



*An area of unfound diversity*

**XHARIEP  
DISTRICT  
MUNICIPALITY**

**FINAL ANNUAL REPORT 2011/2012**



**XHARIEP DISTRICTMUNICIPALITY: DRAFT ANNAUL REPORT**

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## **KEY FACTS**

### **Population**

164 000

### **Number of Households**

38 879

### **Land Area**

34 131 km<sup>2</sup>

### **Population Density**

4 people/km<sup>2</sup>

I am responsible for the preparation of this Annual Report prepared in terms of the Local Government Municipal Systems Act (Act 32 of 2000) Section 46; Section 121(1) of the Local Government Municipal Finance Management Act 56 of 2003(MFMA), and which I have signed on behalf of the Municipality.

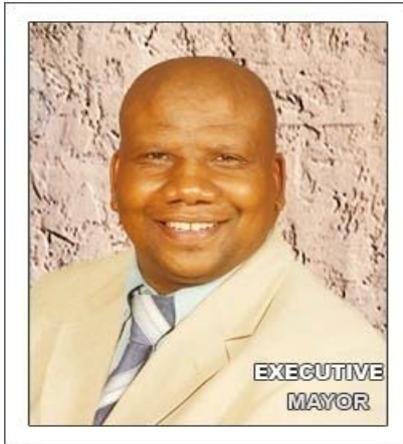
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**Mr T.L Mkhwane**

**Municipal Manager**

*Source: XDM IDP Document 2011/2012*

## EXECUTIVE MAYOR'S FOREWORD



I have great pleasure to introduce the 2011/2012 Annual Report of the Xhariep District Municipality, which is both a legislative and accountability requirement. In terms of Section 46 of the Local Government: Municipal Systems Act No. 32 of 2000 and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act No. 56 of 2003, the Municipality must prepare an annual report for each financial year and the Executive Mayor must table such report in Council within seven months after the end of each financial year. This Annual Report is a culmination of the implementation of the Council's adopted Integrated Development Plan and Budget and Service Delivery and Budget Implementation Plan for the 2011/12 financial year. This Report presents the institution's achievements and challenges in working smarter and better in improving service delivery and development also in line with our vision:

*“To realize a district municipality that is financially viable with political and administrative sound capacity and be able to provide sustainable, efficient, effective and affordable service delivery in relation to developmental and governance principles”*

The Municipality's progress in achieving its objectives in all five key performance areas will be outlined in this Annual Report. The key performance areas are as follows:

- Basic service delivery and infrastructure development
- Municipal financial viability and management
- Municipal transformation and organisational development
- Local economic development
- Good governance and public participation

Key achievements over the review period include the following:

- Established Disaster Management Unit
- Disaster Relief programs
- Established Municipal Environmental Health Unit
- Received an unqualified audit opinion from the Auditor-General.
- Developed good and sound financial systems (Internally)
- Managed to recruit high quality and qualified staff

- Developed and capacitated municipal employees at all levels
- Aligned municipal organisational structure with powers and functions of the Municipality
- Managed to fill all section 56 posts and other senior managerial positions
- Well developed institutional policies
- Established Planning and Social Development Directorate
- Created conducive environment for job opportunities with our Municipalities
- Supported and promoted Small Medium Micro Enterprises (SMME's)
- Established corporatives with the District
- Established LED forums
- Created labour intensive projects (fencing of cemeteries, renovations, cleaning and greening of towns etc)
- Sound administrative and political environment
- Established all Section 79 and 80 Committees
- Established shared service functions (Audit Committee and Risk Management)
- Consulted communities on IDP and Budget processes

Despite the notable progress made during the 2011/12 financial year, the Municipality is acutely aware of the many challenges that await, as listed below.

- Establishment of fully functional Disaster Management Centre
- Full operation of Arts and Craft Centre
- Improvement Audit Opinion
- Improvement of Internal Streets
- Food Security
- Waste Management

I would like to express my sincere gratitude to all Councillors, officials, the communities of Xhariep District Municipality and stakeholders for their contribution to the progress made for the year under review.

.....  
**M.G NTWANAMBI**  
**EXECUTIVE MAYOR**

## MUNICIPAL MANAGER'S FOREWORD



I feel very behoved and honoured to again present the 2011/12 Annual Report of Xhariep District Municipality as prepared in terms of section 46(1) of the Municipal Systems Act 32 of 2000 and section 121(1) of the Local Government Municipal Finance Management Act 56 of 2003, (MFMA). This Annual Report will reflect on all the achievements and challenges faced by the District during the year under review. In compiling this annual report, the three important legislative core processes the IDP, the Budget and the Performance Management Systems were used.

### FINANCIAL VIABILITY AND SUSTAINABILITY

It is important to note that Xhariep District Municipality is still solely dependent on the National and Provincial Grants for it survived and carry to out to its constitutional mandate and for it to annually approve a balanced budget, there needs to be top-up funding, over and above, the grants. For the financial year end 30 June 2009, top-up funding of **R5 000 000** was received, for the ended 30 June 2010, an amount of **R9 200 000** was received and an amount of **R27 032 779** was received for the year ended 30 June 2011. This trend clearly indicates that the District cannot survive on its own.

The District has therefore, based on the abovementioned perennial challenges, made **robust consultations** and **engagements** with the National Financial and Fiscal Commission for the **review** of the current Equitable Share Allocation. The current formula of the Equitable Share distribution disadvantages poorer municipalities if it is only based on the population dynamics as well as the census. Poorer municipalities will remain poorer and the rich will become richer. People will always migrate to the bigger municipalities to seek employment and explore better job opportunities as is the case in point with our municipalities in the District. Once the proposal for the **review** of the Equitable Share is considered favourably and accepted, then the

District will be able to sustain itself and even provide more core functions and services to struggling local municipalities.

## **ADMINISTRATIVE AND SERVICE DELIVERY PERFORMANCE**

As mentioned earlier, the District uses the IDP for Strategic Planning which gives direction and guidance and to link what has been planned with the budget. The performance management system is also a strategic monitoring tool to evaluate, review and measure the performance. These are core processes without which the District cannot function and operate.

These core processes when applied properly, will assist in planning, as planning sets the standard to facilitate the control. Without planning, control, cannot take place. These core processes will definitely help improve service delivery and promote general welfare of the communities in the District.

The District has managed to achieve political stability, sound financial and administrative management as well as a number of core functions that include the following amongst many others, Shared Risk Services (Shared with Local Municipalities), Internal Audit Units, Municipal Environmental Health Function and has put in place all the relevant policies, systems and controls. These stated functions have enabled the district to be more vibrant, effective and efficient, thus and improved audit opinion, accountable and sound administration.

To navigate this District in today's turbulent environment requires managers and employees to have various skills, knowledge and qualities. In my view, the most important resource in the institution is the workforce (employees) and they need to be trained, developed and capacitated.

I would like to again heartily express my gratitude to the Executive Mayor for his visionary leadership, the Speaker, meaningful and the oversight role played by all Councillors in the District.

Let us maintain and uphold the **brand reputation image** of the District.  
Remember, "You cannot manage, what you cannot measure".

.....

**T.L MKHWANE**  
**MUNICIPAL MANAGER**

## Chapter 1: Introduction and Overview

### 1.1 Introduction

The Local Government: Municipal Systems Act 2000 (Act No 32 of 2000) (the MSA) obliges Xhariep District Municipality to develop and implement a Performance Management System (PMS). The Performance Management System framework that describes and represents how Xhariep District Municipality's cycle and processes of planning, monitoring, measuring, reviewing, reporting and improving its performance will be conducted, organised and managed and what roles different role-players will fulfil in the process.

It produces evidence of the extent to which the Municipality implemented its integrated development plan (IDP) and serves as basis for identifying the reasons for underperformance in order to take corrective action in a timely fashion.

The purpose of the Performance Management System is to set key performance indicators (KPIs) and targets for measuring Xhariep District Municipality's performance against the development priorities and objectives set out in its IDP during a specific financial year.

The Municipal Systems Act further requires that Xhariep District Municipality must, at least once during a year, measure and review its performance against the KPIs and performance targets contained in its PMS and prepare an annual performance report. These measurements will indicate in what areas Xhariep District Municipality performed satisfactorily and where improvements are required. The annual performance report must reflect at least the following –

- ❖ The municipality's performance and that of each external service provider that provides municipal services on its behalf during that financial year;
- ❖ a comparison of the performance of a specific year with the performance in the previous financial year;
- ❖ and measures taken to improve performance.

The Local Government: Municipal Finance Management Act 2003 (Act No 56 of 2003) requires that Xhariep District Municipality must for each financial year prepare an annual report. The annual performance report must form part of the annual report. The Mayor must table the annual report regarding a specific financial year in the Council on or before 31 January of the next financial year. The Council must deal with the annual report on or before 31 March.

### 1.2 Overview

#### ***Population structure and Composition***

Xhariep has an estimated population of approximately 164 000 people. Its population size has grown with a lesser average of 2.21% per annum since 1996, compared to that of the province (2.6%). The district has a fairly even population distribution with most people (41%) residing in Kopanong whilst Letsemeng and Mohokare accommodates only 32% and 27% of the total population respectively.

The table below gives a breakdown of the population distribution per local municipality. Naledi only recorded a small population which only represents 18% of the entire district population. The table and graph depicts population distribution as per the Community Survey conducted in 2007 which clearly shows a decline in population.

<b>POPULATION DISTRIBUTION PER LOCAL MUNICIPAL AREA, 2001-2007</b>				
<b>Local Municipality</b>	<b>Total Population</b>	<b>Percentage of District Population 2001</b>	<b>Density (Km<sup>2</sup>)</b>	<b>Percentage of District Population 2007 Community Survey</b>
Kopanong	55 942	34 %	3.68	31%
Letsemeng	42 979	26 %	4.22	25 %
Mohokare	36 316	22%	4.15	27 %
Naledi	29 000	18 %	3.4	17 %
Total /Average	164 237	100.00%	3.96	100%

Table 1 Source: Stats SA (Community Survey 2007)

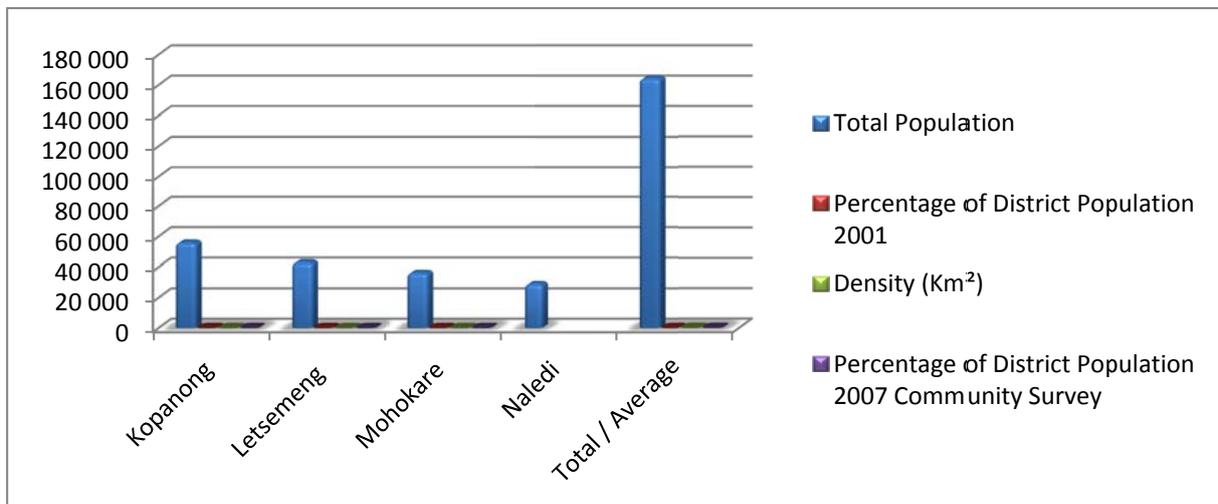


Table 2

On average the country's population growth rates are declining. Among the nine provinces, Free State grew at the slowest pace between 2001 and 2007 (at 0.1%). Although there are many reasons for the low population growth rate experienced in the province, the most prominent include the declining contribution of both the agricultural and mining sectors to the Free State economy, the impacts of HIV and AIDS, and out migration.

Xhariep's population has contracted by nearly 1% per year between 2001 and 2007 (based on Census and Community Survey results). Xhariep's population is small and declining population (currently 5% of provincial total), and is sparsely distributed over large area.

Letsemeng and Kopanong's population is in steep decline, contracting at nearly 3% and 2% respectively, while Mohokare and Naledi population is stable and showing approximately 2% increase in population. This might be as a result of the location of the areas as they are both nearer to Lesotho area.

Besides the population growth that was recorded between 2001 and 2007 community survey, the ethnic composition also changed somewhat. The Mixed Race population showed an increase of almost 5% whilst the White population showed a decrease of almost 3%. The majority of the people living in Xhariep are African, followed by the Mixed Race and White population groups. The Indian race group has the least in number.

***Population by Race per Local Municipality***

<b>Local Municipality</b>	<b>African</b>	<b>Coloured</b>	<b>Indian</b>	<b>White</b>
Kopanong	72.52%	17.83%	0.4%	9.62%
Letsemeng	64.99%	25.26%	0.04%	9.71%
Mohokare	89.33%	2.92%	0.02%	7.73%
Naledi	88%	2.11%	0.03%	7.66%
Xhariep 2001	74.64%	16.19%	0.03%	12.19%
Xhariep 2007	72.92%	11.17%	0.07%	9.14%

**Table 3 Source: Stats SA (Community Survey 2007)**

## **AGE AND GENDER PROFILE**

The majority of people living in Xhariep (almost 69%) are young and not many changes have been experienced in the age distribution of the region since 1996. Only 5% of the total population is elderly people. This indicates that there will still be a huge demand for social infrastructure, particularly schools and associated infrastructure to accommodate the needs of the youth in future.

The table below gives a breakdown of the age profile of the district for 2001 compared with that of 1996.

### **Age Profile per local municipal area for 2007**

<b>Age Category</b>	<b>Letsemeng Local Municipality</b>	<b>Kopanong Local Municipality</b>	<b>Mohokare Local Municipality</b>	<b>Naledi Local Municipality</b>
0 - 14	11263	15396	13826	8340
15 - 35	11926	15992	15543	9155
36 - 55	8777	10436	8087	4172
56 - 120	4367	7595	4412	3771

Table 4 Source: Stats SA (Community Survey 2007)

Xhariep, as is the case with the rest of other districts, has a young population with almost one in every five people aged 15 years or younger. The 14-35 year old age group is the most populous age group.

### **Population by Gender**

<b>Gender</b>	<b>Letsemeng Local Municipality</b>	<b>Kopanong Local Municipality</b>	<b>Mohokare Local Municipality</b>	<b>Naledi Local Municipality</b>
Male	17526	22362	20815	11896
Female	18807	27056	21052	13542

Table 5 Source: Stats SA (Community Survey 2007)

The gender composition has shown very little change since 1996, with 49 % of the total population being female. Some of the key issues identified during previous IDP workshops as affecting youth (Ages 14 – 35) include:

- High unemployment among the youth.
- High drop-out rate at schools.
- Lack of life skills and technical skills.

- Limited access to funding for SMME development.
- Limited tertiary education in accessible locations such as satellite stations of recognised institutions (only Mohokare Local has satellite FET College).
- Rise in teenage pregnancies.
- Alcohol and substance abuse.
- Increasing rate of HIV infections amongst the youth.

### *Disability profile*

	<b>Sig ht</b>	<b>Hear ing</b>	<b>Communi cation</b>	<b>Physi cal</b>	<b>Intellec tual</b>	<b>Emoti onal</b>	<b>Multiple disabilities</b>
Letsemeng Local Municipality	387	65	-	566	201	295	303
Kopanong Local Municipality	243	542	162	986	173	1168	-
Mohokare Local Municipality	202	46	81	609	140	330	-
Naledi Local Municipality	256	99	78	498	112	158	45

Table 6 Source: Stats SA (Community Survey 2007)

### **Type of dwelling and Geography by Household size**

<b>TYPE OF DWELLING</b>	<b>LLM</b>	<b>KLM</b>	<b>MLM</b>	<b>NLM</b>
House or brick structure on a separate stand or yard	9 275	13 260	6 876	6 135
Traditional dwelling/hut/structure made of traditional materials	-	288	16	212
Flat in block of flats	4	73	104	52
Town/cluster/semi-detached house (simplex: duplex: triplex)	39	-	-	-
House/flat/room in back yard	-	23	114	95
Informal dwelling/shack in back yard	261	516	787	167
Informal dwelling/shack NOT in back yard e.g. in an informal/squatter settlement	2 001	1 281	2 199	1 484
Room/flatlet not in back yard but on a shared property	-	-	29	74
Caravan or tent	-	-	-	-
Private ship/boat	-	-	-	18
Workers' hostel (bed/room)	-	-	88	24

Table 7 Source: Stats SA (Community Survey 2007)

*Social Welfare*

*Health Profile*

	<b>Letsemeng</b>	<b>Kopanong</b>	<b>Mohokare</b>	<b>Naledi</b>
Fixed Clinics	5	10	4	
Mobile Clinics (weekly range)	6	6	6	
Vehicles	13 + 5 subsidised	11 + 8 subsidised	21 + 11 subsidised	
Ambulances	4	9	6	
Commuter Services	2	3	4	
Radio-graphic Services	1 X-Ray, I Sonar	2 X-ray, 1 Radiographer, 1 Supplementary Radiographer, 1 Community service Radiographer	2 X – Rays, 1 Community Service Radiographer	
District Hospitals (laundry, mortuary & theatre services)	0	Diamond hospital (Jagers-fontein) with 32 beds	Stoffer Coetzee Hospital (Smithfield) with 23 beds  Embekweni Hospital (Zastron) with 25 beds	
Community Health care	1	0	0	

*Table 8*

*Major causes of death*

<b>1</b>	Influenza and Pneumonia	17.6%
<b>2</b>	Tuberculosis	14. 2%
<b>3</b>	Intestinal Infectious diseases	6.8%
<b>4</b>	Certain disorders involving Immune mech.	5.6%
<b>5</b>	Cerebrovasc disease	4.8%

6	Other forms of heart disease	4.8%
7	Chronic lower respiratory disease	3.2%
8	Hypertensive disease	2.4%
9	Diabetes mellitus	2.0%
10	Ischemic Heart Disease	1.5%

Table 9

***Social Grant per population group***

<b>Municipality</b>	<b>Type of grant</b>	<b>Black</b>	<b>Coloured</b>	<b>Indian</b>	<b>White</b>
Letsemeng Local Municipality	Old age pension	1 227	715	-	168
Letsemeng Local Municipality	Disability grant	1 763	589	-	84
Letsemeng Local Municipality	Child support grant	4 418	1 293	-	-
Letsemeng Local Municipality	Care dependency grant	-	150	-	-
Letsemeng Local Municipality	Foster care grant	20	-	-	-
Letsemeng Local Municipality	Grant in aid	155	-	-	-
Letsemeng Local Municipality	Social relief	-	-	-	-
Letsemeng Local Municipality	Multiple social grants	-	125	-	-
Kopanong Local Municipality	Old age pension	3 322	392	-	534
Kopanong Local Municipality	Disability grant	2 624	850	-	-
Kopanong Local Municipality	Child support grant	6 027	1 551	-	-
Kopanong Local Municipality	Care dependency grant	168	-	-	-
Kopanong Local Municipality	Foster care grant	55	-	-	-
Kopanong Local Municipality	Grant in aid	227	99	-	-
Kopanong Local Municipality	Social relief	107	-	-	-
Kopanong Local Municipality	Multiple social grants	-	-	-	-
Mohokare Local Municipality	Old age pension	2 282	91	-	136
Mohokare Local Municipality	Disability grant	1 376	-	-	-
Mohokare Local Municipality	Child support grant	7 841	225	-	-
Mohokare Local Municipality	Care dependency grant	226	-	-	-

Mohokare Local Municipality	Foster care grant	32	-	-	-
Mohokare Local Municipality	Grant in aid	162	-	-	-
Mohokare Local Municipality	Social relief	-	-	-	-
Mohokare Local Municipality	Multiple social grants	68	-	-	-
Naledi Local Municipality	Old age pension	1 785	37	-	23
Naledi Local Municipality	Disability grant	756	54	-	49
Naledi Local Municipality	Child support grant	4 121	66	-	-
Naledi Local Municipality	Care dependency grant	46	-	-	20
Naledi Local Municipality	Foster care grant	23	-	-	-
Naledi Local Municipality	Grant in aid	43	-	-	-
Naledi Local Municipality	Social relief	44	-	-	-
Naledi Local Municipality	Multiple social grants	-	-	-	-

*Table 10 Source: Stats SA (Community Survey 2007)*

### **Education**

#### **Number of registered learners per institution type**

	<b>Pre-schools</b>	<b>Primary schools</b>	<b>Secondary schools</b>	<b>Coll eges</b>	<b>University/University of technology/Technikon</b>
Letsemeng Local Municipality	874	5469	3740	-	131
Kopanong Local Municipality	1014	7150	6327	106	368
Mohokare Local Municipality	1974	5980	5185	97	161
Naledi Local Municipality	980	3696	3689	92	252

*Table 11 Source Stats SA 2007 community survey*

*Distribution of Public Schools for the Xhariep District*

Primary	Secondary	Combined	Intermediate	Special and specialised	Total
61	13	11	12		97

*Table 12 Source: Department of Education, snap survey 2008*

*Number of persons 20 years and older who have a higher level of education*

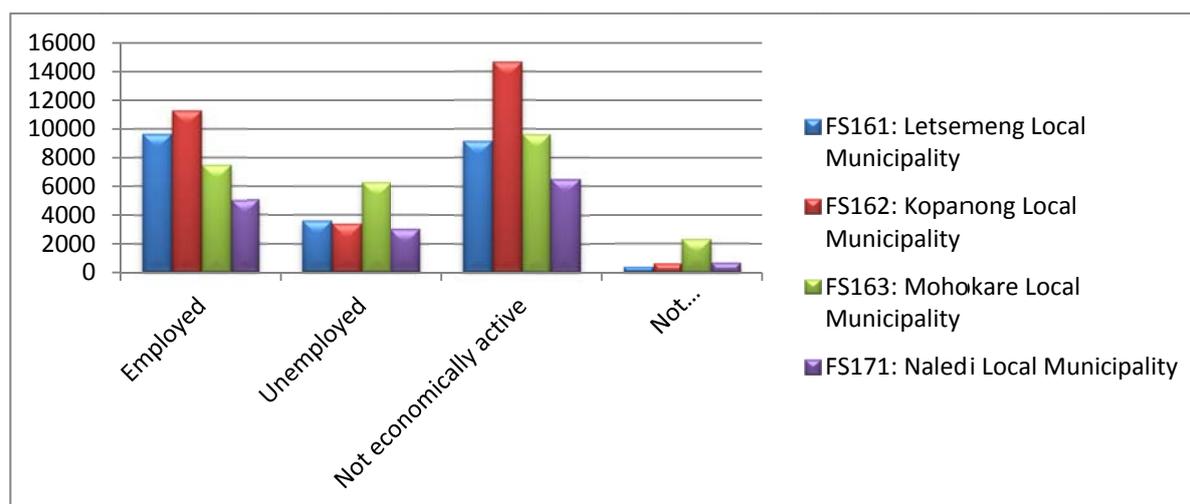
	Letsemeng Local Municipality	Kopanong Local Municipality	Mohokare Local Municipality	Naledi Local Municipality
Grade 12/Std 10/NTC III (without university exemption)	2376	3569	1933	2033
Grade 12/Std 10 (with university exemption)	411	722	329	338
Certificate with less than grade 12	253	1189	299	157
Diploma with less than grade 12	467	571	139	93
Certificate with grade 12	148	125	136	-
Diploma with grade 12	365	600	405	185
Bachelor's degree	242	668	176	227
BTech	-	123	-	11
Post graduate diploma	39	81	193	34
Honour's degree	42	160	214	21
Higher degree (masters/PhD)	52	76	95	83

*Table 13 Source community survey 2007*

### ***Labour force***

	Employed	Unemployed	Not economically active	Not applicable/Institutions
Letsemeng Local Municipality	9655	3600	9157	407
Kopanong Local Municipality	11292	3372	14683	650
Mohokare Local Municipality	7482	6288	9622	2310
Naledi Local Municipality	5064	3024	6506	700

*Table 14 Source Community survey 2007*



*Table 15*

### ***Labour force per industrial distribution***

	Letsemeng Local Municipality	Kopanong Local Municipality	Mohokare Local Municipality	Naledi Local Municipality
Agriculture; hunting; forestry and fishing	693	760	556	322
Mining and quarrying	332	-	-	44
Manufacturing	1111	963	476	270

Electricity; gas and water supply	125	53	87	196
Construction	658	1156	416	341
Wholesale and retail trade	413	1175	907	728
Transport; storage and communication	208	433	198	199
Financial; insurance; real estate and business services	714	1115	515	331
Community; social and personal services	1425	2060	1356	731
Other and not adequately defined	1283	1019	1313	578

*Table 16*

The table shows employment by industry in the district during the 1<sup>st</sup> quarter of 2010. It shows that community, social and personal services contributed the highest proportion of employment in the district, followed closely by manufacturing.

***Income distribution***

	Letsemeng Local Municipality	Kopanong Local Municipality	Mohokare Local Municipality	Naledi Local Municipality
No income	9550	11216	13033	7514
R 1 - R 400	1577	1749	1605	1042
R 401 - R 800	2534	2551	2659	1561
R 801 - R 1 600	5795	8185	3448	2356
R 1 601 - R 3 200	959	1836	1276	754
R 3 201 - R 6 400	987	1715	650	731
R 6 401 - R 12 800	472	934	438	457
R 12 801 - R	364	269	96	78

25 600				
R 25 601 - R 51 200	35	80	124	25
R 51 201 - R 102 400	-	54	29	15
R 102 401 - R 204 800	-	-	4	3
R 204 801 or more	-	-	-	15

Table 17

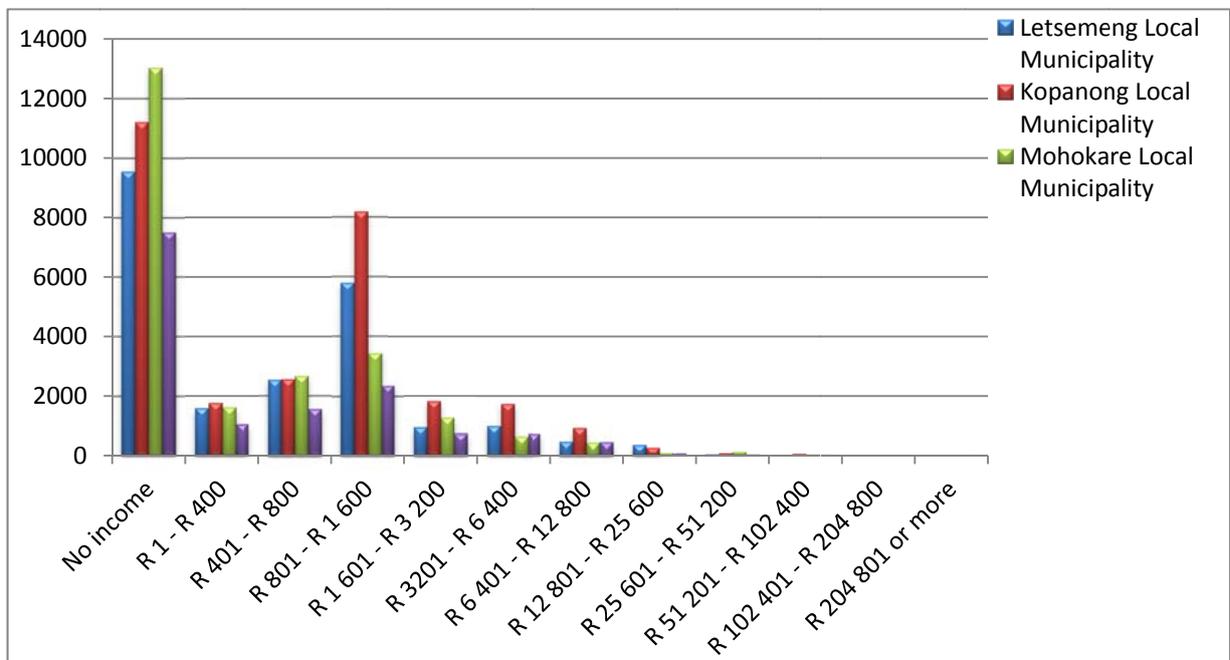


Table 18

Xhariep DM citizens are ravaged by high levels of poverty resulting from low key exposure of individuals to regular incomes. This phenomenon of low levels of individual exposure to regular incomes is not unique to the district only but rather similar to prevailing economic patterns in the province as whole.

The income distribution analysis of individuals in the district shows much the same pattern as that found across the Free State, with the majority of people, not earning a formal income at all, or falling within the lower income brackets.

Within Xhariep District Municipality, 63,88 % of respondents during the 2007 survey, indicated that they earn no income, 27,79 % earned between R1 and R1000 per month, 4,86 % earned between R1001 and R2500 per month and a mere 3,47 % earned above R 2500 per month.

Reading these figures in conjunction with the abovementioned unemployment rates, provides a better understanding of the actual poverty level within the region. A notable portion of the population who indicated that they are employed, earn a nominal income, with which they often have to support a large number of dependants.

## CHAPTER 2: PERFORMANCE HIGHLIGHTS

### 2.1 Financial Performance

The bank statement reflects the actual bank balance of the Municipality at a specific date. The cash book balance is the difference between the total accumulated cash receipts up to a given date and the total accumulated cash payments up to the same date. The cash book balance is, therefore, the balance of what the bank balance should be had all payments the Municipality received to the date of the bank statement and all expenses incurred to that date been processed by the Municipality's bank.

It is therefore of the utmost importance to reconcile these two balances with each other on a regular basis which is currently on a monthly basis. We are striving towards performing these recons on a weekly basis. Failure to reconcile may lead to misleading reporting to management and the Council.

The Municipality's bank account opened with a positive balance of R 1 347 005.31. On 1 July 2011 and closed with a positive balance of R 5 929 717.84 on 30 June 2012. A significant portion of this balance is tied up in Motheo Asset Share funds received by the municipality from the former Motheo District Municipality.

*Table 19: Bank and Cash Book Balances*

1	Cash Book Balance 1/7/2011	R 1 347 005.31
2	Cash Book Balance 30/06/2012	R 5 929 717.84

The cashbook balance was R 1 346 663 on 01 July 2011 and closed on 30 June 2012 with a favourable balance of R 5 928 818.

The following table summarises the overall position on the capital and operating budgets.

*Table 20: Overall Position Capital and Operating Budgets*

	Capital Expenditure R'000	Revenue R'000	Operating Expenditure R'000
<b>Annual Budget 11/12</b>	<b>R 7 157</b>	<b>R 89 285</b>	<b>R 82 094</b>
<b>Actual (30 June 12)</b>	<b>R6 269</b>	<b>R 91 649</b>	<b>R68 204</b>
<b>Under/(Over) perform</b>	<b>R888</b>	<b>(R2 364)</b>	<b>R13890</b>

The above figures are explained in more detail throughout the report.

## **2.2 Capital Expenditure**

The actual capital expenditure is under spend mainly as a result of mistakenly including value added tax in the budget.

## **2.3 Operating Expenditure**

Actual operating expenditure amounts to R 68 204 000 for the financial year under review. These constitute 83% of the total operating expenditure budget of R 82 094 000. An under spending of R13 890 000 at year end is attributable to late receipt of financial assistance funds as it was received in the 2012/2013 financial year. Most of the actual under spent funds on operating expenditure were committed to their related uses at year end as procurement processes were already started.

## **2.4 Revenue**

An annual budget for the revenue amounted to R 89 285 000. Actual revenue for the year amounted to R 91 649 000. This resulted in a net over performance of R 2 364 000. The over performance was as a result of the building amounting to R1 466 136 that was a donation to the municipality and the interest earned of R630 734.

## **2.5 Personnel Expenses**

Total employee related costs amounted to R 24 737 030 (2011: R 20 001 031) and Councillors allowances of R 2 895 443 (2011: R 2 566 048).

## **2.6 Debtors Age Analysis**

At year end, accounts receivable balance amounted to R 1 172 520 which is an improvement compared to R 3 272 810 in 2011.

## 2.2.1 Non financial performance

### 2.2.2 Organisational Indicators and Targets

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
The percentage of households with access to basic level of water		-	-	-	-	-	-
The percentage of households with access to basic level of sanitation		-	-	-	-	-	-
The percentage of households with access to basic level of electricity		-	-	-	-	-	-
The percentage of households with access to basic level of solid waste removal		-	-	-	-	-	-
The percentage of households earning less than R1100 per month with access to free basic services		-	-	-	-	-	-
The percentage of the capital budget actually spent on capital projects identified in the Integrated Development	100%	44% (Fencing of Cemeteries) 68 % (Refurbishment of the Smithfield	The Municipality under spent in the two projects.	98%	98%	-	The remaining budget will be utilised in the new financial year

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
Plan		Hall).					
No of public hearings held during the formulation of the IDP for 2012-2016	4	4	-	3	3	-	-
No of public hearings and consultation sessions held during review of the KPIs and performance targets for 2011/2012	4	4	-	3	3	-	-
No of public hearings and consultation sessions held during preparation of the budget for 2012/2013	4	4	-	3	3	-	-
No of public hearings and consultation sessions held to measure performance results for 2010/11	4	0		0	0	-	The Annual and the oversight report of the municipality were put on all units of all 20 towns in the district. Comments were invited from communities through notices. These documents were also placed on the municipal website.
The number of jobs created through the municipality's local economic development initiatives including capital projects							
Debt coverage ratio	>1	>1	-	>1	>1	-	-

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
Outstanding service debtors to revenue ratio	56 days						
Cost coverage ratio	>1	>1	-	>1	>1	-	-
Liquidity ratio	>1	>1	-	>1	>1	-	-
Solvency ratio	>1	>1	Target Achieved				
No of audit queries received regarding irregular, unauthorised and fruitless and wasteful expenditure	10%	The Department could not quantify queries raised by AG regarding irregular, unauthorised and fruitless and wasteful expenditure	There are queries raised by the AG and IA regarding irregular, unauthorised and fruitless and wasteful expenditure but the department is unable to quantify them.	10%	The Department could not quantify queries raised by AG regarding irregular, unauthorised and fruitless and wasteful expenditure	The Department could not quantify queries raised by AG regarding irregular, unauthorised and fruitless and wasteful expenditure	Departments encouraged to utilised their budgets effectively and adhere to relevant legislation and policies in place.
% variance from approved budget allocation per vote	10%	0%	-	10%	0%	-	-
Unqualified audit opinion	All Departments	Unqualified audit opinion	-	Unqualified audit opinion	Unqualified audit opinion	-	-
The number of people from employment equity target groups employed in the three highest levels of management	95%	60%	35%	95%	9%	86%	Employment Equity Plan is reviewed. The implementation of the plan will be monitored and a report thereon will be presented to management.
The percentage of a Municipality's budget actually spent on	1%	< 1%	-	1%	2%	1%	Skills Audit is conducted and a training report is compiled. All gaps identified will be attended

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
implementing its workplace skills plan							as budgeted for by the municipality.

### 2.2.3 Council

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Over Achievement	Measures Taken to improve Under/Over Performance
No of Ordinary Council meetings held	4	4	-	3	7	4	Schedule for the sitting of Council meetings has been developed. Council will sit as per the schedule.
No of Mayoral Committee meetings held	8	6	2	8	5	3	Schedule for the sitting of Mayoral Committee meetings has been developed. MAYCO will sit as per the schedule
% of council resolutions executed by management before the next ordinary council meeting	100%	100%	100%	100%	100%	-	-
Budget process plan	31-Aug-2011	26 –Aug- 2011 and	-	31-Aug-2010	31-Aug-2010	-	-

Key Performance Indicator	Current Target	Measures Taken to improve Under/Over Performance					
		Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Over Achievement	
tabled in Council		28 -February -2012					
Review of performance management system and monitoring of compliance (MSA Sec 39)	31-Jul-2011	26-Aug-2011	(26 days)	31-Jul-2011	31-Aug-2010	31-Aug-2010	Schedule of Compliance matters has been developed that is linked to the schedule of sitting of Council meetings.
Report to the Council on performance reviews/assessment of top management	31/10/2011 31/01/2012 30/04/2012 31/07/2012	0	(4)	31/10/2010 31/01/2011 30/04/2011 31/07/2011	0	0	Top Management will be assessed as per the Planning and Performance Management regulations of 2006.
Mayor's report on the implementation of the budget and the financial state of affairs of the municipality to Council [MFMA, s. 52(d)]	31/10/2011 31/01/2012 30/04/2012 31/07/2012	4	0	31/10/2010 31/01/2011 30/04/2011 31/07/2011	4	-	-
Mid-year budget and performance report for 01/07/2011 to 31/12/2011 tabled in the Council [MFMA, s. 54(1)(f)]	31/01/2012	25 January 2012	6 days	31/01/2011	25/01/2012	-	-
Annual report for 2010/2011 tabled in the Council [MFMA,	31/01/2012	25 Jan 2012	6 days	31/01/2011	25 Jan 2011	-	-

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Measures Taken to improve Under/Over Performance	
						Prior Under/Over Achievement	
s. 127(2)]							
Oversight report on the annual report for 2011/2012 adopted by Council [MFMA, s. 129(1)]	31/03/2012	31/03/ 2012	-	31/03/2011	31/03/2011	-	-
SDBIP for 2011/2012 approved by the Mayor	Within 28 days after approval of the budget	20 -Jun -2011	09 days	Within 28 days after approval of the budget	15 July 2011	13 days	Adherence to compliance matters e.g MFMA calendar
Annual performance agreement for 2011/2012 entered into with the Municipal Manager	31/07/2012	15 July 2011	16 days	31/07/2010	13/07/2010	18 days	-
No of co-ordinated ward committees training per municipality by 30-June-2012	4 per LM (24 wards)	0	(24 wards)	17	0	(17)	Budget has been allocated by local municipalities to cater for this training.
District councillors induction workshop for LM's held by 30-September-2011	1	1	-	1	0	(1)	A budget has been allocated to cater for this workshop.

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Over Achievement	Measures Taken to improve Under/Over Performance
No of successful outreach programmes held per LM by 30-June 2012	4	0	(4)	3	0	3	A budget has been allocated to cater for this programme.
No of meetings held with the farming community	1	0	(1)	1	0	1	A schedule of this activity has been developed to avoid non attendance of stakeholders
No of successful farming outreach programmes per LM	4	0	(4)	1	0	1	A schedule of this activity has been developed to avoid non attendance of stakeholders
No of Izimbizo held in collaboration with LM's and sector departments	2 by 30-June 2012	0	(2)	4	0	4	A schedule of this activity has been developed to avoid non attendance of stakeholders

## 2.2.4 Municipal Manager

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
Appropriate performance indicators and performance targets are set for supplier performance for each contract awarded through the supply chain management system	Reports on performance of Projects	0	(1)	Reports on performance of Projects	0	0	The Municipality has developed a template on the assessment of the performance of the service providers that can be utilised by every user department
No of reports submitted to Council regarding the execution of council decisions	4	9	5	4	4	0	-

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
Annual performance agreements for 2011/2012 entered into with each of the managers who are directly accountable to the municipal manager	31/07/2011	15/07/2011	16 days	31/07/2010	13/07/2010	18 days	-
Internal audit reports on the functionality of the PMS, compliance of the PMS with relevant legislation and the reliability of performance measurements submitted to the audit committee/performance audit committee [MPPMR, r 14(1)(c)]	31/10/2011 31/01/2012 30/04/2012 31/07/2012	25/08/2011 27/03/2012 20/06/2012	(01 report)	31/10/2010 31/01/2011 30/04/2011 31/07/2011	0	4 reports	An internal Auditor and a new Audit Committee was appointed. Both Internal Audit and Audit Committee are fully functional
Availability and Implementation of risk based Internal Audit plan.	1	1	0	N/A	N/A	N/A	N/A

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
Availability of quarterly audit reports (internal controls, financial and compliance)	4	4	0	N/A	N/A	N/A	N/A
Follow-up on AG recommendations	1	3	2	N/A	N/A	N/A	N/A
Review Risk Management Strategy, Policy and Framework	1	1	0	N/A	N/A	N/A	N/A
Risk Management Reports	4	4	0	N/A	N/A	N/A	N/A
Approved Fraud Prevention Plan	1	1	0	N/A	N/A	N/A	N/A
Audit/performance audit committee's audit reports submitted to the	31/01/2012 31/07/2012	27/03/2012	(1)	31/01/2011 31/07/2011	0	(2)	A new Audit Committee and a new Internal Auditor was appointed by the municipality and are fully

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
Council [MPPMR, r. 14(4)(a)]							functional.
AFS for 2010/2011 submitted to the audit committee for review [MFMA, s 166(2)(b)]	30/09/2011	25/08/2011	36 days	30/09/2010	27/08/2010	34 days	-
No of audit committee meetings held	4	5	1	4	2	(2)	The Municipality appointed a new Audit Committee.
Corporate performance report for 2010/2011 submitted to the Auditor-General	31/08/2011	31/08/2011	0	31/08/2010	31/08/2010	0	-
Mid-year budget and performance report for the period 01/07/2011 to 31/12/2011 submitted to the executive mayor	25/01/2012	23/01/2012	02 days	25/01/2011	25/01/2011	(0)	-
Annual report 2010/2011 submitted to the executive mayor	15-Jan-2012	13-Jan-2012	02 days	15-Jan-2011	13 Jan 2011	02 days	-

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
Quarterly feedback meetings regarding implementation of the IDP and PMS (PPMR Sec 15)	Quarterly reports submitted to Council	4	0	4	4	-	-
Months without unauthorised expenditure as indicated in MFMA 32(1)(b)	12	9	(3)	12	6	(6)	Items were budgeted for accordingly in the new Annual Budget
% of council resolutions implemented that were referred to the HOD	100%	100%	-	100%	100%	-	-
% of appointments made within 3 months after advertisement	100%	100%	-	100%	100%	-	-

## 2.2.5 Planning and Social Development

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
Monitor projects undertaken by the municipality by setting performance indicators for each projects (PPMR Sec 9(2)(b))	Project performance report available (4)	2	(2)	Project performance report available	4	0	A template has been developed to assist departments to assess the performance of service providers
Sourcing of funding for the greening of towns (R1.5 m)	1 Progress Report submitted to the MM by 30 June 2012	0	(1)	4	4	0	This project has been shifted to the new financial year so that it can be budgeted in the EPWP incentive grant.
No of environmental support	8	12	4	6	8	2	-

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
meetings attended with local municipalities							
Number of air quality related complaints received	9	02	7	9	11	(2)	-
Number of incidents of illegal dumping	15	98	(83)	15	19	(4)	By-laws have been developed by the municipality for enforcement.
No of R918 certificates issued for food premises	30	92	(62)	30	46	(16)	The Municipality appointed more Environmental Health Practitioners.
No of notices issued to food premises for non-compliance	30	142	112	35	100	65	Monitoring increased due to the appointment of EHP's.
Rand spent on environmental education and	R46 000	R 161 825		R45 000	R85 190	R40 190	Projects are properly budgeted for in

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
awareness raising			R115 825				the new financial year.
No of environmental health education programmes/projects	15	34	19	15	43	28	A schedule / a plan has been developed and adhered to for these programme
No of persons attending health education programmes/projects	400	1320	920	400	4400	4000	-
Source funding for the establishment of the disaster management centre	1 Progress Report submitted to the MM by 30 June 2012	1	0	N/A	N/A	N/A	N/A
Disaster management plan reviewed	30-Jun-2012	24-Apr-2012	0	30-Jun-2011	0	0	Plan budgeted for in the new financial year.
No of municipal disaster management	4	4	0	6	5	(1)	A plan for the sitting of the municipal disaster

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
advisory forum meetings held (section 51 of the Disaster Management Act 2002)							management advisory forum meetings has been developed.
No of disaster management progress reports submitted to management	8	11	3	8	12	4	-
No of disaster management progress reports submitted to Council	4	8	4	8	14	6	-
No of Disaster Management awareness sessions held in the District	4	5	1	4	3	(1)	Timeously invitation to stakeholders to avoid non attendance
Water quality monitoring and management plan developed	30 June 2012	0	(1)	30 Sep 2012	0	(1)	Timeously invitation to stakeholders to avoid non

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
by June 2012							attendance.
Blue drop compliant water quality achieved by June 2012	30-June-2012	29 March-2012	93 days	N/A	N/A	N/A	N/A
No of water awareness campaigns conducted	4	4	0	4	14	10	-
No of monthly water quality reports submitted to Management	8	8	0	8	18	10	-
No of quarterly water quality reports submitted to Council	4	4	0	4	6	2	-

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
No of monthly sanitation quality reports submitted to Management	8	7	(1)	8	18	10	-
No of quarterly sanitation quality reports submitted to Council	4	5	1	4	6	2	-
No of District Energy Forum Meetings held by 30 June 2012	4	4	0	1	4	3	-
No of DEF <sup>1</sup> reports submitted to Management	4	2	(2)	11	4	(7)	Timeously invitation to stakeholders to avoid non attendance of meetings
No of quarterly DEF quality	4	2	(2)	4	1	(3)	Timeously invitation to

Key Performance Indicator	Current Target	Current Achievement	Current Under/O ver Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
reports submitted to Council							stakeholders to avoid non attendance of meetings
No of land fill sites registered by 30 June 2012	3 by 30-June-2012	0	(3)	1	3	2	-
Development of IWMP	30-June-2012	28-May-2012	0	N/A	N/A	N/A	N/A
No of LED forums held by 30 June 2012	4	4	0	4	3	1	Timeously invitation to stakeholders to avoid non attendance of forums.
No of LED implementation reports submitted to management	4	16	0	10	16	6	-
No of LED implementation	4	12	8	10	10	0	-

Key Performance Indicator	Current Target	Current Achievement	Current Under/O ver Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
reports submitted to Council							
No of reports submitted to MM regarding the execution of council and management decisions	4	4	0	4	12	8	-
No of District LED Forum meetings held	4	4	0	4	1	(3)	LED and Tourism forum integrated.
No of SMME's trained	30	50	20	40	63	23	-
No of persons attending the tourism awareness campaign	40	56	16	45	600	555	-
No of Tourism awareness campaigns conducted	4	3	(1)	35	2	(33)	Budget has been reviewed to cater for these campaigns.

Key Performance Indicator	Current Target	Current Achievement	Current Under/O ver Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
No of SMME`s attending exhibitions (Macufe, Tourism Indaba, Heritage celebration)	15	4	(11)	N/A	N/A	N/A	N/A
Development of LED and marketing brochure	30 June 2012	May 2012	0	N/A	N/A	N/A	N/A
No of persons attending the Agricultural conference	150	0	(15)	N/A	N/A	N/A	N/A
No of Planning and Development employees trained in terms of approved WSP (R571 of 22 June 2001)	As per the approved WSP(15)	15	0	N/A	N/A	N/A	SMME`s will be identified in time and a budget will be allocated to cater this events
No of performance	4	1	(3)	4	0	(4)	Training on EPAS conducted

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
appraisals conducted in the department							for all Municipal employees.
% of council resolutions implemented that was referred to the HOD for execution	100%	100%	0	100%	100%	0	-
Annual review of SDF	30 June 2012	13 May 2012	48 days	30 June 2011	31-Aug-2010	(62)	Schedule of Council meetings reviewed to cater for this activity.
Compilation of Xhariep spatial map	30 June 2012	13May 2011	13-May-2011	48 days	31-Aug-2010	(62)	Schedule of Council meetings reviewed to cater for this activity.
Management of external audit queries by ensuring that all queries are answered within 14 days	100%	100%	0	100%	100%	0	-
% of	100%	100%	0	100%	100%	0	-

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
appointments made within 3 months after advertisement							
No of performance reports submitted to the MM regarding the implementation of the department's PMS (MSA Sec 38 and 39)	Quarterly	4	0	4	4	0	-

## 2.2.6 FINANCIAL SERVICES

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
No of reports submitted to MM regarding the execution of council and management decisions	4	4	0	4	4	0	-
Monthly budget statements submitted to the MM [MFMA, s 71]	12	12	0	12	12	0	-
Compilation of annual financial statements for 2010/2011	31-Aug-2011	31-Aug-2011	0	30-Aug-2011	31-Aug-2011	(01 day)	-
Realistic and comprehensive draft financial plan prepared and incorporated in the IDP for 2012/2013	28-Feb-2012	28-Feb-2012	0	28-Feb-2011	31-Mar-2011	(1 month)	Adherence to the Budget and IDP timelines or process plan

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
R value of rent collected from Kopanong LM	R 270 000.00	R 1 391 782.60	112 1782.60	300 000.00	0	300 000.00	Kopanong had outstanding debt for the previous financial year and was settled in the current financial year hence the over achievement.
No. of staff trained on cash flow management	3	0	(3)	3	0	(3)	The Municipality struggles to get an accredited service provider.
% variation from cash flow management model	10%	0%	10%	10%	-	-	N/A
SDBIP reporting to Council and MM	4	4	0	4	4	0	-
No of queries received from the IA and AG regarding non-compliance with the supply chain management policy	10%	IA = 0% AG = 15%	(IA =0%) (AG=5%)	0%	Department could not quantify queries	Department could not quantify queries	Filling of vacancies in the department and training provided to curb skills gaps.
% of council resolutions implemented that were referred to the HOD for	100%	100%	0	100%	100%	0	-

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
execution							
Management of external audit queries by ensuring that all queries are answered within 14 days	100%	100%	0%	100%	100%	0	-
% reduction in audit queries received from previous years	15%	109%	94%	5%	16,84%	11,84%	Filling in of vacancies especially in the finance and the Corporate Services department.
% of appointments made within 3 months after advertisement	100%	100%	0	100%	100%	0	-
No of performance reports submitted to the MM regarding the implementation of the department's PMS (MSA Sec 38 and 39)	4	4	0	4	4	0	-
Months without unauthorised	12	3	(9)	N/A	N/A	N/A	Effective management of

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
spending by accounting officer as indicated in MFMA 32(1)(b)							budgets by Departments
No of performance appraisals conducted in the department	4	1	(3)	4	0	(4)	Training of all employees on EPAS.

## 2.2.7 CORPORATE SERVICES

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
Monitor projects undertaken by the department by setting performance indicators for each projects (PPMR Sec 9(2)(b))	Project performance report available (4)	2	(2)	4	4	0	A template has been developed to assess the performance of service providers

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
No of reports submitted to MM regarding the execution of council and management decisions	4	9	5	4	4	0	-
Upload and update municipal website regularly and comply with s 21B of the Systems Act and s75 of the MFMA	100%	90%	(10%)	100%	100%	0	-
No of youth initiatives launched in terms of the youth development strategy	2	0	(2)	2	0	(2)	Appointment of Youth Development officer
No of CS employees trained in terms of approved WSP (R571 of 22 June 2001)	As per approved WSP(33)	33	0	9	9	0	-
% of council resolutions implemented that were referred to the HOD for	100%	100 %	100%	100%	100%	0	-

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
execution							
All external audit queries answered within 4 days	4 days	4 days	0	14 days	5 days	9 days	-
% of appointments made within 3 months after advertisement	100%	0%	(100%)	100%	90%	(10%)	Recruitment of qualified and suitable candidates.
No of performance reports submitted to the MM regarding the implementation of the department's PMS (MSA Sec 38 and 39)	4 Quarterly reports	4	0	4	4	0	-
Submission of employment equity plan (EEA Sec 20)	30-Sept-2011	03-Oct-2011	(3 days)	30-Sept-2010	30-Oct-2010	(30 days)	Development of a calendar of compliance events
Percentage of skills development levy claimed back from skills development fund	1%	10.07%	9%	24,8%	23,8%	(1%)	Appointment of an accredited service providers

Key Performance Indicator	Current Target	Current Achievement	Current Under/Over Achievement	Prior Target	Prior Achievement	Prior Under/Overachievement	Measures Taken to improve Under/Overachievement
(SDL Act & Reg)							
Skills Development Plan (WSP) reviewed (SDA97 OF 1998)	30-Apr-2012	29 June 2012	(2 months )	30- Apr- 2011	24-Jun-2011	(2 months)	Appointment of a Skills Development Facilitator
Annual training report (SDA 97 OF 1998)	30-Jun-2012	30 June 2012	0	30-Jun - 2011	30-Jun-2011	0	-
No queries received from IA or AG regarding incompleteness of employee records	0	0	0	0	0	0	-
No of health and safety inspections carried out in terms of the Occupational Health and Safety Act 55 Of 1995	2	2	0	11	0	(11)	The municipality is not feasible to have a health and safety Committee.
Compliance with all aspects regarding work related injuries as required by the Occupational Health and Safety Act 55 Of 1995	100% Compliance	100% Compliance	-	100% Compliance	0%	100%	The municipality received training from the Department of Labour on Health and safety issues.

<b>Key Performance Indicator</b>	<b>Current Target</b>	<b>Current Achievement</b>	<b>Current Under/Over Achievement</b>	<b>Prior Target</b>	<b>Prior Achievement</b>	<b>Prior Under/Overachievement</b>	<b>Measures Taken to improve Under/Overachievement</b>
No LLF meetings planned	10	3	(6)	6	0	(6)	A new LLF appointed with the inclusion of employee representation.
No of LLF meetings held	10	2	(8)	6	0	(6)	A new LLF appointed with the inclusion of employee representation and a schedule of the sitting of the LLF has also been developed.
No of performance appraisals conducted in the department	4	2	(2)	4	0	(4)	Training of employees on Performance appraisals

## CHAPTER 3: HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

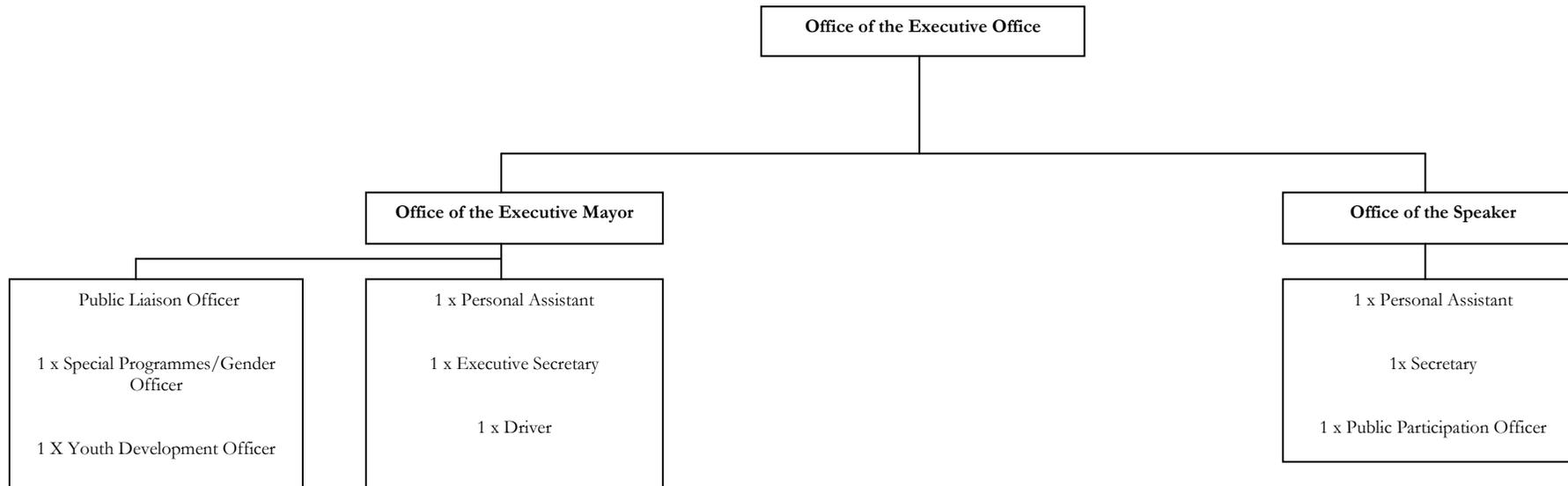
Institutional review cuts across all boarders and impacts on the whole institution. Based on this assumption the following issues from various departments are highlighted.

### XDM Organisational Structure

The organisational structure shown below is developed in compliance with legislative requirements and with a view to ensuring that the District has appropriate and adequate human resource capacity to deliver.

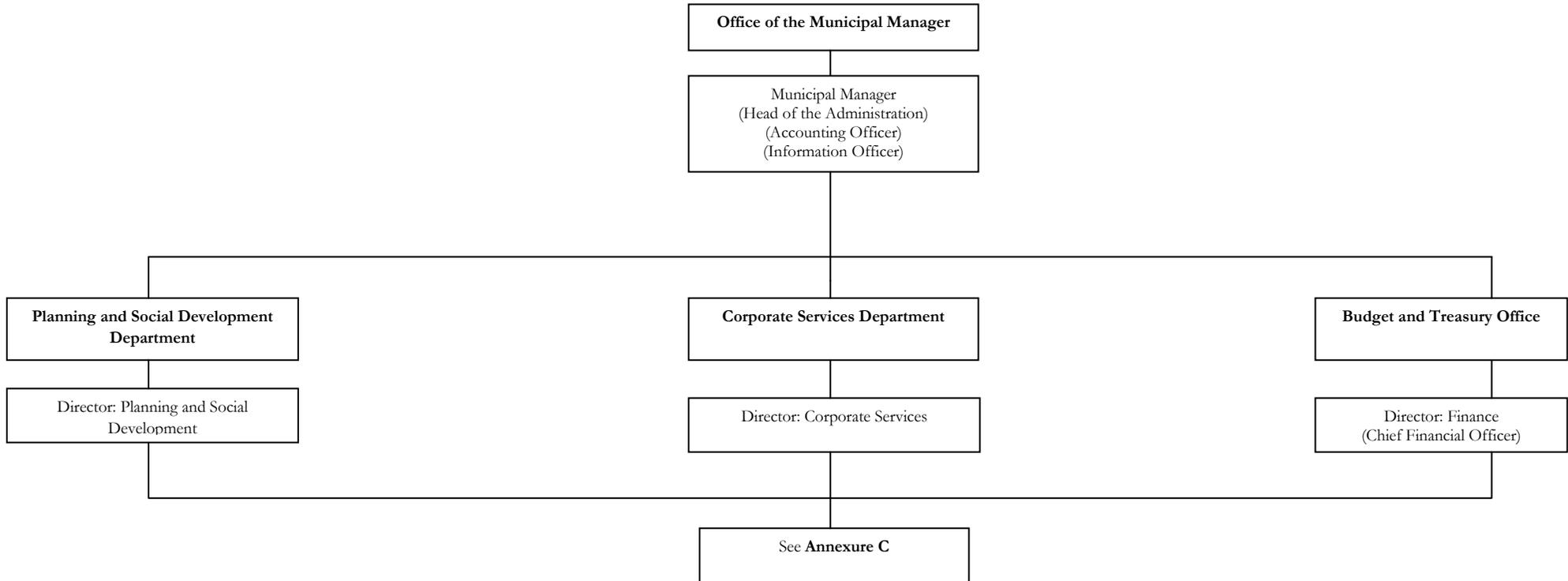
### XHARIEP DISTRICT MUNICIPALITY EXECUTIVE OFFICE

ANNEXURE A



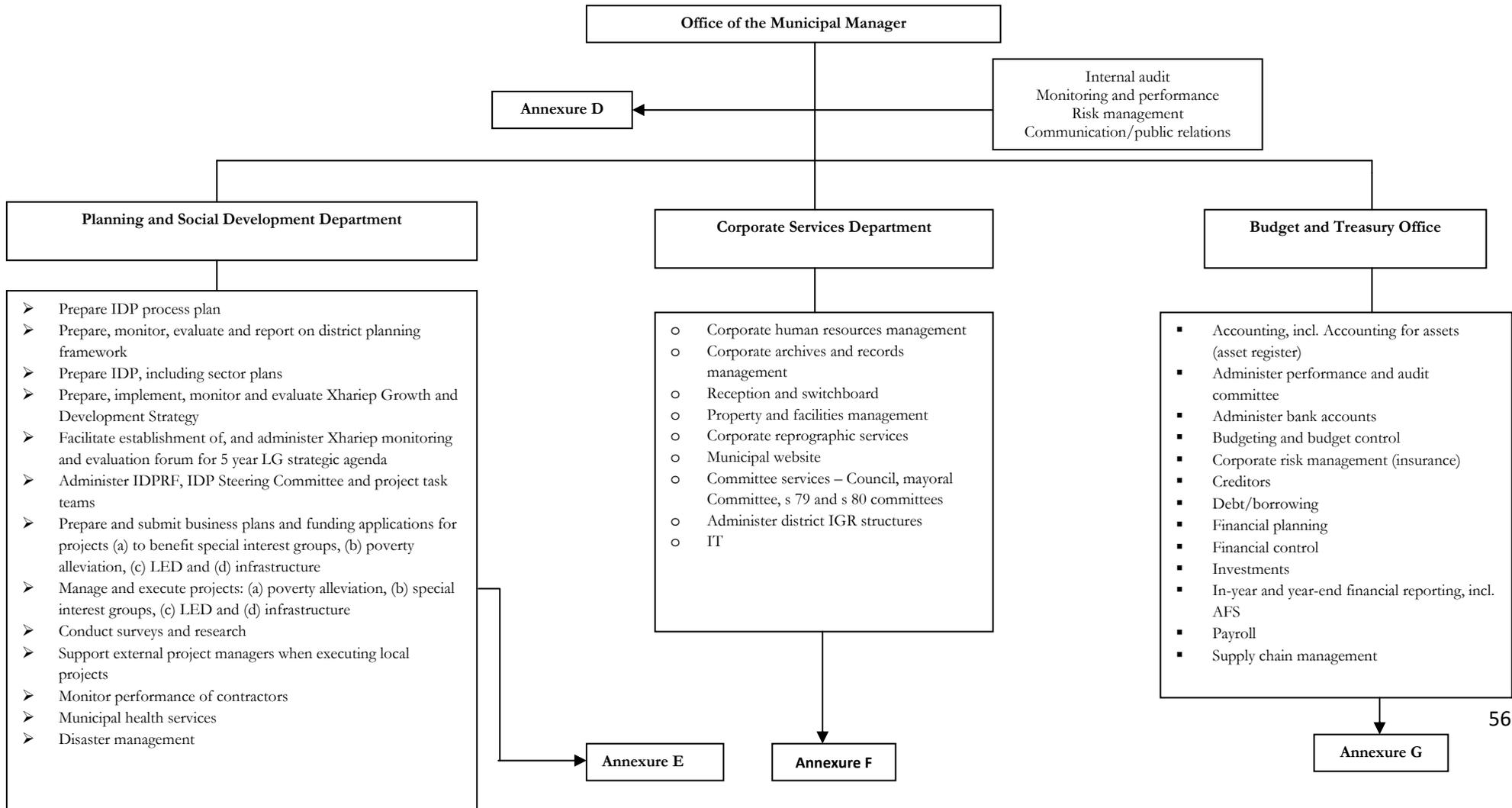
# XHARIEP DISTRICT MUNICIPALITY MACRO-STRUCTURE

ANNEXURE B



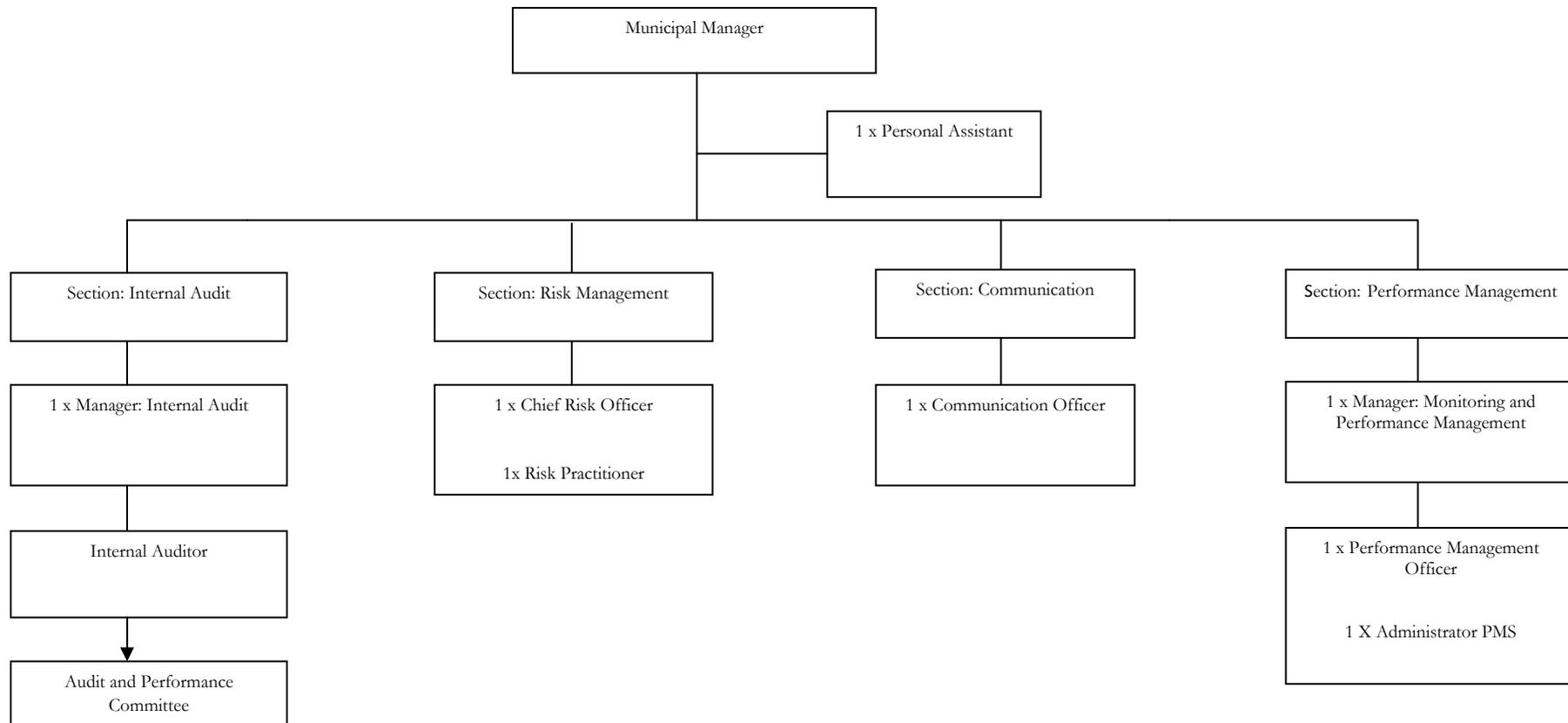
# XHARIEP DISTRICT MUNICIPALITY FUNCTIONAL STRUCTURE

ANNEXURE C



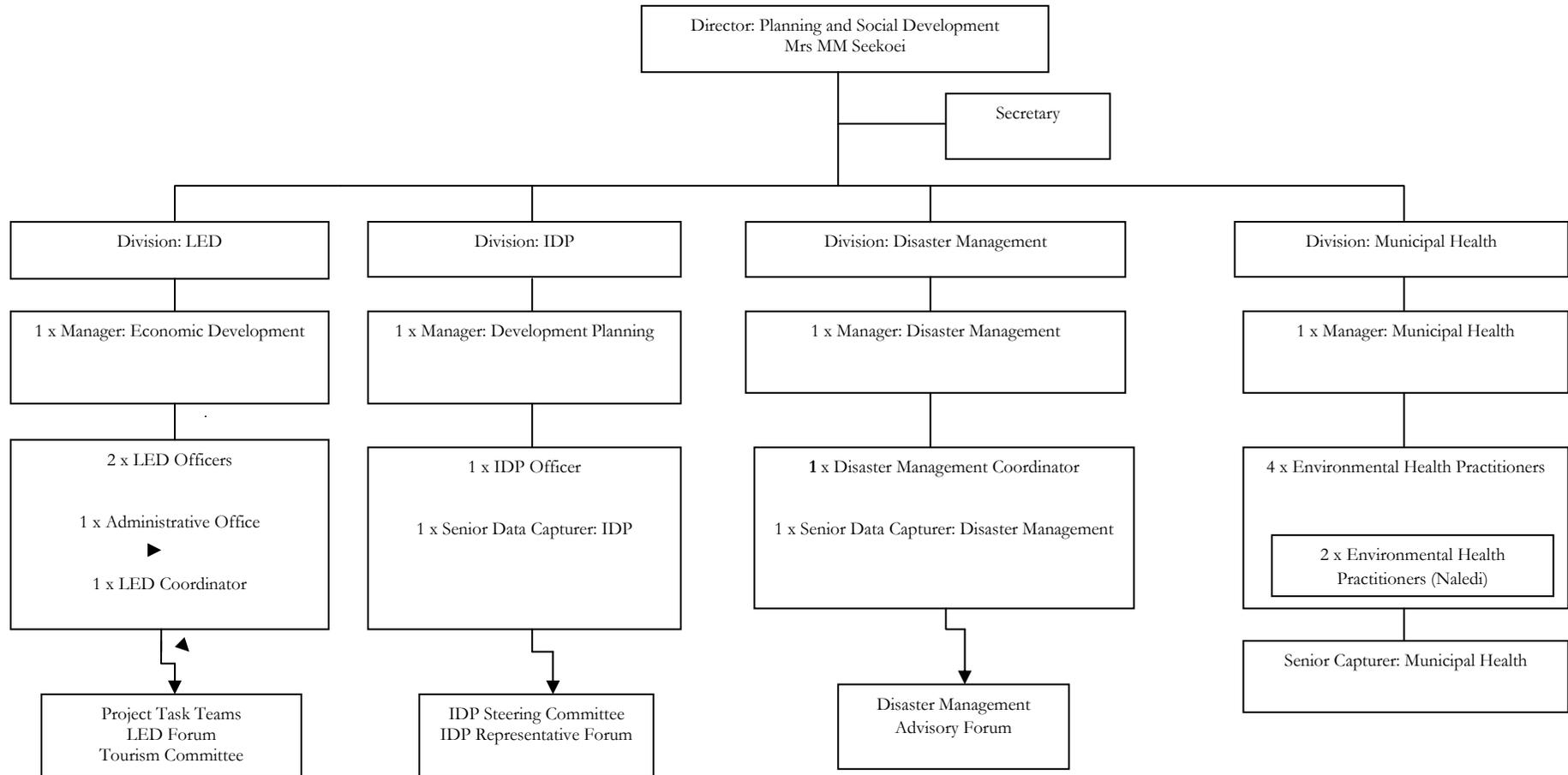
# XHARIEP DISTRICT MUNICIPALITY OFFICE OF THE MUNICIPAL MANAGER

ANNEXURE D



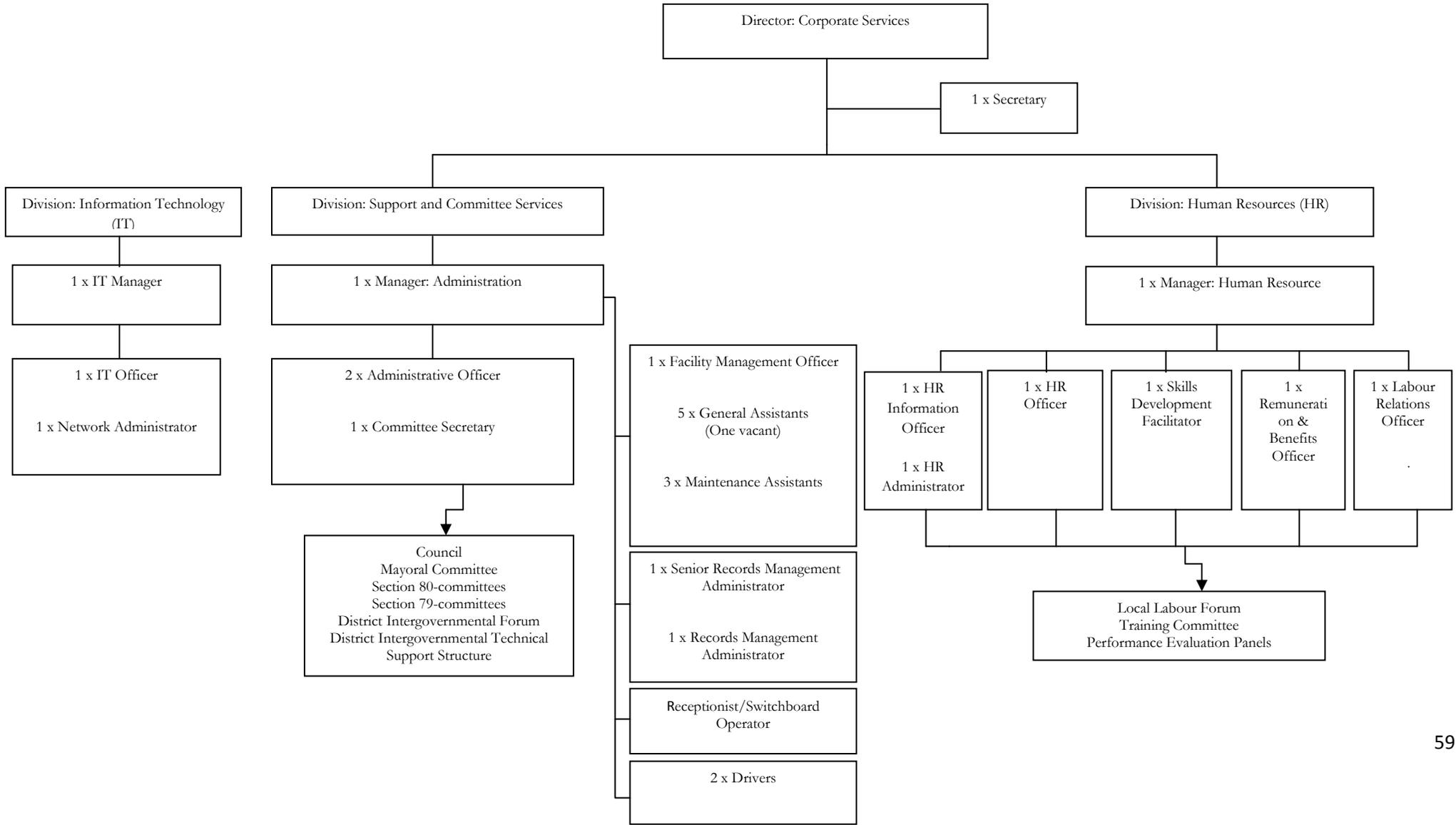
**XHARIEP DISTRICT MUNICIPALITY  
PLANNING AND SOCIAL DEVELOPMENT**

ANNEXURE E



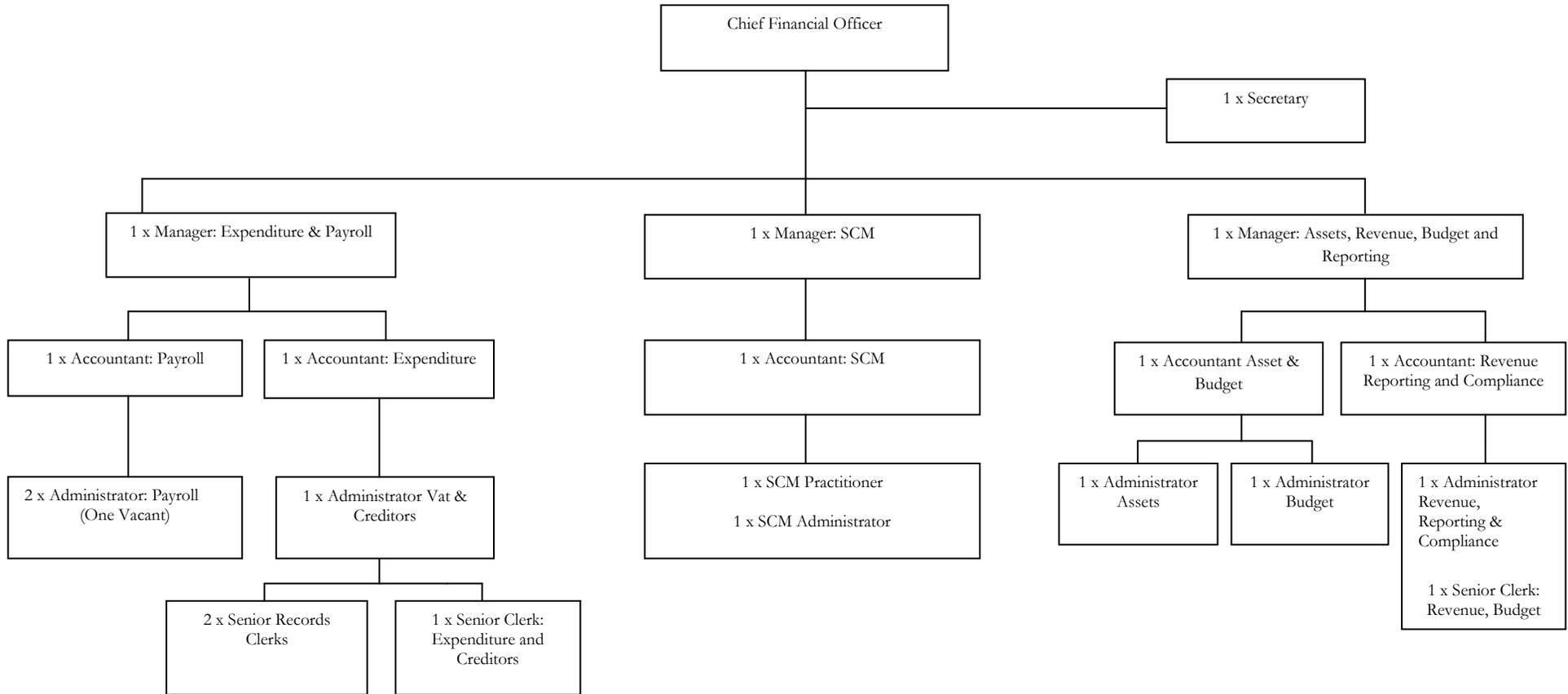
# XHARIEP DISTRICT MUNICIPALITY CORPORATE SERVICES

ANNEXURE F



# XHARIEP DISTRICT MUNICIPALITY BUDGET AND TREASURY OFFICE

ANNEXURE G



## Administrative Arrangements

South African municipalities underwent their fourth term of democratic local government elections on the 18<sup>th</sup> May 2011. The municipality recognised that the new term of office provides an opportunity to examine the efficacy of the current governance and institutional model(s) and, if necessary, to introduce improvements.

## Functional Breakdown by Directorates

The Xhariep District Municipality has been administratively configured to deal effectively with the challenges faced by the municipality in transforming itself into a best performing municipality. The breakdown of departments is discussed:

### Office of the Municipal Manager

The Municipal Manager is the Chief Accounting Officer of the Xhariep District Municipality. He is the head of administration, and primarily has to serve as chief custodian of service delivery and interpretation of political priorities. He is assisted by senior management, whose responsibility it is to help him deliver on his mandate. The structural design of senior management in the municipality is outlined in the table below.

Name of Directorate	Name of the Municipal Manager/Director
Municipal Manager	Lucas Tshemedi Mkhwane (Mr)
Budget and Treasury	Elias Mokhesoue (Mr)
Corporate Services	Martin Kubeka (Mr)
Planning and Social Development	Makgotso Seekoei (Ms)

### Directorate: Budget and Treasury

The Directorate provides the budget function, supply chain management, treasury services, expenditure and accounting, and asset management services. It is a department that provides strategic financial foresight, as well as proper and visionary financial management systems.

### Directorate: Corporate Services

This function primarily entails fleet management, human resource, administration, and other auxiliary support services essential for the functioning of the municipality. The five-year programmes of the municipality depend heavily on foresight and innovation by the corporate and administrative function, especially in terms of human capital management and support systems to core departments.

Successful human resources are often the difference between the success and failure of an organisation. The municipality was faced with specific problems of administration in the past five years of its existence. The transformation that subsequently followed demanded that the municipality responded with transformation agents, policy makers and innovative thinkers who could assist the municipality to deal with financial sustainability and stable administration.

By and large, the municipality succeeded in implementing its transformation agenda. As the municipality aims to consolidate the solid gains of the last five years and offer better quality

services and performance, such as exemplary political and administrative governance, it is crucial to build human resource capital to support the needs of the five (5) year IDP.

### **Directorate: Planning and Social Development**

This represents the biggest department in the municipality. This Directorate is principally responsible for development planning, development management, local economic development, municipal environmental health and disaster management functions which are the core functions of the Xhariep District Municipality. In addition, economic development provides economic research and analysis, economic development, skills development, business development, SMME and BEE support, and economic sector support in the district.

The area of environmental health has some major bearings in terms of the sustainable future, as outlined in its district-wide strategic objectives. In the 2012 - 2017 mayoral term, the sustainability concerns of the environment will receive prominence. Such a dedicated function will focus on environmental policy, air quality control, food control and management of environmental regulatory services.

The Directorate is also responsible for disaster management. These function is crucial in terms of creating a municipality that is aware of disasters and how to avoid them, as well as providing the capacity to respond to related emergencies and other forms of disaster.

## **Chapter 4: Service Delivery Performance Reports**

The Constitution (1996) assigns Local Government the mandate of developing their areas of jurisdiction. Widely interpreted, this implies that municipalities must within their financial and institutional capacity strive to achieve the objects of Local Government, namely:

- To promote democratic and accountable government for local communities.
- To ensure provision of services to communities in a sustainable manner.
- To promote social and economic development.
- To promote a safe and healthy environment.
- To encourage the involvement of communities and community organisations in matters of local government.

The Constitution further requires that municipalities structure and manage their administrative, planning and budgeting processes to priorities basic needs of their residents as well as promote social and economic development of the community, whilst participating in national and provincial development programmes.

### **Powers and Functions**

Section 156 of the Constitution (1996) assigns executive authority to municipalities in respect of, and the right to administer the local government matter listed in Part B of Schedule 4 and Part B of Schedule 5 and any other matter assigned to it by national or provincial government. This implies that certain functions have been assigned exclusively to local government. As local

government comprises both district and local municipalities, it was necessary to differentiate between the functional competencies of district and local municipalities.

This division of functional competencies is governed by the Municipal Structures Amendment Act, No 33 of 2000. However, many district municipalities do not have the administrative capacity to execute their legislative powers and functions and therefore the MEC for Local Government and Housing authorised local municipalities to perform certain of the district functions in terms of section 18(1) of the Local Government Structures Amendment Act (No 33 of 2000). The last adjustments were gazetted in Provincial Gazette No 58 Notice No 126 of 27 June 2003. The following functions and powers of Xhariep District Municipality have been authorised to the respective local municipalities to perform on behalf of the district:

### **FUNCTIONS PERFORMED BY LMS ON BEHALF OF THE DM**

<b>Section</b>	<b>Function</b>
Section 84(1)(b)	Potable water supply systems
Section 84(1)(c)	Bulk supply of electricity which includes for the purposes of such supply, the transmission, distribution and where applicable, the generation of electricity (mention special arrangements e.g. CENTLEC)
Section 84(1)(d)	Domestic waste-water and sewage disposal systems
Section 84(1)(i)	Municipal health services

The Minister also indicated in Section 84(1)(i) that the Environmental Health Function would from 1 July 2004, be no longer performed by LMs on behalf of the Districts. The district municipality has started to perform the functions of Environmental Health and Disaster Management with effect from December 2009. Critically, the Municipal Structures Amendment Act (Act 33 of 2000) provides for an extensive annual review of the division of powers and functions between Category B and Category C to ensure effective implementation of these assigned powers following an advice provided by the Municipal Demarcation Board emanating from the Boards' annual capacity assessment report.

The MEC has recently re-adjusted powers and functions between category A and B municipalities through a provincial gazette no.25 published on 11 April 2008. The said gazette authorize Xhariep District municipality and its local municipalities to perform the functions or exercise the powers set out as follows:

### **XDM READJUSTED FUNCTIONS FROM 11 APRIL 2008 AS PROMULGATED BY MEMBER OF THE EXECUTIVE COUNCIL (MEC) RESPONSIBLE FOR LOCAL GOVERNMENT AND HOUSING**

<b>Section</b>	<b>District Function</b>	<b>Letsemeng LM</b>	<b>Kopanong LM</b>	<b>Mohokare LM</b>
Section 84(1)(a)	Integrated development planning for the DM, including developing IDP framework incorporating IDP processes of all the LMs.	No	No	No
Section 84(1)(b)	Bulk supply of water that affects a significant proportion of municipalities in the district	Yes	Yes	Yes
Section 84(1)(c)	Bulk supply of electricity that affects a significant proportion of municipalities in the district	Yes	Yes	Yes
Section 84(1)(d)	Bulk sewage purification works and main sewage disposal that affects a significant proportion of municipalities in the district	Yes	Yes	Yes
Section 84(1)(e)	Solid waste disposal sites in so far as it relates to: determination of a waste disposal strategy, regulation of waste disposal, establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one LM in the district	Yes	Yes	Yes

Section	District Function	Letsemeng LM	Kopanong LM	Mohokare LM
Section 84(1)(f)	Municipal roads which form an integral part of a road transport system for the entire area of the DM <sup>2</sup>	Yes	Yes	Yes
Section 84(1)(g)	Regulation of passenger transport services	No	No	No
Section 84(1)(h)	Municipal airports serving the entire area of the DM	No	No	No
Section 84(1)(i)	Municipal health services serving the area of the district as a whole	No	No	No
Section 84(1)(j)	Fire fighting services serving the entire area of the DM including: planning, co-ordination and regulation of fire services, specialized fire fighting services such as mountain, veld and chemical fire services, co-ordination of the standardization of infrastructure, vehicles, equipment and procedures, and training of officers.	No	No	No
Section 84(1)(k)	Establishment, conduct and control of fresh produce markets and abattoirs serving the area of a major proportion of the municipalities in the district.	No	No	Yes – abattoirs only
Section 84(1)(l)	Establishment, conduct and control of cemeteries and crematoria serving a major proportion of municipalities in the district.	No	No	No
Section 84(1)(m)	Promotion of local tourism for the DM area	No	No	No
Section 84(1)(n)	Municipal public works relating to any of the above functions or any other function assigned to the district municipality.	Yes	Yes	Yes
Section 84(1)(o)	Receipt, allocation and if applicable, distribution of grants made to the district municipality	No	No	No
Section 84(1)(p)	The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the DM in terms of national legislation	No	No	No

**\* Note: Yes - indicates that a particular LM will perform that function on behalf of the DM; No implies that the DM may perform that function.**

It is imperative to note that the said gazette provided for no adjustment/change to Xhariep District Municipality in performing local municipal functions. *The authorization as entailed in the gazette came into effect on 01 July 2008.*

Looking at the efficiency gains, government has reviewed the capital grants flows that historically were disbursed through district municipality's *en-route* to local municipalities. The capital grants flows have been changed since the advent of the Municipal Infrastructure Grant (MIG)<sup>3</sup> and these are routed directly to local municipalities for the provision of infrastructure services. This had a negative impact on the exercise of section 84(1) (o) *receipt, allocation and if applicable, distribution of grants made to the district municipality.*

Subsequently, the repeal of the Regional Service Levy (RSC) by the National Treasury from 01 July 2006 and compensation of the district for the loss of revenue in the short to medium term (up to three years) has made section 84 (1)(p) – *the imposition and collection of taxes, levies and duties as related to the above function or as may be assigned to the district municipality in terms of national legislation* to fall off.

<sup>2</sup> *There are currently no roads complying with the definition of Municipal roads.*

<sup>3</sup> *MIG is a consolidated capital grant transferred to municipalities for provision of infrastructure services and meeting service delivery targets set by government. For an example, the eradication of buckets by 2007, provision of water 2009; basic sanitation 2010, electricity supply 2012, etc.*

The MDB assessment of capacity for the Xhariep District Municipality of August 2009 indicates that the district is performing the following functions:

- Local Tourism - specifically the maintenance of tourism sites;
- Municipal planning – the development and implementation of district-wide IDP framework;
- Cemeteries, funeral parlours and crematoria – Xhariep district is discharging an inspection function;
- Monitoring of refuse and waste disposal sites, for which it has one available staff member

This assessment indicates that out of 16 district functions, Xhariep district municipality is performing 7.89% of these functions. (*Sources – COGTA Spatial Analysis Framework*)

By the time the Spatial Analysis Framework was drafted, consideration was not given that Xhariep District Municipality has assumed other two functions of Environmental Health and Disaster Management respectively.

### **Implications of the Powers and Functions to the District Municipality**

The implications of these P & Fs discussed above relate mainly to availability of appropriate and adequate capacity in the form of human and/or financial resources, in the case of XDM. It is worth noting that the role of the District Municipality is limited to co-ordination and integration and/or supervision with respect to most of the P & Fs above, particularly, where these do not fall directly within the District's legislative domain. Even so, sufficient financial and human resources are required to ensure effective execution of these roles. The same requirement applies with respect to P & Fs that fall directly within the District Municipality's legislative domain. The challenges listed below are identified as hindering Xhariep District Municipality from undertaking some of its legislative functions:

#### **Financial Incapacity**

Municipality officials view this status largely as a function of the formula used to calculate equitable shares, which emphasizes population size thereby failing to take full cognizance of the vast size of XDM. This challenge is further compounded by a stagnant economic growth and an economy that is least diversified. The result has been a steady escalation of needs over time, thereby requiring even greater financial intervention. Proposed interventions to address this situation include soliciting for and directing special grants towards specific projects that have an inherent revenue generation capacity for the DM; harnessing the DM's investment potential e.g. mining, a variety of water-based resources, alongside other aspects of the regions natural resource such its flora and fauna; enhancing the District's project implementation capacity and investing in a robust marketing strategy.

#### ***Limited skills-base***

This is as a result of the DM's inability to attract and retain skilled person power. In addition, the district faces great challenges with respect to skills development, particularly in aspects such as learnerships. Proposed intervention to address XDM's weak skills-base include enhancing the aspects mentioned above, maximizing on opportunities that arise through National and Provincial government secondments and most critical, expanding capacity at the grassroots through a multivariate approach seeking to enable indigent communities, access various forms of training and skills development.

## 4.1 STATE OF HOUSEHOLD ACCESS TO BASIC SERVICES' PROVISION

As indicated earlier, it should be noted that the district has no primary competencies or authority for basic services such as water, sanitation, refuse / waste removal and electricity supply. However, as a developmental local government Xhariep has interest in ensuring that these services are adequately provided by its local municipalities who have primary authority for their provision. In addition, the district has a constitutional role of coordinating support for local municipalities so that they can be better capacitated to perform their mandates. The section below gives an analysis of the state of service provision in the entire district:

### Households with access to water

	Letsemeng Local Municipality	Kopanong Local Municipality	Mohokare Local Municipality	Naledi Local Municipality
Piped water inside the dwelling	6053	9982	2043	4145
Piped water inside the yard	2862	3269	7033	3534
Piped water from access point outside the yard	1404	1316	480	434
Borehole	790	868	362	136
Spring	43	-	72	-
Dam/pool	288	-	53	-
River/stream	83	6	17	-
Water vendor	-	-	34	12
Rain water tank	-	-	122	-

*Table 16*

### Households with access to toilet facilities

	Letsemeng Local Municipality	Kopanong Local Municipality	Mohokare Local Municipality	Naledi Local Municipality
Flush toilet (connected to sewerage system)	7622	11964	5838	7180
Flush toilet (with septic tank)	116	347	333	110
Dry toilet facility	215	8	48	-
Pit toilet with ventilation (VIP)	1850	235	70	108
Pit toilet without ventilation	1087	537	427	375
Chemical toilet	44	-	-	-
Bucket toilet system	177	1457	2302	93

Table 17

### Households with access to refuse removal

	Letsemeng Local Municipality	Kopanong Local Municipality	Mohokare Local Municipality	Naledi Local Municipality
Removed by local authority/private company at least once a week	7414	12644	6841	6553
Removed by local authority/private company less often	44	172	1254	50
Communal refuse dump	81	31	84	48

Own refuse dump	3556	1983	1514	1501
No rubbish disposal	450	612	439	127

Table 18

**Households with electricity for cooking, heating and lighting**

FS161: Letsemeng Local Municipality	FS162: Kopanong Local Municipality	FS163: Mohokare Local Municipality	FS171: Naledi Local Municipality
4505	7919	2631	1900

Table 19

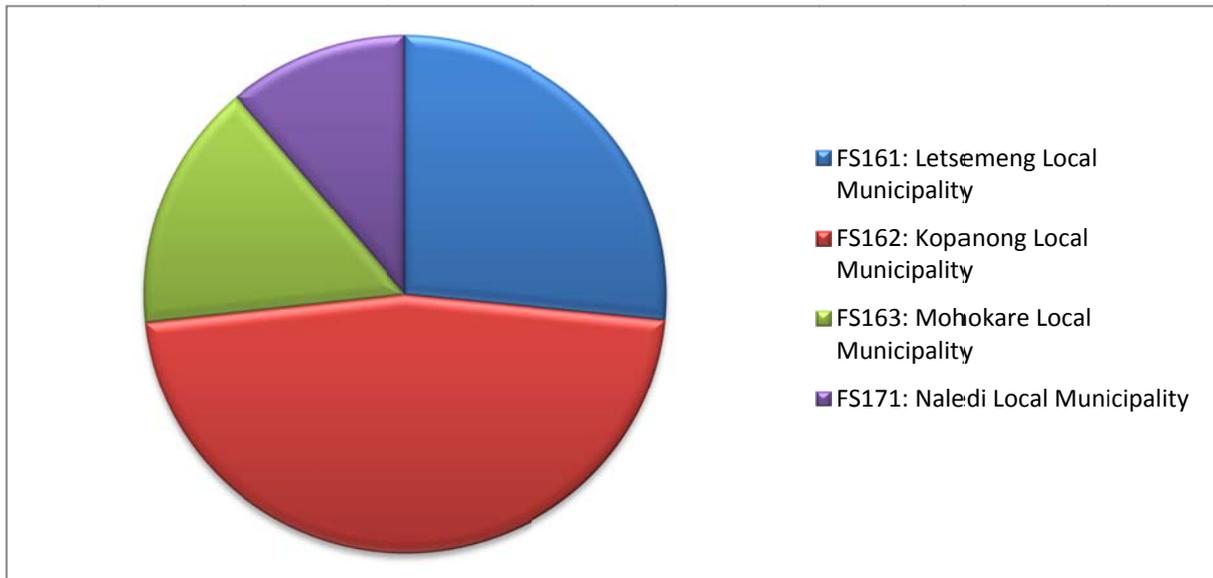


Table 20

**CHAPTER 5: KHARIEP DISTRICT MUNICIPALITY'S AUDITED  
ANNUAL FINANCIAL STATEMENTS 2011/2012**

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