to XX of the annual report.

16. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual

reporting principles and whether the reported performance is consistent with the planned development objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected development objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

17. The material findings are as follows:

Usefulness of information

Presentation

Measures taken to improve performance not supported by sufficient appropriate evidence

18. Section 46 of the Municipal Systems Act requires the disclosure of measures taken to improve performance in the annual performance report where planned targets were not achieved. Adequate and reliable corroborating evidence could not be provided for 40% of the measures taken to improve performance as disclosed in the annual performance report. The municipality records did not permit the application of alternative audit procedures. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the validity and accuracy of the measures taken to improve performance.

Reliability of information

Accuracy

Reported performance not accurate

19. The National Treasury Framework for managing programme performance information (FMPPI) requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. A total of 22% of the actual reported measures relevant to Municipal Services, 22% of Physical Infrastructure and 60% of Financial Management objectives were not accurate when compared to source information. This was due to a lack of review of the recording of actual achievements by senior management.

Additional matters

20. I draw attention to the following matters below. These matters do not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

21. Of the total number of planned targets, only 95 targets were achieved during the year under review. This represents 35% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.

Material adjustments to the annual performance report

22. Material misstatements in the annual performance report were identified during the audit, all of which were corrected by management.

Compliance with laws and regulations

23. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My

findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Annual financial statements, performance and annual report

24. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of capital assets, current liabilities, revenue and disclosure items identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Audit committees

25. The performance audit committee did not review the municipality's performance management system or make recommendations to the Council, as required by the Municipal Planning and Performance Management Regulation 14(4) (a).

Expenditure management

26. The accounting officer did not take effective steps to prevent fruitless and wasteful expenditure, as required by section 62(1) (d) of the Municipal Finance Management Act.

Procurement and contract management

27. Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act and CIDB regulation 18.

28. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by SCM regulation 17(a) and (c).

Internal control

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

Leadership

28. The accounting officer does not adequately review the monthly and or quarterly financial and performance reports. Material adjustments were therefore required on the annual financial statements .The municipality did not have sufficient monitoring controls to ensure the proper implementation of the overall process of reporting on predetermined objectives as findings were identified on presentation of the annual performance report and the actual performance reported were found not be accurate in all instances.

Financial and performance management

29. The accounting officer did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. The accounting officer did not review and monitor compliance with applicable laws and regulations such as the MFMA and SCM.

OTHER REPORTS

Investigations

30. An investigation was conducted by an independent consulting firm on request of the municipality. The investigation was initiated based on the allegation of possible collusion between supply chain management personnel and suppliers. The investigation has not yet been finalised the reporting date.

Auditor-General

Johannesburg

30 November 2012

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence