

2013/14 FY



August 2014

**JOE GQABI
DISTRICT
MUNICIPALITY**

**ANNUAL
REPORT**

Volume I

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ACRONYMS

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

HDI	Historically Disadvantaged Individual
HIV	Human Immunodeficiency Virus
HR	Human Resource
IAS	International Audit Standards
ICROP	Integrated Community Registration Outreach Programme
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
ISRDP	Integrated Sustainable Rural Development Programme
IT	Information Technology
ITP	Integrated Transport Plan
JGDM	Joe Gqabi District Municipality
LED	Local Economic Development
LED	Local Economic Development
LGSETA	Local Government Sector Education Training Authority
LGTAS	Local Government Turn Around Strategy
LM	Local Municipality
MFMA	Municipal Finance Management Act, 2003
MIG	Municipal Infrastructure Grant
MSA	Municipal Systems Act, 2000
MSIG	Municipal Systems Improvement Grant
MTEF	Medium Term Expenditure Framework
NAFU	National African Farmers Union
ND	National Diploma
ND	National Diploma
NGO	Non Governmental Organisation
NLTA	National Land Transport Act, 2008
NQF	National Qualifications Framework
NT	National Treasury
OHSA	Occupational Health and Safety Act, 1993
OSD	Occupation Specific Dispensation
PAA	Public Audit Act, 2004
PGDP	Provincial Growth and Development Strategy
PHC	Primary Health Care
PMS	Performance Management System
PMTCT health	Prevention of Mother to Child Transmission
PMU	Project Management Unit
POP	Proof of Payment
PPP	Public Private Partnerships
PT	Provincial Treasury
PVA	Project Vatable Amount
PWC	PriceWaterHouse Coopers
RSA	Republic of South Africa
SALGBC	South African Local Government Bargaining Council
SAPS	South African Police Service
SASSA	South African Social Security Agency
SCM	Supply Chain Management

SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SEDA	Small Enterprise Development Agency
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprises
SOP	Standard Operating Procedure
StatsSA	Statistics South Africa
STC	Secondary Tax on Companies
TB	Tuberculosis
VAT	Value Added Tax
VIP	Ventilated Improved Pit
WSA	Water Services Authority
WSDP	Water Services Development Plan
WSP	Water Services Provider
WTW	Water Treatment Works
WWTW	Waste Water Treatment Works

CHAPTER ONE

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

EXECUTIVE MAYOR’S FOREWORD

a. Vision and mission



Honourable Executive Mayor: Cllr. Z.I. Dumzela

The vision of the Joe Gqabi District Municipality is:

“An improved quality of life for all residents”

The mission of the District is:

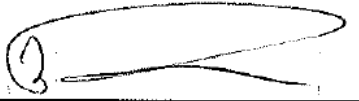
“Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating government and communities within a sustainable environment.”

The vision and mission of the District is premised on the following key elements:

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

As reflected in this report, the District is constant in its fast-tracking access to basic services for all. At the beginning of the year under review various target were set and expectations created. It is clear in this report that all our efforts were steadfast in delivering on these. Challenges experienced during implementation of the various programmes and initiatives are also highlighted in this report.

The Management and political leadership of this District municipality continue to enjoy a productive and camaraderie stable political environment in which through resolute commitment it is possible for us realise our vision of ensuring improved quality of life for all our communities.



Cllr Z.I. Dumzela
Executive Mayor

29 August 2014

T 1.0.1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW



Municipal Manager: Mr Z.A. Williams

The Municipal Finance Management (Act 53 of 2003) (MFMA) requires every municipality and every municipal entity to prepare an annual report for every financial year. In compliance with this provision and with a view of providing a detailed report regarding performances of the Joe Gqabi District Municipality (JGDM) during the 2013/14 financial year, on financial and non-financial aspects, I present this report as a Consolidated Annual Report of the District for the period beginning in July 2013 to June 2014. The report covers the District Municipality and the District Economic Development Entity, the Joe Gqabi Economic Development Agency (JoGEDA).

The Council adopted its IDP and Budget for the 2013/14 financial year in June 2013. The adopted IDP formed the basis for the medium term expenditure framework. The IDP contains Council priorities and annual indicators and targets as required by the legislation. To ensure alignment between the IDP and service delivery during the year, a draft Service Delivery and Budget Implementation Plan was presented before Council with the draft IDP and budget in March 2013. The final Service Delivery and Budget Implementation Plan (SDBIP) for the 2013/14 financial year was approved by the Executive Mayor in June 2013. The SDBIP formed the basis for the performance agreements of the Section 56 Managers and the Municipal Manager. The SDBIP and performance agreements of the Municipal Manager and Section 56 Managers were tightly aligned with the IDP and budget as approved by the Council.

A handwritten signature in black ink, appearing to read 'Z.A. Williams', written over a horizontal line.

Z.A. Williams
Municipal Manager

T 1.1.1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

1.2.1 LOCALITY

The Joe Gqabi District Municipality (JGDM) is one of the six District Municipalities in the Eastern Cape Province. The District borders the Free State, Northern Cape and Lesotho as depicted in figure 1 below. Neighbouring district municipalities are Alfred Nzo, OR Tambo and Chris Hani District Municipalities. The Orange River forms the southern boundary separating the District and the Free State Province.

The JGDM consists of four local municipalities: Elundini, Gariiep, Maletswai and Senqu. Cities and towns that form the District are Aliwal North, Barkly East, Burgersdorp, Jamestown, Lady Grey, Maclear, Mount Fletcher, Oviston, Rhodes, Rossouw, Sterkspruit, Steynsburg, Ugie and Venterstad. The seat of JGDM is in Barkly East.

Before 1 February 2010, the District was known as the Ukhahlamba District Municipality. Its name was changed in recognition of Joe Nzingo Gqabi (1929–1981), an African National Congress (ANC) member who was a journalist for the *New Age*, a member of the *Umkhonto we Sizwe*, and one of the Pretoria Twelve.

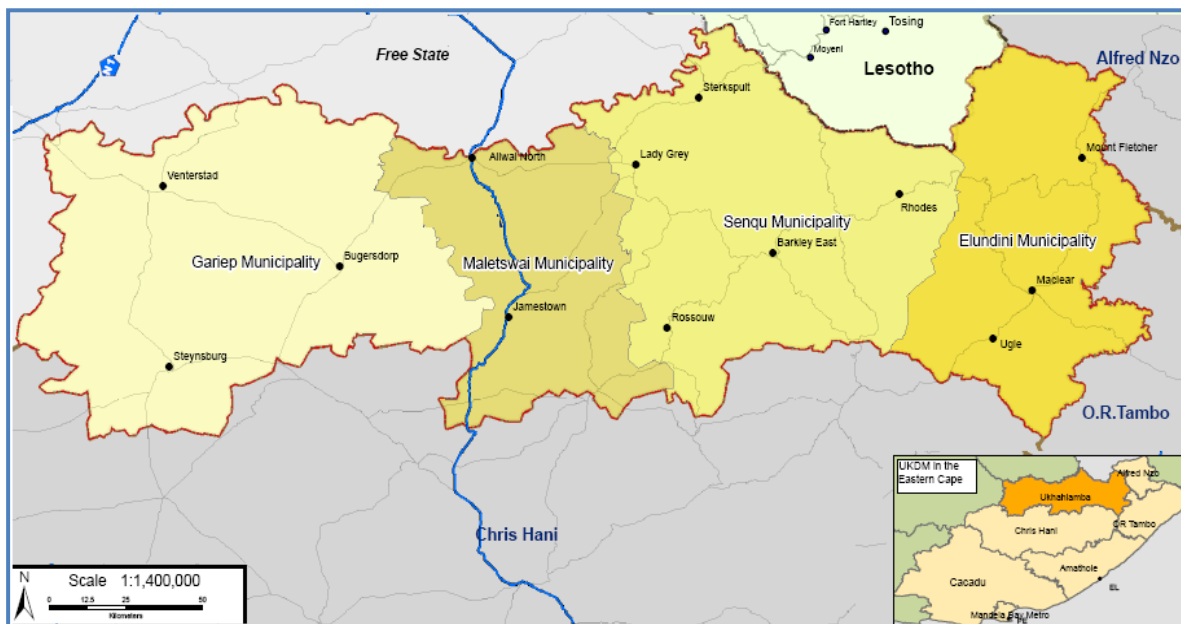


Figure 1: Joe Gqabi District Municipality

T 1.2.1

1.2.2 POPULATION DYNAMICS

The population of the District slightly increased from 341 750 in 2001 to 349 768 in 2011 representing a 2.3% growth (Stats SA 2011). These statistics show that about 40.2% of the population resides at Elundini, 39.7% resides at Senqu, 10.9% at Maletswai and 9.2% at Gariep local municipality. The Maletswai municipality, being the main urban centre within the District, has seen higher population growth of 16% between 2001 and 2011. This was followed by the Gariep local municipality at 7.3%. The Elundini municipality population grew at 0.5%. Senqu local municipality had a negative growth of 1.2 %.

Population and total households							
Municipality	2001	2011	% growth		Number of households		
			1996 - 2001	2001 – 2011	2001	2011	% Change
JGDM	341 750	349 768	8.2	2.3	84 835	97 775	15
Elundini	137 394	138 141	3.7	0.5	33 209	37 854	14
Senqu	135 734	134 150	6.7	-1.2	33 904	38 046	12
Maletswai	37 307	43 800	29.2	16.0	9 488	12 105	28
Gariep	31 314	33 677	11.2	7.3	8 234	9 770	19

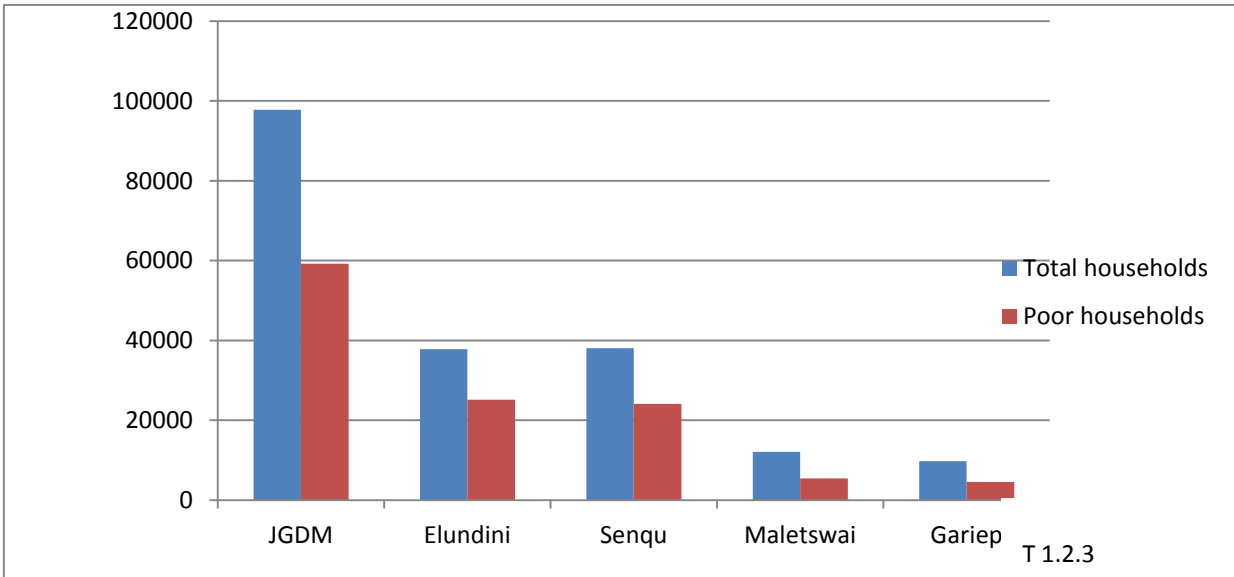
Source: Census 2001 and Census 2011

Age in completed years by Geography					
Age Group	Joe Gqabi	Elundini	Senqu	Maletswai	Gariep
0 - 4	40968	16137	15813	5175	3843
5 - 9	39567	15993	15123	4794	3657
10 - 19	79164	33906	30645	8364	6252
20 - 29	56661	20886	21996	8136	5646
30 - 39	37779	12897	14364	6066	4449
40 - 49	30291	11178	11160	4347	3606
50 - 59	27507	10989	10260	3279	2979
60 - 69	19623	8157	7701	2013	1755
70 - 79	12570	5499	5025	1050	996
80 +	5640	2499	2070	579	495
	349770	138141	134157	43803	33678

Source: Census 2011

The age group of 10 - 19 years is the biggest proportion, followed by the age group of 20 – 29. The 0 – 9 age group is also of a noticeably high proportion. Generally, it is evident that the greatest numbers of people are found within the 15 – 64 years range, which is the working age. This is a category of people that is of the working age. The age group from 65 years and above is the lowest in the District.

T 1.2.2



Socio Economic Status

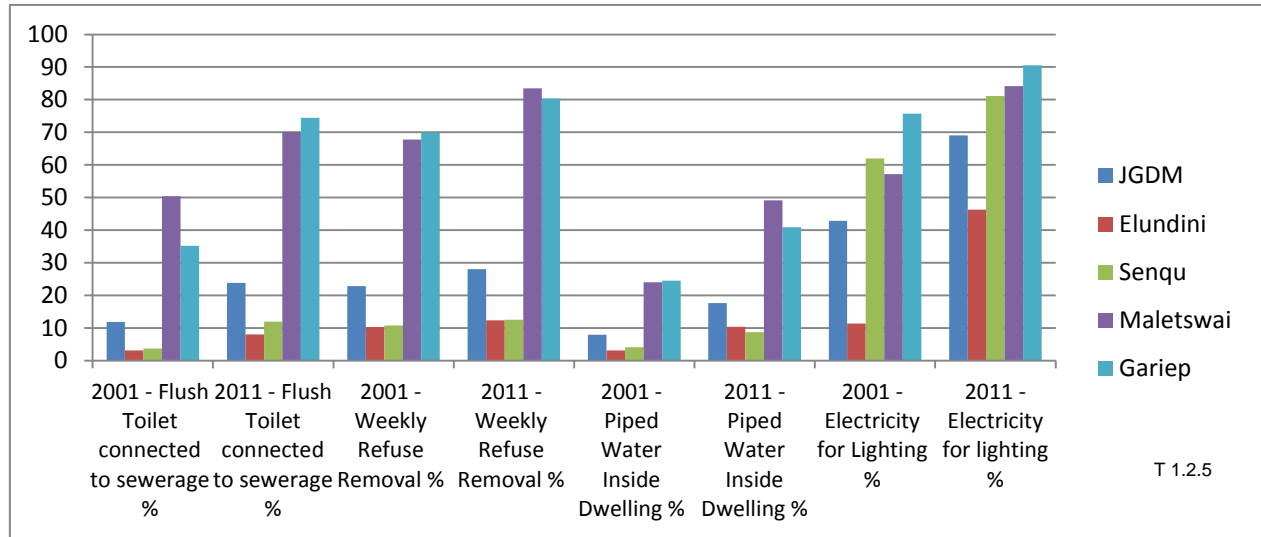
Municipality	2001 - Flush Toilet connected to sewerage %	2011 - Flush Toilet connected to sewerage %	2001 - Weekly Refuse Removal %	2011 - Weekly Refuse Removal %	2001 - Piped Water Inside Dwelling %	2011 - Piped Water Inside Dwelling %	2001 - Electricity for Lighting %	2011 - Electricity for lighting %
JGDM	11.8	23.8	22.8	28	7.9	17.6	42.9	69
Elundini	3.1	8	10.3	12.3	3.1	10.4	11.4	46.3
Senqu	3.7	11.9	10.8	12.5	4.1	8.7	62	81.1
Maletswai	50.4	70.1	67.8	83.5	24	49.1	57.2	84.2
Gariep	35.2	74.4	69.9	80.3	24.5	40.9	75.7	90.5

T 1.2.4

Socio

Economic

Status



Overview of Neighbourhoods within Joe Gqabi District Municipality		
Settlement type	Households	Population
Towns		
Maclear	2268	8559
Ugie	4485	13467
Mount Fletcher	3906	11487
Sterkspruit	609	1893
Lady Grey	357	1395
Steynsburg	828	2490
Venterstad	1107	3597
Burgersdorp	1530	5241
Aliwal North	4527	16002
Jamestown	1353	4668
Barkly East	2628	9984
Sub-Total	23598	78783
Townships		
Oviston	297	657
Nozizwe	402	1392
Mzamomhle	1335	4656
Tembisa	1560	6093
Khayamnandi	1338	4725
Kwezinaledi	777	2580
Steve Tshwete	996	3048
Zakhele	186	624
Rhodes	18	72

Overview of Neighbourhoods within Joe Gqabi District Municipality		
Settlement type	Households	Population
Rossouw	72	285
Dukathole	5154	19152
Herschel	612	2190
Vergenoeg	153	489
Lokishini	189	723
Sub-Total	13089	46686
Rural settlements		
HaSefoko	156	639
Elundini NU	1146	4188
Koebung	114	465
Seqhobong	207	735
Thoteng	84	405
Mashata	81	327
Seghobong	132	504
Black Fountain	6	18
Sethathi	162	513
KuNtabankulu	129	453
Lehlakaneng	114	465
Mohoabatsana	381	1521
KwaMleko	96	321
Mahaneng	141	564
eMazizini	9	42

Overview of Neighbourhoods within Joe Gqabi District Municipality		
Settlement type	Households	Population
New Stand	51	249
Tabase	186	816
Mangolong	186	621
Kinira Poort	96	462
Mangoloaneg East	93	300
Kwebung	63	210
Goqwana	51	174
Mangoloaneng	285	942
Ngolilwe	180	774
Tinana	348	1356
Thembeni	348	1395
Freistad	36	102
Kenegha Poort	162	612
Ngonjaneni	57	252
Lubisini	276	1071
Mvumane	138	525
Faview	204	744
Xaxazana	246	825
Ngxazana	81	300
Matafeni	201	741
Zingonyameni	255	987
eNkalweni	399	1434
Siyalweni	114	351
Silindini	21	72
Maqhatseng	105	432
eNtabeni	75	198
Lower Nxotshana	117	474
Mgcetyana	87	480
Nxotshana	183	714
Makautlane	183	804
Phuthing	48	168
eMjikelweni	12	51
Zindawa	21	72
Printsu	105	351
Phirintsu	156	645
Makuatlana	177	546
Makanyaneng	72	387
Emagonyaweni	126	657
Fletcherville	6	444
Dikonyeleng	18	522
HaQhadi	6	945

Overview of Neighbourhoods within Joe Gqabi District Municipality		
Settlement type	Households	Population
Thambekeni	48	693
Dengwane	87	954
Setabataba	177	993
Diphokong	231	1077
Zanyeni	24	132
eNgxingweni	60	264
Vuvu	99	447
Phiri-e-Ntso	51	225
Makhotlana	18	51
HaNokhohloko	18	69
Bhethula	36	138
Ulundi	93	357
Kakudi	72	255
Mahemeny	264	1047
Mahemeng	264	975
Braki	63	219
Mpharane	450	1740
Tsekong	312	1059
Lenge	111	399
Makhoaseng	264	996
Tokwana	492	1704
Thabakhubelu	345	1368
Thabakhobelu	75	300
Upper Tokwana	39	321
Makgwaseng	237	816
Lower Tokwana	201	909
Thabaputsoa	177	729
Tembeni	483	1770
Mdlokovana	108	423
Mfanta	66	246
Umfanta	63	264
Sigodini	108	450
Mraloeng	33	138
Zimbane	78	252
Moroka	174	708
Mbizeni	42	231
Makratlanyeni	87	300
Sigoga	18	63
Madwaleni	69	225
Makeng	177	624
eLuzie Drift	183	651
KwaQutsuma	30	114

Overview of Neighbourhoods within Joe Gqabi District Municipality		
Settlement type	Households	Population
Nkobongo	66	258
eMbonisiweni	21	54
eMbopisiweni	51	165
Phezulu	48	183
eMabheleni	21	84
Mrobe	9	45
Calucalu	69	204
Nqoma	87	321
Mbhulanja	27	96
Sikhepheni	81	297
Chevy Chase	78	294
Ntatyani	234	1422
Ntatyani Ephakathi	51	186
Koloni	141	615
Nkangala	96	378
Katkop	168	576
KwaGcwabe	81	264
Upper Tsitsana	60	228
Ndingeni	75	252
Komkulu	129	429
Mpukane	144	543
Ngcele	93	381
Khwatsha	117	432
Ncembu	516	1866
Ngxaza	576	2370
Zwelitsha	99	315
Hopedale	48	195
Hardale	177	639
Mgcantsi	159	585
eMahlathini	51	144
Fameni	18	93
eThembalethu	51	123
eJojweni	114	357
eDiphini	81	303
Stinkoro	96	276
Rhodesia	75	312
Mlamlankunzi	18	144
Mabalane	63	201
eTshubutshezi	48	195
Lokishini	189	723
Qhobong	93	327

Overview of Neighbourhoods within Joe Gqabi District Municipality		
Settlement type	Households	Population
Sakhute	111	390
Platana	9	27
KwaJozana	33	114
Mafusini	45	141
Mcwangele	21	93
Magutyubeni	69	243
Swaswuba	24	75
Mcambalala	63	264
Sapulanduko	54	153
Matugulu	66	273
Golomane	180	549
eTombelihle	63	246
KuMagwaca	99	366
eHlangalana	27	90
Goji	93	315
KuMbulunga	27	99
Njaboya	63	219
Lubalweni	81	255
Sihomhom	198	642
Luxeni	75	240
Mdeni	330	1182
Diphini	60	234
Mamfengwini	30	135
Bhantini	105	468
Sigingqini	39	126
Daweni	18	78
Tshikaro	66	219
Tyeni	24	66
Sixhotyeni	60	270
eMoyeni	114	351
Marombe	87	330
eBhusabelo	-	-
Ngqayi	84	234
eRamatiya	117	348
KuNuntuza	6	42
eNcalukeni	39	150
Khohlopong	177	552
Jojweni	30	132
Mfabantu	72	213
Snowabile	651	1962
Ngxoto	141	531
Woodstock	21	111

Overview of Neighbourhoods within Joe Gqabi District Municipality		
Settlement type	Households	Population
KuQulungashe	66	273
Singungweni	48	132
Sigungqwini	69	180
Drayini	108	393
eNyibibeni	162	612
ePifane	3	21
Lututu	225	909
KuMbonxa	66	249
Mbinja	75	255
KwaQala	66	282
Mdilingweni	54	228
Mdilungwa	48	162
Bongweni	63	210
Siqungqwini	141	570
Sinxago	54	180
eSizindini	87	309
Zilandana	24	72
Upper Sinxago	48	108
KwaMsobomvu	78	189
KuFela	15	48
Qurana	57	171
KwaNogemani	63	201
Ntywenka	369	1338
Elundini	72	150
Mcedu	69	243
Mahasana	108	423
Mfabantu SP	114	411
KuSitana	114	417
Nomyayi	69	264
Sidakeni	57	204
KuStimela	120	498
Mbidlana	210	795
Gqaqala	66	201
eMahlubini	174	645
Mpunkone	81	330
Dalibango	45	156
Cicira	48	213
Ngxotwana	105	312
Gqaghala	45	153
KuNdoda	102	357
Maqangulweni	60	207
Nayijele	42	204

Overview of Neighbourhoods within Joe Gqabi District Municipality		
Settlement type	Households	Population
Nkalweni	105	342
Mpilweni	6	18
Sihlehleni	39	159
KwaJosefu	93	294
eLalini	72	252
Maplotini	33	138
Munga	78	258
Qolombane	60	240
Lathuthu	144	612
KuMangunkone	87	300
Midili	66	171
Mbozisa	39	99
Ntatyana	84	366
Mabalana	69	246
N'Dofela	54	207
Bikizana	69	333
Senqu NU	2115	7113
Mboleni	165	627
Mdaweni	51	222
Sqitini	117	426
Ntaba-Kusuku	60	252
Rayisini	48	177
Dolosini	129	465
Mayisela	111	333
Mfiki	114	504
Quimera	327	984
Sitoromo	357	1203
Palmietfontein	465	1776
Magalagaleni	567	2181
Gcina	144	555
Mayireni	825	3174
Ndingashe	318	1173
Gumba-Gumba	81	378
Mdeni	252	882
Henge	135	588
Lower Telle	108	423
Telle Mission	114	390
Sikroxweni	126	444
Qoboshane	81	300
Walaza	996	3570
KwaNtoyi	114	387
Esilindini	852	3027

Overview of Neighbourhoods within Joe Gqabi District Municipality		
Settlement type	Households	Population
Tienbank	858	2856
Mareteng	1425	5037
Mahlabaneng	231	774
Maralaneng	102	375
Rooisand	177	621
Makojong	51	210
Matikisong	33	165
Masaleng	216	807
Matlapaneng	264	1107
Mapoliseng	75	324
Nongogo	228	735
Mpoki	150	423
Greensiden Terminus	120	390
Mparolo	219	723
Rooiwal	207	633
Hobeng	216	747
Tlakong	111	426
Makuyaze	75	375
Dulcies Nek	51	183
Mbini	108	390
Mtsila	111	465
Ngxingweni	48	267
Era	102	453
Musong	420	1419
Mjikelweni	249	855
Skisazana	117	345
Dontsi	426	1278
Sekotong	990	3606
Skroon	534	1881
New Rest	1341	4521
Tapuu	114	375
Masekeleng	141	387
Tapoleng	129	513
Bebeza	147	612
Dili	237	1017
Komkhulu	84	381
Ntubeni	72	378
Makumsha	108	384
Mbango	54	189
Mtunzini	294	1215
Nothanda	57	213

Overview of Neighbourhoods within Joe Gqabi District Municipality		
Settlement type	Households	Population
Blom	60	264
Madakana	330	1122
Mfinci	366	1236
Meyi	225	669
Springkaanspoort	93	309
Mdlokovane	93	300
Blue Gums	309	822
Kromspruit	318	1143
Voyizane	1245	4737
Upper Joveleni	120	585
Lower Joveleni	93	363
Boomplaas	84	369
Magadla B	120	405
Mlamli	336	1344
Khiba	453	1395
Matafazaneni	93	429
KwaMundu	63	189
Mkhuzo	48	198
Edwaleni	84	363
eTyinindini	522	1614
Rietfontein	255	951
Magozeni	132	546
Mdogo	93	291
Marakaneng	402	1386
Naledi	321	1143
Mbonisweni	228	897
Cowville	237	684
Blikana	498	1689
Fort Hook	330	1128
Ndungunya	129	435
Pelandaba Mission	72	234
Bensonvale	165	540
Mahlubini	159	450
Brayini	69	195
Hlantjwa	51	144
Munywini	48	168
Mazizini	57	201
Nxamagele	78	288
KwaRob	36	150
eNtsimekweni	951	2871
Kgapamasi	162	570

Overview of Neighbourhoods within Joe Gqabi District Municipality		
Settlement type	Households	Population
Payindira	42	120
Nkampini	99	333
Jozana's Hoek	87	282
Stophine	78	270
Magwiji	192	645
Maxeba	429	1167
Magadla A	123	402
Jozana's Nek	201	702
Mangweni	363	1374
Mdlabona	54	192
KwaRadebe	45	153

Overview of Neighbourhoods within Joe Gqabi District Municipality		
Settlement type	Households	Population
Dangershoek	45	213
Nomlengane	39	159
Pelandaba	432	1635
Ninakulu Mount	36	81
Rock Cliff	93	267
Maletswai NU	1074	3981
Gariep NU	1377	4827
Sub-Total	61239	225003
TOTAL	97926	350472
<i>T 1.2.6</i>		
<i>Source: StatsSA 2011</i>		

Natural Resources	
Major Natural Resource	Relevance to Community
Large flat plains of land are interspersed with steep mountains and hills	The open flat areas in the west allow for extensive agriculture whereas in the east, agriculture is limited to specific land pockets. Although very little land is suitable for cultivation, grazing for farming stock is feasible.
Altitude of the District lies between 1000m and 1500m above sea level	Due to its high altitude, the area is less suitable for farming. The mountainous terrain also limits accessibility and therefore hampers service and infrastructure delivery in the region.
Drakensberg scenic environment	Conducive to adventure and nature tourism activities such as mountain biking, hiking, skiing etc.
Southern Drakensberg Mountains form the Orange River watershed	The Orange River is the most important source of water in the District and it covers most of Gariep, Maletswai and Senqu Local Municipalities.
The Gariep dam	Largest dam in South Africa and is a major source of water for irrigation in the District as well as for the Fish River scheme (to the south west of the District). Dams have a secondary usage and potential for recreational and other economic purposes.
Only 233 hectares of high potential arable land (class 1) in Joe Gqabi District	There is limited land available that can sustain intensive agricultural practices. Land identified as prime and unique agricultural land should be preserved for agricultural use in order to enhance food security and therefore economic welfare.

Diversity of vegetation types and land features	An opportunity exists to formally protect the remaining intact grasslands, especially those classified as vulnerable and endangered, to ensure the important ecological functions they play in this area are preserved, and to build on the attractive and ecologically important landscape for tourism.
T 1.2.7	

COMMENT ON BACKGROUND DATA

Age and sex distribution

A graphical illustration that shows the distribution of various age groups in the District. This pyramid provides a clear depiction of age and sex distribution of the District population. In terms of the stages of demographic transition model, the District pyramid appears to be at the third stage, which shows stationary growth and mortality particularly in the 25 to 75+ years cohorts. It is clear how many people of each age range and sex are found within the District. Moreover, the pyramid shows that the population is generally older on average indicating a generally longer life expectancy, low death rates and low birth rates.

Housing

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

The key challenges for Human Settlement going forward will be to improve delivery of low-income housing and eliminate all challenges being experienced and further facilitate development of middle-income housing projects throughout the District.

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

Education

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

Cape.

Unemployment

It is notable that there is very high unemployment rate in this District and the majority of the people are poor. Consequently, there is a serious reliance on various categories of government grants by both adults and children within the District area. New investment opportunities that will improve the livelihoods of the people by creating opportunities are needed.

T 1.2.8

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The District took over the water service provision function from all the four local municipalities within the District. Currently billing is currently performed by the District with a view of improving the management of the water business, issues of cost effectiveness and efficiency in service provision.

The District adopted its Water Services Development Plan (WSDP) in September 2008. The plan is developed for a five-year period in line with the Integrated Developed Plan and reviewed annually. The WSDP provide a holistic and comprehensive infrastructure delivery plan and issues of institutional requirements and financial viability of service delivery are addressed.

All towns in the District are characterised by ageing infrastructure which is about 50 years old, as such available budget is consumed by operations and maintenance requirements. This diverts the commitments from dealing with new infrastructure to ensure sustainability of the current services.

The District has a continuous programme of daily operational monitoring of drinking water quality and results are shared with DWA monthly. All WTWs are fitted with water quality testing equipment. Effluent samples are also taken monthly to assess the level of compliance with standards. The challenge for the District however is that compliance is determined by individual specific plant requirements of which as mentioned above, the process of licensing the WWTWs is still underway.

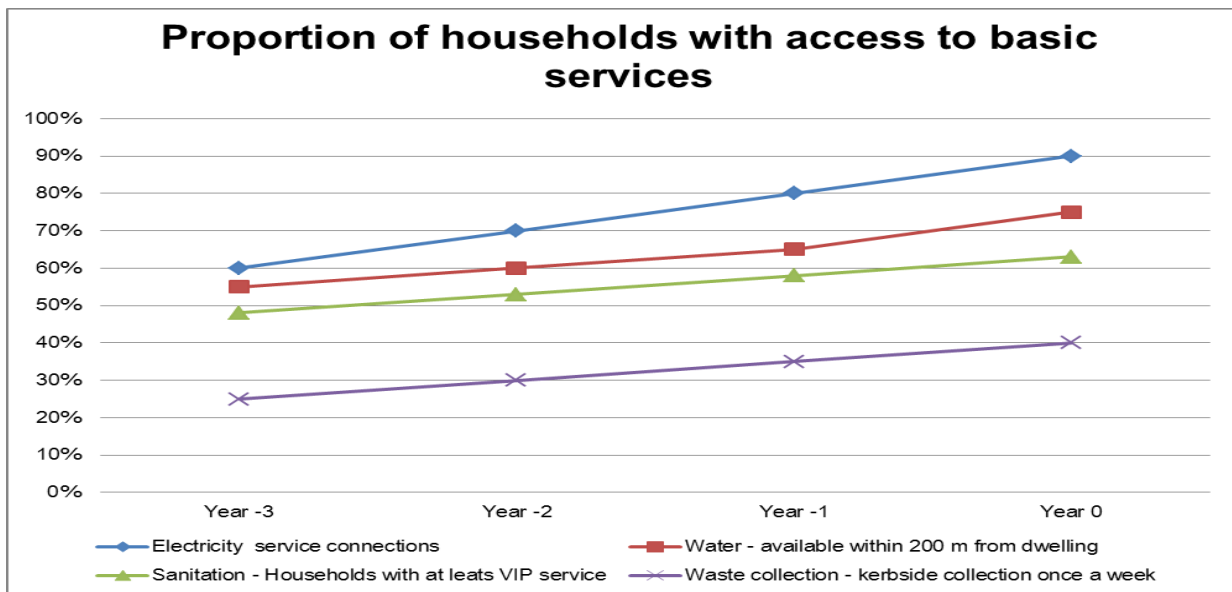
The District operated and maintained all water and sanitation bulk services except for Sterkspruit, Ugie, Steynsburg and Mt Fletcher WTWs which are operated by service

providers. Towards the end of the financial, the WSA received funding from the Department of Water Affairs for the upgrade and refurbishment of three wastewater treatment works (WWTW) (Barkly East, Sterkspruit and Oviston) and for water conservation and demand management programme (Burgersdorp). In order to manage untreated effluent, the District has a council approved Incident Protocol.

With regard to licensing of the WWTWs and WTWs, the District has fourteen (14) WWTWs in operation and thirteen (13) are in the process of licensing. The RRU continues to provide support and assistance in facilitating this process. With regard to WTWs, all the fourteen (14) operational works are licensed.

T 1.3.1

Proportion of Households with minimum level of Basic services				
	2010/11 FY	2011/12 FY	2012/13 FY	2013/14 FY
Electricity service connections	N/A	N/A	N/A	N/A
Water - available within 200 m from dwelling	60%	65%	75%	90%
Sanitation - Households with at least VIP service	53%	58%	63%	93%
Waste collection - kerbside collection once a week	N/A	N/A	N/A	N/A
				T 1.3.2



COMMENT ON ACCESS TO BASIC SERVICES:

The District has made significant strides in addressing the historic service delivery challenges confronting the District communities. Major challenges as far as water and sanitation remain

in the rural areas and informal settlements. The limited available financial resources, high levels of poverty within the District and the decaying state of the District infrastructure continue to limit the ability of the District to address the backlogs. Going forward, the District is engaged in an intensive programme of dealing with sanitation backlogs, particularly in the Elundini and Senqu local municipalities from various grants and the Orio funding.

T 1.3.3

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The JGDM adopted its budget and IDP together with reviewed financial policies. A tariff restructuring for water and sanitation function has been implemented since 2007 so that income matches expenditure and to ensure there is funding for replacement costs and maintenance. However, the tariffs set by the municipality have not kept pace with the cost of producing a kiloliter of water. There is an approximate 40% under recovery of costs at present. The tariff for the 2014/15 financial year was set at 20%. Tariffs for plant hire and fire fighting services have also been included in the budget processes.

Currently, the District has concluded and signed all service level agreements (SLAs) with WSPs on the supply, maintenance and revenue control with regard to water and sanitation services. The SLA deals with financial management issues, such as cost recovery, metering, and billing.

High staff turnover is still a challenge that leads to capacity gaps. To deal with this challenge the District Municipality has devised strategies such as the middle management retention initiative during the year.

There has been significant reduction in wasteful and fruitless expenditure which enhances the revenue of the institution. To limit payment of interest charged by creditors for late payment of accounts, the District has strict controls on overdue accounts.

To further improve revenue management, bulk and individual meters are prioritised for implementation in all towns and later in all served areas. This measure will be implemented in the shortest time possible.

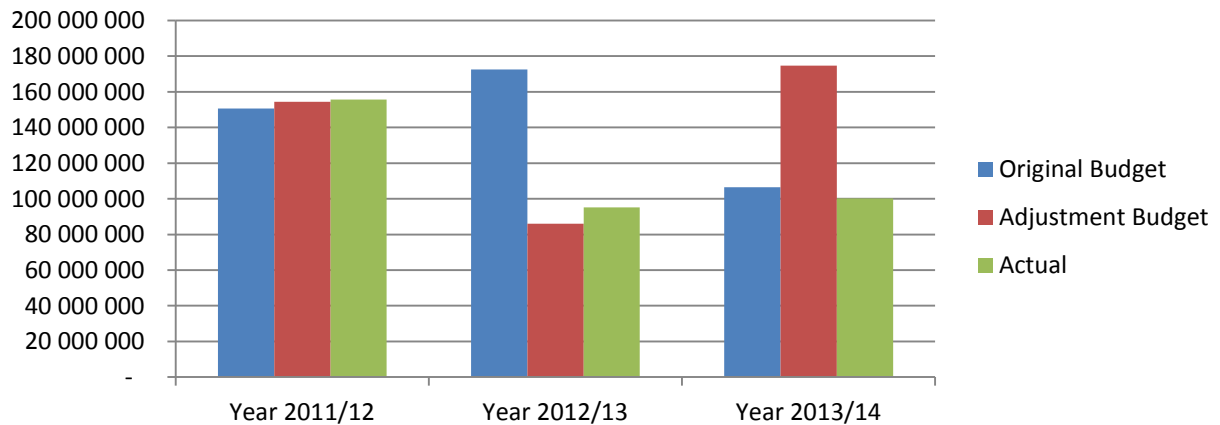
Updating of indigent registers for all municipalities has been identified as a key area that significantly affects revenue enhancement and financial management. The Maletswai area is in the process of being completed. These databases need to be reviewed annually. With regard to the provision of free basic services (FBS) the District is standardizing FBS policy across the municipalities.

T 1.4.1

Financial Overview: Year 2013/14			
			R'
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	412 761 835	496 933 835	423 842 792
Taxes, Levies and tariffs	45 705 523	99 423 795	77 860 643
Other	2 628 268	3 615 268	769 412
Sub Total	461 095 626	599 972 898	502 472 847
Less: Expenditure	425 489 000	575 717 523	515 846 604
Net Total*	35 606 626	24 255 375	(13 373 757)
* Note: surplus/(deficit)			T 1.4.2

Operating Ratios 2013/14	
Detail	%
Employee Cost	26%
Repairs & Maintenance	6%
Finance Charges & Impairment	18%
	T 1.4.3

Total Capital Expenditure: Year 2011/12 to Year 2013/14			
			R'
Detail	Year 2011/12	Year 2012/13	Year 2013/14
Original Budget	150 577 000	172 464 500	106 518 614
Adjustment Budget	154 360 000	85 934 868	174 573 972
Actual	155 569 000	95 111 827	100 212 689
			T 1.4.4



[insert graph]

T 1.4.5

COMMENT ON CAPITAL EXPENDITURE:

Included in the budget is R18m and additional MIG allocations that will be rolled forward. The water meters budget of R5m and ABSA vehicles (R10m) were not procured. Drought relief grant was not received and therefore not spent. Additional of 18m on MIG allocations will be rolled forward (14/15 FY). Water meters and ABSA vehicles will be obtained in First quarter of 2014/15 FY.

T 1.4.5.1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The District developed and approved a Work Skills Development Plan which was submitted to LGSETA by 30 June 2013 for the 2013/14 financial year. The plan identifies training needs aligned to the scarce skills and IDP implementation processes.

A training committee has been established which deals with all training matters including implementing all training recommendations. The criteria for selection of candidates and trainees include needs analysis, prioritisation and approval by the committee. In terms of the planned training programmes, the following has been reported:

- All councillors were trained as per the training programme;
- With regard to meeting the minimum competency requirements, all required staff have completed all modules;
- Nine community training initiatives implemented against the planned two due to additional LGSETA and Treasury training initiatives;
- Systems downtime for emails, intranet and internet as a result of hardware or network failure was limited to less than three hours per incident; and
- A repairs and maintenance plan for all Council buildings was developed and reports on the conditions of buildings are compiled quarterly.

T 1.5.1

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2013/14 FY (CURRENT YEAR)

For the year under review, the 2013/14 financial year, the District received an unqualified audit opinion. This is for the fourth consecutive time since the 2010/11 financial year. The issues raised are decreasing dramatically on both quantitative and qualitative aspects. The main issue affecting the audit outcome was the material misstatement due to the changes to the deviations register. A system to address this challenge has since been developed.

Note that the full audit report is contained in chapter 6 of this report.

T 1.6.1

1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Time frame	Status
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July	Done
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).		Done
3	Finalise the 4th quarter Report for previous financial year		Done
4	Submit draft 2013/14 FY Annual Report to Internal Audit and Auditor-General		Done
5	Municipal entities submit draft annual reports to MM		Done
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August	Done
8	Mayor tables the unaudited Annual Report		Done
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General		Done
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase		Done
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data		September - October
12	Municipalities receive and start to address the Auditor General's comments	November	Done
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report		Done
14	Audited Annual Report is made public and representation is invited		Done
15	Oversight Committee assesses Annual Report		In process
16	Council adopts Oversight report		December
17	Oversight report is made public	December	In process
18	Oversight report is submitted to relevant provincial councils		In process
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be	January	In

	used as input		process
			T 1.7.1

COMMENT ON THE ANNUAL REPORT PROCESS:

It is of critical importance to meet all these timeframes in the process of preparing the Annual Report nearer the end of the financial year. This assists in ensuring that the required range of data and information is provided for the next budget process from the outset. The required information includes programme and project performances, provision of planning baselines, delineation of good practices and areas of learning from planning to implementation, etc.

The IDP, budget and PMS process must be directly aligned in order to ensure that priority programmes are correctly budgeted for and that implementation can occur in a systematic manner allowing for proper performance monitoring and evaluations. This process was guided by the adopted District IDP Framework and Process Plan as well as the Performance Management Framework and policy of the District.

The District has fully complied with all the above actions and timeframes. This reflects the commitment of the District to good governance and clean administration.

T 1.2.1.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The Joe Gqabi District municipality is committed to good governance and clean administration. Details of the mechanisms, processes and systems that have been put in place to realize this commitment are outlined below.

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

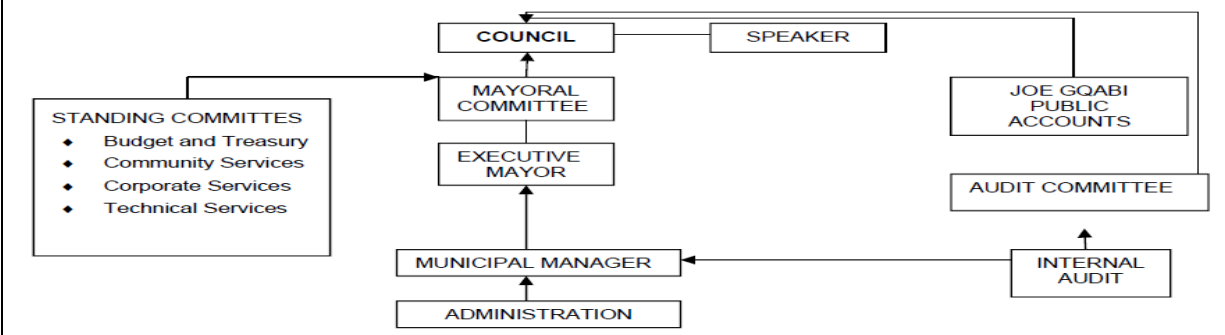
The District is characterised a stable political and administrative environment. The political wing of the municipality exercises oversight through the established systems and mechanisms. The administration serves as a resource for technical advice and execution of all decisions taken by the Council and its oversight structures.

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Joe Gqabi District Municipality is a category C municipality with four municipalities within its jurisdiction. The District has a consistent and proud history of stability in Council and administration. The political structure is depicted below.



The Joe Gqabi District Municipality has an executive mayoral system. The District has four standing committees which are chaired by portfolio Councillors who head different portfolios ranging from community services, corporate services, finance and technical services. These standing committees report to the Mayoral Committee that is chaired by the Executive Mayor. The Executive Mayor reports on the progress of implementation of Council resolutions to Council which is chaired by the Speaker of Council. There is also a section committee (Strategic Committee) that looks after the affairs of the Office of the Municipal Manager




With regard to the frequency of meetings, the Council meets quarterly. The Mayoral committee meets monthly. The Standing committees meet monthly. Furthermore, for all the above-mentioned structures, special meetings are convened as and when necessary.

The Municipal Public Accounts Committee (MPAC) meets quarterly as per approved Constitution. It provides oversight over the operations of the municipality. Various training initiatives to capacitate the MPAC were implemented in the past financial year and these initiatives are implemented continuously.





The Audit Committee adopted formal terms of reference and an Audit Charter. The Charter regulates the affairs of the Committee in compliance with legislation, international standards and best practice.

T 2.1.1

POLITICAL STRUCTURE

Photos	Designation and Name	Function
	Executive Mayor Cllr. Z.I. Dumzela	Performs all powers and functions delegated to the Executive Mayor in terms of the Municipal Structures Act (Act 117 of 1998) Performs all powers and function delegated to the Executive Mayor in terms of the Council's Delegations Framework and register
	Speaker Cllr. N.P. Mposelwa	Performs all powers and functions delegated to the Speaker in terms of the Municipal Structures Act (Act 117 of 1998) Performs all powers and function delegated to the Speaker in terms of the Council's Delegations Framework and register
	Chief Whip Cllr. T.Z. Notyke	Serves as the Whip of Council Performs all powers and function delegated to the Speaker in terms of the Council's Delegations Framework and register

MAYORAL COMMITTEE MEMBERS

	Cllr. B. Salman Portfolio Head: Financial Services
	Cllr. T.Z. Notyke Portfolio Head: Technical Services
	Cllr. N. Ngubo Portfolio Head: Corporate Services
	Cllr. D.D. Mvumvu Portfolio Head: Community Services

PROPORTIONAL ELECTED COUNCILLORS

Executive Mayor: Cllr. Z I Dumzela

Speaker: Cllr. N P Mposelwa

Councillors: JGDM

Cllr. S Mei

Cllr. V Mbulawa

Cllr. D F Hartkopf

Cllr. X G Motloi

Cllr. N Ngubo

Cllr. L N Gova

Cllr. N F Mphithi

REPRESENTATIVE COUNCILLORS

Senqu Local Municipality:

Cllr. M W Mpelwane

Cllr. I Mosisidi

Cllr. A Kwinana

Cllr. G Mvunyiswa

Cllr. L Tokwe

Cllr. I van der Walt

Elundini Local Municipality:

Cllr. L S Baduza

Cllr. G M Moni

Cllr. SPMS Leteba

Cllr. D D Mvumvu

Cllr. L Pili

Maletswai Local Municipality:

Cllr. N S Mathetha

Cllr. S E Mbana

Gariep Local Municipality:

Cllr. T Z Notyeke

COUNCILLORS

The District has twenty four (24) councillors. The Mayoral Committee consisted of five (5) councillors, including the Executive Mayor. **Appendix A** shows a full list of Councilors (including committee allocations and attendance at council meetings).

Appendix B sets out committees and the committee purposes.

T 2.1.2

POLITICAL DECISION-TAKING

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

T 2.1.3


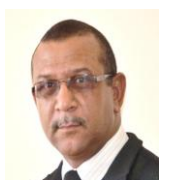



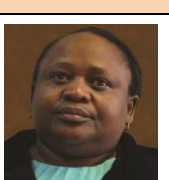
2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the head of administration and serves as an accounting officer as per the prescripts of the MFMA. The institution has four directorates, namely Community Services, Technical Services, Financial Services and Corporate Services. For improved coordination of the activities of the Office of the Municipal Manager a position of Chief Operations Officer was created and filled in 2010. Coordination of plans and actions happens through various means and mechanisms which include monthly meetings of Top Management and bilateral engagements between the directors. No significant structural changes were made during the 2013/14 financial year.

T 2.2.1

TOP ADMINISTRATIVE STRUCTURE

Photo	Designation and Name	Function
	MUNICIPAL MANAGER Mr. Z. A. Williams	Head of administration Accounting Officer
	Director: Technical Services Mr. R. J. Fortuin	Heads Technical Services Department
	Director: Community Services and Planning Ms. F.J. Sephton	Heads Community Services Department
	Director: Corporate Services Mr. H.Z. Jantjie	Heads Corporate Services Department
	Chief Financial Officer Mr. J.M. Jackson	Heads Financial Services Department Chief Financial Officer
	Chief Operational Officer Ms. N. Mshumi	Chief Operations Officer Head of IDP, PMS, SPU, Internal Audit, LED and Communications

Appendix C shows middle management positions.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

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

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

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

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

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

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

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

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

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

District Mayors Forum (DIMAFO): DIMAFO is constituted by the Executive Mayor of the District and Mayors and Municipal Managers of all municipalities. Its key responsibilities include Monitoring progress on the preparation and implementation of IDPs and Budgets as well as ensuring intergovernmental co-ordination and alignment between local and district municipalities' IDPs, Sector Departments' plans, budgets and related activities.

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

Local Economic Development Forums: A number of LED related stakeholder forums existed during the year including the Agricultural Forum and the District Tourism Organisation.

T 2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

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

- ◆ All planned Performance and Audit Committee meetings were held.
- ◆ Following engagements with local municipalities an IDP and Budget Framework and Process Plan was adopted by Council in August 2013.
- ◆ The IDP and Budget were compiled and adopted by Council in May 2014.

- ◆ The SDBIP for the 2013/14 financial year was approved by the Executive Mayor timeously in compliance with the legislation. All Section 56 managers entered into performance agreements with the municipality.
- ◆ The Annual Performance Report was compiled and presented to the Audit Committee and Auditor General timeously.
- ◆ The 2012/13 FY annual report was adopted by Council in March 2014 together with the Oversight Report of MPAC.
- ◆ All policies were reviewed and adopted by Council together with the IDP and budget.
- ◆ The Executive Mayors public consultation meetings were undertaken in four local municipalities.
- ◆ A District Newsletter was produced and distributed quarterly.

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

At the District level community participation happens through various that include community based planning, political outreach and stakeholder engagement sessions.

The IDP and Budget Representative Forum is composed of various interest groups, sector departments, civil society groups, traditional leadership, etc. It is one of the key consultation structures within the District.

The Executive Mayor conducted his community outreach meetings with communities in each of the four local municipalities. The value of these meetings is that critical information of provided with respect to review of IDP and budget compilation. A reflection of the performance of past and current projects also assist the monitoring and evaluation goals of the municipality by ensuring that projects are completed in time and they serve the purpose for which they were planned.

The District utilises its website and local newspapers to public information on policies and other information.

T 2.4.1

WARD COMMITTEES

The District interacts and involves local municipalities, which involve the Ward Committees in their planning and monitoring activities. The District facilitated and supported training of ward committees and traditional leaders throughout the District.

Appendix E and F are not applicable to the District.

Public Meetings - 2013/14					
Nature and purpose of the meeting	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issues addressed Yes/No	Date and manner of feedback given to community
IDP Rep Forum Meeting	10	12	Organised Stakeholders	Minutes are available	Next scheduled engagement
	05	35	Organised Stakeholders	Minutes are available	Next scheduled engagement
	2	8	Organised Stakeholders	Minutes are available	Next scheduled engagement
Speaker Forum Meeting	05	08	Speakers and chiefs	Minutes are available	Next scheduled engagement
LED District Support Meetings	0	5	None	Minutes are available	Next scheduled engagement
TSG Meetings	4	10	None	Minutes are available	Next scheduled engagement
	3	17	None	Minutes are available	Next scheduled engagement
	4	9	None	Minutes are available	Next scheduled engagement
	4	9	None	Minutes are available	Next scheduled engagement
	4	13	None	Minutes are available	Next scheduled engagement
Technical DIMAFO Meetings	06	06	None	Minutes are available	Next scheduled engagement
	4	16	None	Minutes are available	Next scheduled engagement
	08	17	None	Minutes are available	Next scheduled engagement

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The meetings of the Executive Mayor with the communities ensure that all wards are represented through a ward committee member. This serves to ensure that all ward issues will be considered during IDP review and budgeting.

T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have outcome, input, and output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* <i>Section 26 Municipal Systems Act 2000</i>	<i>T 2.5.1</i>

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The District has shown significant improvement as far as corporate governance matters are concerned. This is manifest by the consecutive achievement of unqualified audit opinion by the Auditor-General for the 2010/11, 2011/12, 2012/13 and 2013/14 financial years.

Risk management (including IT), quality assurance of all work through the internal audit and audit and performance committee, risk committee, fraud and anticorruption committee are some of the prominent manifestations of the existence of a sound corporate governance culture within the institution.

T 2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

All entities face uncertainty and the challenge for management is to determine how much uncertainty it is prepared to accept as it strives to grow stakeholder value. Enterprise risk management is the process that will enable management to identify, assess the face of uncertainty and is therefore integral to value creation and preservation.

With regard to risk management within the District, risk registers have been developed and are reviewed annually. Actions plans are reviewed quarterly. A risk committee has been established and is functional. The committee evaluates progress on the action plans.

The top five risks for the institution are as follows:

No	Risk description
1.	IDP/ Budget – no budget to fund the IDP
2.	Cash flow
3.	Supply chain management (fraud and the effect of SCM on service delivery)
4.	Occupational health and safety
5.	Water services (delivery of services)

T 2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The policy of Joe Gqabi District Municipality is zero tolerance to fraud and corruption. All fraud and corruption allegations will be investigated and followed up by the application of all remedies available within the full extent of the law. Prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies and procedures of Joe Gqabi District Municipality.

In order to minimize the occurrence of fraud and corruption the District has implemented various mechanisms which include division of duties, internal audit review of processes and adherence thereto, Audit Committees that exclude politicians and officials as voting members, condemnation by mayor and municipal manager of corrupt practices and involvement of the police as soon as grounds for suspicion become evident.

The District's Audit Committee recommendations for 2013/14 FY are set out at **Appendix G**.

T 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The District has an approved SCM policy which is reviewed annually. Key policy objectives of the policy include the following:

- ◆ The black economic empowerment (BEE) goals have been reviewed and amended to be in-line with current trends and to be realistic in terms of Council's performance.
- ◆ The Policy includes a chapter on Empowerment Goals and objectives which strives towards ensuring that Historically Disadvantaged Individuals (HDIs) are presented an opportunity to participate and function in the mainstream of the economy.
- ◆ The Policy sets out clear guidelines to service providers/contractors who perform projects on behalf of the Municipality to use local labour based human resources to ensure job creation and development of HDIs in communities where projects will be undertaken.

Supply chain management (SCM) has been centralized under the Finance Department. This was implemented with a view of strengthening the capacity and ability of the District to comply with the MFMA and National Treasury Regulations. Service delivery has also improved due to the centralization of the function.

All these mechanisms and systems seek to ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

Long term contracts are set out in **Appendix H**.

T. 2.8.1

2.9 BY-LAWS

By-laws Introduced/ in-place during 2013/14 FY					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Community Fire Safety	N/A	Yes	October 2009	Yes	11 September 2009
Passenger Transport	N/A	Yes	October 2009	Yes	11 September 2009
Water Services	N/A	Yes	March 2008	Yes	07 March 2008
					<i>T 2.9.1</i>

COMMENT ON BY-LAWS:

The District is committed to ensuring the all its by-laws are fully implemented. Technical capacity in terms appointment of staff, training of available staff, exploration of partnership possibilities and sourcing additional funding are some of the options being considered by the District.

T 2.9.1.1

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 adjustments budgets and all budget-related documents	Yes	Adjustment Budget : 06/03/2014 Approved Budget : 12/06/2014
All current budget-related policies	Yes	18/07/2014
The previous annual report (Year -1)	Yes	04/04/2014
The annual report (Year 0) published/to be published	Awaiting Draft	N/A
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 2013/14) and resulting scorecards	Yes	04/07/2014
All service delivery agreements (Year 2013/14)	Yes	Updated on a monthly basis
All long-term borrowing contracts (Year 2013/14)	No	None exists
All supply chain management contracts above a prescribed value (give value) for Year 2013/14	Yes	Updated on a monthly basis
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 2014/14	No	N/A
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes	Monthly basis as required
Public-private partnership agreements referred to in section 120 made in Year 2013/14	No	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 2013/14	Yes	Mid-Year Budget & Performance Assessment : 23/01/2014 3 rd Quarter SDBIP – 30/06/2014
		T 2.10.1

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

Currently all the information required is and as it becomes available placed on the website for public attention. The relevant staff have been exposed to various training initiatives which are intended to continue to improve compliance.

T 2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

It is important that communities are from time to time engaged in order to gauge their levels of satisfaction regarding various variables, including the municipality, service delivery and the standard or condition of services. Due to financial challenges confronting the District, various other mechanisms, which are detailed in T 2.11.2.1, were utilised to gauge customer satisfaction.

T 2.11.1

Satisfaction Surveys Undertaken during: 2012/13 FY and 2013/14 FY				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:				
(a) Municipality	Questionnaires, complaints register, suggestion boxes, customer care line toll-free	2013	Varied	Improving satisfaction
(b) Municipal Service Delivery	Questionnaires, complaints register, suggestion boxes, customer care line toll-free	2013	Varied	
(c) Mayor	Questionnaires, complaints register, suggestion boxes, customer care line toll-free	2013	Varied	
Satisfaction with:	n/a	n/a	n/a	n/a
(a) Refuse Collection	n/a	n/a	n/a	n/a
(b) Road Maintenance	n/a	n/a	n/a	n/a
(c) Electricity Supply	n/a	n/a	n/a	n/a
(d) Water Supply	Questionnaires, complaints register, suggestion boxes, customer care line toll-free	2013	Varied	Improving satisfaction
(e) Information supplied by municipality to the public	Questionnaires, complaints register, suggestion boxes, customer care line toll-free	2013	Varied	Improving satisfaction
(f) Opportunities for consultation on municipal affairs	Questionnaires, complaints register, suggestion boxes, customer care line toll-free	2013	Varied	Improving satisfaction
* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory				T 2.11.2

In addition to the above, the District utilises various other mechanisms to gauge public satisfaction levels on matters of services delivery and the municipality generally. A customer care centre with a toll-free number has been established. Various political engagement

sessions with the communities are conducted. Ward committees and Councillors do report on the relevant issues through the established and institutionalised mechanisms. Stakeholders are also engaged through various fora.

T 2.11.2.1

COMMENT ON SATISFACTION LEVELS:

The District is committed to ensuring that services, attitudes and all other elements of the municipality are viewed are seen in a positive light by the municipality. For this purpose, community surveys should be conducted. This will strengthen service delivery and relations between the District and all the communities of the District.

T 2.11.2.2

CHAPTER 3

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

INTRODUCTION

This section provides an overview of the key service achievements of the municipality that came to fruition during 2013/14 FY in terms of the deliverables achieved compared to the key performance objectives and indicators in the IDP.

The functions of the municipality and its entity are included in **Appendix D** and the performance table for the Joe Gqabi Economic Development Agency in **Appendix I**.

Appendix F is not applicable to the District.

T 3.0.1

COMPONENT A: BASIC SERVICES

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

INTRODUCTION TO BASIC SERVICES

The District is a Water Service Authority (WSA) and Water Service Providers (WSPs). Billing is also performed by the District. The provision of water and sanitation was taken over to the District from all four local municipalities.

T 3.1.0

3.1 WATER PROVISION

INTRODUCTION TO WATER PROVISION

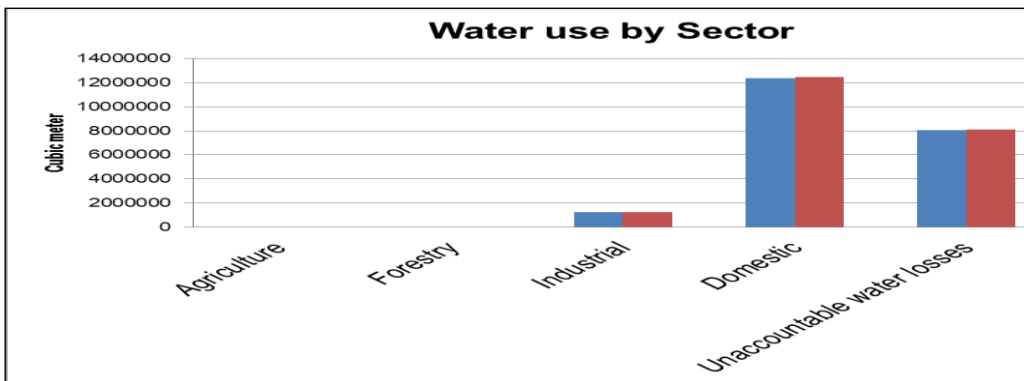
In accordance with its by-laws the JGDM is providing services by means of three levels of service. They are Basic, Intermediate and Full Service Levels. Basic level of service refers to where the community accessing water through communal standpipe situated at a maximum distance of 200meters from the furthest homestead and the basic level of service for sanitation is a ventilated improved pit latrine. The intermediate level of service consists of yard connections and a flush toilet. The full level of service refers to house connections.

The demand and levels of service provided has also increased for a greater proportion of the population leading to bulk water and sanitation infrastructure operating at over capacity. In order to optimally achieve this and thus meet key policy and legislative requirements, new and effective institutional arrangements and other strategies continue to be put in place.

All 14 systems are tested on monthly basis in accordance with Blue Drop System, including the new systems in Sterkspruit and Steynsburg. For the year under review, the District achieved two blue drops for the Ugie and Sterkspruit Water Supply Systems.

T 3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2011/12 FY	Not determined	Not determined	1 236 436	12 364 356	8 036 832
2012/13 FY	Not determined	Not determined	1 248 800	12 488 000	8 117 200
2013/14 FY	TBD	TBD	TBD	TBD	TBD
					T 3.1.2



T 3.1.2.1

COMMENT ON WATER USE BY SECTOR:

The greatest proportion of the water within the District is utilised by domestic consumers. Unaccountable water losses remain high and this needs urgent attention. This will assist in ensuring sustainability of the water supply and a potential to further extend the supply to deal with current backlogs. Some users, such as agriculture rely on the borehole water supply systems. These systems also need to be managed in order to ensure sustainability of the supply.

Households					
Description	Total	Urban	Village	Scattered	Farmland
	Actual	Actual	Actual	Actual	Actual
	No.	No.	No.	No.	No.
<u>Water: (above min level)</u>					
Piped water inside dwelling	17 145	14 121	1 236	297	1 491
Piped water inside yard (but not in dwelling)	24 114	13 290	7 296	1 473	2 055
Using public tap (within 200m from dwelling)	19 098	4 776	9 573	4 113	636
Other water supply (within 200m)					
<i>Minimum Service Level and Above sub-total</i>	60 357	32 187	18 105	5 883	4 182
<i>Minimum Service Level and Above Percentage</i>	62%	85%	50%	33%	73%
<u>Water: (below min level)</u>					
Using public tap (more than 200m from dwelling)					
Other water supply (more than 200m from dwelling)	11 982	1 890	6 591	3 234	267
No water supply	25 287	3 696	11 664	8 667	1 260
<i>Below Minimum Service Level sub-total</i>	37 269	5 586	18 255	11 901	1 527
<i>Below Minimum Service Level Percentage</i>	38%	15%	50%	67%	27%
Total number of households*	97 626	37 773	36 360	17 784	5 709
					T 3.1.3

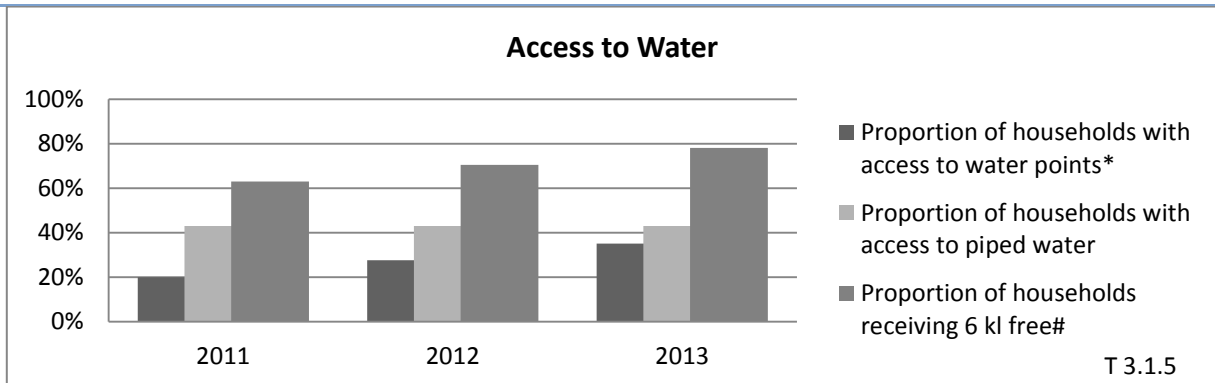
Access To Water

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
2011	20%	43%	63%
2012	28%	43%	71%
2013	35%	43%	78%
2014			

T 3.1.5

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

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



Water Service Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2012/13 FY		2013/14 FY		2014/15 FY		
		Target	Actual	Target	Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)
Service Objective xxx								
Households without minimum water supply	Additional Households provided with minimum water supply during the year (Number of households (HHs) without supply at year end)- Number of households provided with basic level of potable water (Output)	5 000 households	0 households 5 000 outstanding	0 households 5 000 outstanding	5 000 households	0 households 5 000 outstanding	5000 households	5000 households
	Percentage of indigent households with access to free basic potable water	100% of indigent households	100% of registered indigents"	100% of registered indigents"	100% of indigent households	100% of registered indigents"	100% of indigent households	100% of indigent households
Improve reliability of water supply	% compliance with SANS 241 for drinking water quality as per Blue Drop System (BDS) (Outcome)	97%	95%	95%	97%	92%	97%	97%
	Improvement in municipal green drop score (output)	50	0	0	50	0	0	50
Improve water conservation	Number of Water conservation and demand management awareness activities (output)	12 Institutional & social development (ISD) Reports	12 Institutional & social development (ISD) Reports	12 Institutional & social development (ISD) Reports	12 Institutional & social development (ISD) Reports	12 Institutional & social development (ISD) Reports	12 Institutional & social development (ISD) Reports	12 Institutional & social development (ISD) Reports
								T 3.1.6

Financial Performance Year 2013/14: Water Services					
R					
Details	Year 2012/13	Year 2013/2014			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	36 787 355	31 670 030	134 810 847	40 182 884	21%
Expenditure:					
Employees	28 793 278	37 492 849	44 823 682	45 330 040	17%
Repairs and Maintenance	47 768	165 862	8 386 948	7 619 845	98%
Other	96 898 374	86 857 274	162 937 914	108 577 419	20%
Total Operational Expenditure	125 739 421	124 515 985	216 148 544	161 527 305	23%
Net Operational Expenditure	88 952 066	92 845 955	81 337 697	121 344 421	23%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.1.8

Capital Expenditure Year 2013/14 Water Services					
R'					
Capital Projects	Year 2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	31 173 685	44 306 835	39 796 689	22%	/
MIG Lady Grey Bulk Water Infr	4 385 965	4 185 965	3 286 293	-33%	
MIG-Mt Fletcher Villages - Bul	9 243 860	26 577 574	24 612 850	62%	
MIG-Sterkspruit Upgrading of W	17 543 860	13 543 296	11 897 546	-47%	
				#DIV/0!	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.1.9

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

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

T 3.1.10

3.2 WASTE WATER (SANITATION) PROVISION

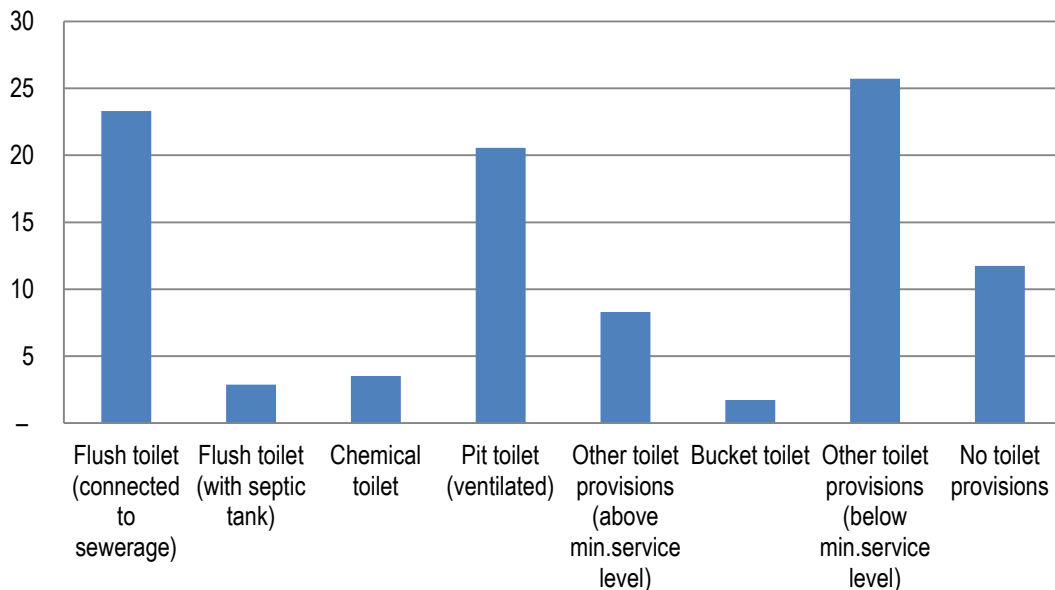
INTRODUCTION TO SANITATION PROVISION

Linked to the provision of water outlined above, the District operates and maintains all water and sanitation bulk services except for Sterkspruit, Ugie, Steynsburg and Mt Fletcher WTWs which are operated by service providers. Towards the end of the financial year, the WSA received funding from the Department of Water Affairs for the upgrade and refurbishment of three wastewater treatment works (WWTW) (Barkly East, Sterkspruit and Oviston) and for water conservation and demand management programme (Burgersdorp). In order to manage untreated effluent, the District has a council approved Incident Protocol.

With regard to licensing of the WWTWs and WTWs, the District has progressed significantly. The District has 14 WWTWs in operation and 13 are in the process of licensing. The RRU continues to provide support and assistance in facilitating this process. In the front of WTWs, there are 14 operational works which are all licensed.

T 3.2.1

Sanitation/Sewerage (above minimum level): Year 2013/14

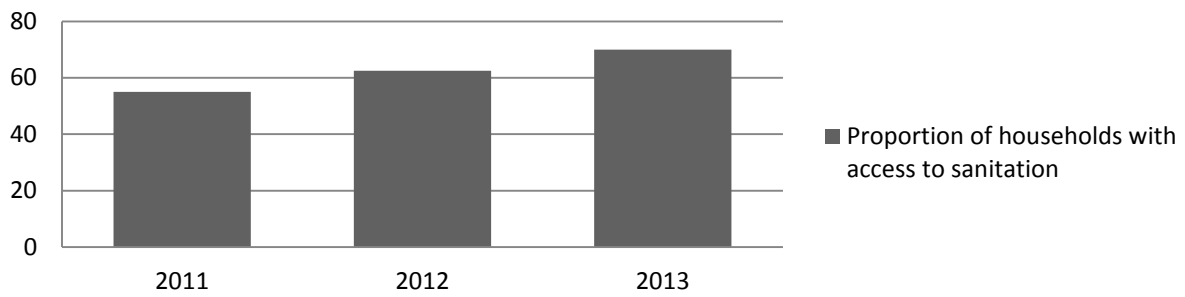


T 3.2.2

Sanitation Service Delivery Levels					
*Households					
Description	Total	Urban	Village	Scattered	Farmland
	Actual	Actual	Actual	Actual	Actual
	No.	No.	No.	No.	No.
<u>Sanitation/sewerage: (above minimum level)</u>					
Flush toilet (connected to sewerage)	23 296	22 084	388	83	741
Flush toilet (with septic tank)	2 865	2 032	288	72	473
Chemical toilet	3 505	761	1 805	786	153
Pit toilet (ventilated)	20 556	3 232	11 552	5 300	472
Other toilet provisions (above min.service level)	3 304	674	1 266	903	461
VIP's installed since 2011 Census	15 042		7 521	7 521	
<i>Minimum Service Level and Above sub-total</i>	68 568	28 783	22 820	14 665	2 300
<i>Percentage</i>	70.2%	76.2%	62.7%	82.3%	40.3%
<u>Sanitation/sewerage: (below minimum level)</u>					
Bucket toilet	1 718	1 396	157	60	105
Other toilet provisions (below min.service level)	25 719	4 403	14 344	6 241	731
No toilet provisions	16 727	3 187	6 597	4 367	2 576
Shortfall eradicated since 2011 Census	-15 042		-7 521	-7 521	
<i>Below Minimum Service Level sub-total</i>	29 122	8 986	13 577	3 147	3 412
<i>Percentage</i>	29.8%	23.8%	37.3%	17.7%	59.7%
Total households	97 690	37 769	36 397	17 812	5 712
*Total number of households including informal settlements					T 3.2.3

Households					
Description	2012	2013	2013/14 FY		
	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.
Formal Settlements					
Total households	37 769	37 769			
Households below minimum service level	8 986	8 986			
Proportion of households below minimum service level	24%	24%			
Informal Settlements					
Total households	57 495	59 921			
Households below minimum service level	35 178	20 136			
Proportion of households below minimum service level	61%	34%			
					T 3.2.4

Access to Sanitation



T 3.2.5

Waste Water (Sanitation) Service Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2011/12 FY		2012/13 FY		2013/14 FY		2014/15 FY	2015/16 FY
		Target	Actual	Target	Actual	Target	Actual	Target	
		*Previous Year		*Previous Year		*Current Year	*Current Year	*Current Year	*Current Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Provision of toilets within standard	Additional Households (HHs) provided with minimum sanitation during the year (Number of HHs remaining without minimum sanitation at year end)	7,180 additional HHs (36,984 HHs remaining)	7,181 additional HHs (36,984 HHs remaining)	7,181 additional HHs (36,984 HHs remaining)	7,862 additional HHs (29,122 HHs remaining)	8,536 additional HHs (20,586 HHs remaining)		8,199 additional HHs (12,387 HHs remaining)	8,221 additional HHs (4,166 HHs remaining)
									T 3.2.6

Financial Performance Year 2013/14: Sanitation Services					
R'					
Details	Year 2012/13	Year 2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	6 935 720	18 545 593	29 784 689	16 485 011	-12%
Expenditure:					
Employees	1 913 612	-	5 055 956	4 050 364	100%
Repairs and Maintenance	36 102	196 806	437 314	267 883	27%
Other	18 505 885	52 548 754	48 419 484	26 990 768	-95%
Total Operational Expenditure	20 455 600	52 745 560	53 912 754	31 309 015	-68%
Net Operational Expenditure	13 519 880	34 199 967	24 128 065	14 824 004	-131%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.2.8

Capital Expenditure Year 2013/14: Sanitation Services					
R'					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	17121930	19274146	18298783	6%	
MIG Steynsburg Waterborne Sanitation	7894737	9372888	8085477	2%	9372888
MIG Jamestown Eradication Bucket Sa	8771930	9125995	9491110	8%	9125995
MIG-Lady Grey: Kwezi Naledi Sa	455263	775263	722196	37%	775263
				13%	17121930
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.2.9

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The District has made significant strides in dealing with the sanitation services backlog. The budget allocations above show that large proportion of the District budget is dedicated for this purpose. Significant investments have been made in the area of bulk water infrastructure development to enable provision of waterborne sanitation systems in some areas. The

provision of sanitation facilities in rural areas has been prioritised.

T 3.2.10

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

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

T 3.3.1

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

T 3.3.4

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

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

In a nutshell Electrification challenges for the District generally are:

- Poor maintenance in areas managed by municipalities
- Supply in the rural areas is not at a capacity to support economic growth
- The implementation of free basic electricity supply is still a challenge
- There are a number of schools, clinics and other social facilities that do not have a regular supply of electricity
- Additional infrastructure capacity is required to eradicate backlogs in the District, particularly areas in Elundini local municipality

T 3.3.9

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

INTRODUCTION TO WASTE MANAGEMENT

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

T 3.4.1

Census 2011 statistics status quo						
Area type	Removed by local authority/ private company at least once a week	Removed by local authority/ private company less often	Communal refuse dump	Own refuse dump	No rubbish disposal	Other
Formal residential	25353	674	566	6713	1077	273
Informal residential	560	7	68	746	232	11
Traditional residential	343	140	497	41657	11123	721
Farms	101	29	126	3845	785	143
Parks and recreation	-	6	-	68	-	-

Collective living quarters	92	-	2	10	-	-
Industrial	-	-	1	1	1	-
Small holdings	-	-	-	6	3	1
Vacant	235	6	11	647	154	28
Commercial	671	8	11	15	6	-
TOTAL	27355	870	1282	53708	13381	1177
%	28.0%	0.9%	1.3%	54.9%	13.7%	1.2%
T 3.4.2						

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

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

T 3.4.10

3.5 HOUSING

INTRODUCTION TO HOUSING

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

The key challenges for Human Settlement going forward will be to improve delivery of low-income housing and eliminate all challenges being experienced and further facilitate development of middle-income housing projects throughout the District.

T 3.5.1

Type of dwelling by Tenure status

Type of dwelling	Tenure status				
	Rented	Owned but not yet paid off	Occupied rent-free	Owned and fully paid off	Other
House or brick/concrete block structure on a separate stand or yard or on a farm	7251	2758	10665	29866	3346
Traditional dwelling/hut/structure made of traditional materials	1940	1869	5730	20804	3644
Flat or apartment in a block of flats	729	87	356	1031	85
Cluster house in complex	30	8	34	46	21

Townhouse (semi-detached house in a complex)	99	29	32	92	10
Semi-detached house	198	18	202	284	18
House/flat/room in backyard	412	30	339	637	31
Informal dwelling (shack; in backyard)	298	105	339	691	67
Informal dwelling (shack; not in backyard; e.g. in an informal/squatter settlement or on a farm)	254	58	820	1325	191
Room/flatlet on a property or larger dwelling/servants quarters/granny flat	118	4	48	24	17
Caravan/tent	26	-	45	11	3
Other	178	14	140	177	90
TOTAL	11533	4980	18750	54988	7523
%	11.8	5.1	19.2	56.2	7.7
T 3.5.2					

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

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

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

- ◆ Lack of land for housing development.
- ◆ Lack of bulk services on identified land for housing development
- ◆ Poor quality of RDP houses as a result of poor workmanship, complete unfinished projects and identify bottlenecks in blocked housing projects
- ◆ Building of sustainable human settlements. Integrate housing developments and prioritise indigents in areas close to work opportunities.
- ◆ Ensure that all built houses are occupied.
- ◆ Use local labour and resources and ensure that joint-ventures when external contractors are being used.
- ◆ Ensure maximum public participation in housing development to ensure ownership.
- ◆ Explore development of low income rental housing.

T 3.5.7

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

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

underway in local municipalities in order to ensure improved access to FBS and improve revenue collection.

Further details on service data are contained under water and sanitation sections.

T 3.6.1

Financial Performance Year 2013/14: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year 2012/13	Year 2013/14			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	5 807 297.00	16 905 528.00	10 323 490.15	44%	5 807 297.00
Waste Water (Sanitation)	2 136 524.00	12 833 371.00	7 727 690.08	72%	2 136 524.00
Electricity	-				-
Waste Management (Solid Waste)	-				-
Total	7 943 821.00	29 738 899.00	18 051 180.23	56%	7 943 821.00
					T 3.6.4

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

INTRODUCTION TO ROAD TRANSPORT

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

T 3.7

3.7 ROADS

INTRODUCTION TO ROADS

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

The District is currently implementing rural gravel roads maintenance in Gariep and Maletswai municipalities on behalf of the Department of Roads and Transport. The current agreement with a budget of about R30 million per year.

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

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

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

T 3.7.1

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Kilometres Gravel roads graded/maintained
2011/12 FY	2 100	N/A	N/A	4 200
2012/13 FY	2 100	N/A	N/A	4 200
2013/14 FY	2 100	N/A	N/A	3 314
				<i>T 3.7.2</i>

Cost of Construction/Maintenance				R'
	Gravel Tar			
	New	Gravel - Tar	Maintained	
2010/11 FY	N/A	N/A	R28m	
2011/12 FY	N/A	N/A	R27m	

2012/13 FY	N/A	N/A	R30.5m
2013/14 FY	N/A	N/A	R32m
			<i>T 3.7.4</i>

Road Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2012/13 FY		2013/14 FY		2014/15FY	2015/16 FY		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
To improve maintenance of municipal road networks	Number of roads maintained as per the SLA (Outcome)	242	0	0	4905		4905	4905	4905
	% expenditure of the budget for maintenance of roads in terms of the SLA with DPW&R as per the National Financial year (Input)	107%	0	0	4905		4905	4905	4905
Support rehabilitation of all road networks within the villages throughout the District	Number of km's per quarter graded as per the SLA (Outcome)	4905	964 per quarter	964 per quarter	4905	3314	4905	4905	4905
									T 3.7.6

Employees: Road Services					
Job Level	2012/13 FY	2013/14 FY			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					
					T3.7.7

Financial Performance Year 2013/14: Road Services					
					R'
Details	Year 2012/13	Year 2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(37 355 296)	(35 078 000)	(33 532 000)	(27 729 781)	-26%
Expenditure:					
Employees	16 549 522	16 929 977	17 570 818	16 006 411	-6%
Repairs and Maintenance	-	-	-	-	-
Other	19 183 972	13 902 518	16 113 349	10 160 593	-37%
Total Operational Expenditure	35 733 494	30 832 495	33 684 167	26 167 004	-18%
Net Operational Expenditure	73 088 791	65 910 495	67 216 167	53 896 785	-22%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.7.8

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

In accordance with the contents of the SLA document the sole mandate of the JGDM is to render routine roads maintenance in terms of the minimum level of service standards as defined in the DRPW Specifications and Procedure Manuals, in the most efficient and cost effective manner. The "road sites" include all Proclaimed Provincial Gravel Roads within the boundaries of above-mentioned LMA's falling under the jurisdiction of the DRPW, being the Roads Authority.

Both the Dry Grading (grading without the need to wet the gravel surfacing material with Water Trucks) and Wet Grading (grading by means of wetting gravel surfacing material with Water Trucks) of Proclaimed Provincial gravel roads within the Gariiep and Maletswai Local Municipal Areas continued to progress at a very steady rate during the past 3 years.

The daily distances that can be graded are very dependable on the moisture content of the gravel wearing course of these roads. Very dry conditions, which have been experienced due to very little rainfall for larger part of the 3-year period, resulted in less kilometers being graded as planned. Water storage dams are often located far from road sites and landowners opted to rather conserve these scarce water sources in time of drought for drinking water for their livestock.

Further to this the carting of water to road sites, with both DRPW Water Trucks and privately owned ones being hired in, is a costly exercise. The ideal time for grading gravel surfaced roads is therefor after sufficient rains have fell and long distances can be graded. At these times personnel, in accordance with an agreement, worked overtime, to ensure that the moisture content of the gravel and the compaction thereof could be optimized. This is however only possible when regular rains as per the climate of the region is experienced.

Not only grading, but basic routine roads maintenance activities by means of hand labour and minor patch gravelling of slippery and rocky roads sections have also been undertaken. Certain key plant (e.g. Excavators, Water Trucks, TLB's and a Mobile Crusher) from the appointed Plant Hire Service Provider have also been utilized to supplement the DRPW Yellow Fleet during the last two years of the SLA.

The rendering of this service by the JGDM Roads Section, through this SLA continues to be very successful. Feedback from both the DRPW, the Maletswai and Gariiep Project Steering Committees through bi-monthly meetings held, as well as road users from areas outside the boundaries of the JGDM continues to be very positive.

It is clear from feedback received from aforementioned stakeholders that this model, where this type of service is rendered by a Local Government institution, in this case the Joe Gqabi District Municipality, is very successful and seen as being cost effective. Local resources are being utilized and therefor the local economy is being stimulated and ownership of the service is being taken by Roads Section personnel which resides within the various towns included within the JGDM.

T 3.7.10

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

Not applicable.

T 3.8.1

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

Not applicable.

T 3.9.1

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

The District is not responsible for physical planning, except for the development and implementation of the Spatial Development Framework (SDF).

T 3.10

3.10 PLANNING

INTRODUCTION TO PLANNING

As mentioned above the District is only responsible for the development of the District SDF. Implementation of District capital projects is guided by the SDF. The District is reviewing the current SDF.

T 3.10.1

Financial Performance Year 2013/14: Planning Services					
R'					
Details	Year 2012/13	Year 2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees	1 580 779	2 301 198	5 491 515	1 725 613	-33%
Repairs and Maintenance					
Other	2 777 920	111 300	900 000	211 435	47%
Total Operational Expenditure	4 358 700	2 412 498	6 391 515	1 937 048	-25%
Net Operational Expenditure	4 358 700	2 412 498	6 391 515	1 937 048	-25%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.10.5

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The JGDM adopted its comprehensive LED Strategy in 2009, which is now currently being reviewed. The Strategy contains an action plan that details projects to be implemented and indicators as well as a monitoring and evaluation framework.

The institution has developed an SMME and Cooperatives Strategy which was adopted by Council in 2010. The strategy contains a clear action plan and targets.

The District economy is highly dependent on agriculture. Comparative advantage and associated opportunities do exist in the agricultural sector because of labour surpluses, pockets of fertile land under-utilized irrigation potential.

Currently SMMEs and supported through a collaborative effort between the District, local municipalities, ECDC, DEDEA and SEDA. Moreover, an invoice based payment system was introduced to link SMMEs and Cooperatives to funding sources in partnership with ECDC and the District Municipality. The programme is currently being implemented.

A number of LED related stakeholder forums existed during the year including the Agricultural Forum, District Support Team, LED forums at local municipalities, Tourism Working Group, Local Tourism Organisations at the local municipality level and community tourism

organisations in each town. Business chambers within the District include Maletswai Chamber of Commerce and Sterkspruit Business Chamber. A Round Table Forum which deals with developments around the PG Bison area in the Elundini municipality is also in existence.

The following platforms or means are utilized for participation:

- ◆ Government Departments , community, donors, economic and infrastructure cluster Members
- ◆ Community Based Planning, representative forum, steering committee,
- ◆ Area Based Planning , District Led Forum, Co-operatives forum, SMME forum
- ◆ Tourism organizations , PGBison Elundini forestry forums
- ◆ Joe Gqabi Agricultural Forum, Land Reform Screening Committee, District Support Team.
- ◆ Elundini Economic Development round table forum

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

- ◆ Aliwal Spa
- ◆ Gariiep Tourism Development
- ◆ Business Incubator Hubs
- ◆ Elundini Integrated Middle Income Housing Development – Maclear, Elundini
- ◆ Maize-Meat Hub Feedlot
- ◆ Senqu Commercial Property Development

The Community Work Programme (CWP) is an initiative designed to provide an employment safety net, by providing participants with a predictable number of days of work per month – thus supplementing their existing livelihood strategies and affording them a basic level of income security through work.

The Community Works Programme (CWP) is having a profound impact on the micro-economy of the District. The District is involved in facilitating implementation of the CWP programme as the actual implementation rests with other stakeholders. The District has previously implemented the programme in a number of wards in Senqu LM, Elundini LM and Maletswai local municipality.

The implementation of the Working on Water, Working on Fire and Working on Wetlands programme contribute significantly in ensuring that job opportunities are created for communities in proximity to areas where these programmes are implemented.

Economic Activity by Sector							
Gross value added at basic prices, Rm (current prices and constant 2005 prices)							
Industries	Prices	1995	2000	2005	2008	2009	2010
	R millions, constant 2005 prices	2 188	2 740	3 414	4 386	4 473	4 567
Primary sector	R millions, current prices	202	239	242	399	364	340
	R millions, constant 2005 prices	282	305	242	263	231	232
Agriculture, forestry and fishing	R millions, current prices	199	234	233	384	349	323
	R millions, constant 2005 prices	272	296	233	256	224	225
Agriculture, forestry and fishing	R millions, current prices	199	234	233	384	349	323
	R millions, constant 2005 prices	272	296	233	256	224	225
Mining and quarrying	R millions, current prices	3	6	9	14	14	17
	R millions, constant 2005 prices	10	9	9	7	7	7
Mining and quarrying	R millions, current prices	3	6	9	14	14	17
	R millions, constant 2005 prices	10	9	9	7	7	7

T 3.11.2

Source: Ecssec 2012

Gross value added at basic prices, Rm (current prices and constant 2005 prices)							
Industries	Prices	1995	2000	2005	2008	2009	2010
Secondary sector	R millions, current prices	130	200	441	790	884	972
	R millions, constant 2005 prices	250	294	441	629	655	682
Manufacturing	R millions, current prices	82	124	295	522	576	615
	R millions, constant 2005 prices	169	189	295	434	442	466

Food, beverages and tobacco	R millions, current prices	37	55	129	233	251	275
	R millions, constant 2005 prices	80	87	129	178	183	198
Textiles, clothing and leather goods	R millions, current prices	6	6	11	14	16	16
	R millions, constant 2005 prices	9	8	11	17	19	19
Wood, paper, publishing and printing	R millions, current prices	8	12	32	69	81	82
	R millions, constant 2005 prices	17	16	32	57	61	61
Petroleum products, chemicals, rubber and plastic	R millions, current prices	5	11	31	58	67	69
	R millions, constant 2005 prices	11	17	31	51	57	58
Other non-metal mineral products	R millions, current prices	12	16	43	72	78	84
	R millions, constant 2005 prices	30	30	43	58	48	52
Metals, metal products, machinery and equipment	R millions, current prices	5	7	19	36	41	45
	R millions, constant 2005 prices	8	10	19	32	32	34
Electrical machinery and apparatus	R millions, current prices	2	3	6	8	8	8
	R millions, constant 2005 prices	2	4	6	8	8	8
Radio, TV, instruments, watches and clocks	R millions, current prices	1	2	4	5	6	6
	R millions, constant 2005 prices	2	2	4	5	5	6
Transport equipment	R millions, current prices	4	8	15	17	18	19
	R millions, constant 2005 prices	7	10	15	20	19	20
Furniture and other manufacturing	R millions, current prices	2	3	6	9	10	11
	R millions, constant 2005 prices	3	4	6	9	9	10
Electricity, gas and water	R millions, current prices	19	34	54	83	85	121
	R millions, constant 2005 prices	35	53	54	59	65	65
Electricity	R millions, current prices	14	17	23	40	45	62
	R millions, constant 2005 prices	18	19	23	30	31	31
Water	R millions, current prices	5	17	31	43	40	59
	R millions, constant 2005 prices	17	34	31	29	34	34

Construction	R millions, current prices	28	42	92	185	223	236
	R millions, constant 2005 prices	46	52	92	136	148	150
Construction	R millions, current prices	28	42	92	185	223	236
	R millions, constant 2005 prices	46	52	92	136	148	150
							T 3.11.2

Source: Ecssec 2012

Gross value added at basic prices, Rm (current prices and constant 2005 prices)							
Industries	Prices	1995	2000	2005	2008	2009	2010
Tertiary sector	R millions, current prices	781	1 539	2 731	4 205	4 629	5 145
	R millions, constant 2005 prices	1 656	2 141	2 731	3 494	3 587	3 654
Wholesale and retail trade, catering and accommodation	R millions, current prices	179	387	536	688	723	818
	R millions, constant 2005 prices	327	509	536	557	527	534
Wholesale and retail trade	R millions, current prices	168	367	506	646	679	771
	R millions, constant 2005 prices	306	482	506	528	500	508
Catering and accommodation services	R millions, current prices	11	20	30	42	43	47
	R millions, constant 2005 prices	21	27	30	29	27	26
Transport, storage and communication	R millions, current prices	73	117	232	372	410	448
	R millions, constant 2005 prices	123	150	232	311	325	332
Transport and storage	R millions, current prices	54	81	157	275	308	325
	R millions, constant 2005 prices	93	108	157	194	198	201
Communication	R millions, current prices	18	36	75	97	102	123
	R millions, constant 2005 prices	29	43	75	116	127	131
Finance, insurance, real estate and business services	R millions, current prices	142	270	703	1 375	1 486	1 605
	R millions, constant 2005 prices	292	375	703	1 202	1 277	1 298
Finance and insurance	R millions, current prices	87	172	439	934	939	983
	R millions, constant 2005 prices	167	234	439	847	881	893
Business services	R millions, current prices	55	98	263	441	547	623

	R millions, constant 2005 prices	125	141	263	355	396	405
Community, social and personal services	R millions, current prices	114	231	416	565	649	731
	R millions, constant 2005 prices	265	340	416	484	487	489
Community, social and personal services	R millions, current prices	114	231	416	565	649	731
	R millions, constant 2005 prices	265	340	416	484	487	489
General government	R millions, current prices	275	534	844	1 205	1 362	1 543
	R millions, constant 2005 prices	649	767	844	940	972	1 000
General government	R millions, current prices	275	534	844	1 205	1 362	1 543
	R millions, constant 2005 prices	649	767	844	940	972	1 000

T 3.11.2

Source: ECSSEC, 2012

T 3.11.2

Employment by Sector - Total employment (Formal and Informal)					
Number of people employed (formal and informal)	1995	2000	2005	2008	2010
Industry					
Total	59 531	69 929	65 384	62 615	56 905
Primary sector	29 591	35 152	27 117	20 439	15 122
Agriculture, forestry and fishing	29 471	35 064	27 000	20 286	14 964
Agriculture, forestry and fishing	29 471	35 064	27 000	20 286	14 964
Mining and quarrying	121	89	117	154	158
Mining and quarrying	121	89	117	154	158
Secondary sector	4 483	4 630	6 667	7 329	7 013
Manufacturing	1 377	1 481	2 357	3 156	3 346
Food, beverages and tobacco	526	592	837	1 089	1 383
Textiles, clothing and leather goods	184	187			333
Wood, paper, publishing and printing	111	128	269	318	460
Petroleum products, chemicals, rubber and plastic	39	31	66	113	124
Other non-metal mineral products	321	288	465	568	497
Metals, metal products, machinery and equipment	90	108	197	287	316
Electrical machinery and apparatus	19	23	29	36	34
Radio, TV, instruments, watches and clocks	13	18	24	27	28

Transport equipment	48	70	100	111	90
Furniture and other manufacturing	25	36	62	78	80
Electricity, gas and water	101	173	178	172	128
Electricity	55	66	60	61	49
Water	47	107	117	111	79
Construction	3 005	2 976	4 132	4 001	3 540
Construction	3 005	2 976	4 132	4 001	3 540
Tertiary sector	25 457	30 147	31 600	34 847	34 769
Wholesale and retail trade, catering and accommodation	6 317	9 831	10 106	9 827	9 454
Wholesale and retail trade	5 328	8 680	9 255	9 084	8 807
Catering and accommodation services	989	1 152	852	743	647
Transport, storage and communication	1 288	1 146	1 341	1 842	2 033
Transport and storage	1 130	1 045	1 221	1 685	1 829
Communication	159	102	120	157	205
Finance, insurance, real estate and business services	1 283	1 815	3 048	4 870	4 968
Finance and insurance	588	718	1 018	1 408	1 367
Business services	695	1 097	2 030	3 462	3 601
Community, social and personal services	8 256	9 235	8 943	9 366	9 202
Community, social and personal services	8 256	9 235	8 943	9 366	9 202
General government	8 313	8 120	8 161	8 942	9 113
General government	8 313	8 120	8 161	8 942	9 113
T 3.11.3					

Source: ECSSEC, 2012

COMMENT ON LOCAL JOB OPPORTUNITIES:

The District is committed to contributing positively to the fight against underdevelopment, unemployment and poverty alleviation. Various programmes that have a potential to deal with these challenges are implemented by the District. As mentioned above, these include implementation of EPWP programmes; working for water, working on fire and working on wetlands job opportunity creating initiatives; assistance in establishment and support to cooperatives and SMMEs, Training programmes implemented by the municipality, etc.

Job creation opportunities are steadily created through agriculture and tourism initiatives. There is a dire need for financial support to be made available in the district so as to contribute towards the establishment of sustainable business activities that are aligned in addressing issues of scarcity of food. Since it is clear that currently the community within the

district is mostly spending on food, but the major challenge remain being that the suppliers of food products are not internally based, only the retailing businesses that are contributing in this regard. It is very important that a paradigm shift be considered in investing through the establishment of manufacturing community projects especially with food consumption.

T 3.11.4

Jobs Created during 2013/14 FY by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
2009/10 FY	2 215	Unknown	2 215	Employment records
2010/11 FY	1 042	Unknown	1 042	Employment records
2011/12 FY	2 717	Unknown	2 717	Employment records
2012/13 FY	1 176	Unknown	1 176	Employment records
2013/14 FY	3 952	Unknown	3 952	Employment records

T 3.11.5

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2009/10 FY	0	2 215
2010/11 FY	0	560
2011/12 FY	0	2 717
2012/13 FY	0	1 176
2013/14 FY	0	1 388
* - Expanded Public Works Programme		T 3.11.6

Local Economic Development Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2012/13 FY		2013/14 FY		2014/15 FY	2015/16 FY		
		Target	Actual	Target		Actual	Target		
<i>Service Indicators</i>		*Previous Year		*Previous Year	*Current Year		*Current Year	*Following Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
<i>Encourage better working conditions in the farming community and improve access to government services</i>	Number of information sessions held with farming communities	1	1	1	1	1	1	1	1
<i>Encourage and support initiatives geared towards job creation and sustainable livelihoods, including the community works programme</i>	Number of reports on job opportunities created through CWP	4 reports	3 reports	3 reports	2 reports	2 reports	4 reports	4 reports	4 reports
<i>Facilitate increase in the number of youth participating in job creation, skills development and national youth service programmes organised by the National Youth Development Agency and other agencies.</i>	Number of business support initiatives facilitated for social groups.	10	10	10	10	12	10	10	10
									T 3.11.7

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Agriculture in the district is one of the most critical job providers more especially when it comes to self-employment. It further positively contributes in the reduction of poverty as well as impacting to the income of the district through its sustainable economic development activities. Information sharing sessions were held with emerging farmers through the Agricultural Forum, Forestry Sector Forum, and the District Screening Committee so as to provide support to the farming communities by making the information easily available more especially with the accessibility of financial support and other additional services meant for the farming community through various government departments. The farming communities were also assisted to apply for available funding with DEDEAT, LRAD, DRDAR, and this call for funding was meant for different farming activities.

Tourism is one of the economic activities in the district that are playing a crucial role regarding job creation, poverty reduction and self-employment, with these directly contributing towards the local economic development of the district. Tourism awareness activities that were conducted within the various communities in the district positively impacted to a steady establishment and a sprung of backyard manufacturers in tourism related products, more especially in peri-urban / small towns within the district and street stalls are on the increase.

In existence within the district are four Visitors' Information Centres that are complete, resourced and fully operational. Students who are studying with the Public FET College and have graduated in the tourism sector had been considered for internship processes and are exposed to community tourism awareness activities. Awareness activities are extended as well, to the secondary level of schooling within the district.

The establishment of tourism organizations through the support of the district municipality has sprung and some of them had been helped to register as NPOs during inception while others as co-operatives.

The SMME Sector is one of the economic sectors' that are directly involved with retailing activities and is growing on daily basis. Workshops and information sharing sessions were conducted with a view of assisting beneficiaries to register their business activities so that they can qualify for the grants and loans made available for the SMME sector by the government. The beneficiaries were also technically supported so as to advance to sustainable economic development business activities. Business plans were developed on behalf of the beneficiaries and these were submitted to the DEDEAT based on the call for proposals.

With regard to community support, the district, working together with the DSD, held information sharing sessions to the public, identification of the beneficiaries who are not receiving and working closely with the community based organizations. The greatest success of this initiative saw the organization that housed orphans in Barkly East getting additional support through the Spanish team that assisted in refurbishing the establishment.

Youth involvement and females participation in the economic development of the district as well as taking steps to self-employment has shown a positive interest. The consideration of participation in the agricultural and tourism sectors by the youth and females has grown significantly.

Drawing the attention of the traditional leaders as role players in economic activities is one of the best strategies to get the entire masses taking responsibility of their own self-employment not relying wholly to the government through its grant funding approaches and other additional services.

To strengthen the LED unit activities as well as making sure that the services delivered are recognised and in par with the provincial and national activities, the district has established working relations in a form of partnerships with, *inter alia*, SEDA, DLGTA and SALGA to ensure that it is kept abreast of all activities that are taking place in the economic and social development sphere, and further use this for the benefit of the society supported.

The JGDM is playing a vital role in terms of structures that are necessary for LED facilitation. The Agric-Forum, Forestry Sector Forum, Anti Poverty Forum, Social Cluster Forum, District and Provincial Steering Committee are in place and functional. These are the forums that keeps the district well informed based on the information shared and the inputs made by the various stakeholders.

As per the challenges highlighted above, the most crucial issues are the unavailability of finance, the problem of literacy and functional literacy, the full participation of skilled youth and females in sustainable economic development programmes. To deal with this challenge, the District will:

- Strengthen the current relationships with various government departments that are involved in community development programmes.
- Embark on a process of establishing new networks with the private sector in the district, as this is the sector that has huge potential including areas such as social corporate responsibility and investment.
- Assist the community to establish economic development programmes that are sustainable over the long term.
- Finally, encourage the establishment of informal education programmes to address the poor literacy background of the beneficiaries, and link to some extent, these programmes with the Government ABET centres.

T 3.11.11

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

This section is not applicable to the District.

T 3.5.2

3.13 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

This section is not applicable to the District.

T 3.13.1

3.14 CHILD CARE; AGED CARE; SOCIAL (SPECIAL) PROGRAMMES

INTRODUCTION TO SPECIAL PROGRAMMES

The District implements special programmes focussing on the most vulnerable groups within the community. These include women, youth, children and people living with disabilities. Gender equity is also considered in lined with the Employment Equity Plan albeit equitable and desired levels have not been reached as yet.

The Special Programmes Unit is in place and requires more funding to implement some of the programmes necessary for these groups. The youth, people with disability, children and women development plans are in place and these groups are consulted through the year through the established platforms. A Disability Structure was established at the District and local municipalities.

The reviewed mainstreaming strategy was approved by Council in May 2014 and this strategy contains activities, plans and programmes that are aimed at improving the conditions of the special groups, which includes women, the elderly, people with disabilities and men. The activities linked to the special groups are funded and monitored by the Office of the Executive Mayor. All special group fora are in place and functional and participate actively in IDP processes.

T 3.14.1

Special Programmes Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2012/13 FY		2013/14 FY			2014/15 FY	2015/16 FY	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Facilitate the development of a healthy and inclusive society	Number of reports on the Implementation of the HIV and AIDS Strategy	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports	4 Reports
	Number of District AIDS Council meetings held	4	4 Meetings	4 Meetings	2 meetings	3 meetings	4 Meetings	4 Meetings	4 Meetings
	Number of reports on the Implementation of the SPU Mainstreaming Strategy	4 Reports	4 Reports	4 Reports	4 reports	4 reports	4 Reports	4 Reports	4 Reports
	Hosting of District Mayoral Cup	1	1	1	1	1	1	1	1
									T 3.14.3

Employees: Special Programmes					
Job Level	2012/13 FY	2013/14 FY			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					

T 3.14.4

Capital Expenditure Year 2013/14: Special Programmes					
					R'
Capital Projects	Year 2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.14.6

COMPONENT E: ENVIRONMENTAL PROTECTION

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

INTRODUCTION TO ENVIRONMENTAL PROTECTION

To deal with environmental management matters, the District adopted an Environmental Management Plan in 2010, implementation of the working for water and wetlands programmes and an integrated waste management plan.

T 3.14

3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

The terms of reference for the development of the District Air Quality management Plan (AQMP) have been developed. It is envisaged that the Plan will be adopted in the 2014/15 financial year. The District is an authority in terms of air quality monitoring. The necessarily financial resources and capacity to implement the function are still lacking. Consequently, the licensing function is currently administered by the Provincial DEDEAT

T 3.15.1

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:

In the JGDM the most significant industrial contributors to air pollution in general have been identified as processing factories and the transport sector (exhaust fumes), which release toxic waste gases as a result of the combustion of fuels. Industrial activities are not a serious concern as these remain low, but include industrial processing by the following: Bokomo, PG Bison and DairyBell.

T 3.15.7

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

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

The Joe Gqabi District Municipality is characterized by a diversity of vegetation types and land features. The eastern and northern areas (Senqu and Elundini) are featured by high lying mountainous terrain associated with high species diversity and unique wetlands. These areas are more specifically, covered by Southern Drakensberg and Lesotho Highland Basalt Grasslands (in the east) as well as Zastron Moist Grassland and Senqu Montane shrubland (in the north). The western parts of JGDM are dominated by Karoo Escarpment Grassland, Aliwal North Dry Grassland, Besemkaree Koppies Shrubland and Eastern Upper Karoo vegetation. All of these vegetation covers are classified as “Least threatened” but are for the most part poorly conserved.

T 3.16.1

Financial Performance Year 2013/14: Bio-Diversity (Working for Water and Working for Wetlands)					
R'					
Details	Year 2012/13	Year 2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(19 615 738)	(17 826 000)	(21 824 616)	(22 734 458)	22%
Expenditure:					
Employees	2 618 641	4 056 299	4 146 679	2 950 822	-37%
Repairs and Maintenance					
Other	15 971 768	14 471 983	17 554 701	13 188 303	-10%
Total Operational Expenditure	18 590 409	18 528 282	21 701 380	16 139 125	-15%
Net Operational Expenditure	38 206 147	36 354 282	43 525 996	38 873 584	6%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.16.5

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

Unsuitable agricultural practices such as increasing irrigation in areas of poor soils and cash crop cultivation in marginal areas, is another threat to biodiversity in JGDM. The continuation of degradation of the District's land cover increases erosion throughout the District.

Ongoing urbanization and the growth of informal settlements around urban centres are increasing pressure on the environment and stretching infrastructure beyond capacity limits. Fire, especially in the grassland areas to the east of the District is another factor affecting the environment. In addition, plantations continue to threaten wetlands and indigenous forest patches.

T 3.16.7

COMPONENT F: HEALTH

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

INTRODUCTION TO HEALTH

This section is not applicable to the District. Municipal Health Services were provincialized in 2011.

T 3.17

3.17 CLINICS

INTRODUCTION TO CLINICS

This section is not applicable to the District.

T 3.17.1

3.18 AMBULANCE SERVICES

INTRODUCTION TO AMBULANCE SERVICES

This section is not applicable to the District.

T 3.18.1

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

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

The District is responsible for the provision of Municipal Health Services (MHS). These services extend to include Water Quality control, Food control, Waste Management control, Surveillance and prevention of communicable diseases, Vector Control, Environmental Pollution Control, and Burial of the dead control. At the start of the year under review, the provincially employed Environmental Health Practitioners were transferred into the JGDM.

T 3.19.1

SERVICE STATISTICS FOR HEALTH INSPECTION, etc.

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

Further statistics are contained in the performance report attached hereto.

T 3.19.2

Waste Management Service Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2012/13 FY		2013/14 FY			2014/15 FY		
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
To maintain and expand water purification works and waste water treatment works in line with growing demand	% compliance with SANS 241 for drinking water quality as per BDS (Outcome)	97%	95,3%	95,3%	97%	92%	% reduction from 2011/12 FY (xxx weekly collection failures)	% reduction from 2011/12 FY (xxx weekly collection failures)	% reduction from 2011/12 FY (xxx weekly collection failures)
	Number of Water conservation and demand management awareness meetings held with Community (Output)	12 monthly reports	12 monthly reports	12 monthly reports	12 monthly reports	12 monthly reports	T2 years of unused landfill capacity available	T5 years of unused landfill capacity available	T5 years of unused landfill capacity available
To improve municipal health services within the District	Number of premises monitored, evaluated and issued with a certificate of acceptability (Output)	25	18	18	25	33	T2% of 2012/13 FY waste recycled	T5% of 2012/13 FY waste recycled	T5% of 2012/13 FY waste recycled
Implement environmental conservation	Enter into a structured relationship with DEDEA to implement National Air Quality Framework	Record of initiatives undertaken to achieve MoU	Not achieved	Not achieved	Target removed	Target removed	T2% of sites compliant	of sites compliant	T5% of sites compliant
									T 3.19.3

Financial Performance Year 2013/14: MHS					
R'					
Details	Year 2012/13	Year 2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-2 894 473				
Expenditure:					
Employees	7 839 199	8 933 625	8 216 042	8 478 338	-5%
Repairs and Maintenance	-	-	-	-	-
Other	327 118	1 281 625	1 281 124	931 342	-38%
Total Operational Expenditure	8 166 317	10 215 250	9 497 166	9 409 679	-9%
Net Operational Expenditure	11 060 791	10 215 250	9 497 166	9 409 679	-9%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.19.5

COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

INTRODUCTION TO SECURITY & SAFETY

This section is not applicable to the District.

T 3.20

3.20 POLICE

INTRODUCTION TO POLICE

This section is not applicable to the District.

T 3.20.1

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

Firefighting is a shared service between the District and the local municipalities but currently only the District is budgeting for this service. The District is operating a full-time fire services.

The District is prone to runaway veldt fires as well as man-made fires that affect properties and buildings. In performing its function with regard to firefighting, the District has acquired customised firefighting equipment.

T 3.21.1

Fire Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2012/13 FY		2013/14 FY			2014/15 FY	2015/16 FY	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective									
To expand municipal services to rural nodes	Number of quarterly reports on implementation of firefighting SLAs with neighboring District municipalities (Input)	6 SLAs	Not achieved	6 SLAs	4 reports	4 reports	75% within guidelines or A1 if that is larger; (xxxxx emergency turn outs in year)	95% within guidelines or A4 if that is larger; (xxxxx emergency turn outs in year)	95% within guidelines or A4 if that is larger; (xxxxx emergency turn outs in year)
	Number of fire incidents responded to as a proportion of entries recorded in the Occurrence Book (Outcome)	100.00%	98.00%	100%	01:01	01:01	01:01	100.00%	100.00%
	Number of fire incidents responded to as a proportion of entries recorded in the Occurrence Book (Outcome) (same as SD03-02)	100.00%	98.00%	100%	01:01	01:01	01:01	100.00%	100.00%
									T 3.21.3

Employees: Fire Services					
Job Level	2012/13 FY	2013/14 FY			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy					
Other Fire Officers					
0 - 3					
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					

T 3.21.4

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

Within the available resources, the District has performance consistently in providing and improving fire services within the District. The fire and rescue services unit lacks sufficient staff and critical equipment for fire-fighting. Further to this, the municipality does not have sufficient budget for developing additional capacity. The DM's Disaster Management Centre has submitted a motivation to Council for funding provisions to conduct a section 78 assessment for Fire and Rescue Services in the District. It is hoped that the study will outline critical key areas that affect the service and the operational affectivity and efficiency.

Further to this the DM has approved and has established a Fire Fighting reservist unit to curb the staff shortage challenge challenges.

T 3.21.7

3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

INTRODUCTION TO DISASTER MANAGEMENT

The District adopted its Disaster Management Policy and Framework in 2009 to deal disaster management and planning within the District. A process to develop a District Disaster Management Plan has been initiated. Vulnerability and risk assessment form part of the terms of reference of the plan.

T 3.22.1

Disaster Management Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2012/13 FY		2013/14 FY		2014/15 FY	2015/16 FY		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
To expand municipal services to rural nodes	Number of quarterly reports on implementation of firefighting SLAs with neighboring District municipalities (Input)	6 SLAs	Not achieved	6 SLAs	4 reports	Reports	6 SLAs	6 SLAs	6 SLAs
Provide fire, emergency and rescue services	Number of fire incidents responded to as a proportion of entries recorded in the Occurrence Book (Outcome)	100.00%	98.00%	100%	01:01	01:01	100.00%	100.00%	100.00%
	Number of fire incidents responded to as a proportion of entries recorded in the Occurrence Book (Outcome) (same as SD03-02)	100.00%	98.00%	100%	01:01	01:01	100.00%	100.00%	100.00%
									T 3.22.3

Employees: Disaster Management

Job Level	2012/13 FY	2013/14 FY			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					

T 3.22.4

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT

In response to the frequent snow incidents within the District, an incidence protocol was developed in partnership with all stakeholders and adopted by Council in June 2013

The disaster management centre has been established with a District Disaster Management, Fire and Rescue Services Unit and four satellite offices in each municipality. A well-equipped District disaster centre is in the process of being established in Barkly East and four satellite centres in Maclear, Burgersdorp, Aliwal North and Sterkspruit. However the cashbacking of the grant is still a concern as this will impact on the ability to establish the centre.

T 3.22.7

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

This section is not applicable to the District.

T 3.23

3.23 SPORT AND RECREATION

SERVICE STATISTICS FOR SPORT AND RECREATION

This section is not applicable to the District.

T 3.23.1

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

INTRODUCTION TO CORPORATE POLICY OFFICES, Etc.

The District has a functional Corporate Services Department. Within the Corporate Services Department, Council Support Services, Human Resources, Legal Services and the Skills Development functions are located. Various policies have been developed by the whole institution and these are implemented.

T 3.24

3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

This function involves the compilation of Council agendas, maintenance of Council buildings, tracking of implementation of Council Resolutions, etc.

T 3.24.1

The Executive and Council Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2012/13 FY		2013/14 FY		2014/15 FY	2015/16 FY		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Improved human resource capacity of the District	Scheduled Council meetings held (Input)	4	4	4	7	7	4	4	4
	Scheduled Mayoral Committee meetings held (Input)	10	10	10	10	10	10	10	10
	% of Council resolutions implemented	100%	100%	100%	100%	100%	100%	100%	100%
Ensure availability of office space	Repairs and maintenance plan of all Council buildings developed and reports on the conditions of buildings compiled	Maintenance plan developed and quarterly implementation reports compiled	Implementation plan developed. Quarterly reports prepared	Implementation plan developed. Quarterly reports prepared	Implementation plan developed. Quarterly reports prepared	Implementation plan developed. Quarterly reports prepared	Implementation plan developed. Quarterly reports prepared	Implementation plan developed. Quarterly reports prepared	Implementation plan developed. Quarterly reports prepared
									T 3.24.3

Financial Performance Year 2013/14: The Executive and Council					
					R'
Details	Year 2012/13	Year 2013/14			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	-4 103 731	-4 166 000	-5 521 235	-5 100 726	18%
Expenditure:					
Employees	14 079 143	14 977 500	20 721 148	16 844 091	11%
Repairs and Maintenance	-	-	50 000	175 849	100%
Other	5 235 369	6 398 036	8 823 043	8 210 343	22%
Total Operational Expenditure	19 314 512	21 375 536	29 594 191	25 230 283	15%
Net Operational Expenditure	23 418 243	25 541 536	35 115 426	30 331 008	16%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.24.5

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

As far as expenditure on repairs and maintenance against the budget is concerned a seventy three percent (73%) achievement was realised. A repairs and maintenance plan of all Council buildings was developed and reports on the conditions of buildings were compiled quarterly.

In addition, all the legislated quarterly Council meetings and Mayoral Committee meetings were held as scheduled. Special meetings were also held as and when it was deemed so fit. Implementation of all Council resolutions is tracked and reports submitted to Council quarterly. All Council resolutions taken were executed and implemented.

T 3.24.7

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

Joe Gqabi District Municipality is currently going through a severe financial crisis and had to dramatically enhance its financial management. Currently the municipality has a negative cash flow position and payment of creditors has improved to the 30 days as legislated.

There has been significant reduction in wasteful and fruitless expenditure which enhances the revenue of the institution. To limit payment of interest charged by creditors for late payment of accounts, the District has strict controls on overdue accounts.

To further improve revenue management bulk and individual meters are prioritised for implementation in all towns and later in all served areas. This measure will be implemented in the shortest time possible.

The debtors on the financial system have been reduced significantly as historical unrecoverable debts were written off.

Financial Service Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2012/13 FY		2013/14 FY		2014/15 FY	2015/16 FY		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Following Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
To improve financial management and reporting	debt coverage ratio (output)	8.99	69.69	69.69	80%	95%	No more than T2% of current yr creditors o/s at yr end	No more than T5% of current yr creditors o/s at yr end	No more than T5% of current yr creditors o/s at yr end
Ensure effective financial management and reporting	cost coverage ratio (output)	1.58	3.9	3.9	8.99	0.13	T2% reduction in invoices raised; target limit of invoices	T5% reduction in invoices raised; target limit of invoices	T5% reduction in invoices raised; target limit of invoices
	% reduction in municipal debt	New indicator	New indicator	New indicator	50%	50%	% of legal proceeding commenced within 4 weeks of due date	% of legal proceeding commenced within 4 weeks of due date	% of legal proceeding commenced within 4 weeks of due date
	All creditors paid within 30 days of receipt of valid invoice	New indicator	New indicator	New indicator	30 days	95% paid within 30 days			
									T 3.25.3

Employees: Financial Services					
Job Level	2012/13 FY	2013/14 FY			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					

T 3.25.4

Financial Performance Year 2013/14: Financial Services					
					R'
Details	Year 2012/13	Year 2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-168 773 188	-186 717 900	-189 229 243	-180 530 555	-3%
Expenditure:					
Employees	9 223 480	10 949 328	10 966 998	10 110 041	-8%
Repairs and Maintenance	-	-	-	-	#DIV/0!
Other	12 119 879	13 105 450	13 706 086	11 353 596	-15%
Total Operational Expenditure	21 343 358	24 054 778	24 673 084	21 463 637	-12%
Net Operational Expenditure	190 116 546	210 772 678	213 902 327	201 994 191	-4%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.25.5

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

There has been significant reduction in wasteful and fruitless expenditure which enhances the revenue of the institution. To limit payment of interest charged by creditors for late payment of accounts, the District has strict controls on overdue accounts.

To further improve revenue management bulk and individual meters are prioritised for implementation in all towns and later in all served areas. This measure will be implemented in the shortest time possible.

Joe Gqabi District Municipality is currently going through a severe financial crisis and had to dramatically enhance its financial management. Currently the municipality has a negative cash flow position and payment of creditors has improved to the 30 days with 5% exceptions which is also improving.

Capacity building grants include the LGSETA Grant, MSIG, FMG, Working on Water and Working on Wetlands. Grants were used to implement learnership programmes on youth, internal staff, Councillors and communities. The disabled were trained on project management. On the Working for Water and Working for Wetlands grants youth were trained on fire and rescue services, health and safety, HIV and AIDS, first aid and process control

T 3.25.7

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Joe Gqabi District Council operates in terms of approved recruitment selection and appointment policy. The overall aim of the recruitment, selection and appointment process is to attract, obtain and retain people with required competencies at minimum cost in order to satisfy the Human Resources needs of the Council.

The institution adheres to the codes of conduct for municipal officials and Councillors. It also implements the disciplinary code of practice as defined by the South African Local Government Bargaining Council. These codes of conduct are signed by new employees and placed in their personnel files. Discipline is enforced in line with the SALGBC process and sanctions are implemented as recommended either through line function disciplinary processes or through formal disciplinary processes where hearings are held. Most disciplinary matters relate to absenteeism.

At the District Municipality, the Local Labour Forum has been established in terms of the bargaining Council agreement. The forum meets monthly and four meetings were held during the last financial year. District has two unions operating: South African Municipal Workers Union (SAMWU) and IMATU. These unions are also present in all the local municipalities.

T 3.26.1

Human Resource Services Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	2012/13 FY		2013/14FY			2014/15 FY		2015/16 FY	
		Target	Actual	Target		Actual	Target	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)		(ix)	(x)
Service Objective xxx										
Improved human resource capacity of the District	Institutional budgeted positions filled within 3 months of being vacant (Output)	100%	52%	52%	3 months	3 months	3 months	3 months	100%	100%
	Employee satisfaction survey conducted (Output)	Employee satisfaction survey conducted	Employee satisfaction survey conducted	Employee satisfaction survey conducted	Employee satisfaction survey conducted	Not achieved	Employee satisfaction survey conducted	Employee satisfaction survey conducted	Employee satisfaction survey conducted	Employee satisfaction survey conducted
	Number of staff who meet Minimum Competency levels (MFA) (Outcome)	100%	12%	12%	9	9	9	9	100%	100%
	Number of people from employment equity target groups employed in the 3 three highest levels of management in compliance with EEP (Outcome)	100%	100%	100%	5	5	5	5	100%	100%
										T 3.25.3

Financial Performance Year 2013/14: Human Resource Services					
R'					
Details	Year 2012/13	Year 2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-32 072	-	-	-	#DIV/0!
Expenditure:					
Employees	7 917 443	3 889 251	7 700 788	7 567 105	49%
Repairs and Maintenance					#DIV/0!
Other	2 312 285	3 103 254	5 429 362	3 685 429	16%
Total Operational Expenditure	10 229 728	6 992 505	13 130 150	11 252 533	38%
Net Operational Expenditure	10 261 799	6 992 505	13 130 150	11 252 533	38%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.26.5

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

The human resources strategy of the District aims at regulating the development of competencies of staff through Education, Training and Development. The following programmes serve as a guide for the type of programmes that could be instituted to address the problem of skills shortage in the District, among others; learnership, skills programmes, voluntary internships, specialized training to support relevant sectors and local organizations.

The District fully complies with the employment equity plan in the 3 highest levels of management. In addition, with a view of improving the working environment and reducing the possibility of having low staff morale due to stress an employee wellness programme is in place.

T 3.26.7

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The District developed an IT Master System Development Plan. This plan identified the priorities in terms of processes, procedures and provided recommendations that should be considered in order to ensure preservation, security, confidentiality, integrity and availability of municipal data. An anti-virus and internet security system is active and updated frequently to reduce the risk of internet threats.

T 3.27.1

ICT Services Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2012/13 FY		2013/14 FY		2014/15 FY		2015/16 FY		
		Target	Actual	Target	Actual	Target	Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year		*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)		(ix)	(x)
Service Objective xxx										
Improved human resource capacity of the District	% IT Audit issues relating to prior year resolved (Output)	100%	89%	89%	100%	100%	100%	100%	100%	100%
Strategically utilise ICT to improve government efficiency	Systems downtime for emails, intranet and internet as a result of hardware or network failure	<3 hours per incident	<3 hours per incident	<3 hours per incident	<3 hours per incident	<3 hours per incident	<3 hours per incident	<3 hours per incident	<3 hours per incident	<3 hours per incident
Implement shared services within the District focusing on performance management, internal audit, risk, communications, IT, IDP and finance	Conduct Study on the possible implementation of a Shared Services on IT within the District (Input)	1 Report compiled	Not achieved	Not achieved	Study completed	Draft Study completed and Approved by District Wide IT Forum	1 Report compiled	Draft Study compiled	1 Report compiled	1 Report compiled
										T 3.27.3

Financial Performance Year 2013/14: ICT Services					
R'					
Details	Year 2012/13	Year 2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Employees	1 405 126	1 523 720	1 451 223	1 501 136	-2%
Repairs and Maintenance	-	-	-	-	-
Other	1 988 737	3 154 100	2 745 000	2 055 827	-53%
Total Operational Expenditure	3 393 863	4 677 820	4 196 223	3 556 963	-32%
Net Operational Expenditure	3 393 863	4 677 820	4 196 223	3 556 963	-32%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
<i>T 3.27.5</i>					

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

Hardware, software and support services within the network infrastructure consist of category 5 cabling. This connects all computer infrastructure to the central server, which ensures confidentiality and security.

In terms of out of office connectivity requirements a 3G solution was procured in order to supply the required connectivity options.

The District developed an IT Master System Development Plan. This plan identified the priorities in terms of processes, procedures and provided recommendations that should be considered in order to ensure preservation, security, confidentiality, integrity and availability of municipal data. An anti-virus and internet security system is active and updated frequently to reduce the risk of internet threats.

T3.27.7

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

INTRODUCTION TO LEGAL SERVICES

The Legal Services deals with the development of contracts, service level agreement and checking legal compliance, monitoring the progress of litigations, provides legal advice to Council. External service providers deal with the litigations while the internal legal services section monitor progress of litigations. Three bylaws have been developed published and adopted namely the Water, Fire and Transport bylaws.

The Council Support Unit, which is located within the Corporate services Department is responsible for the District property, in the form of buildings. A Maintenance Plan for Council property was developed and reports are submitted to Council Committees quarterly.

T3.28.1

Property; Legal; Risk Management; Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2012/13 FY		2013/14 FY		2014/15 FY		2015/16 FY		
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	
<i>Service Indicators</i>		*Previous Year		*Previous Year	*Current Year		*Current Year		*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)		(ix)	(x)
Service Objective xxx										
Ensure legislative compliance and improved legal capacity of the District	% of legal cases successfully litigated	100%	100%	100%	100%	0%	100%	100%	100%	100%
	Ratio of disciplinary hearings concluded within 3 months of initiation	100%	100%	100%	01:01	01:01	100%	100%	100%	100%
Ensure and maintain clean governance	Number of risk reports submitted	4 reports	4 reports	4 reports	4 reports	4 reports	4 reports	4 reports	4 reports	4 reports
Comply with all statutory financial reporting and compliance with SCM policy and legislation	% of tenders concluded in accordance with procurement plan timeframes	100%	100%	100%	100%	100%	100%	100%	100%	100%
										T 3.28.3

Financial Performance Year 2013/14: Legal and SCM (Procurement Services)					
R					
Details	Year 2012/13	Year 2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Employees	1 269 769	1 380 493	1 466 330	1 466 330	6%
Repairs and Maintenance	-	-	-	-	-
Other	400 162	742 000	779 300	557 328	-33%
Total Operational Expenditure	1 669 931	2 122 493	2 245 630	2 023 658	-5%
Net Operational Expenditure	1 669 931	2 122 493	2 245 630	2 023 658	-5%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.28.5

COMMENT ON THE PERFORMANCE OF LEGAL SERVICES OVERALL:

The Legal Services function of the municipality ensures that all legal matters are dealt with efficiently and timeously. All cases and incidents that emanated in the year under review were dealt with fully.

T 3.28.7

COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

INTRODUCTION TO MISCELLANEOUS

This section is not applicable to the District.

T 3.29.0

☑ = Target achieved and or exceeded (> 90). ☒ = target not achieved (< 74). ☐ = information not yet available. ☑☑ = significant progress (75 - 90%) has been achieved ☒☒ = target reduced or removed due to budget constraints

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

Service Delivery and Infrastructure Provision

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/ 13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Measure
				Plan	Actual	Plan	Actual			
Provide universal access to basic services	SD01: Maintain and rehabilitate all water and sanitation infrastructure	SD01-01	Improvement in municipal green drop score (output)	50	0	Preparation Assessment Tool submitted to Water Affairs	Preparation Assessment Tool submitted to Water Affairs	☑	None	None
		SD01-03	Improvement in municipal blue drop score (output)	87%	0%	90	Unknown	☑	The current Blue Drop Assessment (2013) is still under review by the DWA.	None
		SD01-04	% compliance with SANS 241 for drinking water quality as per Blue Drop System (BDS) (Outcome)	97%	95.3%	97%	92%	☑	Rural water schemes, where most water quality failures occur remain a challenge as communities do not want the taste of chlorine in the water	EHP"s and ISD Officers conduct Health & Hygiene training to inform communities of the health risks. A strategy to improve chlorination of water in the rural water programme will be implemented in the 2014/15

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/ 13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Measure
				Plan	Actual	Plan	Actual			
										FY
		SD01-20	Review of WSDP (LGTAS) (Input)	New indicator	New indicator	Review of WSDP	Council adopted draft for public comment	?	WSDP process was delayed to slow input from the WSP. Draft made available for public comment	Approve the document in quarter 1 after public comment received.
		SD01-21	Number of reported water and waste water incidents reported on which action is taken (LGTAS) (Outcome)	New indicator	New indicator	01:01	01:01	?	None	None
		SD01-22	Number of water and sanitation by-laws reviewed (LGTAS) (Outcome)	New indicator	New indicator	1	Bylaw document approved by council	?	Public participation was extended to be longer than 21 days due to the numerous public holidays in April 2014. Additional public participation was held in June 2014 due to non-response to the initial public	Bylaws still need to be promulgated in the 3rd quarter 2014/15 year.

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/ 13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Measure
				Plan	Actual	Plan	Actual			
									notice. This then resulted in a delay in the document being approved resulting in promulgation not starting in the year under review.	
	SD2: Support municipalities in the provision of quality basic services	SD02-01	Number of Water conservation and demand management awareness meetings held with Community (Output)	12 Institutional & social development (ISD) Reports	12 Institutional & social development (ISD) Reports	12 meetings and ISD Reports	12 meetings and ISD Reports	?	None	None
		SD02-02	Number of Blue Drops achieved (Output)	2	0	1	Unknown	?	The current Blue Drop Assessment (2013) is still under review by the DWA	None
	SD03: Provide fire, emergency and rescue services	SD03-01	Number of fire incidents responded to as a proportion of entries recorded in the Occurrence Book (Outcome)	100%	98%	01:01	01:01	?	None	None
		SD03-02	Number of quarterly reports on implementation of fire fighting SLAs with neighbouring District	6 SLAs	Not achieved	4 reports	6 reports	?	None	None

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/ 13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Measure
				Plan	Actual	Plan	Actual			
			municipalities (Input)							
		SD03-03	Conduct S78 to determine best mechanism for delivering fire services (Input)	New indicator	New indicator	S78 Assessment	Approved s78 (1)	☒	BAC awarded tender in part phases in order to manage budgetary demands. Only part 1 was approved by the BAC for the financial year 2013/14.	Later phases of the project budgeted for in the 2014/15 budget
	SD04: Create and maintain stakeholder engagement initiatives to deal with service delivery challenges	SD04-01	Number of District Water forum meetings (input)	2 Meetings	1 meeting	2 Meetings	1 meeting	☒	Due to the slower than expected process of drafting the reviewed WSDP and due to focus on the drought, the Water Forum did not meet as planned.	The Water Forum will meet in the first quarter of 2014/15
	SD05: Expand and speed up the provision of universal access to water and	SD05-01	Number of additional households provided with basic level of portable water (Output)	5000 households	0	5000 households	0 households	☒	2 major projects on the 3-year infrastructure plan meant to deal with water backlogs in	The planning process as well as the appointment of service provider

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/ 13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Measure
				Plan	Actual	Plan	Actual			
	sanitation								both Elundini (R143m) and Senqu (R85m) are in the planning phase. Therefore no construction of infrastructure took place in the 2013/14 financial year and therefore no new households were served.	by supply chain to be fast-tracked
		SD05-02	Number of additional households provided with basic level of sanitation (Output)	5000 households	9 421	5000 households	8823 households	☒	A total of 8152 new VIP toilets were constructed prior to Q4 already. A total of 8823 new toilets were built in 2013/14 FY. A total of 3823 is more than the year target 5000 households due to excessive demand from the community.	Target to be reviewed during the mid-year 2014/15 FY

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/ 13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Measure
				Plan	Actual	Plan	Actual			
		SD05-03	Percentage of households with access to basic level of water (NKPI)**	90%	90%	90%	80%	?	2 major projects on the 3-year infrastructure plan meant to deal with water backlogs in both Elundini (R143m) and Senqu (R85m) are in the planning phase. Therefore no construction of infrastructure took place in the 2013/14 financial year and therefore no new households were served.	The planning process as well as the appointment of service provider by supply chain to be fast-tracked
		SD05-04	Percentage of households with access to basic level of sanitation (NKPI)**	New indicator	New indicator	86%	93%	?	None	None
		SD05-05	Percentage of households earning less than R1100 per month with access to free basic services (NKPI) **	Dependent on baseline survey	100% of registered indigents"	100% of registered households (indigents)	100%	?	None. Information based on indigent Policy of LMs which regards indigents as those earning less than R2200.	None

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/ 13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Measure
				Plan	Actual	Plan	Actual			
SD06: Expand provision and quality of municipal health services	SD06-01	Number of illegal waste dumping points where compliance was enforced	100% or 66	668% or 441	100%	100%	?	None.	None	
	SD06-02	Number of inspections (visits) per quarter on each of the 13 urban waste sites	12 inspection per site	14 inspections per site	12 inspection per site	12 inspection per site	?	None	None	
	SD06-03	Number District waste forum meetings (Outcome)	1	1	1	1	?	None	None	
	SD06-04	% of sewage spills where compliance was enforced (Output)	100% of 61	184% of 61 (or 112)	100% (99)	100% (151)	?	Spillages are repaired by the WSP. Once identified they are monitored till repaired and then continue to be monitored for the rest of the financial year.	Continue with compliance monitoring and reporting of the matter to the WSP. Revise targets half year.	
	SD06-05	Number of pauper burials performed (Output)	01:01	04:00	01:01	01:01	?	None	None	

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/ 13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Measure
				Plan	Actual	Plan	Actual			
		SD06-06	Number of inspections to each of the 33 funeral parlours undertaken in a year (Outcome)	2 inspections to each site during the year	21 reports out of planned 66	1 inspections to each site of the 33 parlours**	48 (cumulative)	?	Health risks and concerns led to more inspections being undertaken	SDBIP for 2014/15 includes 2 inspections of the funeral parlours per year
		SD06-07	Number of funeral parlours with a valid certificate of competency (CoC) (Outcome)	2 funeral parlours out of 33	4 funeral parlours	2 funeral parlours out of 33	6	?	When taking the baseline (confirmed) into account 6 funeral parlours now have a certificate and or have maintained a certificate. Limited by the owner of the facility making changes to meet standards.	Correct the base line for the new SDBIP. Continue to undertake inspections and issue compliance notices. Take stronger action against severely non-compliant facilities
		SD06-08	Number of informal food vendors (hawkers, caterers, spaza shop owners) receiving Health and Hygiene education and training (Output)	30	26	50 (accumulative)	58 (accumulative)	?	Trainings link to the number of events taking place in the district (public events where catering is also provided such as the launch by the President of the Umzimvubu dam) and	Review targets on a half yearly basis

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/ 13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Measure
				Plan	Actual	Plan	Actual			
									therefore a need to train additional caterers that will be handling food.	
		SD06-09	Number of Formal Food Premises inspections undertaken (Outcome)	261	192	157**	184	☒	Under achieved in early quarters due to focusing on drought. Risks and concerns resulted in need to increase inspections to ensure control of the public health environment	Continue to monitor health risks. Review targets on a half yearly basis
		SD06-10	Number of Formal Food Premises with a valid certificate of acceptability (CoA) (Outcome)	25	18	25	34	☒	Due to on-going pressure by EHPs more premises than expected have complied with health standards.	Review targets on a half yearly basis. Continue to enforce compliance
		SD06-11	Number of public premises inspected (Outcome)	20	20	20	50	☒	Due to requests by mainly government facilities and Early Childhood Development Centers more inspections were	Review targets on a half yearly basis. Continue to monitor facilities.

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/ 13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Measure
				Plan	Actual	Plan	Actual			
									undertaken	
	SD07: Support rehabilitation of all road networks within the villages throughout the District	SD07-01	Number of km's per quarter graded as per the SLA (Outcome)	1200km per quarter	964 per quarter	4000km	3314	?	Very dry conditions not favourable for the grading and compaction of gravel surfaced roads.	Target to be reviewed during the mid-year 2014/15 FY
	SD8: Facilitate improvement of network and communications towers throughout the District	SD8-01	Number of engagement sessions held leading to installation/upgrading of communications towers (Outcome)	1	1	1	1	?	None	None
Facilitate environmental management and conservation	SD9: Implement working for water and working for wetlands	SD9-01	% budget expenditure in the National FY on implementation of working for Wetland rehabilitation programme (Output)**	100%	100%	100%	67.74	?	Change to a centralised supply chain system did delay processes until systems were familiar. Budget was allowed to be continued to be spent after the national year end and by 30 June	Continue to improve on efficiency in Supply Chain processes

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/ 13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Measure
				Plan	Actual	Plan	Actual			
									83.17% had been spent	
		SD9-02	Number of hectares in the National FY of alien plants treated (Outcome)**	5000 ha	4 933 ha	5 000ha	2655	☒	Change to a centralised supply chain processes delayed procurement. Budgets were cut by DEA during the year due to slow expenditure. JGDM was allowed to continue to spend till 30 June and by then 2943 ha had been cleared	Numerous engagements were undertaken during the year with management in an attempt to unblock problems. This is to continue.

Local Economic Development

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Action
				Plan	Actual	Plan	Actual			
Facilitate and implement job creation and poverty alleviation initiatives	LED01: Implement projects and programmes through labour intensive methods	LED01-01	Number of jobs created through municipality's local, economic development initiatives including capital projects**	800	1176	800	1388	?	None	None
		LED01-02	Number of job opportunities created through WfW and wetlands (Output)	New indicator	New indicator	375 in each quarter	1st quarter - 592 2nd quarter- 592 3rd quarter- 802 4th quarter- 578	?	Additional teams were engaged to attempt to speed up expenditure.	None
	LED02: Encourage better working conditions in the farming community and improve access to government services	LED02-01	Number of information sessions held with farming communities (Outcome)	1	3	1	1	?	None	None
	LED03: Encourage and support initiatives geared towards mass job creation and sustainable livelihoods	LED03-01	Number of reports on job opportunities created through CWP (Input)	4 reports	3 reports	2 reports	2 reports	?	None	None

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Action
				Plan	Actual	Plan	Actual			
	LED04: Support and facilitate rural development and poverty alleviation programmes	LED04-01	Report on the implementation of Rural development programme and anti-poverty strategy (Input)	New indicator	New indicator	2	2	?	None	None
		LED04-02	Number of funding applications submitted for cooperatives and SMMEs (outcome)	2	3	2	13	?	None	None
	LED05	LED05: Facilitate and actively participate in youth development programmes.	Number of business support meetings/ engagement facilitated for social groups (Outcome).	10	10	10	12	?	Target exceed by 2 due to excessive demand for training from the SMMEs and co-ops. Additional trainings were arranged.	None
Facilitate and support regional economic development initiatives	LED06: Identify, support and implement economic development flagship and anchor projects	LED06-02	JoGEDA: Number of Status Quo reports on Gariiep middle income housing, Elundini middle income housing, Senqu Plastic, Business Incubation Hubs and Senqu Commercial Property Development presented to mayoral committee (Output)	New indicator	New indicator	4	4	?	None	None

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Action
				Plan	Actual	Plan	Actual			
		LED06-03	JoGEDA: Maize Meat Hub Number of funding applications and Project Appraisal with relevant partners from public and private sector (Output)	New indicator	New indicator	2	2	?	None	None
		LED06-05	LED strategy review (Input)	1 approved strategy	1 Approved Strategy	Strategy reviewed	Not achieved	?	Draft LED Strategy still undergoing consultation process	Draft to be taken to council in the 1st quarter 2014/15
		LED08-01	Number of Suppliers Day Held (Outcome)	12	12	3	3	?	None	None
	LED8: Facilitate and support local supplier development initiatives and strengthen implementation of the new BBBEE regulations									
	LED9: Create and maintain stakeholder engagement initiatives	LED09-01	Number of District Support Team forum Meetings held (Outcome)**	4	4	4	3	?	Planned for the 18 March 2014 3rd quarter but could not sit due to non-availability of	Outstanding meeting to be held in the 2014/15 FY

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Action
				Plan	Actual	Plan	Actual			
									representatives	
	LED10:participate and support initiatives geared towards revitalisation of towns and settlements	LED10-01	Number of Tourism exhibition shows attended, brochures developed aimed at promoting and marketing the district (Outcome)**	1	1	1	1	?	None	None
		LED10-02	District Branding and marketing strategy developed and adopted by Council (Input)	Strategy Developed	Draft Strategy developed	Strategy adopted by Council	Final Strategy adopted by Council	?	None	None

Financial Viability and Management

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Action
				Plan	Actual	Plan	Actual			
Ensure effective financial management and reporting	FM01: Comply with all statutory financial reporting and compliance with SCM policy and legislation	FM01-01	Percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan**	100%	111%	100% (accumulative)	57%	?	Included in the budget is R18m, additional MIG allocations that will be rolled forward. The water meters R5m and ABSA vehicles R10m were not procured. Drought relief grant was not received and therefore not spent.	Additional 18m MIG allocations will be rolled forward (14/15 FY). Water meters and ABSA vehicles to be obtained in First quarter of 2014/15 FY.
		FM01-02	Percentage of Capital Infrastructure expenditure (MIG) (Output)	100%	111%	100% (accumulative)	90%	?	Included in the budget is 18m, additional MIG allocations that will be rolled forward	Additional 18m MIG allocations will be rolled forward (14/15 FY)
		FM01-03	Total actual trade creditors as a percentage of total actual revenue (Output)	50%	52%	5%	11%	?	Payment within 30 days.	Maintain the payment within 30 days
		FM01-04	% of tenders concluded in accordance with procurement plan timeframes (Output)	100%	100%	100%	100%	?	None	None

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Action
				Plan	Actual	Plan	Actual			
		FM01-05	% reduction of unauthorised expenditure (Input)	100%	89%	100%	100%	?	None	None
		FM01-06	All creditors paid within 30 days of receipt of valid invoice (Output)	30 days	95% paid within 30 days	30 days	30 days	?	None	None
		FM01-07	Cost coverage ratio	8.99	0.13	02:02	2.4	?	Severe cash-flow shortages due to draught conditions	Revenue Enhancement Strategy is being implemented, billing done in-house for Maletswai and Senqu with effect from 1 July 2014
		FM01-08	% of budget actually spent on implementing workplace skills plan (LGSETA and Internal training budget)	100%	100%	100%	100%	?	None	None
		FM01-09	% expenditure on repairs and maintenance against the budget (Input)	100%	73%	100%	86%	?	Cash flow consideration placed pressure on expenditure. The drought relief grant was not received and therefore not	Ensure better budgeting and better management of cash-flow.

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Action
				Plan	Actual	Plan	Actual			
									spent.	
FM02: Improve financial administrative capacity of the District	FM02-01	Compile of IFS for 3 quarters	IFS for 3 quarters compiled	2 IFS compiled	IFS for 3 quarters compiled	IFS for 1 quarter compiled	ⓘ	Staff resignations negatively impacted on ability of finance section to prepare internally their IFS	Fill vacant posts	
		Debt coverage ratio (Output)	80%	95%	02:03	03:01	ⓘ	Severe cash-flow shortages due to draught conditions	Revenue enhancement strategy is being implemented, billing done in-house for Maletswai and Senqu with effect from 1 July 2014	
		FM02-02	% reduction in municipal debtors related to service charges (Output)	50%	50%	40%	-25%	ⓘ	The takeover of Gariiep LM and poor credit control by LMs resulted in the increase in service book debt.	Takeover of billing on 1st July 2014 and data cleansing to be done in the second half of 2014/15 FY.
		FM02-03								

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Action
				Plan	Actual	Plan	Actual			
	FM03: Implement fraud and anti-corruption measures	FM02-04	% of operational budget actually spent (Input)	100%	85%	100%	90%	☒	Cash flow consideration placed pressure on expenditure.	Better budgeting and cashflow management to be implemented.
		FM03-01	Review Anti-Fraud and anti-corruption strategy (Input)	Anti-fraud and anti-corruption strategy developed	Anti-fraud and anti-corruption strategy reviewed	Reviewed Strategy adopted by Council	Final Strategy adopted by Council	☒	None	None
	FM04: Implement revenue enhancement strategies	FM04-01	Number of reports on the Implementation of Revenue enhancement strategy (Input)	Revenue enhancement strategy developed	Revenue enhancement strategy developed	4 reports	3 reports	☒	Significant efforts were made in the 1st quarter on AFS preparations, audit and takeover of Gariep and Amatola.	None
		FM04-02	Develop Revised Financial Turn-around Strategy and produce quarterly status reports (Input)**	Financial Recovery Plan developed and quarterly reports prepared	Not achieved	quarterly report prepared	quarterly report prepared	☒	None	None
		FM04-03	Number of reports on the implementation of the Billing agreement with LMs (Input)	New indicator	New indicator	12 monthly reports	9 monthly reports	☒	Late submission of reports by LMs	Continue to engage LMs to submit reports timeously. Report to be submitted end July 2014

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/13 FY)		Year Under Review (2013/ 14 FY)		Snapshot	Variance	Corrective Action
				Plan	Actual	Plan	Actual			
		FM04-04	% reduction in water losses (Output)	New indicator	New indicator	50%	-16%	☒	Lack of sufficient bulk metering in the water systems which makes it difficult to accurately determine water losses.	Bulk water meters have to be installed in the entire water systems district wide in order to measure water loss accurately. The MWIG project in Aliwal North in the 2014/15 FY will provide bulk water meter for that system
		FM04-05	Prepare MTRF Budget (Input)	Final Budget approved by Council	Final Budget approved by Council	Final Budget approved by Council	Final Budget approved by Council	☒	None	None

Institutional Development and Transformation

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/13 FY)		Year Under Review (2013/14 FY)		Snapshot	Variance	Corrective Action
				Plan	Actual	Plan	Actual			
Improve human resource capacity	ID01: Effectively empower and develop the Council's workforce	ID01-01	% of staff actually trained as per the WSP (Output)	100%	100%	100%	100%	?	None	None
		ID01-02	Number of people from employment equity target groups employed in the 3 three highest levels of management in compliance with EEP (Outcome)	100%	100%	5	5	?	None	None
		ID01-03	Number of reports on the functionality of the employee wellness programme (Input)	4 reports	4 reports	4 reports	4 reports	?	None	None
		ID01-04	Cumulative % of councillors actually trained as per the training programme	100%	100%	100%	100%	?	None	None
		ID01-05	Number of staff who meet Minimum Competency levels (MFA) (Outcome)	100%	12%	9	9	?	None	None

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/13 FY)		Year Under Review (2013/14 FY)		Snapshot	Variance	Corrective Action
				Plan	Actual	Plan	Actual			
		ID01-06	% of MPAC members trained (LGTAS) (Outcome)	New indicator	New indicator	100%	100%	?	None	None
	ID02: Encourage and support capacity and skills building initiatives of communities	ID02-01	Number of training initiatives as include in WPSP (Outcome)	2	6	4**	11	?	There were additional training undertaken due to additional LGSETA Grants Training Programmes & Treasury initiatives	None
	ID03: Attract, retain skills and encourage skills transfer initiatives	ID03-01	Review of staff attraction and retention strategy (Input)	Strategy approved	Strategy approved	Strategy implemented	Not achieved	?	Strategy still under discussion in Top Management	To be submitted in the next LLF meeting on the 26 August 2014
		ID03-02	Rating of staff satisfaction (Output)	Employee satisfaction survey conducted (Output)	Employee satisfaction survey conducted (Output)	Employee satisfaction survey rating of > 7	Not achieved	?	Out of hundred (100) questionnaires distributed, only fifteen (15) were returned/ collected from the respondents.	Questionnaires had to be issued again. Report will be submitted in the 1st quarter 2014/15
	ID04: Maintain good working conditions for staff and ensure continued existence of labour related structures	ID04-01	Number of LLF meetings	4	1	4	8	?	The additional meetings were due to sub-committee meetings that set on monthly basis	Target to be reviewed during the mid-year 2014/15 FY

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/13 FY)		Year Under Review (2013/14 FY)		Snapshot	Variance	Corrective Action
				Plan	Actual	Plan	Actual			
	ID05: Implement shared services within the District focusing on performance management, internal audit, risk, communications, IT, IDP and finance	ID05-01	Conduct Study on the possible implementation of a Shared Services on IT within the District (Input)	1 Report compiled	Not achieved	Draft Study completed	Draft Study completed and Approved by District Wide IT Forum	?	Study still in process of following internal meeting procedures to achieve approval.	Report will be presented to the Mayoral Committee in the 1st quarter 2014/15 FY
delivery through efficient institutional	ID06: Ensure that funded vacant posts are filled	ID06-01	The average length of time it takes to fill a post (Output)	100%	52%	3 months	3 months	?	None	None
		ID06-02	Review organogram to incorporate new staff and transferred water staff from LM's**	New indicator	New indicator	Final Reviewed Organogram approved by council	Organogram approved by Council	?	None	None
technology, legal services and other	ID07: Ensure legislative compliance and improved legal capacity of the District	ID07-01	% of legal cases successfully litigated (Outcome)	100%	100%	100%	0%	?	Fire fighters case still pending	Legal Service Provider has been appointed to deal with the matter. Matter is being attended at labour court
		ID07-02	% of new employees inducted on HR policies and conditions of Service (Outcome)	100%	75%	100%	92%	?	Induction Session arranged for 05 June 2014 but postponed due to MM Road-shows.	To be conducted in the 1st quarter 2014/15 FY.

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/13 FY)		Year Under Review (2013/14 FY)		Snapshot	Variance	Corrective Action
				Plan	Actual	Plan	Actual			
		ID07-03	Ratio of disciplinary hearings concluded within 3 months of initiation	100%	100%	01:01	01:01	?	None	None
		ID07-04	Monthly sitting of the OHS Committee (Outcome)	100%	50%	Monthly meetings	5 monthly meetings	?	Staff shortage affected performance in this area	Temporarily OHS Officer has since been appointed
	ID08: Strategically utilise ICT to improve government efficiency	ID08-01	Review IT governance Framework (Input)	New indicator	New indicator	IT Governance f reviewed and adopted	Not achieved	?	Framework still in process of following internal meeting procedures to achieve approval	To be sent to IT Steering Committee then to Council in the 1st quarter 2014/15 FY
	ID09: Ensure availability of office space and manage council buildings in an effective and efficient manner	ID09-01	Number of council resolutions dispatched and implemented (Output)	New indicator	New indicator	Every mayoral committee and council	8	??	None	None
		ID09-02	Number of ordinary Council meetings held (Outcome)	4	4 ordinary meetings	7 meetings	7 meetings	?	None	

KPA 5: Good Governance and Public Participation

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/13 FY)		Year Under Review (2013/14 FY)		Snapshot	Variance	Corrective Action
				Plan	Actual	Plan	Actual			
Facilitate intergovernmental cooperation	GG01: Promote intergovernmental cooperation initiatives	GG01-01	Number of DIMAFO meetings sitting (Outcome)	4 meetings each structure	4 meetings each structure	4 meetings	1 meeting	?	Challenges to meet a quorum affected ability of meetings to sit.	Meeting will be held in the 1st quarter 2014/15
		GG01-02	Review of the IDP (Input)	Approval of Final reviewed IDP	Final reviewed IDP approved	Approval of Final reviewed IDP	Final reviewed IDP approved	?	None	None
Communicate effectively with communities	GG02: Regular and effective communications with communities	GG02-01	Number of newsletters publications released (Output)	2	4	4	4	?	None	None
		GG02-02	Number of Community Outreach meetings held and reports on issues raised (Outcome)	1 meeting and 1 report for each LM	1 meeting held in Gariep and 1 held in Elundini LM	2 meeting and 1 report for each LM	1 meeting and 1 report for each LM	?	1 meeting postponed due to National General Elections	Meeting will be held in the 2nd quarter 2014/15
Communicate effectively with communities	GG03: Work closely with traditional leadership structures in the implementation of rural development programmes	GG03-01	Number of Traditional leaders forum meetings (Outcome)	2	2	2	2	?	None	None

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/13 FY)		Year Under Review (2013/14 FY)		Snapshot	Variance	Corrective Action
				Plan	Actual	Plan	Actual			
	GG04: Strengthen internal communications	GG04-01	Review Communication Plan (Input)	Internal Communication Plan developed	Internal Communication Plan developed	Communication reviewed and Plan implemented	Communications Plan adopted by council	?	None	None
		GG04-02	Monthly reports on the implementation of communication plan (Customer Care, website, Presidential hotline) (Input)**	New indicator	New indicator	12 monthly report	12 monthly report	?	None	None
Ensure integrated planning and performance management	GG05: Promote performance management among councillors and officials	GG05-01	Performance Management System Policy reviewed and adopted (Input)	Performance Management System adopted	Performance Management System adopted	Performance Management System reviewed and adopted	Performance Management System reviewed and adopted	?	None	None
	GG06: Implement effective planning and reporting mechanisms	GG06-01	Number of signed performance agreements by Section 56 Managers (Outcome)	5	5	5 annually	5 annually	?	None	None
		GG06-02	Number of signed performance obligations of middle management (Outcome)**	20	18	16	16	?	None	None

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/13 FY)		Year Under Review (2013/14 FY)		Snapshot	Variance	Corrective Action
				Plan	Actual	Plan	Actual			
		GG06-03	Number of reports on performance of service providers performance monitored (Input)	4 reports	4 reports	4 reports	4 reports	?	None	None
		GG06-04	Number of Quarterly performance reports and mid-year budget and annual performance report prepared (Input)**	4	4	4 Quarterly SDBIP Reports and 1 Annual Performance report	4 Quarterly SDBIP Reports and 1 Annual Performance report	?	None	None
		GG06-05	Annual Report prepared (Input)	1	1	annual report prepared and approved by Council	annual report prepared and approved by Council	?	None	None
	GG07: Establish and support municipal oversight systems, mechanisms and processes	GG07-01	Number of Joe Gqabi Municipal Public Accounts Committee meetings (Outcome)	4	5	4	4	?	None	None
		GG07-02	Number of Audit and Performance Committee meetings (Outcome)	4	5	4	5	?	None	None

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/13 FY)		Year Under Review (2013/14 FY)		Snapshot	Variance	Corrective Action
				Plan	Actual	Plan	Actual			
	GG08: Ensure and maintain clean governance	GG08-01	Attain clean audit outcomes (audit of financial information) (Input)	Clean Audit opinion	Unqualified audit	Clean Audit	Unqualified audit	?	None	None
		GG08-02	Attain clean audit outcomes (audit of performance information) (Input)	Clean Audit	Clean Audit	Clean Audit	Clean Audit	?	None	None
		GG08-03	% of previous year's audit queries addressed (Output)	New indicator	New indicator	100%	90%	?	None	None
		GG08-04	Number of risk reports submitted (Report on the implementation of Strategic Risk Register) (Input)**	4 reports	4 reports	4 reports on implementation of agreed upon Strategic risk register	4 reports on implementation of agreed upon Strategic risk register	?	None	None
Promote the development of a healthy and inclusive	GG09: Implement HIV and AIDS programmes	GG 09-01	Number of reports on the implementation of the HIV and AIDS Strategy (input)	4 Reports	4 Reports	4 Reports	4 Reports	?	None	None
		GG09-02	Number of District AIDS Council meetings held (Outcome)	4	4 Meetings	2 meetings**	3 meetings	?	None	None

Strategic Objective	Programme	KPI Number	Key Performance Indicator	Prior Financial Year (2012/13 FY)		Year Under Review (2013/14 FY)		Snapshot	Variance	Corrective Action
				Plan	Actual	Plan	Actual			
	GG10: Implement programmes targeting the special groups (SPU)	GG10-01	Number of reports on the implementation of the SPU Mainstreaming Strategy (Input)	4 Reports	4 Reports	4 Reports	4 Reports	?	None	None
		GG10-02	Hosting of District Mayoral Cup (Outcome)	1	1	1	1	?	None	None
		GG10-03	Report on the facilitation of the hosting of the District Sondela Youth Festival (Input)	1	1	1	1	?	None	None

CHAPTER FOUR

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

INTRODUCTION

The District runs a fully-fledged organisational development function. Human Resources and skills development function are located within the Corporate Services Directorate.

T 4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

VACANCIES AND TURNOVER:

The District is committed to filling all vacant positions within three (3) months of them being vacant. In order to retain staff, a retention strategy was developed and approved by the Council. The District is constantly improving its human resource policies with a view of creating conducive working environment. The remoteness of the District and its rural nature is one of the challenges that have been identified to be contributing to staff turn-over. All Section 56 positions have been filled.

The District implemented various training plans which focused on ABET, financial management, management and leadership, specialised technical skills, life skills, legal, LED and planning, Occupational Health and safety, administration, project management and computer literacy.

T 4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

To improve the management of the institution policies adopted include Recruitment and Selection Policy, IT Policy, Overtime, Relocation, Health and Safety, Harassment policies, Alcohol and Drug, Working Hours policy, Attendance Register Policy, Gifts and Gracia Policy, Rent Subsidy policy, Promotion and transfer policy, Employee Assistance Policy,

Standby Policy, Subsistence and travel, Uniform and protective clothing, Supply Chain Management Policy. This is not an exhaustive list of the policies available for the better management of the institution.

T 4.2.0

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%	N
2	Attraction and Retention	100%	100%	Y
3	Code of Conduct for employees	100%	100%	Y
4	Delegations, Authorisation & Responsibility	100%	100%	Y
5	Disciplinary Code and Procedures	100%	100%	Y
6	Essential Services	0%	0%	N
7	Employee Assistance / Wellness	100%	100%	Y
8	Employment Equity	100%	100%	Y
9	Exit Management (recruitment policy)	0%	0%	N
10	Grievance Procedures	100%	100%	Y
11	HIV/Aids	100%	100%	Y
12	Human Resource and Development	100%	100%	Y
13	Information Technology	100%	100%	Y
14	Job Evaluation	0%	0%	N
15	Leave	100%	100%	Y
16	Occupational Health and Safety	100%	100%	Y
17	Official Housing	100%	100%	Y
18	Official Journeys	100%	100%	Y
19	Official transport to attend Funerals	100%	100%	Y
20	Official Working Hours and Overtime	100%	100%	Y
21	Organisational Rights	100%	100%	Y
22	Payroll Deductions	100%	100%	Y
23	Performance Management and Development	100%	100%	Y

24	Recruitment, Selection and Appointments	100%	100%	Y
25	Remuneration Scales and Allowances	100%	100%	Y
26	Resettlement	100%	100%	Y
27	Sexual Harassment	100%	100%	Y
28	Skills Development	100%	100%	Y
29	Smoking	100%	100%	Y
30	Special Skills/Scarce skills	100%	100%	Y
31	Work Organisation	0%	0%	N
32	Uniforms and Protective Clothing	0%	0%	N
33	Other:			
<i>Use name of local policies if different from above and at any other HR policies not listed.</i>				<i>T 4.2.1</i>

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

The District after consultation with all the relevant and affected parties reviews all its policies. All policy reviews were approved by Council.

T 4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

COMMENT ON INJURY AND SICK LEAVE:

Injury leave is not a common phenomenon in the District as shown in T3.4.1.

T 4.3.4

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

There were only two cases of suspension that took more than four (4) months. This was due to the fact that more investigations were still pending on the fraud and corruption cases allegations.

T 4.3.7

4.4 PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1	Proportion of beneficiaries within group
				R' 000	%
Lower skilled (Levels 1-2)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
Skilled (Levels 3-5)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
Highly skilled production (levels 6-8)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
Highly skilled supervision (levels 9-12)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
Senior management (Levels 13-15)	Female	n/a	n/a	n/a	n/a
	Male	n/a	n/a	n/a	n/a
MM and S57	Female	1	1		
	Male	4	4		
Total		5	5		
<i>Has the statutory municipal calculator been used as part of the evaluation process ?</i>					Yes
					<i>T 4.4.1</i>

COMMENT ON PERFORMANCE REWARDS:

Performance rewards were awarded in terms of the approved PMS policy. All Section 56 managers signed performance agreements at the beginning of the financial year which were aligned to the IDP, budget and the SDBIP. Quarterly reviews were performed and subsequent to the approval of the annual report by Council performance assessments were performed. After Council approval of such assessment results, rewards were made as per the legislation.

T 4.4.1.1

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Joe Gqabi District Municipality has a skills development function whose role is to provide accredited tuition, trainings and workshops to employees of all municipalities, Councillors and the community members.

The District implemented various training plans which focused on ABET, financial management, management and leadership, specialised technical skills, life skills, legal, LED and planning, Occupational Health and safety, administration, project management and computer literacy.

T 4.5.

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 2013/14	Number of skilled employees required and actual as at 30 June Year 2013/14											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year 2012/13	Actual: End of Year 2013/14	Year 2013/14 Target	Actual: End of Year 2012/13	Actual: End of Year 2013/14	Year 2013/14 Target	Actual: End of Year 2012/13	Actual: End of Year 2013/14	Year 2013/14 Target	Actual: End of Year 2012/13	Actual: End of Year 2013/14
MM and s57	Female	2	2	2	2		2	2		1	1	2	2	2
	Male	4	4	3	4		4	4				4	4	4
Councillors, senior officials and managers	Female	22	3	6	8	14	6	18			-	18	18	22
	Male	28	1	6	6	22	15	22				22	21	28
Technicians and associate professionals*	Female	86	3		10	3	17	86				6	86	86
	Male	295	14		30	28	86	295				42	295	295
Professionals	Female	39	3	7	14	37	16	39				40	39	39
	Male	26	2	3	10	21	6	26		1	1	23	26	26
Sub total	Female	149	11	15	34	54	45	145				60	145	149
	Male	353	21	12	50	71	102	347				114	346	353
Total		502	64	27	84	250	147	492	0	2	2	331	982	502

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

T 4.5.1

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: T number of offici meet prescribed competency lev (Regulation 14(
Financial Officials						
<i>Accounting officer</i>	1				1	
<i>Chief financial officer</i>	1				1	
<i>Senior managers</i>	4				4	
<i>Any other financial officials</i>	6					
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	1					
<i>Supply chain management senior managers</i>						
TOTAL	13	0	0	0	6	
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						

Skills Development Expenditure

R'000

Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 2013/14							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget
MM and S57	Female	2	32000	61446	10000	10000			45000	45000
	Male	4	48000	92169	20000	20000		8500	72500	81000
Legislators, senior officials and managers	Female	22	128469	128469		38851			128469	167320
	Male	28	136500	42118		65122			136500	107240
Professionals	Female	39	279000	279000		151848			279000	430848
	Male	26	46500	46500		154070		8500	46500	209070
Technicians and associate professionals	Female	86	150000		98701	98701			248701	98701
	Male	295			98701	59398		29637	98701	89035
Clerks	Female	46			25000	30328			25000	30328
	Male	25			25000	51908			25000	51908
Service and sales workers	Female	10		0		3474				3474
	Male	27	602748		32000	3474			634748	3474
Plant and machine operators and assemblers	Female	0				90471				90471
	Male	89	288000	370000	37000	0			325000	370000
Elementary occupations	Female	38	17500		50000	37545			67500	37545
	Male	239	122500		50000	193155			172500	193155
Sub total	Female	243	589469	468915	133701	333202			723170	802117
	Male	733	833748	180787	175701	353972		46637	1009449	581396

Total		976	1423217	649702	309402	687173	0	46637	1732619	1383512
<i>*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.</i>									%*	*R
										T4.5.3

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

Joe Gqabi District Municipality addresses the Employment Equity requirements through continuous assessment and improvement in employment equity and provides reports on constant improvements to the Council and the Department of Labour. The Employment Equity Plan is reviewed annually and the recent plan was reviewed in May 2014. Departments within the municipality are required to align themselves with employment equity and as such, recruitment processes are monitored in line with the employment equity requirements.

Skills Development

- ◆ Increase skills levels especially among women, youth and the disabled
- ◆ Lack of access to further education
- ◆ Lack of technical skills e.g. engineers etc., as well as the retention of skills
- ◆ Focus skills development in areas of potential economic and social development
- ◆ Improve coordination between the Seta's

T 4.5.4

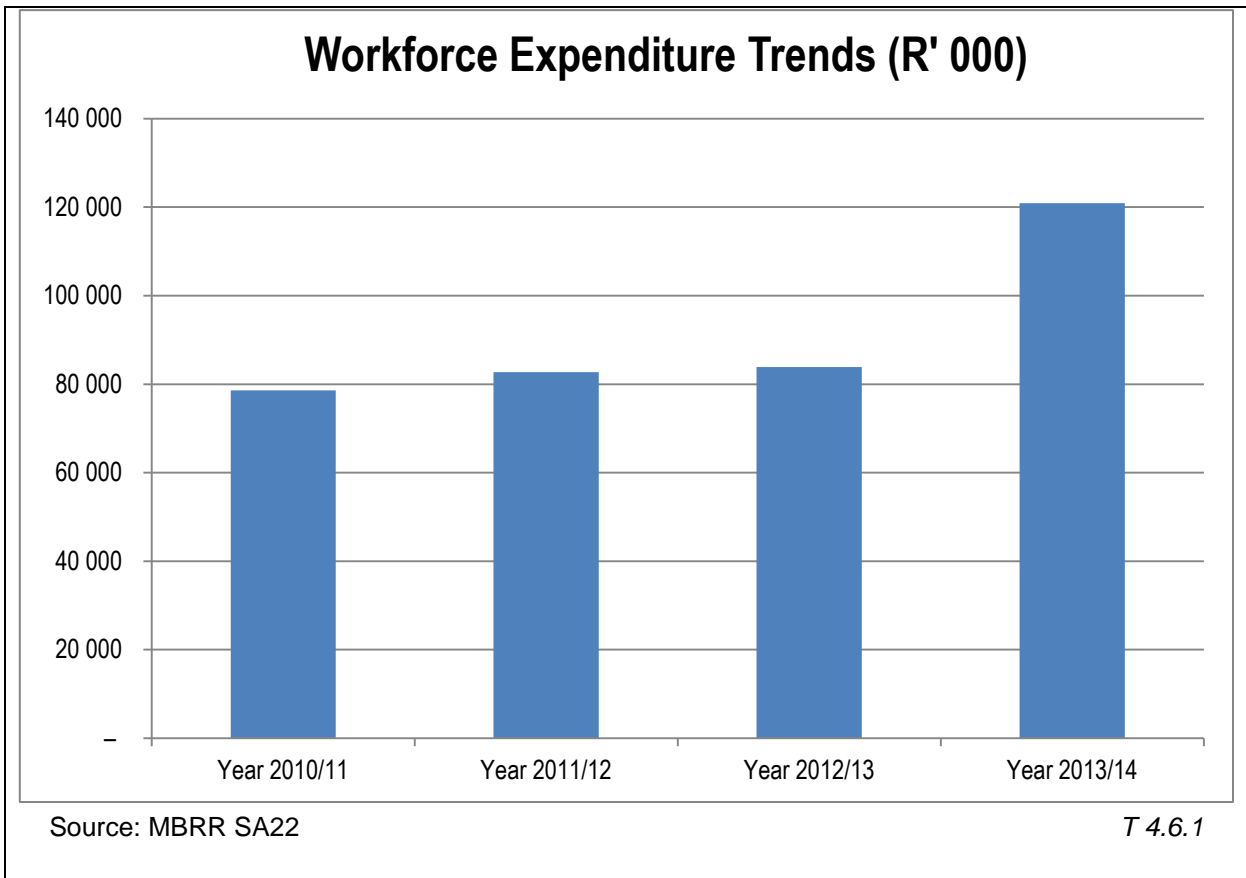
COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

To facilitate all these all these initiatives, the Local Labour Forum has been established in terms of the bargaining Council agreement. The forum meets monthly and four meetings were held during the last financial year. District has two unions operating: South African Municipal Workers Union (SAMWU) and IMATU. This forum has contributed positively to the successful implementation and evaluation of the training programmes.

T 4.6.0

4.6 EMPLOYEE EXPENDITURE



COMMENT ON WORKFORCE EXPENDITURE:

The District implemented all its skills development and training programmes as per the approved workplace skills plan. Expenditure patterns show the commitment of the District in capacitating its workforce and councillors with a view of improving the efficiency and quality of service delivery.

T 4.6.1.1

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
None				
				T 4.6.4

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

[insert comment]

T 4.6.5

DISCLOSURES OF FINANCIAL INTERESTS

As per the legislation, staff members and councillors annually declare their financial interests. Detailed information on the disclosures is contained in **Appendix J**.

T 4.6.6

CHAPTER FIVE

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

The Economic Entity's financial statements incorporate the financial statements of the parent entity, Joe Gqabi District Municipality, and its municipal entity, Joe Gqabi Economic Development Agency (SoC) Ltd, presented as a single entity and consolidated at the same reporting date as the parent entity.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed. Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material 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.

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

The cash which backs up the unspent grants is invested as individual investments or part of the general investments of the Economic Entity until it is utilised.

Appendix K: contains *Statements of Revenue Collection Performance by vote and by source*.

T 5.1.0

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Reconciliation of Table A1 Budget Summary															
Description	Year 2013/14											Year 2012/13			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	-					-	-			-	-				-
Service charges	23 680					39 705	27 719			70	117				27 502
Investment revenue	2 666					3 311	3 240			98	122				3 233
Transfers recognised - operational	227 468					280 356	317 699			113	140				305 196
Other own revenue	21 987					60 023	33 252			55	151				23 300
Total Revenue (excluding capital transfers and contributions)	275 802	-	-	-	-	383 395	381 910			100%	138%				359 233
Employee costs	120 544					140 543	130 425			93	108				106 494
Remuneration of councillors	5 352					5 268	5 024			95	94				4 310
Debt impairment	8 386					51 530	41 522			-	-				13 398
Depreciation & asset impairment	53 087					94 390	88 195			93	166				42 536

Finance charges	3 272					4 052	3 968			98	121				2 716
Materials and bulk purchases	742					4 000	2 474			-	-				8 682
Transfers and grants	71 684					123 218	111 148			90	155				10 711
Other expenditure	72 677					152 715	133 192			87	183				170 883
Total Expenditure	263 067	-	-	-	-	575 718	515 949			90%	196%				359 730
Surplus/(Deficit)	12 735	-	-	-		(192 323)	(134 039)			70%	-1053%				(497)
Transfers recognised - capital	185 294	-				216 578	106 144			49%	57%				96 876
Contributions recognised - capital & contributed assets	-	-	-	-		-	-			-	-				-
Surplus/(Deficit) after capital transfers & contributions	198 029	-	-	-		24 255	(27 895)			-115%	-14%				96 379
Share of surplus/(deficit) of associate	-	-	-	-		-	-			-	-				-
Surplus/(Deficit) for the year	198 029	-	-	-		24 255	(27 895)			-115%	-14%				
Capital expenditure & funds sources															
Capital expenditure															
Transfers recognised - capital	106 519		-			174 574	100 213			57	94				93 386
Public contributions & donations	-	-	-	-		-	-			-	-				-
Borrowing	-	-	-	-		-	-			-	-				-
Internally generated funds	-	-	-	-		-	-			-	-				1 726
Total sources of capital funds	106 519	-	-	-		174 574	100 213			57%	94%				95 112
Cash flows															
Net cash from															

(used) operating	92 263					108 426	114 464								101 212
Net cash from (used) investing	(92 377)					(113 430)	(100 307)								(94 815)
Net cash from (used) financing	(396)					(755)	219								(229)
Cash/cash equivalents at the year end	(510)					(5 759)	14 377								6 168
T 5.1.1															

Chapter 5

Financial Performance of Operational Services						
R '000						
Description	Year 2012/13	Year 2013/14			Year 2013/2014 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	220 985	124 516	183 919	162 201	23.23%	-13.39%
Waste Water (Sanitation)	20 574	52 746	47 188	31 309	-68.47%	-50.72%
Electricity	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-
Housing	-	-	-	-	-	-
Component A: sub-total	241 559	177 262	231 107	193 510	8.40%	-19.43%
Waste Water (Stormwater Drainage)						
Roads	35 733	30 832	33 532	26 167	-17.83%	-28.15%
Transport	-	-	-	-	-	-
Component B: sub-total	35 733	30 832	33 532	26 167	-17.83%	-28.15%
Planning	5 800	6 594	87	-	0.00%	0.00%
Local Economic Development	-	-	-	-	0.00%	0.00%
Component B: sub-total	5 800	6 594	87	-	0.00%	0.00%
Planning (Strategic & Regulatory)	-	-	-	-	-	-
Local Economic Development	-	-	-	-	-	-
Component C: sub-total	-	-	-	-	-	-
Community & Social Services	-	-	-	-	0.00%	0.00%
Environmental Protection	45 348	28 744	31 184	25 549	-12.50%	-22.06%
Health	-	-	-	-	0.00%	0.00%
Security and Safety	7 414	9 634	10 207	9 907	2.75%	-3.03%
Sport and Recreation	-	-	-	-	0.00%	0.00%
Corporate Policy Offices and Other	28 212	117 227	148 664	152 887	23.32%	2.76%
Component D: sub-total	80 974	155 605	190 055	188 342	17.38%	-0.91%
Total Expenditure	364 066	370 292	454 781	408 019	9.25%	-11.46%
<p>In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</p>						T 5.1.2

COMMENT ON FINANCIAL PERFORMANCE:

The municipality faced a number of challenges during the year. This included drought conditions especially in Lady Grey. This exacerbated the historical cash flow challenges that the municipality faces. The Municipality historically has spent its MIG allocations in full. This trend allowed COGTA to allocate, through a gazette in March 2014, an additional amount of R18m. This amount has been rolled over into the 2014/15 financial year. The budget included revenue and

expenditure that was anticipated from national disaster. The revenue was not forthcoming and therefore the expenditure was not incurred.

T5.1.3

5.2 GRANTS

Grant Performance						
R' 000						
Description	Year 2012/13	Year 2013/14			Year 2013/14 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	167 228	181 098	181 098	180 959	100%	100%
Equitable share	165 965	178 958	178 958	179 049	100%	100%
Municipal Systems Improvement	1 236	890	890	661	74%	74%
Department of Water Affairs						
Levy replacement						
Finance Management Grant	1 261	1 250	1 250	1 248	100%	100%
Provincial Government:	233	371	371	358	96%	96%
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation						
LED Capacity	233	371	371	358	96%	96%
District Municipality:						
<i>[insert description]</i>						
Other grant providers:	404	-	-	486	#DIV/0!	#DIV/0!
LG Seta	404			486	#DIV/0!	#DIV/0!
Total Operating Transfers and Grants	167 865	181 469	181 469	181 803	100%	100%
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i>						T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS:

The municipality spent 99% of its initial MIG allocation. The additional amount of R18m received in March 2014 was rolled over into the 2014/15 financial year. There was satisfactory spending with other grants.

Note: For Municipal Infrastructure Grant (MIG) see T5.8.3. For other conditional transfers see **Appendix L.**

T 5.2.2

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year 2012/13	Actual Grant Year 2013/14	Year 2013/14 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
Working for Water/ Wetlands	19 615 738	21 824 616	N/A	N/A	N/A	N/A
Subsidy Roads DRAT	32 485 802.99	30 725 000	N/A	March 2015/16	March 2015/16	N/A
Led Capacity	233 365	556 887	N/A	March 2015/16	March 2015/16	N/A
	N/A	N/A	N/A	N/A	N/A	N/A
Foreign Governments/Development Aid Agencies						
Orio	0	1 987 916	N/A	N/A	N/A	N/A
A - "Project 2"	N/A	N/A	N/A	N/A	N/A	N/A
Private Sector / Organisations						
A - "Project 1"	N/A	N/A	N/A	N/A	N/A	N/A
Provide a comprehensive response to this schedule						T 5.2.3

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

In respect of other grants there was satisfactory spending and there was no risk of funds being transferred back to the funders.

T 5.2.4

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

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.

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

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2013/14				
Asset 1				
Name	Sewage Treatment Works			
Description	Steynsburg STW - Reactor			
Asset Type	Infrastructure			
Key Staff Involved	PMU			
Staff Responsibilities	Monitor and oversee the process			
	Year 2013/14	Year 2012/13	Year 2011/12	Year 2010/11
Asset Value	R 3 449 772.59	-	-	-
Capital Implications	None			
Future Purpose of Asset	Service delivery			
Describe Key Issues				
Policies in Place to Manage Asset	General Recognise Accounting Practices(GRAP) and the JGDM asset management policies			
Asset 2				
Name	Sewage Treatment Works			
Description	Steynsburg STW - Clarifier Tank			
Asset Type	Infrastructure			
Key Staff Involved	PMU			
Staff Responsibilities	Monitor and oversee the process			
	Year 2013/14	Year 2012/13	Year 2011/12	Year 2010/11
Asset Value	R 1 728 681.46	-	-	-
Capital Implications	None			
Future Purpose of Asset	Service delivery			
Describe Key Issues				
Policies in Place to Manage	General Recognise Accounting Practices(GRAP) and the JGDM asset management			

Asset	policies			
Asset 3				
Name	Sewage Treatment Works			
Description	Steynsburg STW - Block Paving			
Asset Type	Infrastructure			
Key Staff Involved	PMU			
Staff Responsibilities	Monitor and oversee the process			
	Year 2013/14	Year 2012/13	Year 2011/12	Year 2010/11
Asset Value	R 2 052 729.04	-	-	-
Capital Implications	None			
Future Purpose of Asset	Service delivery			
Describe Key Issues				
Policies in Place to Manage Asset	General Recognise Accounting Practices(GRAP) and the JGDM asset management policies			
				T 5.3.2

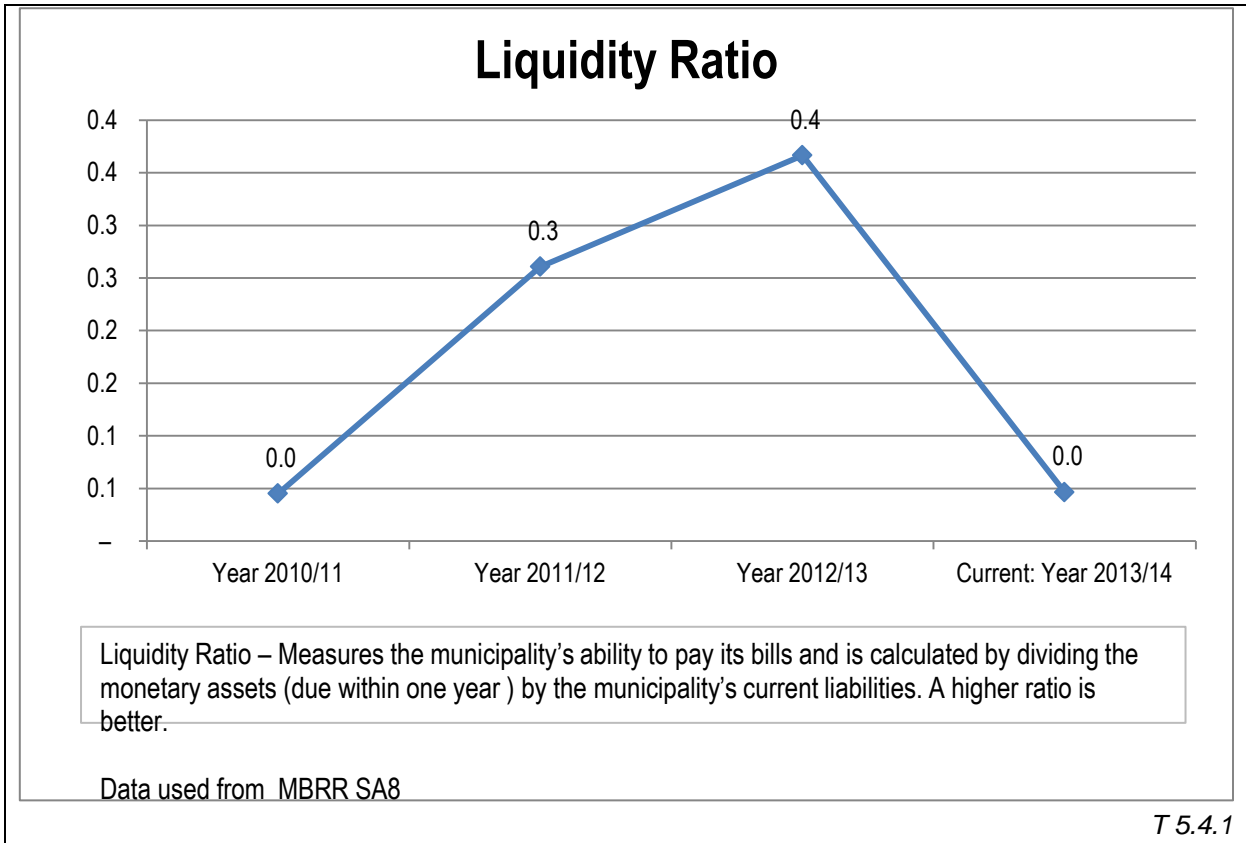
Repair and Maintenance Expenditure: Year 2013/14				
				R'
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	27 151 905	36 153 884	30 490 687	-12%
				T 5.3.4

COMMENT ON REPAIRS AND MAINTENANCE EXPENDITURE:

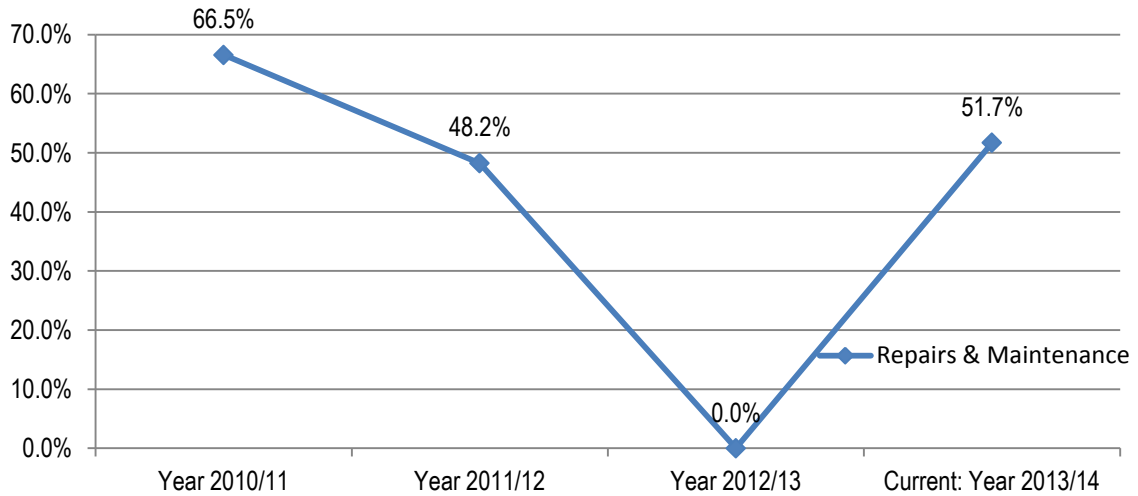
The repairs and maintenance spending was under budget due mainly to cash flow challenges. A number of orders were outstanding at year end and these were completed in the first quarter of the 2014/15 financial year. It must be noted that a large portion of this expenditure related to mitigating drought conditions.

T 5.3.4.1

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



Cost Coverage

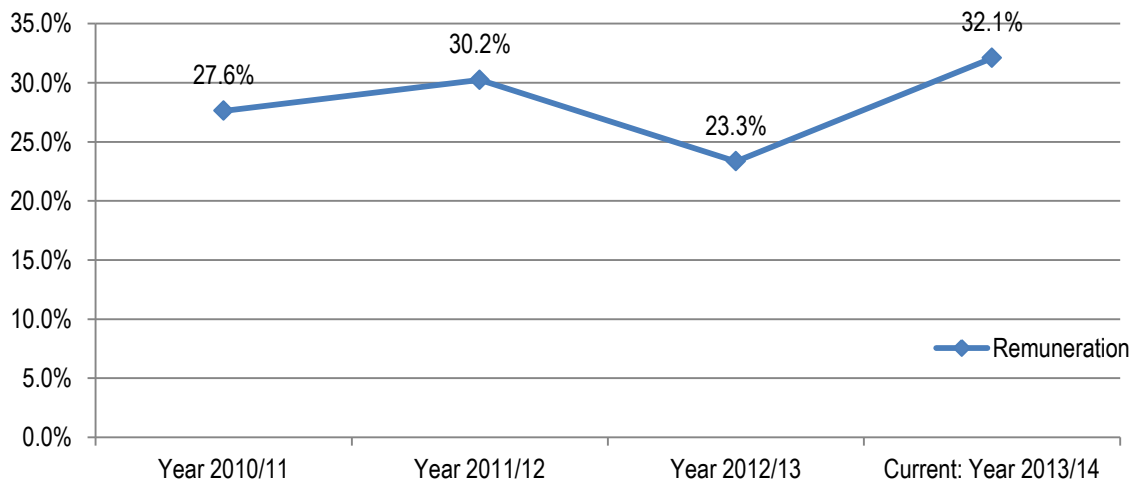


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T 5.4.2

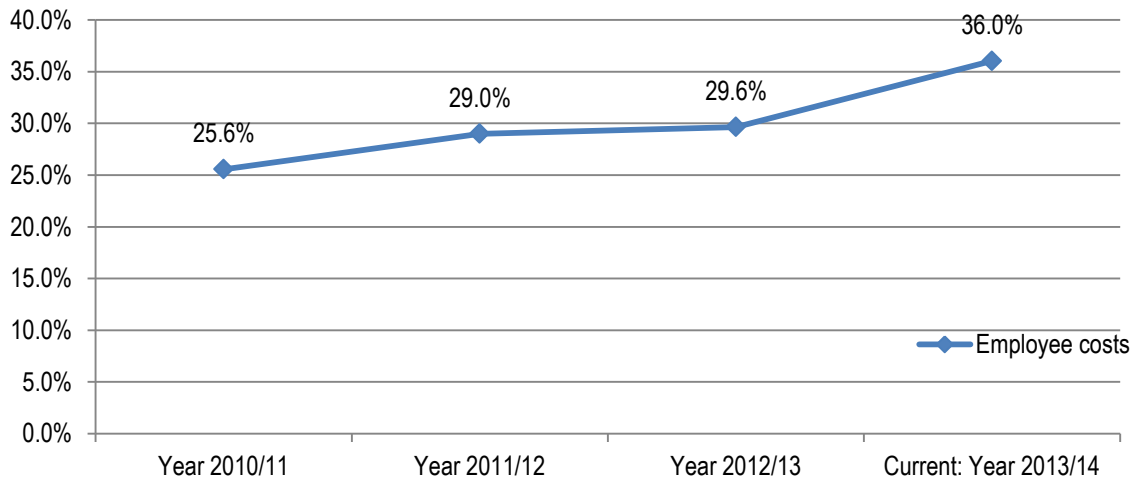
Total Outstanding Service Debtors



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

has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

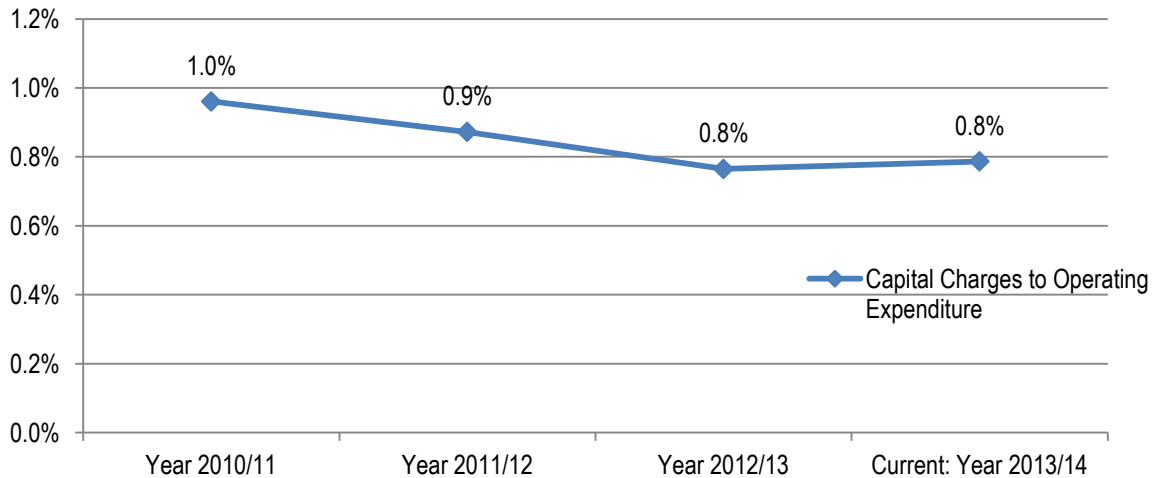
Debt Coverage



Debt Coverage– The number of times debt payments can be 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

Capital Charges to Operating Expenditure



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

Data used from MBRR SA8

T 5.4.6

T 5.4.7

T 5.4.8

COMMENT ON FINANCIAL RATIOS:

The takeover of the Gariep local municipality resulted in the consumer book debt increasing. Measures are being taken to implement credit control. The cash flow constraints of the municipality have weakened the liquidity and the ability to pay debt as they become due. However, the institution has been able to pay its creditors within 30 days during the period under review.

T 5.4.9

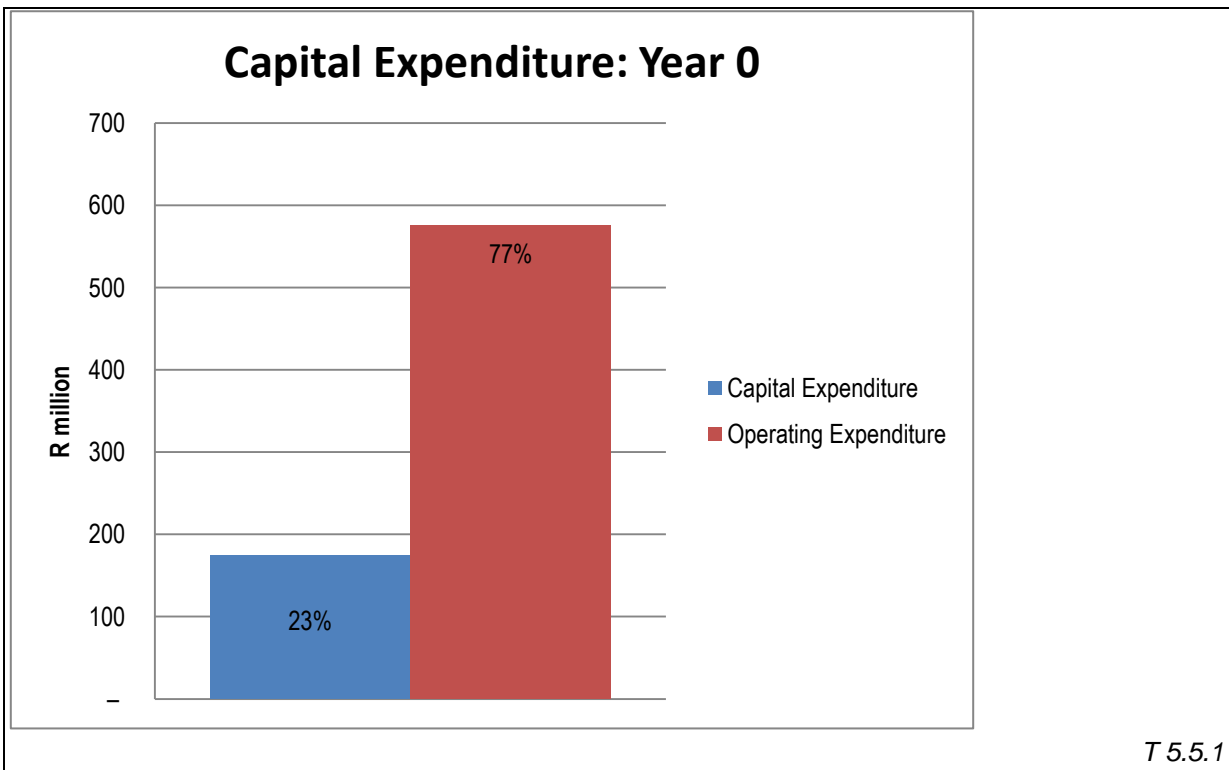
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Historically the municipality has been able to spend its budget on capital items fully. This has resulted in additional allocation made during the year of R18m from COGTA.

T 5.5.0

5.5 CAPITAL EXPENDITURE



5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year 2012/13 to Year 2013/14							
R' 000							
Details		Year 2012/13	Year 2013/14				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans					#DIV/0!	#DIV/0!
	Public contributions and donations			3 365 000	4 325 630	#DIV/0!	#DIV/0!
	Grants and subsidies		412 761 835	496 933 835	423 842 792	20%	2.68%
	Other					#DIV/0!	#DIV/0!
Total		-	412 761 835	500 298 835	428 168 422	#DIV/0!	#DIV/0!
<i>Percentage of finance</i>							
	External loans	#DIV/0!	0%	0%	0%	#DIV/0!	#DIV/0!
	Public contributions and donations	#DIV/0!	0%	1%	1%	#DIV/0!	#DIV/0!
	Grants and subsidies	#DIV/0!	100%	99%	99%	#DIV/0!	#DIV/0!
	Other	#DIV/0!	0%	0%	0%	#DIV/0!	#DIV/0!
Capital expenditure							
	Water and sanitation					#DIV/0!	#DIV/0!
	Electricity	-				#DIV/0!	#DIV/0!
	Housing	-				#DIV/0!	#DIV/0!
	Roads and storm water	-				#DIV/0!	#DIV/0!
	Other	-				#DIV/0!	#DIV/0!
Total		-	-	-	-	#DIV/0!	#DIV/0!
<i>Percentage of expenditure</i>							
	Water and sanitation	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Electricity	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

	Housing	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Roads and storm water	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Other	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
							T 5.6.1

COMMENT ON SOURCES OF FUNDING:

The District's capital projects are all funded by the MIG. No other sources of funding are available. Billing for water services will improve the revenue of the District when implemented. In addition, the new Municipal Water Infrastructure Grant will also serve as an additional revenue source.

The various variances were due to actions that included the takeover of the water services function from the local municipalities. The take-over was not budgeted for by the District.

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Concentrations of credit risk with respect to receivables are limited due to the Economic Entity's large number of customers as administered by the local municipalities. The Economic Entity's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Economic Entity's trade receivables.

Maletswai Local Municipality owes the Economic Entity for revenue received for water and sanitation as per the billing agreement.

T 5.6.1.1

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
					R'
Name of Project	Current: Year 2013/14			Variance: Current 2013/14 FY	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Steynsburg Bucket Eradication	7 894 737	9 372 888	8 085 477	-2%	-19%
B - Mt Fletcher Bulk Water Supply	9 243 860	26 577 574	24 612 850	-166%	-188%
C - Jamestown Bucket Eradication	8 771 930	9 125 995	9 491 110	-8%	-4%
D - Upgrading of Sterkspruit WTP	17 543 860	13 543 296	11 897 546	32%	23%
E - Lady Grey Bulk Water Supply	4 385 965	4 185 965	3 286 293	25%	5%
<i>* Projects with the highest capital expenditure in 2012/13 FY</i>					
Name of Project - A	Steynsburg Bucket Eradication				
Objective of Project	The objective of the project is to improve waste management in the town by means of the construction of a new waste water treatment works (WWTW) and the decommissioning of the existing oxidation ponds, after which all households will be connected to the sewage system.				
Delays	The completion of the project has been delayed by 4 months due to the high water table on site which made the excavation of foundations extremely difficult.				
Future Challenges	The approved MIG funding might not be sufficient for the final stage which is the connection of all houses to the sewage system. A further funding application will be submitted to MIG.				
Anticipated citizen benefits	Approximately 5,000 households will benefit from the project.				
Name of Project - B	Mt. Fletcher Bulk Water Supply				
Objective of Project	The objective of the project is to provide the town of Mt. Fletcher and immediate surrounding villages with a source of potable water supply. The project scope consist of the construction of a dam (completed),				

	water treatment works (completed), main reservoirs (completed) and village reticulation (under construction).
Delays	The main project is sub-divided into many sub-projects and each one of those experience some delays due to different reasons such as inclement weather, environmental issues, contractor performance, etc.
Future Challenges	The project is expanding the provision of water supply to rural areas and sufficient funding for operation & maintenance may become a challenge.
Anticipated citizen benefits	When completed, an estimated 15,000 households (95,000 people) would have benefitted from the project.
Name of Project - C	Jamestown Bucket Eradication
Objective of Project	The objective of the project is to improve waste management in the town by means of the construction of a new waste water treatment works (WWTW) after which all households will be connected to the sewage system.
Delays	No delays experienced thus far
Future Challenges	The approved MIG funding might not be sufficient for the final stage which is the connection of all houses to the sewage system. A further funding application will be submitted to MIG.
Anticipated citizen benefits	Approximately 1,000 households will benefit from the project.
Name of Project - D	Upgrading of Sterkspruit WTP
Objective of Project	The objective of the project is to improve the water supply to the town and surrounding villages in terms of quantity and quality by primarily upgrading the treatment works from 4.4 MI/day to 12MI/day.
Delays	Unrest in the Sterkspruit area from October 2012 to November 2013 meant that work could not be done. The total delay caused must still be calculated and assessed.
Future Challenges	Future unrests will impact negatively on progress.
Anticipated citizen benefits	Approximately 21,000 households (110,000) people will benefit from the project.
Name of Project - E	Lady Grey Bulk Water Supply
Objective of Project	The objective of the project is to provide the town with a sustainable raw water source and to upgrade the bulk infrastructure.
Delays	Slow progress was experienced during the construction of the new water treatment works.
Future Challenges	The identification of a suitable affordable and sustainable raw water source may be a challenge due to the immediate small catchment area.
Anticipated citizen benefits	Approximately 15,000 people will benefit from the project.
<i>T 5.7.1</i>	

COMMENT ON CAPITAL PROJECTS:

The municipality has faced a number of challenges with its capital projects. This is due mainly to the lack of funding from the National Government. However, this has not impeded spending and service delivery. Additional amount allocated by COGTA of R18m has been rolled over into the 2014/15 financial year.

T 5.7.1.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The water services authority is the municipality that has been assigned WSA functions. It is accountable and responsible for ensuring that water services are provided to consumers. However, this does not mean that it has to provide the services itself. It or other water services providers can provide the services. If the WSA decides to appoint a water services provider to fulfil the water services provision function, it will enter into a municipal services partnership (MSP) through signing a contract with a bulk and/or retail water services provider.

Service level targets are what drive costs. On the one hand there are capital costs, which refer to how much it is going to cost to install the infrastructure. The section on capital expenditure requires the costs of infrastructure to be recorded according to a number of different categories. The section on capital income requires that the sources of finance to meet capital expenditure be recorded both in terms of subsidies, consumer payments, money from the WSA's current income and amounts to be borrowed.

Once the infrastructure has been built, there are ongoing operating costs. If the projected operating costs associated with capital expenditure are not factored in right from the start (i.e. when service levels are being considered), there is a danger that the WSA will not be able to afford the running costs of the services. Detailed operating costs are not required as part of the tables, however key information on the operating account.

There is however a few challenges such as:

- The relative poor state of the infrastructure is a challenge for the achievement of good results on the final waste water.
- Safety concerns at some of the WWTW are impacting on the sampling program as the sampler cannot take the required sample at that plant

T 5.8.1

Service Backlogs as at 30 June 2013/14 FY				
Households (HHs)				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water				
Sanitation				
				<i>T 5.8.2</i>

COMMENT ON BACKLOGS:

The District has developed a sanitation master plan informed by the WSDP. Sanitation backlogs will be eradicated by means of implementing VIP's. Projects will be prioritised by focusing on villages with the highest backlog. It is anticipated that a regional construction approach will be followed to maximise the benefit of economies of scale in terms of price, timeframes and quality.

Water backlogs may be eradicated by means of the development of borehole standalone schemes. A hydro census has been done for the Elundini Local Municipality and the same process should be implemented in Senqu local municipality. It is anticipated to utilise this information to implement a basic water supply system for areas that currently do not have access to any form of safe water whereby designs of the various standalone schemes will be done. Boreholes will then be developed and equipped to deal with the first phase of the programme.

The bucket eradication programmes implemented by the District have succeeded in ensuring that no household in the formal settlement makes use of a bucket system. The VIP system has been implemented and it replaces the bucket system. Sanitation related challenges within informal settlements are being addressed through various mechanisms.

To meet the national targets will require the injection of financial and human resources into the District.

Appendix P is not applicable to the District.

Appendix Q contains details of services provided by other spheres of that carry significant backlogs. This is guided by the information at the disposal of the District.

T 5.8.4

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management helps in monitoring the budget in order to avoid and limit unauthorized expenditure, fruitless expenditure and limit fraud and theft of municipal funds. The key management features of the District municipality's approach include monthly reconciliation, journals to correct misallocations on Departmental votes as well as implementation of policies and procedures. The transfer of water services and the drought relief funds that are outstanding led to critical cash-flow challenges during the year under review.

T 5.9

5.9 CASH FLOW

Cash Flow Outcomes				
R'				
Description	Year 2012/13	Current: Year 2013/14		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	47 816 691	28 760	28 760	23 038 227
Government - operating	311 263 855	244 383	244 383	335 324 012
Government - capital	96 876 141	-	-	106 143 911
Interest	4 534 953	2 664	2 664	7 618 898
Dividends	-	-	-	-
Payments				
Suppliers and employees	(345 992 420)	(360 696 000)	(360 696 000)	(354 119 250)
Finance charges	(764 112)	(3 271 543)	4 052 392	(721 338)
Transfers and Grants	(12 285 780)	(56 100)	(56 100)	(3 129 000)
NET CASH FROM/(USED) OPERATING ACTIVITIES	101 449 328	(363 747 836)	(356 423 901)	114 155 460
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	150 000	-	-	-

Decrease (Increase) in non-current debtors	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-
Decrease (increase) in non-current investments	218 961	-	-	(94) 017)
Payments				
Capital assets	(95 111 828)	106 519	106 519	(100 212 690)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(94 743)	107	107	(100 307)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	-	-	-	-
Borrowing long term/refinancing	-	-	-	-
Increase (decrease) in consumer deposits	170 749	-	-	663 803
Payments		-	-	-
Repayment of borrowing	(399 450)	-	-	(445 000)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(228 701)	-	-	218 803
NET INCREASE/ (DECREASE) IN CASH HELD	6 477 760	(363 641 317)	(356 317 382)	14 067 556
Cash/cash equivalents at the year begin:	17 368 115	(16 691)	(16 691)	23 845 877
Cash/cash equivalents at the year end:	23 845 875	(363 658 008)	(356 334 073)	38 222 954
<i>Source: MBRR A7</i>				<i>T 5.9.1</i>

COMMENT ON CASH FLOW OUTCOMES:

The drought conditions prevailing during the year under review placed a number of constraints on the municipality. This resulted in cash at year end decreasing substantially from the prior year. The cash on hand at year end relates mainly to unspent conditional grants and not free cash.

T 5.9.1.1

5.10 BORROWING AND INVESTMENTS

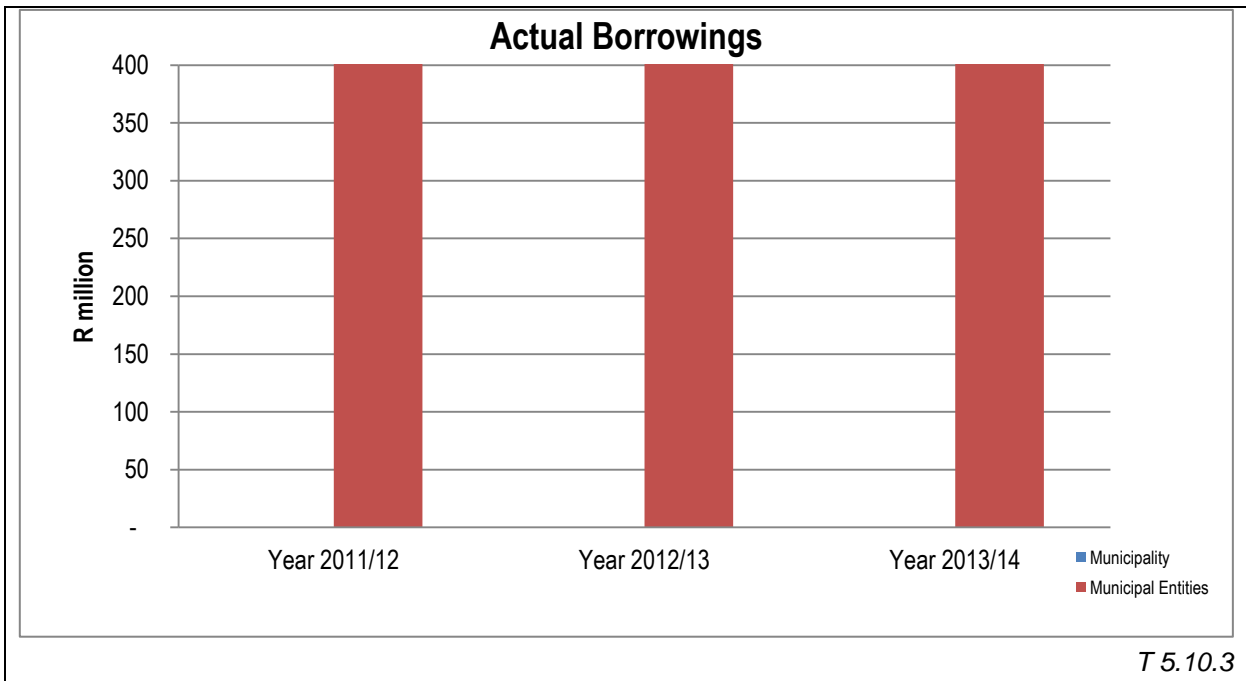
INTRODUCTION TO BORROWING AND INVESTMENTS

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

T 5.10.1

Actual Borrowings: Year 2011/12 to Year 2013/14			
			R'
Instrument	Year 2011/12	Year 2012/13	Year 2013/14
Municipality	-	-	-
Long-Term Loans (annuity/reducing balance)	6 857 620	6 498 993	6 099 476
Long-Term Loans (non-annuity)	-	-	-
Local registered stock	-	-	-
Instalment Credit	-	-	-
Financial Leases	-	-	-
PPP liabilities	-	-	-
Finance Granted By Cap Equipment Supplier	-	-	-
Marketable Bonds	-	-	-
Non-Marketable Bonds	-	-	-
Bankers Acceptances	-	-	-
Financial derivatives	-	-	-
Other Securities	-	-	-
Municipality Total	6 857 620	6 498 993	6 099 476
Municipal Entities			
Long-Term Loans (annuity/reducing balance)	-	-	-
Long-Term Loans (non-annuity)	-	-	-
Local registered stock	-	-	-
Instalment Credit	-	-	-
Financial Leases	-	-	-
PPP liabilities	-	-	-
Finance Granted By Cap Equipment Supplier	-	-	-
Marketable Bonds	-	-	-
Non-Marketable Bonds	-	-	-
Bankers Acceptances	-	-	-
Financial derivatives	-	-	-
Other Securities	-	-	-
Entities Total	-	-	-
			T 5.10.2



Municipal and Entity Investments			
R'			
Investment* type	Year 2011/12	Year 2012/13	Year 2013/14
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government	-	-	-
Listed Corporate Bonds	-	-	-
Deposits - Bank	15 418 489	13 408 476	35 093 101
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	15 418 489	13 408 476	35 093 101
<u>Municipal Entities</u>			
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	-	-	-
Consolidated total:	15 418 489	13 408 476	35 093 101
			T 5.10.4

COMMENT ON BORROWING AND INVESTMENTS:

The municipality intended to borrow to finance motor vehicles and water meters of R10m and R5m, respectively. These are only expected in the first half of the 2014/15 financial year.

Appendix R: contains declaration of Loans and Grants made by the municipality

T 5.10.5

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

No Public private partnerships were in place during the year under review.

Appendix H: Table SA3 (MBRR) may also be used to gain information on PPP's.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Procurement within the District is coordinated by the Supply Chain Management Unit (SCM), which is located within the Finance Department. All procurement requirements and management thereof are centralized within the SCM Unit. A supply chain management policy is in place and it is reviewed annually.

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

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

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

CHAPTER SIX

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

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. The law requires that the results of performance measurement must be audited annually by the Auditor-General.

T 6.0.1

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

6.1 AUDITOR GENERAL REPORTS 2012/13 FY (PREVIOUS YEAR)

Auditor-General Report on Financial Performance Year 2012/13	
Status of audit report:	Unqualified
Non-Compliance Issues	Remedial Action Taken
Budget: Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.	Procedures are being put in place to closely match grant conditions, expenditure and accounting requirements. Compilation of the infrastructure register will commence earlier to identify classification challenges. The institution will consider tabling a second adjustments budget in June 2014, if necessary.
Reasonable steps were not taken to prevent irregular and unauthorised expenditure as required by section 62(1)(d) of the MFMA.	Procedures are being put in place to closely identify compliance issues versus irregular expenditure. The unauthorised expenditure was in terms of the issue above. The institution will consider tabling a second adjustments budget in June 2014, if necessary.
T 6.2.1	

Auditor-General Report on Service Delivery Performance: 2012/13 FY*	
Status of audit report	Unqualified
Non-Compliance Issues	Remedial Action Taken
Material misstatements in the annual performance report were identified during the audit, all of which were corrected by management	This was corrected. PMS policy to be followed to ensure all reported performance is verifiable.
Of the total number of 121 targets planned for	Corrective systems to be implemented

the year, 44 were not achieved during the year under review. This represents 36% of total planned targets that were not achieved during the year under review.	during the year.
T 6.2.2	

COMPONENT B: AUDITOR-GENERAL OPINION 2013/14 FY (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT 2013/14 FY

Auditor-General Report on Financial Performance Year 2013/14 FY	
Status of audit report:	Unqualified
Non-Compliance Issues	Remedial Action Taken
Material losses of 51.7% to the amount of R82.9 million were incurred as a result of water distribution losses.	The JGDM is refurbishing water services and construct new water services. This will improve the status of unaccounted for water. It has taken over billing functions in Senqu and Maletswai. This will assist with better management of meter reading and water losses in urban areas. A loan for new water meters has been acquired and this will assist with more accurate billing. The installation of new meters will be an ongoing process that in time will be rolled out throughout the District. Maintenance teams have been better resourced allowing for faster turn-around on water leaks. A new information system to manage assets and their repairs has been implemented. This should all assist to reduce water losses.
Material misstatement of supply chain management deviations was identified by the auditors in the submitted financial statements and was subsequently corrected.	This was corrected.
Monitoring and review controls were not functioning consistently throughout the year indicates that the system was unable to produce annual financial statements that are free from material misstatements.	The audit action team is to review its activities and actions to improve on in year supervision and reporting. Interim AFS are to be prepared per quarter. Management is to monitor that internal audit recommendations are implemented. Supply Chain Management is to improve on supervision and oversight of monthly activities to ensure that records are accurate and complete.
An inhouse investigation relating to	The employee was suspended and a disciplinary

the dishonest conduct of staff members of the municipality is still underway.	process is currently underway. Procurement has since been removed from user departments and centralised at the SCM office.
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T 6.2.1

Auditor-General Report on Service Delivery Performance: 2013/14 FY*

Status of audit report	Unqualified
Non-Compliance Issues	Remedial Action Taken
No material findings were made on the usefulness and reliability of the reported performance information for the selected programmes	N/A.

T 6.2.2

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: 2013/14 FY

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND COUNCIL ON JOE GQABI DISTRICT MUNICIPALITY

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Introduction

1. I have audited the consolidated and separate financial statements of Joe Gqabi District Municipality set out on pages ... to ..., which comprise the consolidated and separate statement of financial position as at 30 June 2014, the consolidated and separate statement of financial performance, statement of changes in net assets cash flow statement and the statement of comparison of budget information with actual information for the year then ended, and 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 consolidated and separate financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No.56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the financial position of the Joe Gqabi District Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matter below. My opinion is not modified in respect of these matters

Material losses

8. As disclosed in note 46 to the financial statements, material losses of 51, 7(%) to the amount of R82, 9 million were incurred as a result of water distribution losses.

Additional matter paragraphs

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

10. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited this schedule and accordingly I do not express an opinion thereon.

Unaudited disclosure notes

11. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with this legislation. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected key performance areas presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected key performance areas presented in the annual performance report of the Joe Gqabi District Municipality for the year ended 30 June 2014:

- Development priority objective 1: Service delivery and infrastructure provision (29), on pages 2 to 9
- Development priority objective: Local economic development (4), on pages 10 to 12
- Development priority objective: Financial viability and management (18), on pages 13 to 16
- Development priority objective: Institutional development and transformation (5), on pages 17 to 20
- Development priority objective: Good governance and public participation (9), on pages 21 to 24

14. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

15. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

16. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

17. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Compliance with laws and regulations

18. I performed procedures to obtain evidence that the municipality has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My finding on material non-compliance with a specific matter in key applicable laws and regulations, as set out in the general notice issued in terms of the PAA, is as follows:

Annual financial statements

19. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. A material misstatement of supply chain management deviations was identified by the auditors in the submitted financial statements and was subsequently corrected.

Internal control

20. I considered internal control relevant to my audit of the financial statements and compliance with laws and regulations. The matter reported below under the fundamentals of internal control is limited to the significant deficiency that resulted in the finding on compliance with laws and regulations included in this report.

Financial and performance management

21. The fact that monitoring and review controls were not functioning consistently throughout the year indicates that the system was unable to produce annual financial statements that are free from material misstatements.

OTHER REPORTS

Investigations

22. An in house investigation, relating to the dishonest conduct of staff members of the municipality, is still underway.

East London

11 December 2014

Auditor - General



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

T 6.2.3

COMMENTS ON AUDITOR-GENERAL'S OPINION 2013/14 FY:

For the year under review, the 2013/14 financial year, the District received an unqualified audit opinion. This is for the fourth consecutive time since the 2010/11 financial year. The issues raised are decreasing dramatically on both quantitative and qualitative aspects. The main issue affecting the audit outcome was the material misstatement due to the changes to the deviations register. A system to address this challenge has since been developed.

Note that the full audit report is contained in chapter 6 of this report

T 6.2.4

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

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

Signed (Chief Financial Officer):



Dated 29 August 2014

T 6.2.5

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.	
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 performance indicators	Key	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
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)	Plan	Set out municipal goals and development plans.
National performance areas	Key	<ul style="list-style-type: none"> • 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 EPMSD 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



APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Cllr Z I Dumzela	FT	Council, Mayoral, DIMAFO, Strategic Committee and Governance	ANC	70%	30%
Cllr B Salman	FT	Council, Financial Service Standing Committee	ANC	70%	30%
Cllr N P Mposelwa	FT	Council	ANC	90%	10%
Cllr S Mei	PT	Council, Finance Standing Committee, Strategic and Governance Committee	ANC	100%	0%
Cllr X G Motloi	FT	Council, Technical Services Standing Committee, Strategic and Governance Committee	ANC	90%	10%
Cllr L N Gova	FT	Council, Community Services Standing Committee, Mandate Committee	ANC	80%	20%
Cllr C N Manxeba (Deceased Jan 2014)	PT	Council, Community Services Standing Committee, Rules and Ethics	ANC	40%	60%
Cllr N F Mphithi	PT	Council, Community Services Standing Committee	ANC	100%	0%
Cllr V Mbulawa	PT	Council, Corporate Services Standing Committee	ANC	80%	20%
Cllr N Ngubo	PT	Council, Mayoral Committee, Strategic and Governance Committee, Corporate Service Standing Committee	ANC	90%	10%
Cllr D F Hartkopf	PT	Council, Remuneration Committee, MPAC, Technical Services Standing Committee	DA	100%	0%
Cllr M W Mpelwane	PT	Council, MPAC, Technical Services Standing Committee	ANC	70%	30%
Cllr S S Tindleni (replaced by Mosisidi)	PT	Council, Corporate Services Standing Committee, Rules and Ethics	ANC	10%	90%
Cllr I Mosisidi	PT	Council, Corporate Services Standing	ANC	90%	10%
Cllr A Kwinana	PT	Council, Financial Services Standing Committee, Strategic and Remuneration	ANC	70%	30%

			Committee			
Cllr G Mvunyiswa	PT		Council, Community Services Standing Committee	ANC	90%	10%
Cllr L Tokwe	PT		Council, Mandate Committee, MPAC	ANC	90%	10%
Cllr I Van de Walt	PT		Council, Community Services Standing Committee	DA	70%	30%
Cllr L S Baduza	PT		Council, Corporate Services Standing Committee,	ANC	60%	40%
Cllr D D Mvumvu	PT		Council, Community Services Standing Committee, Mandate Committee	ANC	70%	30%
Cllr G M Moni	PT		Council, Corporate Services Standing Committee	ANC	70%	30%
Cllr SPMS Leteba	PT		Council, Rules and Ethic, MPAC	ANC	60%	40%
Cllr M R Moore (Deceased December 2013)	PT		Council, Financial Services Standing Committee	DA	50%	50%
Cllr L Pili	PT		Council, Financial Services Standing Committee	DA	100%	0%
Cllr S E Mbana	PT		Council, Remuneration Committee, Financial Services Standing Committee	ANC	80%	20%
Cllr N S Mathetha	PT		Council, Technical Services Standing Committee, MPAC, Mandate Committee	ANC	70%	30%
Cllr T Z Notyeke	PT		Council, Technical Services Standing Committee, MPAC, Mandate Committee	ANC	90%	10%
<i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i>						T A

A majority of the Councillors attended more than 80% of Council meetings. In instances where meetings were not attended apologies were received and considered by Council as per the Standing Rules of Council.

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APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees*	
Municipal Committees	Purpose of Committee
Council Meeting	To develop mechanism to consult the community and community organisations in performing its functions and exercising its powers
Mayoral Committee	To report to the Municipal Council on all decisions taken by the committee.
Technical Services Standing Committee	To advise Mayoral on matters related to Technical Services
Community Service Standing Committee	To advise the Mayoral Committee on matters related to Community Services
Financial Services Standing Committee	To advise the Mayoral Committee on matters related to Financial Services
Corporate Services Standing Committees	To advise the Mayoral Committee on matters related to Corporate Services
Rules and Ethics Committee	To advise Council on matters related to Rules and Ethics
Strategic and Governance Committee	To advise Council on matters related to Strategic and Governance
Remuneration Committee	To advise Council on matters related to Remuneration
Mandate Committee	To give effect to Intergovernmental Relations Framework Act, 2005 (Act No 13 of 2005) and to give mandates to representatives of the District Municipality serving in the District IGR Forum
Top Management	To discuss administrative matters concerning each directorate
DIMAFO	To facilitate effective co-operation between municipalities in the Joe Gqabi District. Its main aim is to enhance integrated development and to consider priorities in the whole district. It is also aimed at effecting the constitutional imperatives relating to co-operative governance as enshrined in Chapter 3 of the Constitution.
MPAC	To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report in the annual report. To perform any other functions assigned to it through a resolution of Council within its area of responsibility, excluding policy formulation or prioritization matters.

Audit Committee	To assist the Council by Evaluating the following: <ul style="list-style-type: none"> ▪ Financial Reporting process and accounting practices ▪ System of internal control ▪ Adequacy and effectiveness of internal risk management ▪ Internal and external audit process ▪ Process of monitoring compliance with laws and regulations ▪ Performance management ▪ Effective corporate governance
Broad Management	To discuss administrative matters concerning each Section and provide expert inputs in preparation of every meeting within the power of the institution
District Wide Corporate Services Working Group	To share good practices within Corporate Services Directorate in the District
Training Committee	To provide a consultative forum for Joe Gqabi District Municipality at which representatives of Management and Employee Representative bodies will be consulted by Management on the Skills Development process within Joe Gqabi District Municipality
Employment Equity Consultative Forum	To promote equality in the workplace, to promote the purpose and objectives of the Employment Equity Act; Employment Equity Policy Plan and Report, to ensure compliance with the purpose and objectives of these pieces of legislation, as well as Department of Labour policy and guidelines and to promote and monitor the implementation of Employment Equity activities and targets as specified in the plan.
IT Steering Committee	To facilitate and oversee the development of the institutions Information Technology systems and governance procedures in order to address the strategic information technology issues pertaining to the requirements of the institution.
Local Labour Forum	To negotiate and/or consulting on matters of mutual concern pertaining to the Workplace and which does not form the subject matter of negotiations at the SALGBC or its Divisions.
	<i>T B</i>

* Detailed terms of reference for these structures and committees are contained in the District delegations register and other Council documents.

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Office of the Municipal Manager	COO: Ms N Mshumi
	Manager IGR and Communications: Mr G Gceya
	Manager Mainstreaming: Mr MP Dyantyi
	Manager Internal Audit: Ms A Mahamba
	Manager IDP and PMS: Mr T Phintshane
Community Services	Manager Environmental Health Services: Mr M Saule
Technical Services	Manager Water Services Authority: Vacant
	Manager Water Services Provision: Mr H Christains
	Manager Disaster Rescue and Fire Services: Vacant
	Manager Roads: Mr L Labuschagnie
Corporate services	Manager Council Support: M L Matyesini
	Manager HR: Mr S Botha
	Manager Skills Development: Ms N Nelani
	Manager Legal Services: Ms P Bikitsha
	Manager IT: Mr L Gush
Finance	Manager Budget and Treasury: Vacant
	Manager Expenditure: Ms T Nqgongqwana
	Manager Supply Chain Management: Ms M Mlotywa

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APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	No
Building regulations	No	No
Child care facilities	No	No
Electricity and gas reticulation	No	No
Firefighting services	Yes	No
Local tourism	Yes	No
Municipal airports	No	No
Municipal planning	Yes	No
Municipal health services	Yes	No
Municipal public transport	Yes	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	No
Stormwater management systems in built-up areas	No	No
Trading regulations	No	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	No
Beaches and amusement facilities	No	No
Billboards and the display of advertisements in public places	No	No
Cemeteries, funeral parlours and crematoria	No	No
Cleansing	No	No
Control of public nuisances	No	No
Control of undertakings that sell liquor to the public	No	No
Facilities for the accommodation, care and burial of animals	No	No
Fencing and fences	No	No

Licensing of dogs	No	No
Licensing and control of undertakings that sell food to the public	No	No
Local amenities	No	No
Local sport facilities	No	No
Markets	No	No
Municipal abattoirs	No	No
Municipal parks and recreation	No	No
Municipal roads	No	No
Noise pollution	No	No
Pounds	No	No
Public places	No	No
Refuse removal, refuse dumps and solid waste disposal	No	No
Street trading	No	No
Street lighting	No	No
Traffic and parking	No	No
* If municipality: indicate (yes or No); * If entity: Provide name of entity		<i>T D</i>

APPENDIX E – WARD REPORTING

Not Applicable.

APPENDIX F – WARD INFORMATION

Not applicable.

APPENDIX G (i) – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2012/13 FY

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 2013/14	Recommendations adopted (enter Yes) If not adopted (provide explanation)
23-Jul-13	That the internal auditors should include a review of the quarterly interim financial statements on the internal audit plan.	Yes
23-Jul-13	That management considers the employment of a full time employee in the risk management function.	
20-Aug-13	That management in the finance department reconsiders the disclosure of the owner's contribution in relation to the development agency	Yes
20-Aug-13	That management fully impairs the amount owing by the Department of Affairs in respect of an unpaid drought relief grant if it remains owing at the end of the 13/14 financial year.	Yes
20-Aug-13	Management should link to the financial indicators, performance targets specific to the what the municipality aims to achieve in respect of financial performance.	Yes
20-Aug-13	Management should focus more on output indicators than input and outcome indicators during planning.	Yes
15-Oct-13	That at least two (2) senior managers should be delegated to be members of the Risk Committee.	Yes
15-Oct-13	That the internal audit unit should actively partner with the internal audit services provider to ensure transfer of skills at all levels.	Yes
22-May-14	That GRAP compliant management accounts, prepared by internal finance personnel, should be presented as a standard item at all audit committee meetings.	Yes

APPENDIX G (ii) – REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2014

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

In accordance with Section 166 of the Municipal Finance Management Act 56 of 2003 (the MFMA), the Audit Committee has been established as an Independent Committee of Council. The Committee has adopted formal terms of reference, which are reviewed annually and approved by Council.

The Committee presents its report for the financial year ended 30 June 2014.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Committee's terms of reference requires a minimum of three members, in the year under review, the Committee consisted of four members as indicated below. Six Audit Committee meetings were held in the year under review. In addition and as demanded by good corporate governance norms; separate exclusive meetings were held with the Auditor General as well as with the Head of Internal Audit. Internal Audit facilitates audit committee meetings and the Auditor General is a standing invitee at these meetings and generally attends the majority of them.

Name of member	Number of meetings attended
Mr Z Luswazi (Chairperson)	6
Mr P du Toit	5
Mr J Emslie	4
Ms F Ntlemeza	6

AUDIT COMMITTEE RESPONSIBILITY

As indicated in the introductory paragraph above, the mandate of the Audit Committee is governed by the MFMA. The responsibility of the Audit Committee is to exercise an oversight function on the effectiveness of good corporate governance at the Municipality. The MFMA prescribes the minimum specific responsibilities that the Audit Committee must fulfill. In summary therefore, this annual report is a culmination of the execution of the Committee's legislated mandate in accounting to and advising the Council on the state of corporate governance at the institution.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The Auditor General reports that monitoring and review controls did not function consistently throughout the year, this as a function of the fact that the annual financial statements contained a disclosure type material misstatement that was subsequently corrected post its identification by the auditors.

In particular, Internal Audit consistently tabled value adding reports that amongst other achievements assisted management in improving the internal control environment on the performance management system as well as the management and control of irregular expenditure.

INTERNAL AUDIT

Internal Audit continued to be effective in the year under review, wherein the unit executed and fulfilled its mandate as envisaged by Section 165 of the Municipal Finance Management Act encapsulated in the internal audit plan and in the internal audit charter.

RISK MANAGEMENT

Risk Management was considered to be effective at the District Municipality in the year under review.

ACCOUNTING POLICIES

Accounting policies adopted by the Municipality in the current year were in accordance with Generally Recognised Accounting Practice standards and where applicable, were in accordance with the International Accounting Standards; accordingly, there were no audit findings on accounting policies.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The review of the financial statements has identified the following two issues, brought for the Council's attention:

- That the financial statements contained a material misstatement of supply chain management deviations that was corrected upon identification by the auditors.
- That the Municipality reported material water distribution losses on water procured.

PERFORMANCE MANAGEMENT

The institution achieved significant improvements on performance management this year; accordingly there were no material findings on performance management.

GOVERNANCE

Governance at the District Municipality for the year under review was effective resulting in no material audit findings on governance.

COMPLIANCE WITH THE MFMA AND OTHER APPLICABLE LEGISLATION

The material misstatement of supply chain management deviations referred to above constituted a non-compliance with Section 122 of the MFMA. As reported earlier, this material misstatement has since been corrected.

COMPARISON TO PRIOR YEAR

In relation to prior year, the District Municipality achieved substantial improvements in the following areas:

- Previous lack of adequate policies and procedures (internal control system) in place to prevent or minimize unauthorized and irregular expenditure.
- Inadequacy of controls and procedures intended to provide an in-depth scrutiny and comprehensive review of performance information which previously led to material misstatements in the performance information only corrected upon identification by the external audit process.
- Inadequate controls on Information Technology Governance.
- Previously ineffective risk management at the District Municipality.
- That 36% of planned organizational performance targets were not achieved in the 2012/13 financial year, this as result of the fact that performance indicators were not properly developed at strategic planning phase.
- The fact that governance at the District Municipality was in the prior year not effective given the state of the institution's Performance Management System.
- Non-compliance with the MFMA as a result of occurrence of unauthorised and fruitless and wasteful expenditure.

In relation to prior year, there were no repeat findings in the current year.

The key finding that has to be prioritised by Management in the ensuing financial year is the misstatement of supply chain management deviations.

CONCUSION

In the year under review, the District Municipality realized and achieved substantial and significant improvements on the state of good corporate governance. The challenge is to at least maintain the current state of good corporate governance at the institution while improving continuously in future.

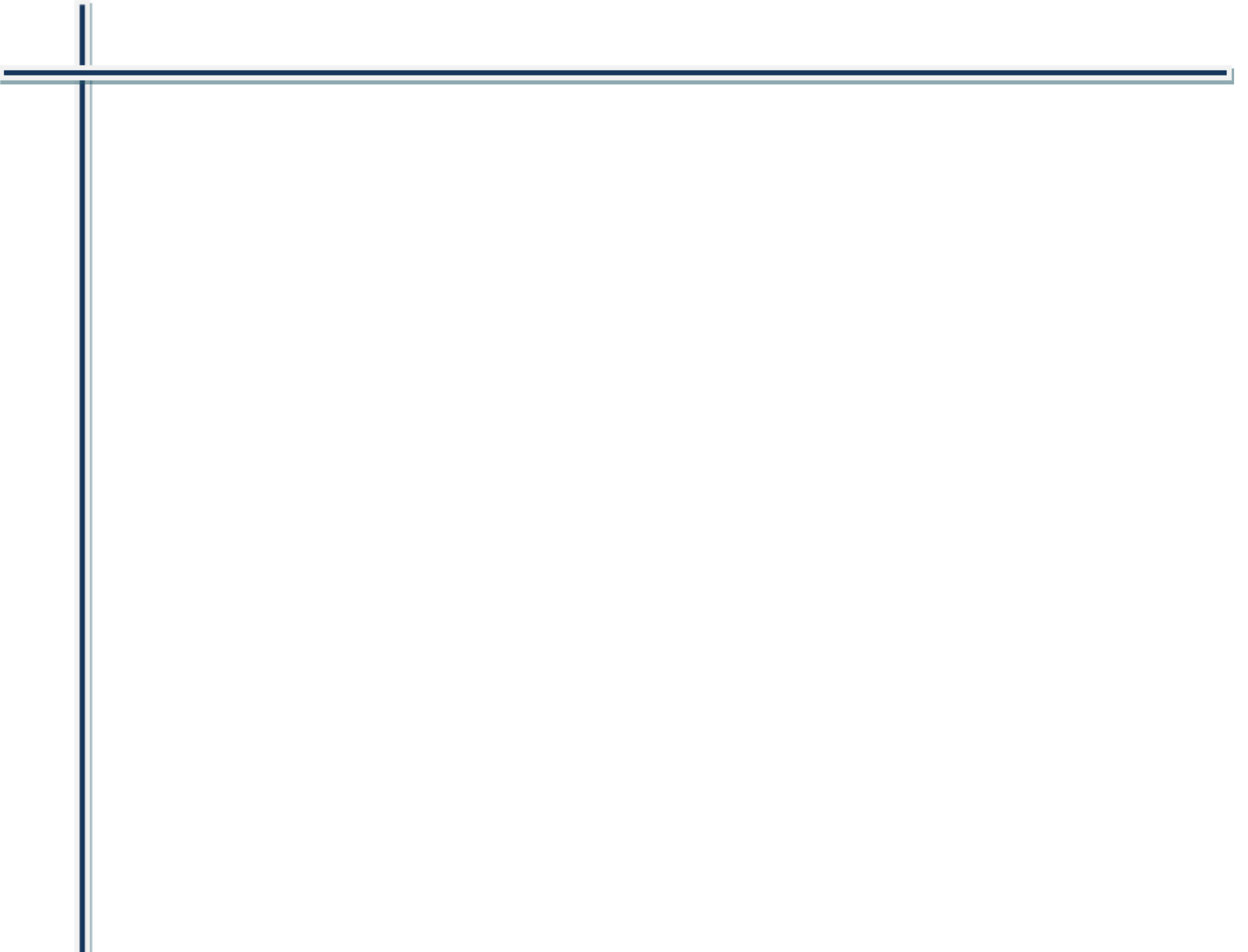


Z Luswazi
Audit Committee Chairperson
For and on behalf of the Audit Committee
21 January 2015



APPENDIX H – LONG TERM CONTRACTS

Long Term Contracts (20 Largest Contracts Entered into during Year 2013/14)					
					R'
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
Gateway Trading	Supply and Delivery of Matresses, Gabions, Geo-Textile, Membrane, Geo-Mats, Bio-Mats and Multi-Cells	2013/09/26	2016/10/31	Ms F Sephton	rate(s) basis
Pricewater House Cooper	Appointment of a service provider to offer Financial Service support to Joe Gqabi DM	09/04/2014	2017/04/30	Mr J Jackson	rate(s) basis
Isicebi Trading 1032 cc	Supply and delivery of Protective Clothing and Equipment	19/03/2014	31/02/2017	Adv H Jantjie	rate(s) basis
Bunono Engineers Africa cc	Bulk Water Services for Maclear 250	29/10/2013	2014/06/30	Mr R Fortuin	R3 923 409.24
Swimming Fish Trading	Commissioning and connection of Toilets to Sewer Outfall Pipes – Steynsburg. Area 1	17/12/2013	2014/08/11	Mr R Fortuin	R1,711 060.20
Lwandisele Trading	Commissioning and connection of Toilets to Sewer Outfall Pipes – Steynsburg. Area 2	28/01/2014	2014/08/11	Mr R Fortuin	R2, 062 321.56.
DDX Builders	Commissioning and connection of Toilets to Sewer Outfall Pipes – Steynsburg. Area 3	17/12/2013	2014/08/11	Mr R Fortuin	R2,236 998.06
Amadwala Trading 363 cc	Commissioning and connection of Toilets to Sewer Outfall Pipes – Steynsburg. Area 4	17/12/2013	2014/08/11	Mr R Fortuin	R2 392 621.74
Lithaba Basadi Investments t/a Lithaba Travels	Provision of Travel Agency Services	17/02/2014	31/04/2016	Mr J Jackson	rate(s) basis
Dibanani Consulting cc	Appointment of professional service provider for Sterkspruit Regional Waste Water Treatment Plant and associated Bulk Infrastructure.	20/06/2014	2018/06/23	Mr R Fortuin	R8 711 951.25



☞ = Target partially achieved at 75% or more ☝ = Target achieved ☹ = Target not achieved ☆ = Target removed

APPENDIX I – JOE GQABI ECONOMIC ENTITY (JOGEDA) PERFORMANCE SCHEDULE

STRATEGIC GOAL 1: SERVE AS PRIMARY AND PRINCIPAL VEHICLE FOR ECONOMIC DEVELOPMENT AND INVESTMENT WITHIN JOE GQABI DISTRICT

Strategic Objective	Project Name	Activity/ KPI (#)	Specific Deliverable (Key Performance Indicator)	Prior Financial Year (2012/13 FY)		Year Under Review (2013/14 FY)		Snapshot	Reason for Variance	Planned Corrective Action
				Plan	Actual	Annual Target	Actual			
To enhance economic development and investment into region	1.1. Aliwal Spa	1.1.1	Number of Investors/Operating Company appointed (outcome)	Tender process to solicit potential investor	0	1	0	☹	During the strategic review held in April 2014, a resolution was taken to re- adjust the targets, to focus on repackaging the feasibility and business plan before soliciting the investor or operating company.	Strategic partners to be solicited in the next financial year to assist with repackaging of feasibility and business plan
		1.1.2	Number of Community Participation meetings for public participation in partnership with Maletswai Local Municipality for Commercialisation of the spa (input)	New Indicator	New Indicator	10	10	☝	The target was achieved in the first quarter of 2013/14	None
		1.1.3	Number of funding applications and Project Appraisal with relevant partners from public and private sector submitted. (output)	New indicator	New Indicator	2	2	☝	None	None
	1.2. Gariep Regional Development	1.2.1	Number of activities undertaken to add Gariep Project to JoGEDA Project pipeline. (input)	New Indicator	New Indicator	4	0	☆	The project has been removed from the project portfolio	None

👉 = Target partially achieved at 75% or more 👍 = Target achieved 👎 = Target not achieved ✖ = Target removed

To enhance economic development and investment into region	1.3. Elundini Middle Income Housing	1.3.1	Number of feasibility studies presented to Council (output)	Complete feasibility study and business plan	Achieved	1	0	👎	Targets were re-adjusted and feasibility to focus on a different location and can only be implemented in the next financial year	Target to be implemented in the next financial year	
		1.3.2	Number of meetings held to facilitate inclusion of project in Department of Human Settlements Business plan and signing of MOU for technical and resource support. (output)	New Indicator	New Indicator		6	5	👉	Due to lack of bulk infrastructure DHS stated can only sign an MoU when there is a solution for bulk infrastructure. Documentation confirming bulk infrastructure from JGDM could not be obtained as it was requirement for DHS to consider signing MoU.	Further engagements with other stakeholders are underway to discuss bulk infrastructural challenges
		1.3.3	Number of projects included in Department of Human Settlements business plan (outcome)	New Indicator	New Indicator		1	0	👎	Due to lack of bulk infrastructure the DHS raised the fact that the project can only be included once bulk infrastructure is available.	Agency is involved in regional infrastructure forum with the aim to find solution to address the challenge. Further engagements with other stakeholders are underway to discuss bulk infrastructural challenges e
			Number of Status Quo reports presented to Development and Investment Committee (output)	New Indicator	New Indicator		1	1	👍	None	None
To enhance economic	Middle Income	1.4.1	Number of feasibility studies presented to Council (output)	Complete feasibility study and business plan	Achieved	1	1	👍	None	None	

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	1.4.2	Number of meetings held to facilitate inclusion of project in Department of Human Settlements Business plan and signing of MOU for technical and resource support. (output)	New Indicator	New Indicator	6	5	☹	Due to lack of bulk infrastructure DHS stated can only sign an MoU when there is a solution for bulk infrastructure. Documentation confirming bulk infrastructure from JGDM could not be obtained as it was requirement for DHS to consider signing MoU.	Technical expertise have been solicited from GIZ to assist with refining the concept of the project in including finding solution for the bulk infrastructural challenges.
	1.4.3	Number of projects included in Department of Human Settlements business plan (outcome)	New Indicator	New Indicator	1	0	☹	Due to lack of bulk infrastructure the DHS raised the fact that the project can only be included once bulk infrastructure is available.	Agency is involved in regional infrastructure forum with the aim to find solution to address the challenge. Further engagements with other stakeholders are underway to discuss bulk infrastructural challenges e
	1.4.4	Number of Status Quo reports presented to Development and Investment Committee (output)	New Indicator	New Indicator	1	1	👍	None	None

☞ = Target partially achieved at 75% or more ☝ = Target achieved ☹ = Target not achieved ☆ = Target removed

Strategic Objective	Project Name	Activity/ KPI (#)	Specific Deliverable (Key Performance Indicator)	Prior Finance Year (2012/13 FY)		Year Under Review (2013/14 FY)		Snapshot	Reason for Variance	Planned Corrective Action
				Plan	Actual	Annual Target	Actual			
To enhance economic development and investment into region	1.5. Aliwal Private Hospital	1.5.1	Number of Request for Proposal Prepared and Issued (output)	Investment implementation proposal	0	1	0	☆	The project has been removed from the project portfolio	None
	1.6. Maize Meat Hub	1.6.1	Number of site locations approved by Council (outcome)	Identify and confirm site	0	2	2	☝	None	None
		1.6.2	Number of meetings held to facilitate completion of Environmental Impact Assessment (EIA) by Department of Rural Development and Land Reform. (input)	New Indicator	New Indicator	3	3	☝	None	None
		1.6.3	Number of funding applications and Project Appraisal with relevant partners from public and private sector submitted. (output)	New Indicator	New indicator	2	2	☝	None	None
		1.6.4	Number of meetings held to facilitate the signing of funding Agreement with potential funding partner. (input)	New Indicator	New indicator	3	3	☝	None	None

👉 = Target partially achieved at 75% or more 👍 = Target achieved 👎 = Target not achieved ✖ = Target removed

Strategic Objective	Project Name	Activity/ KPI/VA	Specific Deliverable (Key Performance Indicator)	Prior Finance Year (2012/13 FY)		Year Under Review (2013/14 FY)		Snapshot	Reason for Variance	Planned Corrective Action
				Plan	Actual	Annual Target	Actual			
To enhance economic development and investment into region	1.6. Maize Meat Hub	1.6.5	Number of Investors/Operating Company appointed (outcome)	Approval of investor proposal	0	1	0	👎	Target changed as per the strategic direction approved by the board. The target can only be achieved once business plan has been repackaged	Target will be implemented in the next financial year.
		1.6.6	Number of reports on the implementation of project by appointed Investor/Operator(output)	New Indicator	New Indicator	2	0	👎	Target changed as per the strategic direction approved by the board. The target can only be achieved once business plan has been repackaged	Target will be implemented in the next financial year.
		1.6.7	Number of Special Purpose Vehicles established and registered(output)	New indicator	New indicator	1	0	👎	Target changed as per the strategic direction approved by the board. The target can only be achieved once business plan has been repackaged and funding is solicited	Target will be implemented in the next financial year.
		1.6.8	Number of Community Participation meetings for public participation for Commercialisation of the feedlot in partnership with other public entities (output)	New indicator	New indicator	4	4	👍	None	None
	1.1. Senqu Plastic	1.7.1	Number of Investors/Operating Company appointed (outcome)	Approved investor	0	1	0	👎	Target re adjusted as per the strategic direction approved by the board. The focus will be on the conduction of the feasibility study and repackaging of the business plan.	Technical expertise has been solicited from CSIR to assist with the feasibility study and repackaging of the business plan and will be implemented in the next financial year.

👉 = Target partially achieved at 75% or more 👍 = Target achieved 👎 = Target not achieved ✖ = Target removed

	1.8. Senqu Plastic	1.7.2	Number of Status Quo reports presented to Development and Investment Committee (output)	New Indicator	New indicator	2	2	👍	None	None
	1.8. Business Incubation Hub	1.8.1	Number of site locations approved by Council (outcome)	New indicator	New indicator	4	0	✖	The project has been removed from the project portfolio.	None
		1.8.2	Number of funding applications and Project Appraisal with relevant partners from public and private sector submitted. (output)	New Indicator	New Indicator	2	1	✖	The project has been removed from the project portfolio.	None
		1.8.3	Number of Status Quo reports presented to Development and Investment Committee (output)	New indicator	New indicator	3	2	✖	The project has been removed from the project portfolio.	None
To enhance economic development and investment into region	1.9. Senqu Commercial Property Development	1.9.1	Number of <u>implementation/process</u> plans approved for project execution (output)	New Indicator	New Indicator	1	1	👍	None	None
		1.9.2	Number of JoGEDA action teams established and number of meetings held (output)	New Indicator	New Indicator	1 Action Team, 4 Meetings	0	👎	There were delays in obtaining response from the Senqu LM in confirming members that will be part of the team	Follow-up to be done with SLM in the next financial year
		1.9.3	Number of Council resolutions approving Sterkspruit site development (outcome)	New Indicator	New Indicator	2	0	👎	There were delays in obtaining response from the Senqu LM	Follow-up to be done with SLM in the next financial year

👉 = Target partially achieved at 75% or more 👍 = Target achieved 👎 = Target not achieved ✖ = Target removed

	1.9. Senqu Commercial Property Development	1.9.4	Number of commercial property and precinct developers appointed (outcome)	New Indicator	New Indicator	1	0	👎	Target could be achieved until land identified in the feasibility study is confirmed and ready in terms of rezoning and other legislated matters.	Further engagements with Senqu LM are planned for the financial year to finalise matters relating project readiness
To promote the region as preferred investment destination	1.10. Investment strategy	1.10.1	Number of activities undertaken to advocate and market District as ideal investment destination (output)	Advocate and market District as ideal investment destination	0	1 Investor Database ; 1 Business Breakfast ; 2 Trade & Investment Exhibitions; 2 Domestic Roadshows	1 investor database, 1 Business Breakfast	👎	Targets re-adjusted as per the strategic direction approved by the Board	None
		1.10.2	Rand value of Investment Attracted to Region (outcome)	New Indicator	New Indicator	R60 million	0	👎	Target re-adjusted as per strategic direction approved by the Board	None
		1.10.3	Number of Investment Conferences held to advocate and market District as ideal investment destination (outcome)	New indicator	New indicator	1	0	👎	Target re-adjusted as per strategic direction approved by the Board	None

👉 = Target partially achieved at 75% or more 👍 = Target achieved 👎 = Target not achieved ✨ = Target removed

	1.10. Investment strategy	1.10.4	Number of Partnerships developed (MOU) in advocating and marketing District as ideal investment destination. Advocate and develop Partnership with Alfred Nzo Development Agency (output)	New indicator	New indicator	1	0	👎	Target re-adjusted as per strategic direction approved by the Board	None
To enhance training and education outcomes within region	1.11. Skill Development	1.11.1	Number of skills research reports compiled to support project implementation for key sectors and aligned to long term growth of region. (output)	New Indicator	New Indicator	1	0	👎	Target re-adjusted as per the strategic direction approved by the Board	None
		1.11.2	Number of funding applications submitted for ring-fenced schools and colleges (output)	New Indicator	New Indicator	3	1	👎	Target re-adjusted as per the strategic direction approved by the Board	None
		1.11.3	Rand value of funding raised for ring-fenced schools and colleges (outcome)	New Indicator	New Indicator	R20 million	0	👎	Target re-adjusted as per the strategic direction approved by the Board	None
		1.11.4	Number of relationships established with Institutions of High Learning and FET Colleges (and DoL) (outcome)	New Indicator	New Indicator	2 Letters of Commitment; 3 Meetings with stakeholders	0	👎	Target re-adjusted as per the strategic direction approved by the Board	None
		1.12.1	Number of Infrastructure Management Plans developed (outcome)	New indicator	New Indicator	1 Plan developed; 2 meetings with JGDM	2 Meetings with JGDM	👎	Project removed from project portfolio as per strategic direction approved by the Board	None

☞ = Target partially achieved at 75% or more ☝ = Target achieved ☞ = Target not achieved ☆ = Target removed

To enhance economic development and investment	1.13. Project and pipeline new	1.13.1	Number of new confirmed additional projects in JoGEDA project pipeline (output)	New indicator	New indicator	1	0	☆	Project removed from project portfolio as per strategic direction approved by the Board	None
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STRATEGIC GOAL 2: TO ESTABLISH A WELL RESOURCED AND WELL STAFFED INSTITUTION THAT SUPPORT AGENCY'S STRATEGY

Strategic Objective	Project Name	Activity/ KPI (#)	Specific Deliverable (Key Performance Indicator)	Prior Finance Year (2012/13 FY)		Year Under Review (2013/14 FY)		Snapshot	Reason for Variance	Planned Corrective Action
				Plan	Actual	Annual Target	Actual			
To develop institutional capacity and internal systems enabling strategy implementation	2.1. institutional Development	2.1.1	Implementation of Human Resource Policies: Delegations Policy; Employment Policy; Leave Policy; Disciplinary and Code of Conduct; Subsistence & Travel; Performance Management; Banking & Investment Policy; (input)	Approved policies	Policies approved	Reviewed policies approved by Board	0	☝	The target could not be achieved due to lack of internal capacity.	Target will be implemented in the next financial year
		2.1.2	Number of compliance checklists reviewed. Compliance with relevant legislation, rules, codes and standards that apply to the Agency. (input)	Develop compliance checklist	Checklist developed	4	0	☝	The target could not be achieved due to lack of internal capacity.	Workshop is planned for the next financial that will lead to the development of a comprehensive compliance checklist.
	2.2. Human Resources	2.2.1	Number of employees appointed (input)	5 appointment letters	5	2 Interns; 3 employees [Project Manager; Procurement Officer; Operations Manager]	2 Interns	☝	Target re-adjusted as per the strategic direction approved by the Board	None

👉 = Target partially achieved at 75% or more 👍 = Target achieved 👎 = Target not achieved ✖ = Target removed

		2.2.2	Number of staff training and development plans developed (input)	Staff training and development plans	Achieved	1	0	👎	There were delays in the implementation of the target and will be finalised in the next financial year	Target to be finalised in the next financial year
To develop institutional capacity and internal systems enabling strategy implementation	2.3. Communications	2.3.1	Number of performance reports submitted to the Local and District Municipalities by the CEO on a quarterly basis. (output)	Formally reporting to the Local Municipalities by the CEO on a quarterly basis.	Achieved	4 Reports	4	👍	None	None
		2.3.2	Number of quarterly engagement with primary stakeholders who are the Business Forum, Farmers, primary funders who are IDC, DEAT and Municipalities. (output)	Quarterly engagement with primary stakeholders who are the Business Forum, Farmers, primary funders who are IDC, ABSA, DEAT and DBSA.	Achieved	8 Engagements with stakeholders [4 IDP/LED/DST Forums and equivalent; 1 Business Breakfast; 1 Business Hub Seminar; 2 Sessions/Conferences Invited to attend]	8	👍	None	None
		2.3.3	Number of newsletters and press releases developed to maintain distinct Corporate Culture for JoGEDA. (output)	New Indicator	New Indicator	14 Newspaper articles/Media clippings/Bulletins and 2 Newsletter	2	👎	Target could not be achieved due to lack of internal capacity	Target is re-adjusted for the next financial year
		2.4.1	Number of approved Annual Performance Plan completed and aligned to available budget. (input)	Completion of the 2013/14 Operational Plan.	Achieved	1 Approved 2014/15 Performance Plan	1	👍	None	None

☞ = Target partially achieved at 75% or more ☝ = Target achieved ☞ = Target not achieved ✪ = Target removed

		2.4.2	Number of performance contracts signed for JoGEDA employees (input)	Draw up a Performance Contract for the CEO and JoGEDA staff.	Achieved	7 Performance Contracts	7	☝	None	None
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STRATEGIC GOAL 3: TO ESTABLISH EFFECTIVE GOVERNANCE PROCEDURES AND EFFICIENT MANAGEMENT SYSTEMS

Strategic Objective	Project Name	Activity/ KPI (#)	Specific Deliverable (Key Performance Indicator)	Prior Finance Year (2012/13 FY)		Year Under Review (2013/14 FY)		Snapshot	Reason for Variance	Planned Corrective Action
				Plan	Actual	Annual Target	Actual			
To ensure financial sustainability	3.1. Financial Management	3.1.1	Budget for 2014/15 developed and approved that is aligned to the Annual Performance Plan. (input)	Development of a budget for the 2013/14 that is aligned to the Operational Plan.	Achieved	Approved 2014/15 Budget	1	☝	None	None
		3.1.2	Number of funding applications and Project Appraisal with relevant partners from State Institutions, International Funders or Donors, Private sector, and Government Agencies as per Funding Framework submitted. (output)	New indicator	New indicator	4 Funding applications	6	☝	More applications had to be made and submitted to various potential funders as the Agency is working towards attaining financial sustainability.	None
		3.1.3	Number of Agreements signed with IDC for Operations Phase Budget (outcome)	New indicator	New indicator	1	0	☞	IDC has conditionally approved the Grant (awaiting for written communication)	Steps had been taken to obtain written confirmation from IDC

☞ = Target partially achieved at 75% or more 👍 = Target achieved ☹ = Target not achieved ✖ = Target removed

To lower and manage risk to acceptable levels	3.2. Risk Management	3.2.1	Number of risk reports (input)	New indicator	New indicator	4	3	☹	Target could not be achieved as the recommendation from internal audit was there should be workshop to build internal capacity	Target is planned for the next financial year
To ensure efficient and effective supply chain management as per relevant legislation	3.3. Supply Chain Management	3.3.1	Number of Service Providers panel for a wide range of property, economic development and infrastructure development projects developed (input)	Develop a Panel of Service Providers for a wide range of property, economic development and infrastructure development projects	Not Achieved	1	0	☹	Due to lack of internal capacity the target is performed at the district municipality	Continue utilising the services of the District municipality until the Agency is fully capitated.
		3.3.2	Number of Internal Audit Reports on Performance, Key Controls and Financial System reviews developed.	Half yearly Internal Audit Reports	Achieved	4	4	👍	None	None
To ensure effective corporate governance procedures	3.4. Good corporate governance	3.4.1	Number of monthly and quarterly financial reports compiled and presented to the Board on a quarterly basis. (input)	Compilation of monthly and quarterly financial reports and presentation of quarterly reports to the Board and the Audit Committee on a quarterly basis.	Not achieved for 1st two quarters of the Audit Committee. Achieved for the last two quarters of the Audit Committee. Achieved for Board.	12 Monthly reports, 4 Audit Committee reports	12 Monthly ,4 Audit Committee reports	👍	None	None

☞ = Target partially achieved at 75% or more 👍 = Target achieved ☹ = Target not achieved ✖ = Target removed

		3.4.2	Number of statutory annual financial statements submitted to the Audit Committee and the Auditor General within the pre-specified timeframes. (input)	Compilation of statutory annual financial statements for submission to the Audit Committee and the Auditor General within the pre specified timeframes.	Achieved	1	1	👍	None	None
To ensure effective corporate governance procedures	3.4. Good corporate governance	3.4.3	% of Wasteful, Fruitless, Unauthorised and Irregular Expenditure. (outcome)	Ensuring effective financial management achieving zero % on Wasteful, Fruitless, Unauthorised and Irregular Expenditure.	Not Achieved	Zero % on Wasteful, Fruitless, Unauthorised and Irregular Expenditure.	Not Achieved	☹	The target could not be achieved in 2012/13 financial year due to an error	The target was addressed in the 2013/14 financial year
		3.4.4	Attain a Clean Audit Report for the 2012/13. (outcome)	Return a Clean Audit Report for the 2012/13 and the ensuing financial years	Unqualified Audit	Clean Audit Report	Unqualified audit	☹	Unqualified Audit Opinion, the Audit Action Plan shows response to Audit findings by Management.	To improve the audit outcomes in the next financial year
		3.4.5	% of previous year's Audit queries addressed (output)	New indicator	New indicator	100%	75%	☞	Target could not be achieved due to lack of internal capacity	Appointment of suitable personnel especially finance senior management
		3.4.6	Number of Board meetings held to develop effective corporate governance for the Agency. (output)	New indicator	New indicator	4	4	👍	None	None

☞ = Target partially achieved at 75% or more 👍 = Target achieved ☹ = Target not achieved ✖ = Target removed

		3.4.7	Number of Board Subcommittee meetings held to develop effective corporate governance for the Agency. (output)	New indicator	New indicator	10	7	☹	Target could not be achieved as Agency held extensive strategic review session in Q4 which involved Development and Investment Subcommittee to meet as was scheduled	Target will be implemented in the next financial year
governance procedures	3.4. Good corporate governance	3.4.8	Review of efficacy of Board (output)	New indicator	New indicator	1 Board Assessment	0	👍	The target could not be achieved as final reports delayed from JGDM	Target to be completed during the first quarter of the next financial year
		3.4.9	Number of reports to Board by CEO on operational and financial performance as per mandate given in strategic plan (output)	Reporting to Board on operational and financial performance as per mandate given in strategic plan	Operational reporting achieved. Financial reporting not achieved for 1st two quarters of the Audit Committee.	4	7	👍	None	None
		3.4.10	Board Chairperson to present Annual report to the DM and submit full year performance in Annual Report.	Board Chairperson to present a quarterly report to the DM.	Achieved	1 Annual Report and 1 Annual General Meeting (output)	1 Annual report and 1 AGM	👍	None	None

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APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests			
Period 1 July to 30 June of Year 2013/14			
Position	Name	Description of Financial interests* (Nil / Or details)	
Executive Mayor	Cllr. ZI Dumzela	None	
Speaker	Cllr. N.P Mposelwa	None	
Mayco members	Cllr. N Ngubo	None	
	Cllr. D D Mvumvu	None	
	Cllr. T Z Notyeke	None	
	Cllr. B Salman	None	
Other Councillors	Cllr. S Mei	None	
	Cllr. V Mbulawa	None	
	Cllr. D F Hartkopf	None	
	Cllr. X G Motloi	None	
	Cllr. L N Gova	None	
	Cllr. C N Manxeba	None	
	Cllr. M W Mpelwane	None	
	Cllr. I Mosisidi	None	
	Cllr. A Kwinana	None	
	Cllr. G Mvunyiswa	None	
	Cllr. L Tokwe	None	
	Cllr. I van der Walt	None	
	Cllr. L S Baduza		
	Cllr. G M Moni		
	Cllr. SPMS Leteba	None	
	Cllr. M R Moore	Moore Farming, Mondamin Trust, Portervale Trust, Bemerside Trust	
	Cllr. N S Mathetha		
	Cllr. S E Mbanu	None	
	Municipal Manager	Mr. ZA Williams	Smart Job Supplies Pty Ltd
	Directors	Mr. JM Jackson	Umqeku Consulting, ECATU, Sakhi Ngomso

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	Ms. F Sephton	Partnership with Janet Viedge property ownership
	Mr. HZ Jantjie	Positive Lectures (Deregistered)
	Mr. R Furtuin	None

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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	Year 2012/2013	Current: Year 2013/2014			Year 2013/2014 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Management Services	5 304 726	4 546 235	5 521 235	5 100 726	-12%	8%
Financial Services	168 773 188	186 717 900	189 229 243	180 530 555	3%	5%
Corporate services	417 611	919 868	1 220 268	503 475	45%	59%
Technical Services	248 733 207	251 085 623	382 177 536	277 518 197	-11%	27%
Community Services	30 281 039	17 826 000	21 824 616	37 429 159	-110%	-71%
Total Revenue by Vote	453 509 772	461 095 626	599 972 898	501 082 111	-84%	27%
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						T K.1

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APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
						R'
Description	Year 2012/2013	Year 2013/2014			Year 2013/2014 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates						
Property rates - penalties & collection charges						
Service Charges - electricity revenue						
Service Charges - water revenue	23 012 257	5 625 183	45 462 662	47 361 455	88%	4%
Service Charges - sanitation revenue	5 030 507	18 055 241	21 795 618	20 256 460	11%	-8%
Service Charges - refuse revenue						
Service Charges - other						
Rentals of facilities and equipment						
Interest earned - external investments	3 142 984	2 665 900	3 311 345	3 239 584	18%	-2%
Interest earned - outstanding debtors	1 391 970	1 533 199	3 664 554	4 379 314	65%	16%
Dividends received						
Fines						
Licences and permits						
Agency services						
Transfers recognised - operational	237 219 681	234 382 235	301 925 451	317 698 881	26%	5%
Other revenue	3 144 889	13 540 868	7 235 268	2 002 506	-576%	-261%
Gains on disposal of PPE	(55 381)	-	-	-	#DIV/0!	#DIV/0!
Environmental Protection						
Total Revenue (excluding capital transfers and contributions)	272 886 907	275 802 626	383 394 898	394 938 200	30.17%	2.92%
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						T K.2

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APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R'
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant						Establishment of a Budget and Treasury Office (BTO) with positions filled by appropriately qualified personnel
Finance Management Grant	1 250 000	1 250 000	1 248 438	0%	0%	Establishment of Supply Chain Management, Internal Audit unit and Audit Committees Appointment of at least five interns over a multi-year period Ongoing review, revision and submission of FMG support plans to National Treasury that addresses weaknesses in financial management
Public Transport Infrastructure and Systems Grant						visual condition data not older than two years for pavements and five years for bridges
Rural Roads Asset Management	1 778 000	1 778 000	1 777 845	0%	0%	instrumental pavement data for roughness, rut depth and macro texture not older than two years instrumental pavement data for structural strength not older than five years, and traffic data not older than three years
Other Specify:						Municipalities must submit to the Department of Cooperative Governance (DCoG) signed activity plans in the prescribed format with detailed budgets and timeframes for the implementation of prioritised measurable outputs
Municipal Systems Improvement	890 000	890 000	661 247	26%	26%	Municipalities must submit a status report on their Information and Communications Technology (ICT) infrastructures on a quarterly basis to the DCoG
Total						
<p><i>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</i></p>						

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COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

The District appreciates the availability of Conditional Grants as the financial capacity is strengthen. As highlighted above, the District has capacity to spend its received grants as per grant conditions

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

See Appendix N

APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2013/14 FY

Project Name	Description	Budgets (‘000)	Funding Source	Location (Ward/ Local Municipality)	Start Date	Completion Date	Progress
Jamesstown Bucket Eradication And Sanitation Phase 2	Upgrading of the Waste Water Treatment works, outfall sewer and connection of all houses to the sewer network.	Total: R38,550 2013/14 R10m	MIG	Maletswai	21/01/ 2011	29/04/2014 Practical completion certificate was signed on 06/05/2014 .	2013/14 expenditure to date = 100% Project at Tender Stage for Phase 2 Stage 1 – Upgrading of the WWTW and outfall sewer as well irrigation site. Tender advertised: 27 August 2012 Tender Clarification Meeting: 10 September 2012 Tender Closing: 01 October 2012 Contractor appointed in 14 December 2012. Construction commenced on the 18 March 2013. Practical completion has been reached and commissioning is outstanding due to the electricity connection. Tender for Stage 2 of this project has been cancelled and re-tendering has been recommended.
Steynsburg Waterborne Sanitation Phase 3	The project entails the construction of a new waste water treatment works, outfall sewers and the connection of all households to the sewer system. The existing ponds will be subsequently decommissioned and rehabilitated.	Total: R24,108 2013/14 R9m	MIG	Gariiep LM	21/05/ 2012	30/06/2014 Practical completion was done on 30/06/2014 . Snag and extra works are being sorted out due to unconnected RDP houses to the main line by DoHS.	2013/14 expenditure to date = 100% Phase 3 Stage 1 of the project is complete. This stage entails the construction of the new WWTW and outfall sewer pipeline. Phase 3 stage 2 is under construction which is the VIP connection to the sewer and water networks and the total expenditure to date for this phase is 61% for the VIP connections.

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Sterkspruit: Upgrading Wtw And Bulk Lines	The scope of work involves the upgrade of the Sterkspruit Water Treatment Works (WTW), construction of a new 5MI reservoir, upgrade Voyizana distribution pipeline and associated bulk distribution infrastructure	<p>Total:</p> <p>Initial</p> <p>R48,000</p> <p>With additional DWA Refurb funding:</p> <p>R60,283</p> <p>2012/13:</p> <p>R10,538 (MIG)</p> <p>R10,000</p> <p>(DWA Refurb.)</p>	MIG	Senqu LM	10/2009	<p>Planned:</p> <p>Feb 2013</p> <p>Revised:</p> <p>Dec 2014</p>	<p>2013/2014 expenditure = 80% (MIG)</p> <p>2013/14 exp = 50% (DWA Refurb. Grant)</p> <p>Construction of the 5MI reservoir and Voyizana completed in June 2012 and June 2011 respectively. Completion of work on WTW extended to Dec 2014 due to additional R10m funding received from the DWA Refurbishment Fund.</p>
Lady Grey Bulk Water Supply Scheme	Upgrading of the water treatment works and storage facilities, as well as the development of a new bulk water source.	<p>Total:</p> <p>R25,450</p> <p>2013/14:</p> <p>R9,591</p>	MIG	Senqu LM	14/03/2010	<p>Planned:</p> <p>13 Dec 2013</p> <p>Revised:</p> <p>August 2014</p> <p>(WTW)</p>	<p>2013/14 expenditure = 90%</p> <p>Project is 99% complete.</p> <p>The construction of the new water treatment works is underway. However progress was very slow. The project was accessioned out to a sub-contractor for completion.</p> <p>The focus for the development of new bulk water source moved to the construction of a dam in the Transwilgerspruit. This source according to the preliminary studies would be more sustainable</p>

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Khwezi-Naledi Sanitation	The construction of sewer and water pipes, 23 new toilet structures and replace 465 VIP toilets with flush toilet	Total: R12,147 2012/13 R1,500	MIG	Senqu LM	17/05/2011	Planned: 10 Dec 2012 Revised: August 2014	2013/14 expenditure = 90% The initial scope of work has been completed and the contractor is busy finishing off work contained in Variation Order 3 which consists of refurbishing existing toilets (roof sheets, broken doors, painting etc.)
Mt Fletcher Bulk Water Supply	Construction of 13,6km of primary gravity pipelines and 15,8 km of village reticulations and two reservoirs in Upper & Lower Tokwana	Total: R9,997 2013/14 R2,600	MIG	Elundini LM	26/01/2011	Planned: 30/05/2014	2013/14 expenditure = 74.0% The project is under construction and at 97% complete. The contractor has completed all river crossings and the communities of lower and Upper Tokwana (70%) are already benefiting from the scheme. The contract is already under penalties.
	Construction of 13, 3 km of primary gravity pipelines and village reticulations with pipe diameters ranging from 32mm to 250mm in Tsekong Village.	Total: R5,184 2013/14 R1,627	MIG	Elundini LM	26/01/2011	Planned: 30/05/2014	2013/14 expenditure = 68.6% The project is under construction and at 99% complete. The contract has acquired Practical Completion status. The contractor is still to pressure test the two rising mains. 100% of community is already benefiting.

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	Construction of 12.2km ductile iron pipes ranging from 80mm to 250mm diameter. Gravity Main B	Total: R5,684 2013/14 R0,721	MIG	Elundini LM	23/02/ 2011	Planned: 30/05/2014	2013/14 expenditure = 101.7% (within total MIG allocation) The project is under construction and at 98% complete. The contractor is still busy with the river crossing having already encased through the entire Tina river now constructing the scour and expected to complete that by 30/05/2014 due to a delay caused by a shortage of gasket rubbers for the pipes to be encased. The pressure testing of the pipelines is in progress. The contract is already under penalties.
	The Contract involves construction of 5,7km of primary gravity pipelines and 7.3km village reticulations with pipe diameters ranging from 32mm to 250mm and Construction of 175kl reservoirs in Dengwane Village	Total: R6,983 2013/14 R0,849	MIG	Elundini LM	13/05/ 2011	Planned: 30/05/2014	2013/14 expenditure = 106% (within total MIG allocation) The project is under construction and at 98% complete. The Gravity Main B contract that is to supply Dengwane has not been completed thus impacting on the completion of this project. The contractor is working on the Break pressure tanks and also the testing of pipelines. The contractor still continuing with pressure testing the pipelines. The contract is already under penalties.
Tsolobeng and Mpharane Villages	Construction of water reticulations and concrete reservoirs for Tsolobeng and Mpharane villages	Total: R52,5 2013/14	MIG	Elundini LM	16/09/ 2013	Planned: 16/08/2014	2013/14 expenditure = % Construction started in the middle of March 2014 and no certificates have been done. The first certificates are expected in April 2014.

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Mass Job Creation Programme	Maintenance of cleanliness of all the district's sites (WTW, WwTW, Dams, Pumpstations etc.)	Total: R1,0	EPWP	JGDM	01/09/ 2013	Planned: 30/05/2014 Completed 30/05/2014	2013/14 expenditure = 100%
a clear Water Treatment and Distribution Upgrade : Turnkey	Turn-key Construction of water treatment plants, pump stations, storage facilities, bulk water supply lines. This project consists of:	Total: R6,082 2013/14 R3,000	MIG	Elundini LM	TBA	Planned 30 April 2014. Actual TBC	2013/14 expenditure = 0% The appointment was finalized on 29 October 2013. Construction of pipelines is already in progress though no claim has been submitted yet by the SP.
Maclear Water Treatment and Distribution Upgrade	Civil Engineering Services for Maclear Water Treatment and Distribution Upgrade in the town of Maclear and surrounding townships of Elundini Local Municipality	Total: R92,072 2013/14 R0.00	MIG	Elundini LM	TBA	TBA	2013/14 expenditure = 0% Finalization of the appointment of the Consultant not yet done. Tender advert went out in June 2014. Expenditure to commence in 2014/15.
: Upgrading of Maclear WWTW and construction of a new Bulk Sewage pump	Professional Services for Maclear BSI Upgrade - Phase 4	R19,265 2013/14 R0.00	MIG	Elundini LM	TBA	TBA	2013/14 expenditure = 0% Expenditure will start in the 2014/15 Financial Year.
	Bulk Sanitation Infrastructure Upgrade for Maclear: Upgrading of WwTW (Phase 3).	R29,662 2013/14 R8,006	MIG	Elundini LM	TBA	TBA	2013/14 expenditure = 4%

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Senqu Rural Sanitation Programme	The project entails the construction of VIP toilets in all Senqu rural villages.	Total: R102,761 2013/14: R35,000	MIG	Senqu LM	July 2011	Planned: Dec 2016	2013/14 expenditure =100%
Elundini Rural Sanitation Programme	The project entails the construction of VIP toilets in all Elundini rural villages.	Total: R182,117 2013/14: R45,000	MIG	Elundini LM	July 2011	Planned: Dec 2016	2013/14 expenditure = 100%
Senqu Rural Water Programme	The project entails the provision of water to all villages in Senqu without any formal water supply.	Total: R75,349 2013/14: R10,000	MIG	Senqu LM	TBA	TBA	2013/14 expenditure = 25%
Elundini Rural Water Programme	The project entails the provision of water to all villages in Elundini without any formal water supply.	Total: R143,813 2013/14: R10,000	MIG	Elundini LM	TBA	TBA	2013/14 expenditure = 30% Project has not started yet.

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APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2012/13 FY

Not Applicable.

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Not applicable.

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

Service Backlogs Experienced by the Community 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:	Throughout the District is has been established that in some areas there are clinic shortages and in their areas the existing clinics need to extent their times of operations to twenty four hours.	Communities have to spend money to go to hospitals. Clinics are sometimes overcrowded and the requirements for confidentiality are compromised. Some communities do not get the necessary medical attention timeously
Housing:	Throughout the District there is a housing backlog. Some community members have not yet received housing though years have passed since registration. Eradication of the 'train houses' remain a challenge. The rectification programme is also viewing to be moving too slow	Increase in informal settlements which make it difficult for the municipality to provide services. There is also a probability for an increase in service delivery protests and civil unrest.
Schools (Primary and High):	The main challenge around schools and schooling is the existence of mud schools and lack of other necessities such as laboratories, developed sport fields, etc.	This could result in low achievements and underperformance of the affected schools in some cases. Further, the sporting potential of learners may go undeveloped.
Sports Fields:	Linked to issues raised above in terms of sport fields in schools, the lack and poor conditions of the existing sport fields within the communities is a critical challenge. The existing fields are also limited in terms of the codes available.	Youth could be found focussing their energies on unproductive and other causes that are not developmental. Further, the sporting potential of learners may go undeveloped.
		T Q

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

Declaration of Loans and Grants made by the municipality: Year 2013/14				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value Year 2013/14 R'	Total Amount committed over previous and future years
Grant for JoGEDA				
<i>* Loans/Grants - whether in cash or in kind</i>				<i>T R</i>

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APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	Various initiatives have been implemented by the District. The focus of the District is far as basic services are concerned include water, sanitation and municipal health services. AS per the performance report attached in this Annual Report, significant progress has been made. However, challenges relating to the ageing bulk water services infrastructure which is about 50 years, the available budget is mainly utilised for operations and maintenance. More funding will be required to meet universal access.	73%: Access to basic sanitation 67%: Access to water
Output: Implementation of the Community Work Programme	The District has prioritised implementation of community works programme. The Community Works Programme (CWP) is having a profound impact on the micro-economy of the District. The District is involved in facilitating implementation of the CWP programme as the actual implementation rests with other stakeholders. The District has previously implemented the programme in a number of wards in Senqu LM, Elundini LM and Maletswai local municipality. Lack of funding impedes further implementation of the programme	Significant progress achieved
Output: Deepen democracy through a refined Ward Committee model	The District is committed to deepening democracy within implementation of various programmes. These include implementation of Executive Mayor's community participation programme, various stakeholder and community participation fora. Community based programmes are implemented at ward level in partnership with the local municipalities.	Significant progress achieved
Output: Administrative and financial capability	The District financial management has significantly improved over the past years. The 2010/11, 2011/12, 2012/13 and 2013/14 financial years' audit reports have been unqualified. This shows consistent good performance. A clean audit is now the focus of the District.	Unqualified audit opinions
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APPENDIX T – PROVINCIAL INDICATORS

KPA 1: Organisational Transformation and Institutional Development

Annual performance as per key performance indicators in municipal transformation and organizational development

	Indicator name	Total number of people (planned for)	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	866	0	0	None
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	6	6	100%	None
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	6	6	100%	None
4	Percentage of Managers in Technical Services with a professional qualification	1	0	0%	1 manager registered on CPMD
5	Percentage of municipalities within the district area that have a fully functional Performance Management System (DM only)	4	4	100%	None
8	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	866	692	80%	The process is on-going and it must take into account new staff
9	Percentage of councillors who attended a skill development training within the current 5 year term	28	28	100%	None
10	Percentage of staff complement with disability	866	6	0.01%	Disabled applicants do not apply when posts are available.
11	Percentage of female employees	866	236	27%	Most females do not meet minimum requirements for appointment
12	Percentage of employees that are aged 35 or younger	866	202	23%	Recruitment takes into account experience and younger people do not poses the necessary experience.

APPENDICES

KPA 2: Basic Service delivery performance highlights

Annual performance as per key performance indicators in water services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to potable water	97 775	30072	5000 households	0	0%
2	Percentage of indigent households with access to free basic potable water	97 775	43878	100%	8823	176%
4	Percentage of clinics with access to potable water	N/A	N/A	N/A	N/A	N/A
5	Percentage of schools with access to potable water	N/A	N/A	N/A	N/A	N/A
6	Number of additional households provided with basic level of sanitation (Output) Percentage of households using buckets	97 775		5000 households	8823 households	176%

Annual performance as per key performance indicators in Electricity services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to electricity services	N/A	N/A	N/A	N/A	N/A
2	Percentage of indigent households with access to basic electricity services	N/A	N/A	N/A	N/A	N/A
4	Percentage of indigent households with access to free alternative energy sources	N/A	N/A	N/A	N/A	N/A

Annual performance as per key performance indicators in sanitation services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	97 775	55.2%	86%	8823 households	93%
2	Percentage of indigent households with access to free basic sanitation services	53897	43878	5000	8823	176%
4	Percentage of clinics with access to sanitation services	N/A	N/A	N/A	N/A	N/A
5	Percentage of schools	N/A	N/A	N/A	N/A	N/A

APPENDICES

with access to sanitation services					
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Annual performance as per key performance indicators in road maintenance services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households without access to gravel or graded roads	N/A	0%	N/A	N/A	N/A
2	Number of km's per quarter graded as per the SLA Percentage of road infrastructure requiring upgrade	97 775	4000	4000	3314	83%
4	Percentage of planned new road infrastructure actually constructed	97 775	N/A	N/A	N/A	N/A
5	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	97 775	100%	100%	80%	80%

Annual performance as per key performance indicators in waste management services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to refuse removal services	N/A	N/A	N/A	N/A	N/A

Annual performance as per key performance indicators in housing and town planning services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	97 775	N/A	N/A	N/A	N/A
2	Percentage of informal settlements that have been provided with basic services	97 775	N/A	N/A	N/A	N/A
3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses	97 775	N/A	N/A	N/A	N/A

KPA 3: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK

APPENDICES

Annual performance as per key performance indicators in LED

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Percentage of LED Budget spent on LED related activities.	R 938415	R 556 887	59%
2	Number of LED stakeholder forum held	4	3	75%
3	Number of funding applications submitted for cooperatives and SMMEs (outcome) Percentage of SMME that have benefited from a SMME support program	2	13	650%
4	Number of job opportunities created through EPWP	800	1388	174%
5	Number of job opportunities created through PPP	N/A	N/A	N/A

KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Annual performance as per key performance indicators in financial viability

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	174,573,972	100,212,689	$100,212,689/174,573,972*100=57.4\%$
		Target set for the year (35%) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs. the operational budget
2	Salary budget as a percentage of the total operational budget	$140,542,883/575,717,523*100=24.41\%$	130,425,143	$130,425,143/140,542,883*100=92.8\%$
		Target set for the year (20% or less) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs. the actual revenue
3	Trade creditors as a percentage of total actual revenue	$85,313,792/599,972,898*100=14.22\%$	118,105,547	$118,105,547/85,313,792*100=138.44\%$
		Target set for the year (80% and more) R(000)	Achievement level during the year R(000)	Achievement percentage during the year
4	Total municipal own revenue as a percentage of the total actual budget	$39,705,117/(13,373,757)*100=29.77\%$	41,857,414	$41,857,414/39,705,117*100=105.42\%$
		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
5	Rate of municipal consumer debt reduction	8,321,230	16 499 953	$16\ 499\ 953/8,321,230*100=198\%$
6	Percentage of MIG budget appropriately spent	188,144,916	168,619,075	$168,619,075/188,144,916*100=89.63\%$
7	Percentage of MSIG budget appropriately spent	661,247	661,247	$661,247/661,247*100=100\%$
8	Functionality of the Audit Committee	4	6	150%
9	Submission of AFS after the of financial year	Yes	Yes	Yes

APPENDICES

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

No	Indicator name	Target	achieved
1	% of ward committees established	N/A	N/A
2	% of ward committees that are functional	N/A	N/A
3	Existence of an effective system to monitor CDWs	N/A	N/A
4	Existence of an IGR strategy	1	Yes
5	Effective of IGR structural meetings	1	Yes
6	Existence of an effective communication strategy	1	Yes
7	Number of mayoral imbizos conducted	4	3
8	Existence of a fraud prevention mechanism	Yes	Yes

VOLUME II:

ANNUAL FINANCIAL STATEMENTS

For the Year ended 30 June 2014

Consolidated Annual Financial Statements

JOE GQABI DISTRICT MUNICIPALITY

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JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GENERAL INFORMATION

NATURE OF BUSINESS

Joe Gqabi District Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Joe Gqabi District Municipality includes the following areas:

Gariep Local Municipality (Burgersdorp, Venterstad and Steynsburg)
Maletswai Local Municipality (Aliwal North and Jamestown)
Senqu Local Municipality (Lady Grey, Sterkspruit, Rhodes and Barkly East)
Elundini Local Municipality (Maclear, Uqie and Mount Fletcher)

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Z I Dumzela	
Speaker	N P Mposelwa	
Councillor	B Salman	Portfolio head: Financial Services
Councillor	T Z Notyke	Portfolio head: Technical Services
Councillor	N Ngubo	Portfolio head: Corporate Services
Councillor	D D Mvumvu	Portfolio head: Community Services

MUNICIPAL MANAGER

Mr Z A Williams

CHIEF FINANCIAL OFFICER

Mr J M Jackson

OTHER DIRECTORS

Mr R J Fortuin	- Director: Technical Services
Ms F J Sephton	- Director: Community Services
Mr H Z Jantjie	- Director: Corporate Services
Ms N Mshumi	- Chief Operations Officer

REGISTERED OFFICE

P/Bag X102	C/o Cole and Graham Street
Barkly East	Barkly East
9786	9786

AUDITORS

Office of the Auditor General (EC)
Vincent
East London

ATTORNEYS

MI Ntshiba & Associates Mthatha 5099	Smith Tabata Attorneys King Williams Town 5601	Greyvenstein & Spence Barkly East 9786
PH Songo Attorneys Ngcobo 5050	Mjululwa Hlalukana Attorneys Mthatha 5099	

PRINCIPAL BANKERS

ABSA
P O Box 323
Bloemfontein
9300

Consolidated Annual Financial Statements

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GENERAL INFORMATION

AUDIT COMMITTEE

Z Luswazi	- Chairperson
J Emslie	- Member
P G Du Toit	- Member
F K P Ntlemeza	- Member

RELEVANT LEGISLATION

Abattoir Hygiene Act 121 of 1992
Arbitration Act 42 of 1965
Basic Conditions of Employment Act 75 of 1997
Black Authorities Service Pension Act 53 of 2003
Broad Based Black Economic Empowerment Act 53 of 2003
Business Act 71 of 1991
Communal Property Associations Act 28 of 1998
Community Development Act 3 of 1996
Constitution of the Republic of South Africa Act, 1996
Deeds Registries Act 47 of 1937
Development Bank of Southern Africa Act 13 of 1997
Development Facilitation Act 67 of 1995
Disaster Management Act 57 of 2002
Division of Revenue Act 2 of 2002
Electoral Act 73 of 1998
Electoral Commission Act 51 of 1996
Electricity Act 41 of 1987
Employment Equity Act 55 of 1998
Environment Conservation Act 73 of 1989
Eskom Act 40 of 1987
Expropriation Act 63 of 1975
Financial and Fiscal Commission Act 99 of 1997
Fire Brigade Services Act 99 of 1987
Foodstuffs, Cosmetics and Disinfectants Act 54 of 1972
Formalities in respect of Leases of Land Act 18 of 1969
Hazardous Substances Act 15 of 1973
Independent Commission for the Remuneration of Public office-bearers Act 92 of 1997
Institution of Legal Proceedings against certain Organs of State Act 40 of 2002
Intergovernmental Fiscal Relations Act 97 of 1997
Intergovernmental Relations Framework Act 13 of 2005
Interim Protection of Informal Lands Rights Act 31 of 1996
Labour Relations Act 66 of 1995
Land Survey Act 8 of 1997
Less Formal Township Establishment Act 113 of 1991
Local Authorities Loans Fund Act 67 of 1984
Local Government: Municipal Demarcation Act 27 of 1998
Local Government: Municipal Electoral Act 27 of 2000
Local Government: Municipal Finance Management Act 56 of 2003
Local Government: Municipal Property Rates Act 6 of 2004
Local Government: Municipal Structures Act 117 of 1998
Local Government: Municipal Systems Act 32 of 2000
Local Government: Transition Act 209 of 1993
National and Records Services of South Africa Act 43 of 1996
National Building Regulation and Building Standards Act 103 of 1977
National Environmental Management: Air Quality Act 39 of 2004
National Environmental Management: Biodiversity Act 10 of 2004
National Environmental Management: Protected Areas Act 57 of 2003
National Veld and Forest Fire Act 101 of 1998
National Water Act 36 of 1998
National Health Act of 1997
Occupational Health and Safety Act and Regulation 85 of 1993
Organised Local Government Act 52 of 1997
Pension Benefits for Councillors of Local Authorities Act 105 of 1987
Pension Funds Act 25 of 1956
Preferential Procurement Policy Framework Act 5 of 2000

Consolidated Annual Financial Statements

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GENERAL INFORMATION

RELEVANT LEGISLATION (CONTINUED)

Prescription Act 18 of 1943
 Prescription Act 68 of 1969
 Prevention and Combating of Corrupt Activities Act
 Prevention of Illegal Eviction from an Unlawful Occupation of Land Act 19 of 1998
 Promotion of Access to Information Act 2 of 2000
 Promotion of Administrative Justice Act 3 of 2000
 Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000
 Protected Disclosures Act 26 of 2000
 Public Audit Act 25 of 2004
 Re-Determination of the Boundaries of Cross-Boundary Municipality Act 6 of 2005
 Reconstruction and Development Programme Fund Act 7 of 1994
 Regional Services Councils Act 109 of 1985
 Regulation of Gatherings Act 205 of 1993
 Removal of Restrictions Act 84 of 1967
 Remuneration of Public Office Bearers Act 20 of 1998
 Skills Development Act 97 of 1998
 Skills Development Levies Act 9 of 1999
 South African National Roads Agency Limited and National Roads Act 7 of 1998
 Tobacco Products Control Act 83 of 1993
 Traditional Leadership and Governance Framework Act 41 of 2003
 Transfer of Staff to Municipalities Act 17 of 1998
 Unemployment Insurance Act 63 of 2001
 United Municipal Executive (Pension) Act 12 of 1958
 Value Added Tax, 1991
 Water Services Act 108 of 1997

MEMBERS OF THE JOE GQABI DISTRICT MUNICIPALITY

PROPORTIONAL ELECTED COUNCILLORS

Executive Mayor	Z I Dumzela
Speaker	N P Mposelwa
Councillors: JGDM	S Mei V Mbulawa D F Hartkopf X G Motloi N Ngubo L N Gova N F Mphithi

REPRESENTATIVE COUNCILLORS

Senqu Local Municipality	M W Mpelwane I Mosisidi A Kwinana G Mvunyiswa L Tokwe I van der Walt
Elundini Local Municipality	L S Baduza G M Moni SPMS Leteba D D Mvumvu L Pili
Maletswai Local Municipality	N S Mathetha S E Mbana
Gariep Local Municipality	T Z Notyoke

Consolidated Annual Financial Statements

JOE GQABI DISTRICT MUNICIPALITY

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

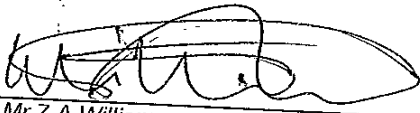
I am responsible for the preparation of these annual consolidated financial statements year ended 30 June 2014, which are set out on pages 1 to 84 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Economic Entity. The annual consolidated financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Economic Entity's cash flow forecast for the year to 30 June 2015 and I am satisfied that the Economic Entity can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Economic Entity's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Mr Z. A. Williams
Municipal Manager

29 August 2014

Consolidated Annual Financial Statements

JOE QGABI DISTRICT MUNICIPALITY					
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014					
		ECONOMIC ENTITY		MUNICIPALITY	
	Notes	2014 R	2013 R	2014 R	2013 R
NET ASSETS AND LIABILITIES					
Net Assets		1 205 437 530	1 218 803 055	1 205 437 528	1 218 811 290
Accumulated Surplus		1 205 437 530	1 218 803 055	1 205 437 528	1 218 811 290
Non-Current Liabilities from Exchange Transactions		5 653 603	6 098 601	5 653 603	6 098 601
Long-term Liabilities	2	5 653 603	6 098 601	5 653 603	6 098 601
Non-Current Liabilities		28 461 773	26 411 241	28 461 773	26 411 241
Employee Benefits	3	28 461 773	26 411 241	28 461 773	26 411 241
Current Liabilities		18 485 756	15 175 822	18 263 476	14 994 207
Current Employee Benefits	4	18 485 756	15 175 822	18 263 476	14 994 207
Current Liabilities from Exchange Transactions		66 277 859	46 219 480	66 196 582	45 784 537
Consumer Deposits	5	834 552	170 749	834 552	170 749
Payables from Exchange Transactions	6	64 916 157	45 235 449	64 916 157	45 213 396
South African Revenue Service	8	81 277	412 890	-	-
Current Portion of Long-term Liabilities	2	445 873	400 392	445 873	400 392
Current Liabilities from Non-Exchange Transactions		34 251 737	15 443 057	33 645 489	14 836 809
Unspent Conditional Government Grants and Receipts	7	34 251 737	15 443 057	33 645 489	14 836 809
Total Net Assets and Liabilities		1 358 568 258	1 328 151 257	1 357 658 451	1 326 936 685
ASSETS					
Non-Current Assets		1 290 067 035	1 232 752 145	1 288 280 138	1 232 838 728
Property, Plant and Equipment	9	1 282 409 858	1 224 570 094	1 280 255 845	1 224 298 078
Investment Property	10	4 145 607	4 194 567	2 620 956	2 666 452
Intangible Assets	11	2 210 230	2 780 161	2 207 942	2 777 293
Non-Current Investments	12	1 301 340	1 207 323	3 195 395	3 096 905
Current Assets		41 255 364	28 424 890	41 241 075	25 552 407
Inventory	13	3 018 121	1 706 530	3 018 121	1 706 530
Cash and Cash Equivalents	15	38 237 243	26 718 360	38 222 954	23 845 877
Current Assets from Exchange Transactions		22 290 061	18 427 470	23 515 440	19 998 798
Receivables from Exchange Transactions	14	15 299 117	10 683 741	16 524 496	12 255 069
South African Revenue Services	8	6 990 944	7 743 729	6 990 944	7 743 729
Current Assets from Non-Exchange Transactions		4 955 798	48 546 752	4 621 798	48 546 752
Unpaid Conditional Government Grants and Receipts	7	4 955 798	48 546 752	4 621 798	48 546 752
Total Assets		1 358 568 258	1 328 151 257	1 357 658 451	1 326 936 685

Consolidated Annual Financial Statements

JOE QGABI DISTRICT MUNICIPALITY					
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014					
		ECONOMIC ENTITY		MUNICIPALITY	
	Notes	2014 R	2013 R	2014 R	2013 R
REVENUE					
Revenue from Non-exchange Transactions		434 184 243	403 607 810	433 582 576	401 158 794
Transfer Revenue		431 203 704	403 435 298	430 597 563	400 986 282
Government Grants and Subsidies - Capital	16	106 143 911	105 089 764	106 143 911	105 089 764
Government Grants and Subsidies - Operating	16	318 255 021	297 425 623	317 698 881	294 976 607
Public Contributions and Donations	17	4 375 630	235 978	4 325 630	235 978
Transfer of Function	18	2 429 142	683 933	2 429 142	683 933
Other Revenue		2 980 539	172 512	2 985 012	172 512
Foreign Exchange Gains	19	722 904	172 512	722 904	172 512
Actuarial Gains	20	2 257 635	-	2 257 635	-
Reversal of Impairments	21	-	-	4 473	-
Revenue from Exchange Transactions		68 946 759	50 934 133	68 890 271	50 839 481
Service Charges	22	41 857 414	27 719 413	41 857 414	27 719 413
Government Services	23	18 405 706	17 216 476	18 405 706	17 216 476
Interest Earned - External Investments	24	3 296 072	3 233 424	3 239 584	3 142 983
Interest Earned - Outstanding Debtors	25	4 379 314	1 391 970	4 379 314	1 391 970
Other Income	26	1 008 253	1 372 850	1 008 253	1 368 639
Total Revenue		503 131 002	454 541 943	502 472 847	451 998 275
EXPENDITURE					
Employee Related Costs	27	133 206 057	106 493 648	130 425 143	104 339 481
Remuneration of Councillors	28	5 024 336	4 310 179	5 024 336	4 310 179
Remuneration of Directors	29	315 375	171 950	-	-
Debt Impairment	30	41 523 170	13 397 865	41 522 420	13 397 865
Impairments	31	45 831 406	5 139 789	45 831 406	5 716 564
Depreciation and Amortisation	32	42 516 578	42 614 399	42 311 115	42 566 445
Repairs and Maintenance	33	30 492 858	15 629 439	30 490 687	15 623 511
Actuarial Losses	20	-	1 515 882	-	1 515 882
Finance Charges	34	3 967 934	2 716 067	3 967 934	2 706 692
Contracted services	35	20 740 626	47 388 756	20 740 626	47 388 756
Bulk Purchases	36	2 473 512	7 698 710	2 473 512	7 698 710
Grants and Subsidies Paid	37	-	10 710 780	5 154 594	12 285 780
Inventory Adjustments		(24 383)	(17 586)	(24 383)	(17 586)
Operating Grant Expenditure	38	111 148 245	104 129 211	111 148 245	104 129 211
Emergency Drought Relief		3 940 821	456 066	3 940 821	456 066
General Expenses	39	72 138 700	43 880 135	69 638 856	41 652 119
Loss on disposal of Property, Plant and Equipment	40	3 201 292	122 421	3 201 291	120 015
Total Expenditure		516 496 528	406 357 711	515 846 604	403 889 690
NET (DEFICIT)/SURPLUS FOR THE YEAR		(13 365 525)	48 184 231	(13 373 757)	48 108 584

Consolidated Annual Financial Statements

JOE GQABI DISTRICT MUNICIPALITY		
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014		
	ECONOMIC ENTITY	MUNICIPALITY
	Accumulated Surplus	Accumulated Surplus
		R
Balance at 1 July 2012	1 170 880 682	1 170 964 562
Correction of error restatement - note 42.1	(261 858)	(261 858)
Restated balance at 1 July 2012	1 170 618 824	1 170 702 704
Net Surplus for the year	48 184 231	48 108 585
Balance at 30 June 2013	1 218 803 055	1 218 811 290
Net Deficit for the year	(13 365 525)	(13 373 761)
Balance at 30 June 2014	1 205 437 530	1 205 437 528

Consolidated Annual Financial Statements

JOE GQABI DISTRICT MUNICIPALITY					
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014					
		ECONOMIC ENTITY		MUNICIPALITY	
	Notes	2014 R	2013 R	2014 R	2013 R
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Service charges and other		22 678 419	33 588 153	23 347 747	31 916 415
Government grants		441 731 081	409 002 277	441 467 923	408 139 996
Interest		7 675 386	4 625 394	7 618 898	4 534 953
Payments					
Suppliers and Employees		(359 698 942)	(334 519 764)	(354 119 250)	(330 092 144)
Finance Charges		(721 338)	(773 487)	(721 338)	(764 112)
Transfers and Grants		-	(10 710 780)	(3 129 000)	(12 285 780)
Net Cash from Operating Activities	43	111 664 605	101 211 794	114 464 981	101 449 329
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment		(100 270 512)	(95 078 659)	(100 212 690)	(95 009 470)
Proceeds from sale of Property, Plant and Equipment		-	150 000	-	150 000
Purchase of Intangible Assets		-	(5 258)	-	(2 358)
Purchase of Investment Property		-	(100 000)	-	(100 000)
(Increase)/Decrease in Non-current Investments		(94 017)	218 962	(94 017)	218 962
Net Cash from Investing Activities		(100 364 529)	(94 814 955)	(100 306 707)	(94 742 866)
CASH FLOW FROM FINANCING ACTIVITIES					
Increase in Consumer Deposits		663 803	170 749	663 803	170 749
Decrease in Long-term Liabilities		(444 997)	(399 451)	(445 000)	(399 450)
Net Cash from Financing Activities		218 806	(228 702)	218 803	(228 701)
NET INCREASE IN CASH AND CASH EQUIVALENTS		11 518 883	6 168 137	14 377 077	6 477 762
Cash and Cash Equivalents at the beginning of the year		26 718 360	20 550 223	23 845 877	17 368 115
Cash and Cash Equivalents at the end of the year	44	38 237 243	26 718 360	38 222 954	23 845 877
NET INCREASE IN CASH AND CASH EQUIVALENTS		11 518 883	6 168 137	14 377 077	6 477 762

Consolidated Annual Financial Statements

JOE GQABI DISTRICT MUNICIPALITY					
CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2014					
	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
Total current assets	49 648 231	(4 636 249)	45 011 982	68 501 223	23 489 241
Total non-current assets	1 289 925 201	17 825 662	1 307 750 863	1 290 067 035	(17 683 828)
Total current liabilities	59 172 461	26 141 332	85 313 792	119 015 352	33 701 560
Total non-current liabilities	20 106 211	22 016 469	42 122 680	34 115 376	(8 007 304)
Total Net Assets	1 260 294 761	(34 968 388)	1 225 326 373	1 205 437 530	(19 888 843)
STATEMENT OF FINANCIAL PERFORMANCE					
Revenue					
Government Grants and Subsidies - Capital	185 294 000	31 284 000	216 578 000	106 143 911	(110 434 089)
Government Grants and Subsidies - Operating	228 663 035	52 600 994	281 264 029	318 255 021	36 990 992
Public Contributions and Donations	1 062 484	2 352 516	3 415 000	4 375 630	960 630
Transfer of Function	-	27 553 163	27 553 163	2 429 142	(25 124 021)
Foreign Exchange Gains	-	-	-	722 904	722 904
Actuarial Gains	-	-	-	2 257 635	2 257 635
Service Charges	23 680 424	16 024 693	39 705 117	41 857 414	2 152 297
Government Services	17 826 000	3 998 616	21 824 616	18 405 706	(3 418 910)
Interest Earned - External Investments	2 665 900	697 294	3 363 194	3 296 072	(67 122)
Interest Earned - Outstanding Debtors	1 533 199	2 131 355	3 664 554	4 379 314	714 760
Other Income	2 628 268	987 000	3 615 268	1 008 253	(2 607 015)
Total Revenue	463 353 310	137 629 631	600 982 941	503 131 002	(97 851 939)
Expenditure					
Employee Related Costs	123 230 574	20 181 910	143 412 484	133 206 057	(10 206 427)
Remuneration of Councillors	5 352 231	(84 219)	5 268 012	5 024 336	(243 676)
Remuneration of Directors	304 920	(23 820)	281 100	315 375	34 275
Debt Impairment	8 386 214	43 144 262	51 530 476	41 523 170	(10 007 306)
Impairments	8 274 425	40 133 500	48 407 925	45 831 406	(2 576 519)
Depreciation and Amortisation	44 862 137	1 291 348	46 153 485	42 516 578	(3 636 907)
Repairs and Maintenance	27 151 905	9 001 979	36 153 884	30 492 858	(5 661 026)
Finance Charges	3 271 543	780 849	4 052 392	3 967 934	(84 458)
Contracted services	47 274 724	(22 461 227)	24 813 497	20 740 626	(4 072 871)
Bulk Purchases	742 000	3 258 000	4 000 000	2 473 512	(1 526 488)
Grants and Subsidies Paid	11 503 998	(10 592 060)	911 938	-	(911 938)
Inventory Adjustments	27 030	19 100	46 130	(24 383)	(70 513)
Operating Grant Expenditure	71 683 994	51 534 464	123 218 458	111 148 245	(12 070 213)
Emergency Drought Relief	848 000	3 612 000	4 460 000	3 940 821	(519 179)
General Expenses	74 472 520	9 201 951	83 674 471	72 138 700	(11 535 771)
Loss on disposal of Property, Plant and Equipment	310 655	-	310 655	3 201 292	2 890 637
Total Expenditure	427 696 870	148 998 038	576 694 907	516 496 528	(60 198 380)
Net surplus for the year	35 656 440	(11 368 406)	24 288 034	(13 365 525)	(37 653 559)
CASH FLOW STATEMENT					
Net Cash Flow from Operating Activities	92 263 416	16 162 318	108 425 734	111 664 605	3 238 871
Net Cash Flow from Investing Activities	(92 377 227)	(21 052 611)	(113 429 838)	(100 364 529)	13 065 309
Net Cash Flow from Financing Activities	(395 811)	(359 567)	(755 378)	218 806	974 184
Net increase/(decrease) in cash and cash equivalents	(509 622)	(5 249 860)	(5 759 482)	11 518 883	17 278 365
<p>The Consolidated Statement of Comparison of Budget and Actual is disclosed in terms of paragraph 32 of GRAP 24. Paragraph 32 of GRAP 24 states that separate budgets may be recompiled in order for consolidated disclosure purposes. The Economic Entity applied to National Treasury for exemption from having to prepare a Consolidate Budget for which National Treasury has granted the exemption. Therefore, the Economic Entity opted to apply paragraph 32 in order to recompile a consolidated budget based on the approved budgets of Joe Gqabi District Municipality and Joe Gqabi Economic Development Agency (SoC) Ltd.</p> <p><i>Refer to note 58.01 for explanations of material variances between the original and final budget.</i></p> <p><i>Refer to note 58.02 for explanations of material variances between actual amounts and the final budget.</i></p> <p><i>Material variances are considered to be any variances greater than R4 million.</i></p>					

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JOE GQABI DISTRICT MUNICIPALITY					
CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2014					
	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
Total current assets	49 130 231	(4 118 249)	45 011 982	69 378 313	24 366 331
Total non-current assets	1 287 645 201	20 105 662	1 307 750 863	1 288 280 138	(19 470 725)
Total current liabilities	59 128 461	26 185 332	85 313 792	118 105 547	32 791 755
Total non-current liabilities	20 106 211	22 016 469	42 122 680	34 115 376	(8 007 304)
Total Net Assets	1 257 540 761	(32 214 388)	1 225 326 373	1 205 437 528	(19 888 845)
STATEMENT OF FINANCIAL PERFORMANCE					
Revenue					
Government Grants and Subsidies - Capital	185 294 000	31 284 000	216 578 000	106 143 911	(110 434 089)
Government Grants and Subsidies - Operating	227 467 835	52 888 000	280 355 835	317 698 881	37 343 046
Public Contributions and Donations	-	3 365 000	3 365 000	4 325 630	960 630
Transfer of Function	-	27 553 163	27 553 163	2 429 142	(25 124 021)
Foreign Exchange Gains	-	-	-	722 904	722 904
Actuarial Gains	-	-	-	2 257 635	2 257 635
Reversal of Impairment	-	-	-	4 473	4 473
Service Charges	23 680 424	16 024 693	39 705 117	41 857 414	2 152 297
Government Services	17 826 000	3 998 616	21 824 616	18 405 706	(3 418 910)
Interest Earned - External Investments	2 665 900	645 445	3 311 345	3 239 584	(71 761)
Interest Earned - Outstanding Debtors	1 533 199	2 131 355	3 664 554	4 379 314	714 760
Other Income	2 628 268	987 000	3 615 268	1 008 253	(2 607 015)
Total Revenue	461 095 626	138 877 272	599 972 898	502 472 847	(97 500 051)
Expenditure					
Employee Related Costs	120 544 494	19 998 389	140 542 883	130 425 143	(10 117 740)
Remuneration of Councillors	5 352 231	(84 219)	5 268 012	5 024 336	(243 676)
Debt Impairment	8 386 214	43 144 262	51 530 476	41 522 420	(10 008 056)
Impairments	8 274 425	40 133 500	48 407 925	45 831 406	(2 576 519)
Depreciation and Amortisation	44 812 137	1 170 000	45 982 137	42 311 115	(3 671 022)
Repairs and Maintenance	27 151 905	9 001 979	36 153 884	30 490 687	(5 663 197)
Finance Charges	3 271 543	780 849	4 052 392	3 967 934	(84 458)
Contracted services	47 274 724	(22 461 227)	24 813 497	20 740 626	(4 072 871)
Bulk Purchases	742 000	3 258 000	4 000 000	2 473 512	(1 526 488)
Grants and Subsidies Paid	14 132 998	(8 358 998)	5 774 000	5 154 594	(619 406)
Inventory Adjustments	27 030	19 100	46 130	(24 383)	(70 513)
Operating Grant Expenditure	71 683 994	51 534 464	123 218 458	111 148 245	(12 070 213)
Emergency Drought Relief	848 000	3 612 000	4 460 000	3 940 821	(519 179)
General Expenses	72 676 836	8 480 238	81 157 074	69 638 856	(11 518 218)
Loss on disposal of Property, Plant and Equipment	310 655	-	310 655	3 201 291	2 890 636
Total Expenditure	425 489 186	150 228 337	575 717 523	515 846 604	(59 870 919)
Net surplus for the year	35 606 440	(11 351 065)	24 255 375	(13 373 757)	(37 629 132)
CASH FLOW STATEMENT					
Net Cash Flow from Operating Activities	92 263 416	16 162 318	108 425 734	114 464 981	6 039 247
Net Cash Flow from Investing Activities	(92 377 227)	(21 052 611)	(113 429 838)	(100 306 707)	13 123 131
Net Cash Flow from Financing Activities	(395 811)	(359 567)	(755 378)	218 803	974 181
Net increase/(decrease) in cash and cash equivalents	(509 622)	(5 249 860)	(5 759 482)	14 377 077	20 136 559
OPERATING EXPENDITURE BY VOTE					
Management Services	24 540 874	9 540 697	34 081 571	30 877 973	(3 203 598)
Financial Services	24 054 778	618 306	24 673 084	21 888 005	(2 785 079)
Corporate Services	32 750 731	5 050 047	37 800 778	35 862 653	(1 938 125)
Technical Services	273 009 535	154 837 187	427 846 722	385 477 594	(42 369 128)
Community Services	71 133 268	(19 817 900)	51 315 368	41 740 379	(9 574 989)
	425 489 186	150 228 337	575 717 523	515 846 604	(59 870 919)
CAPITAL EXPENDITURE BY VOTE					
Management Services	378 000	(268 000)	110 000	-	(110 000)
Financial Services	250 000	-	250 000	21 750	(228 250)
Corporate Services	145 000	783 000	928 000	412 072	(515 928)
Technical Services	105 745 614	67 005 590	172 751 204	99 610 310	(73 140 894)
Community Services	-	534 768	534 768	168 557	(366 211)
	106 518 614	68 055 358	174 573 972	100 212 689	(74 361 283)
<i>Refer to note 58.01 for explanations of material variances between the original and final budget.</i>					
<i>Refer to note 58.02 for explanations of material variances between actual amounts and the final budget.</i>					
<i>Material variances are considered to be any variances greater than R4 million.</i>					

Consolidated Annual Financial Statements

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE CONSOLIDATED FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The Economic Entity resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 5 (Revised Feb 2013)	Borrowing Costs	1 April 2014
GRAP 100 (Revised – Feb 2013)	Discontinued Operations (formerly known as Non-current assets held for Sale and Discontinued Operations)	1 April 2014

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

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

The accounting policies applied are consistent with those used to present the previous year's consolidated financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the consolidated financial statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the consolidated financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

These consolidated financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the consolidated financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material 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.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the consolidated financial statements. The principal amendments to matters disclosed in the current consolidated financial statements include errors.

1.6. MATERIALITY

Consolidated Annual Financial Statements

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the consolidated financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. CONSOLIDATED FINANCIAL STATEMENTS

The Economic Entity's consolidated financial statements incorporate the financial statements of the parent entity, Joe Gqabi District Municipality, and its municipal entity, Joe Gqabi Economic Development Agency (SoC) Ltd, presented as a single entity and consolidated at the same reporting date as the parent entity.

Municipal entities are all controlled entities over which the Municipality has ownership control or effective control to govern the financial and operating policies of such controlled entities so as to benefit from its activities.

All inter-entity transactions and balances, unrealized gains and losses within the Economic Entity are eliminated upon consolidation. Where appropriate the accounting policies of controlled entities conform to the policies adopted by the Municipality.

1.8. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2013 to 30 June 2014. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the consolidated financial statements.

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the consolidated financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Economic Entity:

Standard	Description	Effective Date
GRAP 6 (Revised – Nov 2010)	<p>Consolidated and Separate Financial Statements</p> <p>The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity.</p> <p>No significant impact is expected as the Economic Entity already complies with most of the changes.</p>	Unknown
GRAP 8 (Revised – Nov 2010)	<p>Interest in Joint Ventures</p> <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p>	Unknown

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	No significant impact is expected as the Economic Entity is not involved in any joint ventures.	
GRAP 18 (Original – Feb 2011)	Segment Reporting The objective of this Standard is to establish principles for reporting financial information by segments. No significant impact expected as information to a large extent is already included in the consolidated financial statements.	1 April 2015
GRAP 20 (Original – June 2011)	Related Party Disclosure The objective of this Standard is to ensure that a Economic Entity's consolidated financial statements contains 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. The Economic Entity resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the consolidated financial statements.	Unknown
GRAP 32 (Original – Aug 2013)	Service Concession Arrangements: Grantor The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity. No significant impact is expected as the Economic Entity's current treatment is already in line with the Standards treatment.	Unknown
GRAP 105 (Original – Nov 2010)	Transfer 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. No significant impact expected as no such transactions or events are expected in the foreseeable future.	1 April 2015
GRAP 106 (Original – Nov 2010)	Transfer 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. The Economic Entity has already adopted the principles as set out in GRAP 106 to formulate its own accounting policy.	1 April 2015
GRAP 107 (Original – Nov 2010)	Mergers The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger. No significant impact expected as no such transactions or events are expected in the foreseeable future.	1 April 2015
GRAP 108 (Original – Sept 2013)	Statutory Receivables The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. No significant impact is expected as the Economic Entity's current treatment is already in line with the Standards treatment.	Unknown
IGRAP 11	Consolidation - Special Purpose Entities (SPE) The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE. No significant impact is expected as the Economic Entity does not have any SPE's at this stage.	Unknown
IGRAP 12	Jointly Controlled Entities non-monetary contributions	Unknown

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	<p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venture to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Economic Entity does not have any JCE's at this stage.</p>	
IGRAP 17	<p>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</p> <p>The objective of this Interpretation of the Standard is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No significant impact is expected as the Economic Entity does not have any Concession Arrangements at this stage.</p>	Unknown

These standards, amendments and interpretations will not have a significant impact on the Economic Entity once implemented.

1.10. LEASES

1.10.1 *Economic Entity 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 Economic Entity. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Economic Entity 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 and equipment, investment property or intangibles assets. 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 de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Economic Entity recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2 *Economic Entity as Lessor*

Under a finance lease, the Economic Entity recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Economic Entity, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Economic Entity recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grant are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Economic Entity until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Economic Entity's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

1.13. PROVISIONS

Provisions are recognised when the Economic Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential 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 of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Economic Entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential 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 Economic Entity 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.
- (b) The Economic Entity 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.

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The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.14. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Economic Entity 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 are post-employment benefit plans other than defined contribution plans.

1.14.1 Post Retirement Medical Obligations

The Economic Entity provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Economic Entity are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Economic Entity. The Economic Entity's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.3 Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Economic Entity's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Economic Entity are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.4 Provision for Staff Leave

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Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee. Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.14.5 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.14.6 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.14.7 Pension and retirement fund obligations

The Economic Entity provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Economic Entity 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. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.14.8 Other Short-term Employee Benefits

When an employee has rendered service to the Economic Entity during a reporting period, the Economic Entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Economic Entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1 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. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Economic Entity, and the cost or fair value of the item can be measured reliably. 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 Economic Entity. 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.

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

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Where an asset is acquired by the Economic Entity 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 assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Economic Entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.15.2 Subsequent Measurement – Cost Model

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

Where the Economic Entity 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 or service potential associated with the asset.

1.15.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Water	7 – 118	Special Vehicles	10 – 16
Sewerage	8 – 101	Motor vehicles	5 – 17
		Office Equipment	5 – 15
<u>Land and Buildings</u>		Furniture and Fittings	7 – 20
Buildings	20 – 30	Tool and Equipment	5 – 15
		Computer Equipment	3 – 17
		Fire Engines	5 – 12
		Plant and Equipment	15 – 20
		Leasehold Improvements	20

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.15.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed 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.

1.16. INTANGIBLE ASSETS

1.16.1 Initial Recognition

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An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Economic Entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Economic Entity intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Economic Entity or from other rights and obligations.

The Economic Entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Economic Entity and the cost or fair value of the asset can be measured reliably.

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 Economic Entity intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Economic Entity has the resources to complete the project;
- it is probable that the Economic Entity will receive future economic benefits or service potential; and
- the Economic Entity can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

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 is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.16.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. 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.

1.16.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	3 -10

1.16.4 De-recognition

Intangible assets are derecognised when the asset is disposed 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.

1.17. INVESTMENT PROPERTY

1.17.1 Initial Recognition

Investment property is recognised as an asset when, and only when:

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- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Economic Entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Economic Entity measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Economic Entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.17.2 Subsequent Measurement – Cost Model

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

1.17.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	20 - 30

1.17.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.18.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Economic Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Economic Entity estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Economic Entity considers the following indications:

- (a) External sources of information
 - During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
 - Significant changes with an adverse effect on the Economic Entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Economic Entity operates or in the market to which an asset is dedicated.

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- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- (b) Internal sources of information
- Evidence is available of obsolescence or physical damage of an asset.
 - Significant changes with an adverse effect on the Economic Entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
 - Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Economic Entity estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.18.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Economic Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Economic Entity estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Economic Entity considers the following indications:

- (a) External sources of information
- Cessation, or near cessation, of the demand or need for services provided by the asset.
 - Significant long-term changes with an adverse effect on the Economic Entity have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Economic Entity operates.
- (b) Internal sources of information
- Evidence is available of physical damage of an asset.

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- Significant long-term changes with an adverse effect on the Economic Entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's 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 is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit.

The Economic Entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Economic Entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.19. INVENTORIES

1.19.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Economic Entity, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable

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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.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Economic Entity 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.

1.19.2 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. 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.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

1.20. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.20.1 Initial Recognition

Financial instruments are initially recognised when the Economic Entity becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Economic Entity, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.20.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.20.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Economic Entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Economic Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses

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them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Economic Entity. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.20.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.20.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Economic Entity categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.20.2.4 Non-Current Investments

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.20.3 **De-recognition of Financial Instruments**

1.20.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Economic Entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Economic Entity has transferred substantially all the risks and

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rewards of the asset, or (b) the Economic Entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Economic Entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Economic Entity's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Economic Entity could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Economic Entity's continuing involvement is the amount of the transferred asset that the Economic Entity may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Economic Entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.20.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.20.4 **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.21. REVENUE

1.21.1 **Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the Economic Entity 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.

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 recognised 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.

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 Economic Entity. Where public contributions have been received, but the Economic Entity has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

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 Economic Entity.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Economic Entity's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

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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.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Economic Entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.21.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Economic Entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Economic Entity has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Economic Entity 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 Economic Entity.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Economic Entity has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Economic Entity does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Economic Entity was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. 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.

Service charges relating to sanitation (sewerage) 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. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Economic Entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Economic Entity.

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In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When 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;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.22 TRANSFER OF FUNCTION (Economic Entity as the acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an Economic Entity's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Economic Entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Economic Entity or from other rights and obligations.

The Economic Entity accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Economic Entity);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Economic Entity recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Economic Entity and the acquiree (or its former owners) agreed in the binding arrangement.

The Economic Entity measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Economic Entity subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.23. RELATED PARTIES

The Economic Entity resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

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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.

The following are regarded as related parties of the Economic Entity:

- (a) A person or a close member of that person's family is related to the Economic Entity if that person:
 - has control or joint control over the Economic Entity.
 - has significant influence over the Economic Entity. Significant influence is the power to participate in the financial and operating policy decisions of the Economic Entity.
 - is a member of the management of the Economic Entity or its controlling entity.
- (b) An entity is related to the Economic 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 Economic Entity or an entity related to the Economic 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).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Economic Entity. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Economic Entity, including:

- (a) all members of the governing body of the Economic Entity;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Economic Entity;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Economic Entity; and
- (d) the senior management team of the Economic Entity, including the chief executive officer or permanent head of the Economic Entity, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Economic Entity, being the Executive Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Economic Entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Economic Entity in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Economic Entity for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Economic Entity.

The Economic Entity operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in

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South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed

1.24. 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 a 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 (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25. 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, and (Act. No. 20 of 1998) or is in contravention of the Economic Entity's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Economic Entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Economic Entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Economic Entity's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the consolidated financial statements:

1.28.1 *Post retirement medical obligations, Long service awards and Ex gratia gratuities*

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the consolidated financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.28.2 *Impairment of Receivables*

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.28.3 *Property, Plant and Equipment*

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The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Economic Entity referred to buildings in other municipal areas to determine the useful life of buildings. The Economic Entity also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

1.28.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Economic Entity and other municipalities to determine the useful life of the assets.

1.28.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Economic Entity referred to buildings in other municipal areas to determine the useful life of buildings.
- The Economic Entity also consulted with professional engineers and qualified valuers to support the useful life of buildings.

1.28.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.28.7 Revenue Recognition

Accounting Policy 1.21.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.21.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Economic Entity.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Economic Entity, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Economic Entity is satisfied that recognition of the revenue in the current year is appropriate.

1.28.8 Provision for Performance bonuses

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The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.28.9 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.29. SOUTH AFRICAN REVENUE SERVICES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.30. CAPITAL COMMITMENTS

Capital commitments disclosed in the consolidated financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.31. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the consolidated financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Economic Entity discloses the nature and an estimate of the financial effect.

1.32. BORROWING COSTS

The Economic Entity recognises all borrowing costs as an expense in the period in which they are incurred.

1.33. TAXATION

1.33.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

1.33.2 Deferred tax assets and liabilities

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

1.33.3 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period. Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

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		ECONOMIC ENTITY		MUNICIPALITY	
2	LONG-TERM LIABILITIES				
	Annuity Loans - At amortised cost	6 099 476	6 498 993	6 099 476	6 498 993
	Less: Current Portion transferred to Current Liabilities	(445 873)	(400 392)	(445 873)	(400 392)
	Total - At amortised cost using the effective interest rate method	5 653 603	6 098 601	5 653 603	6 098 601
	Annuity loans at amortised cost are calculated at 10.00% - 11.52% interest rate, with the first maturity date of 30 June 2016 and the last maturity date of 31 December 2024. The loans are for the main municipal building in Barkly East and sanitation infrastructure.				
	Included in Non-current Investments as per note 12 is an amount of R1 301 340 (2013 - R1 207 323) held as guarantee by the DBSA.				
	The obligations under annuity loans are scheduled below:				
	Amounts payable under annuity loans:				
		Minimum annuity payments		Minimum annuity payments	
	Payable within one year	1 132 215	1 132 215	1 132 215	1 132 215
	Payable within two to five years	4 038 766	4 202 130	4 038 766	4 202 130
	Payable after five years	5 328 676	6 297 527	5 328 676	6 297 527
		10 499 657	11 631 871	10 499 657	11 631 871
	Less: Future finance obligations	(4 400 181)	(5 132 878)	(4 400 181)	(5 132 878)
	Present value of annuity obligations	6 099 476	6 498 993	6 099 476	6 498 993
3	EMPLOYEE BENEFITS				
	Post Retirement Medical Obligations - refer to note 3.1	24 913 655	22 739 019	24 913 655	22 739 019
	Ex Gratia Gratuities - refer to note 3.2	241 443	317 809	241 443	317 809
	Long Service Awards - refer to note 3.3	3 306 675	3 354 413	3 306 675	3 354 413
	Total Non-current Employee Benefit Liabilities	28 461 773	26 411 241	28 461 773	26 411 241
	Post Retirement Medical Obligations				
	Balance 1 July	23 852 475	17 613 224	23 852 475	17 613 224
	Contribution for the year	4 415 368	3 082 264	4 415 368	3 082 264
	Expenditure for the year	(954 766)	(923 468)	(954 766)	(923 468)
	Actuarial (Gain)/Loss	(1 792 476)	1 995 028	(1 792 476)	1 995 028
	Transfer of function from Local Municipalities - note 18	521 990	2 085 427	521 990	2 085 427
	Total post retirement medical obligation 30 June	26 042 591	23 852 475	26 042 591	23 852 475
	Less: Transfer of current portion to Current Employee Benefits - note 4	(1 128 936)	(1 113 456)	(1 128 936)	(1 113 456)
	Balance 30 June	24 913 655	22 739 019	24 913 655	22 739 019
	Ex Gratia Gratuities				
	Balance 1 July	458 511	524 447	458 511	524 447
	Contribution for the year	47 087	66 823	47 087	66 823
	Expenditure for the year	(52 167)	-	(52 167)	-
	Actuarial Gain	(14 502)	(132 759)	(14 502)	(132 759)
	Total ex gratia provision 30 June	438 929	458 511	438 929	458 511
	Less: Transfer of current portion to Current Employee Benefits - note 4	(197 486)	(140 702)	(197 486)	(140 702)
	Balance 30 June	241 443	317 809	241 443	317 809
	Long Service Awards				
	Balance 1 July	3 865 395	2 735 252	3 865 395	2 735 252
	Contribution for the year	861 623	828 785	861 623	828 785
	Expenditure for the year	(276 079)	(120 082)	(276 079)	(120 082)
	Actuarial Gain	(450 657)	(346 387)	(450 657)	(346 387)
	Transfer of function from Local Municipalities - note 18	390 886	767 827	390 886	767 827
	Total long service 30 June	4 391 168	3 865 395	4 391 168	3 865 395
	Less: Transfer of current portion to Current Employee Benefits - note 4	(1 084 493)	(510 982)	(1 084 493)	(510 982)
	Balance 30 June	3 306 675	3 354 413	3 306 675	3 354 413

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	ECONOMIC ENTITY		MUNICIPALITY	
	2014 R	2013 R	2014 R	2013 R
TOTAL EMPLOYEE BENEFITS				
Balance 1 July	28 176 381	20 872 923	28 176 381	20 872 923
Contribution for the year	5 324 078	3 977 872	5 324 078	3 977 872
Expenditure for the year	(1 283 012)	(1 043 550)	(1 283 012)	(1 043 550)
Actuarial (Gain)/Loss	(2 257 635)	1 515 882	(2 257 635)	1 515 882
Transfer of function from Local Municipalities - note 18	912 876	2 853 254	912 876	2 853 254
Total employee benefits 30 June	30 872 688	28 176 381	30 872 688	28 176 381
Less: Transfer of current portion to Current Employee Benefits - note 4	(2 410 915)	(1 765 140)	(2 410 915)	(1 765 140)
Balance 30 June	28 461 773	26 411 241	28 461 773	26 411 241
3.1 Post Retirement Medical Obligations				
The Post Retirement Medical Obligation is a defined benefit plan, of which the members are made up as follows:				
In-service (employee) members	175	194	175	194
Continuation members (e.g. Retirees, widows, orphans)	34	37	34	37
Total Members	209	231	209	231
The Economic Entity makes monthly contributions for health care arrangements to the following medical aid schemes:				
Bonitas				
LA Health				
Hosmed				
SAMWU Medical Aid				
	2014 %	2013 %	2014 %	2013 %
Key actuarial assumptions used:				
i) Rate of interest				
The liability in respect of past service recognised in the Statement of				
30 June 2014		16 280 000	9 762 591	26 042 591
30 June 2013		13 959 000	9 893 475	23 852 475
30 June 2012		7 546 000	10 067 224	17 613 224
30 June 2011		5 027 000	9 387 811	14 414 811
30 June 2010		6 127 444	8 626 501	14 753 945
The Economic Entity has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.				
Reconciliation of present value of fund obligation:				
Present value of fund obligation at the beginning of the year	23 852 475	17 613 224	23 852 475	17 613 224
Total contributions	3 460 602	2 158 796	3 460 602	2 158 796
Current service cost	1 816 619	1 337 289	1 816 619	1 337 289
Interest Cost	2 598 749	1 744 975	2 598 749	1 744 975
Benefits Paid	(954 766)	(923 468)	(954 766)	(923 468)
Actuarial (Gain)/Loss	(1 792 476)	1 995 028	(1 792 476)	1 995 028
Transfer of function from Local Municipalities - note 18	521 990	2 085 427	521 990	2 085 427
Present value of fund obligation at the end of the year	26 042 591	23 852 475	26 042 591	23 852 475
Less: Transfer of current portion to Current Employee Benefits - note 4	(1 128 936)	(1 113 456)	(1 128 936)	(1 113 456)
Balance 30 June	24 913 655	22 739 019	24 913 655	22 739 019

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Sensitivity Analysis on the Current-service and Interest Costs (both Economic Entity and Municipality):						
Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change	
Central Assumptions		1 816 619	2 598 749	4 415 368		
Health care inflation	+1%	2 254 600	3 021 900	5 276 500	20%	
Health care inflation	-1%	1 478 600	2 256 200	3 734 800	-15%	
Post-retirement mortality	-1 year	1 880 800	2 706 300	4 587 100	4%	
Average retirement age	-1 year	1 898 900	2 790 600	4 689 500	6%	
Withdrawal Rate	-50%	2 159 300	2 763 600	4 922 900	11%	
		2014 %	2013 %	2014 %	2013 %	
3.2 Ex Gratia Gratuities						
The Ex Gratia Gratuities plans are defined benefit plans. As at year end 46 employees (2013 - 56) were eligible for Ex Gratia Gratuities.						
Key actuarial assumptions used:						
i) Rate of interest						
Discount rate				7.80	7.17	
The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".						
Present value of fund obligations						
The liability in respect of past service recognised in the Statement of Financial Position is as follows (both Economic Entity and Municipality):						
30 June 2014					438 929	
30 June 2013					458 511	
30 June 2012					524 447	
30 June 2011					516 817	
30 June 2010					548 160	
The Economic Entity has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.						
Liabilities (Gain) / Loss R						
Assets Gain / (Loss) R						
Experience adjustments were calculated as follows (both Economic Entity and Municipality):						
30 June 2014				(7 526)	-	
30 June 2013				76 238	-	
30 June 2012				91 931	-	
30 June 2011				23 956	-	
30 June 2010				101 109	-	

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	ECONOMIC ENTITY		MUNICIPALITY		
	2014 R	2013 R	2014 R	2013 R	
Reconciliation of present value of fund obligation:					
Present value of fund obligation at the beginning of the year	458 511	524 447	458 511	524 447	
Total contributions	(5 080)	66 823	(5 080)	66 823	
Current service cost	19 185	23 216	19 185	23 216	
Interest Cost	27 902	43 607	27 902	43 607	
Benefits Paid	(52 167)	-	(52 167)	-	
Actuarial Gain	(14 502)	(132 759)	(14 502)	(132 759)	
Present value of fund obligation at the end of the year	438 929	458 511	438 929	458 511	
Less: Transfer of current portion to Current Employee Benefits - note 4	(197 486)	(140 702)	(197 486)	(140 702)	
Present value of fund obligation at the end of the year	241 443	317 809	241 443	317 809	
The liability is unfunded.					
Sensitivity Analysis on the Current-service and Interest Costs (both Economic Entity and Municipality):					
Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		19 185	27 902	47 087	
Discount Rate	+1%	18 841	30 818	49 659	5%
Discount Rate	-1%	19 553	24 801	44 354	-6%
Average retirement age	-1 year	19 988	29 086	49 074	2%
Withdrawal Rate	-50%	19 250	27 994	47 244	0%
3.3 Long Service Bonuses					
The Long Service Bonus plans are defined benefit plans. Long service awards were calculated for 502 employees (2013 - 416), but they are not all eligible for payment in the same year.					
Key actuarial assumptions used:		%	%	%	%
i) Rate of interest					
Discount rate		7.59	6.91	7.59	6.91
General Salary Inflation (long-term)		6.89	6.70	6.89	6.70
Net Effective Discount Rate applied to salary-related Long Service Bonuses		0.65	0.20	0.65	0.20
The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".					

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	ECONOMIC ENTITY		MUNICIPALITY		
	2014 R	2013 R	2014 R	2013 R	
Reconciliation of present value of fund obligation:					
Present value of fund obligation at the beginning of the year	3 865 395	2 735 252	3 865 395	2 735 252	
Total contributions	585 544	708 703	585 544	708 703	
Current service cost	611 937	674 787	611 937	674 787	
Interest Cost	249 686	153 998	249 686	153 998	
Benefits Paid	(276 079)	(120 082)	(276 079)	(120 082)	
Actuarial Gain	(450 657)	(346 387)	(450 657)	(346 387)	
Transfer of function from Local Municipalities - note 18	390 886	767 827	390 886	767 827	
Present value of fund obligation at the end of the year	4 391 168	3 865 395	4 391 168	3 865 395	
Less: Transfer of current portion to Current Employee Benefits - note 4	(1 084 493)	(510 982)	(1 084 493)	(510 982)	
Balance 30 June	3 306 675	3 354 413	3 306 675	3 354 413	
The liability is unfunded.					
Sensitivity Analysis on the Current-service and Interest Costs (both Economic Entity and Municipality):					
Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		611 937	249 686	861 623	
General salary inflation	+1%	649 800	263 000	912 800	6%
General salary inflation	-1%	577 400	237 400	814 800	-5%
Average retirement age	-2 years	567 700	225 700	793 400	-8%
Average retirement age	+2 years	646 500	266 500	913 000	6%
Withdrawal Rate	-50%	767 800	296 400	1 064 200	24%
3.4 Retirement Funds					
<p>The Cape Retirement Fund is a multi-employer plan. This means that there are multiple local authorities that participate in this fund. In terms of GRAP 25, a multi-employer plan is defined as defined benefit plans. GRAP 25 also states that when insufficient information is available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.</p> <p>The Economic Entity requested detailed employee and pensioner information as well as information on the Economic Entity's share of the Retirement Fund's assets from the fund administrator. The fund administrator confirmed that assets of the Retirement Funds are not split per participating employer. Therefore, the Economic Entity is unable to determine the value of the plan assets as defined in GRAP 25.</p> <p>As part of the Economic Entity's process to value the defined benefit liabilities, the Economic Entity requested pensioner data from the fund administrator. The fund administrator claimed that the pensioner data is confidential and were not willing to share the information with the Economic Entity. Without detailed pensioner data the Economic Entity was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.</p> <p>Therefore, although the Cape Retirement Fund is defined as a defined benefit plan, it will be accounted for as a defined contribution plan.</p>					
CAPE RETIREMENT FUND		2014 R	2013 R	2014 R	2013 R
<p>The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund was in a sound financial position with a funding level of 100.2% (30 June 2012 - 99.9%).</p>					
Contributions paid recognised in the Statement of Financial Performance		5 847 969	5 367 242	5 847 969	5 367 242

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<u>Provision for Performance Bonuses</u>				
Balance at beginning of year	1 475 159	1 324 525	1 475 159	1 324 525
Contribution to current portion	1 634 150	815 931	1 634 150	815 931
Expenditure incurred	(947 281)	(665 297)	(947 281)	(665 297)
Balance at end of year	2 162 028	1 475 159	2 162 028	1 475 159
Performance bonuses are being provided for and only paid to the Municipal Manager and Directors after an evaluation of performance by the council.				
<u>Other Provisions</u>				
Balance at beginning of year	626 742	626 742	626 742	626 742
Finance charges	370 259	-	370 259	-
Expenditure incurred	(613 182)	-	(613 182)	-
Balance at year end	383 819	626 742	383 819	626 742
Other provisions are non-recurring provisions which consists out of the following at year end:				
<i>Shortfall in annual earnings of Cape Joint Pension Fund</i>				
It was reported that the established investment return of the fund for the 2009 financial year was -0.94%. Local authorities, including the Economic Entity, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets.				
	ECONOMIC ENTITY		MUNICIPALITY	
	2014	2013	2014	2013
	R	R	R	R
5 CONSUMER DEPOSITS				
Water	834 552	170 749	834 552	170 749
Total Consumer Deposits	834 552	170 749	834 552	170 749
The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.				
6 PAYABLES FROM EXCHANGE TRANSACTIONS				
Trade Payables	54 915 644	27 262 604	54 915 644	27 240 551
Interest Accrued	174 231	185 590	174 231	185 590
Payments received in advance	3 397 434	4 510 784	3 397 434	4 510 784
Local Municipalities	6 428 848	13 276 471	6 428 848	13 276 471
Elundini Local Municipality	1 474 221	5 041 910	1 474 221	5 041 910
Senqu Local Municipality	4 954 627	8 234 561	4 954 627	8 234 561
Total Payables from Exchange Transactions	64 916 157	45 235 449	64 916 157	45 213 396
As previously reported		42 799 744		42 799 744
Correction of error restatement - note 42.2		2 435 705		2 413 652
Restated balance		45 235 449		45 213 396
Payables are being recognised net of any discounts.				
Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of payables on initial recognition is not deemed necessary.				
The carrying value of payables approximates its fair value.				
Deposits amounting to R486 744 (2013 - R74 261) serve as security for Payables. The remainder of Payables are unsecured.				

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9 PROPERTY, PLANT AND EQUIPMENT												
ECONOMIC ENTITY												
30 JUNE 2014												
Reconciliation of Carrying Value												
	Cost						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Transfers and non-exchange additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Transfers and non-exchange additions	Depreciation Charge	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	17 434 118	247 931	-	-	-	17 682 048	3 621 022	-	570 381	-	4 191 402	13 490 646
Land	2 043 000	-	-	-	-	2 043 000	-	-	-	-	-	2 043 000
Buildings	15 391 118	247 931	-	-	-	15 639 048	3 621 022	-	570 381	-	4 191 402	11 447 646
Infrastructure	1 401 735 107	94 551 932	-	(5 246 759)	-	1 491 040 280	203 107 725	-	38 592 262	(2 069 605)	239 630 382	1 251 409 898
Sewerage network	269 489 040	-	-	(14 158)	20 656 542	290 131 424	45 855 342	-	8 755 922	(14 157)	54 597 107	235 534 317
Water network	938 256 668	-	-	(5 232 601)	12 024 020	945 048 087	157 252 383	-	29 836 340	(2 055 447)	185 033 275	760 014 811
Work in Progress	193 989 399	94 551 932	-	-	(32 680 562)	255 860 769	-	-	-	-	-	255 860 769
Other Assets	25 693 399	5 470 649	2 668 232	(837 361)	-	32 994 918	13 563 783	-	2 735 044	(813 223)	15 485 604	17 509 314
Office Equipment	1 994 411	108 199	154 475	(39 971)	-	2 217 114	1 001 514	-	265 650	(36 971)	1 230 193	986 922
Furniture & Fittings	3 061 811	71 526	182 636	(47 326)	-	3 268 647	2 069 875	-	323 569	(44 841)	2 348 602	920 045
Motor Vehicles	6 206 775	1 010 152	116 990	-	-	7 333 917	2 964 407	-	525 512	-	3 489 919	3 843 997
Fire Engines	8 924 094	-	-	-	-	8 924 094	3 916 074	-	887 452	-	4 803 526	4 120 568
Computer Equipment	2 946 099	130 762	76 529	(691 373)	-	2 462 016	2 046 253	-	195 007	(679 780)	1 561 480	900 537
Special Vehicles	935 945	3 902 364	22 965	(11 000)	-	4 850 274	404 641	-	286 853	(9 284)	682 211	4 168 063
Tools and Equipment	1 553 613	247 646	2 114 637	(47 691)	-	3 868 205	1 151 921	-	247 469	(42 347)	1 357 043	2 511 161
Leasehold Improvements	70 651	-	-	-	-	70 651	9 098	-	3 533	-	12 631	58 021
	1 444 862 623	100 270 512	2 668 232	(6 084 120)	-	1 541 717 247	220 292 529	-	41 897 687	(2 882 828)	259 307 388	1 282 409 858
The accumulated impairment included in the closing balance is as follows:												
Office Equipment	666											
Furniture and fittings	1 041											
	1 707											
There are no assets fully depreciated which is still in use or any assets held for disposal or any temporary idle assets as on date of financial position. No Property, Plant and Equipment are pledged as security for liabilities.												
ECONOMIC ENTITY												
30 JUNE 2013												
Reconciliation of Carrying Value												
	Cost						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Transfers and non-exchange additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Transfers and non-exchange additions	Depreciation Charge	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	17 404 118	-	30 000	-	-	17 434 118	3 051 368	2 668	566 985	-	3 621 022	13 813 096
Land	2 027 000	-	16 000	-	-	2 043 000	-	-	-	-	-	2 043 000
Buildings	15 377 118	-	14 000	-	-	15 391 118	3 051 368	2 668	566 985	-	3 621 022	11 770 096
Infrastructure	1 309 261 364	92 473 743	-	-	-	1 401 735 107	165 302 994	-	37 804 731	-	203 107 725	1 198 627 382
Sewerage network	258 072 218	-	-	-	11 416 822	269 489 040	37 537 590	-	8 317 751	-	45 855 342	223 633 698
Water network	908 140 166	-	-	-	30 116 502	938 256 668	127 765 404	-	29 486 979	-	157 252 383	781 004 285
Work in Progress	143 048 980	92 473 743	-	-	(41 533 324)	193 989 399	-	-	-	-	-	193 989 399
Other Assets	23 889 776	2 604 916	247 347	(1 048 640)	-	25 693 399	10 849 417	-	3 490 585	(776 219)	13 563 783	12 129 617
Office Equipment	1 857 643	125 207	22 635	(11 074)	-	1 994 411	751 950	-	255 618	(6 054)	1 001 514	992 897
Furniture & Fittings	2 891 649	94 525	86 900	(11 264)	-	3 061 811	1 755 086	-	324 218	(9 430)	2 069 875	991 936
Motor Vehicles	5 373 942	1 598 893	68 000	(834 060)	-	6 206 775	2 820 176	-	745 149	(600 918)	2 964 407	3 242 368
Fire Engines	8 924 094	-	-	-	-	8 924 094	2 388 613	-	1 527 460	-	3 916 074	5 008 020
Computer Equipment	2 492 771	625 923	9 648	(182 242)	-	2 946 099	1 802 648	-	394 705	(151 100)	2 046 253	899 846
Special Vehicles	945 945	-	-	(10 000)	-	935 945	328 943	-	84 415	(8 716)	404 641	531 304
Tools and Equipment	1 333 081	160 368	60 164	-	-	1 553 613	996 435	-	155 486	-	1 151 921	401 692
Leasehold Improvements	70 651	-	-	-	-	70 651	5 565	-	3 533	-	9 098	61 554
	1 350 555 258	95 078 659	277 347	(1 048 640)	-	1 444 862 623	179 203 780	2 668	41 862 300	(776 219)	220 292 529	1 224 570 094
The accumulated impairment included in the closing balance is as follows:												
Office Equipment	666											
Furniture and fittings	1 041											
	1 707											

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MUNICIPALITY												
30 JUNE 2014												
Reconciliation of Carrying Value												
	Cost					Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Transfers and non-exchange additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Transfers and non-exchange additions	Depreciation Charge	Disposals		Closing Balance
	R	R		R	R	R	R	R	R	R	R	R
Land and Buildings	17 434 118	247 931	-	-	-	17 682 048	3 621 022	-	570 381	-	4 191 402	13 490 646
Land	2 043 000	-	-	-	-	2 043 000	-	-	-	-	-	2 043 000
Buildings	15 391 118	247 931	-	-	-	15 639 048	3 621 022	-	570 381	-	4 191 402	11 447 646
Infrastructure	1 401 735 107	94 551 932	-	(5 246 759)	-	1 491 040 280	203 107 725	-	38 592 262	(2 069 605)	239 630 382	1 251 409 898
Sewerage network	269 489 040	-	-	(14 158)	20 656 542	290 131 424	45 855 342	-	8 755 922	(14 157)	54 597 107	235 534 317
Water network	938 256 668	-	-	(5 232 601)	12 024 020	945 048 087	157 252 383	-	29 836 340	(2 055 447)	185 033 275	760 014 811
Work in Progress	193 989 399	94 551 932	-	-	(32 680 562)	255 860 769	-	-	-	-	-	255 860 769
Other Assets	25 332 771	5 412 827	2 668 232	(2 862 955)	-	30 550 874	13 475 170	-	2 533 625	(813 223)	15 195 572	15 355 301
Office Equipment	1 964 786	65 493	154 475	(39 971)	-	2 144 783	990 842	-	255 949	(36 971)	1 209 820	934 964
Furniture & Fittings	2 906 048	63 710	182 636	(47 326)	-	3 105 068	2 046 820	-	314 983	(44 841)	2 316 961	788 107
Motor Vehicles	6 206 775	1 010 152	116 990	-	-	7 333 917	2 964 407	-	525 512	-	3 489 919	3 843 997
Fire Engines	8 924 094	-	-	-	-	8 924 094	3 916 074	-	887 452	-	4 803 526	4 120 568
Computer Equipment	2 841 510	123 462	76 529	(691 373)	-	2 350 127	2 000 465	-	173 209	(679 780)	1 493 894	856 234
Special Vehicles	935 945	3 902 364	22 965	(11 000)	-	4 850 274	404 641	-	286 853	(9 284)	682 211	4 168 063
Tools and Equipment	1 553 613	247 646	2 114 637	(2 073 285)	-	1 842 611	1 151 921	-	89 668	(42 347)	1 199 242	643 368
	1 444 501 995	100 212 690	2 668 232	(8 109 714)	-	1 539 273 202	220 203 917	-	41 696 268	(2 882 828)	259 017 357	1 280 255 845
There are no assets fully depreciated which is still in use or any assets held for disposal or any temporary idle assets as on date of financial position. There are no impairment identified for Property, Plant and Equipment. No Property, Plant and Equipment are pledged as security for liabilities.												
MUNICIPALITY												
30 JUNE 2013												
Reconciliation of Carrying Value												
	Cost					Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Transfers and non-exchange additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Transfers and non-exchange additions	Depreciation Charge	Disposals		Closing Balance
	R	R		R	R	R	R	R	R	R	R	R
Land and Buildings	17 404 118	-	30 000	-	-	17 434 118	3 051 368	2 668	566 985	-	3 621 022	13 813 096
Land	2 027 000	-	16 000	-	-	2 043 000	-	-	-	-	-	2 043 000
Buildings	15 377 118	-	14 000	-	-	15 391 118	3 051 368	2 668	566 985	-	3 621 022	11 770 096
Infrastructure	1 309 261 364	92 473 743	-	-	-	1 401 735 107	165 302 994	-	37 804 731	-	203 107 725	1 198 627 382
Sewerage network	258 072 218	-	-	-	11 416 822	269 489 040	37 537 590	-	8 317 751	-	45 855 342	223 633 698
Water network	908 140 166	-	-	-	30 116 502	938 256 668	127 765 404	-	29 486 979	-	157 252 383	781 004 285
Work in Progress	143 048 980	92 473 743	-	-	(41 533 324)	193 989 399	-	-	-	-	-	193 989 399
Other Assets	23 583 537	2 535 727	247 347	(1 033 840)	-	25 332 771	10 785 605	-	3 453 390	(763 825)	13 475 170	11 857 601
Office Equipment	1 835 560	117 665	22 635	(11 074)	-	1 964 786	744 850	-	252 046	(6 054)	990 842	973 944
Furniture & Fittings	2 735 886	94 525	86 900	(11 264)	-	2 906 048	1 740 456	-	315 793	(9 430)	2 046 820	859 228
Motor Vehicles	5 373 942	1 598 893	68 000	(834 060)	-	6 206 775	2 820 176	-	745 149	(600 918)	2 964 407	3 242 368
Fire Engines	8 924 094	-	-	-	-	8 924 094	2 388 613	-	1 527 460	-	3 916 074	5 008 020
Computer Equipment	2 435 029	564 276	9 648	(167 442)	-	2 841 510	1 766 131	-	373 040	(138 706)	2 000 465	841 045
Special Vehicles	945 945	-	-	(10 000)	-	935 945	328 943	-	84 415	(8 716)	404 641	531 304
Tools and Equipment	1 333 081	160 368	60 164	-	-	1 553 613	996 435	-	155 486	-	1 151 921	401 692
	1 350 249 018	95 009 470	277 347	(1 033 840)	-	1 444 501 995	179 139 968	2 668	41 825 105	(763 825)	220 203 917	1 224 298 078

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10	INVESTMENT PROPERTY				
	Net Carrying amount at 1 July	4 194 567	4 890 649	2 666 452	2 639 279
	Cost	5 149 891	5 079 891	2 883 357	2 813 357
	Accumulated Depreciation	(242 796)	(189 242)	(216 905)	(174 078)
	Accumulated Impairment	(712 528)	-	-	-
	Additions	-	100 000	-	100 000
	Disposals/Transfers	-	(27 332)	-	(27 332)
	- Cost	-	(30 000)	-	(30 000)
	- Accumulated Depreciation	-	2 668	-	2 668
	Depreciation for the year	(48 960)	(56 223)	(45 496)	(45 496)
	Impairment	-	(712 528)	-	-
	Net Carrying amount at 30 June	4 145 607	4 194 567	2 620 956	2 666 452
	Cost	5 149 891	5 149 891	2 883 357	2 883 357
	Accumulated Depreciation	(291 756)	(242 796)	(262 401)	(216 905)
	Accumulated Impairment	(712 528)	(712 528)	-	-
11	INTANGIBLE ASSETS				
	Computer Software				
	Net Carrying amount at 1 July	2 780 161	3 470 779	2 777 293	3 470 779
	Cost	4 398 476	4 393 218	4 395 576	4 393 218
	Accumulated Amortisation	(1 618 315)	(922 439)	(1 618 283)	(922 439)
	Additions and transfers from work in progress	-	5 258	-	2 358
	Amortisation	(569 931)	(695 876)	(569 351)	(695 844)
	As previously reported		(617 551)		(617 519)
	Correction of error restatement - note 42.5		(78 325)		(78 325)
	Net Carrying amount at 30 June	2 210 230	2 780 161	2 207 942	2 777 293
	Cost	4 398 476	4 398 476	4 395 576	4 395 576
	Accumulated Amortisation	(2 188 246)	(1 618 315)	(2 187 634)	(1 618 283)
13	INVENTORY				
	Fuel and oil – at cost	1 196 974	810 277	1 196 974	810 277
	Stationery and materials - at cost	122 457	30 905	122 457	30 905
	Spare parts - at cost	1 327 619	634 785	1 327 619	634 785
	Water stock - net realisable value	371 071	230 563	371 071	230 563
	Total Inventory	3 018 121	1 706 530	3 018 121	1 706 530
	Consumable stores materials losses/(gains) identified during stock counts	(24 383)	(17 586)	(24 383)	(17 586)
	Inventory recognised as an expense during the year	6 886 784	4 837 904	6 886 784	4 837 904
	No inventory was pledged as security.				

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	ECONOMIC ENTITY		MUNICIPALITY	
	2014 R	2013 R	2014 R	2013 R
14 RECEIVABLES FROM EXCHANGE TRANSACTIONS				
Water	34 794 443	10 834 898	34 794 443	10 834 898
Sewerage	23 831 537	6 085 355	23 831 537	6 085 355
Joe Qqabi Economic Development Agency (Soc) Ltd	-	-	1 237 839	1 572 078
Local Municipalities	16 799 410	4 789 982	16 799 410	4 789 982
Gariiep Local Municipality	5 520 860	-	5 520 860	-
Maletswai Local Municipality	11 278 550	4 789 982	11 278 550	4 789 982
Other Receivables	7 894 002	3 023 242	7 881 542	3 022 492
Working for Wetlands	2 435 600	309 049	2 435 600	309 049
Deposits	499 234	74 261	486 774	74 261
Other Debtors	2 120 952	1 527 904	2 120 952	1 527 904
Staff Debtors	210 570	180 722	210 570	180 722
Ex-Staff Debtors	828 990	654 271	828 990	653 521
Pensioners	453 971	277 034	453 971	277 034
Expenses paid in advance	1 344 685	-	1 344 685	-
	83 319 392	24 733 477	84 544 771	26 304 805
Less: Allowance for Doubtful Debts	(68 020 275)	(14 049 736)	(68 020 275)	(14 049 736)
Total Net Receivables from Exchange Transactions	15 299 117	10 683 741	16 524 496	12 255 069
<p>Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.</p> <p>Both Maletswai Local Municipality and Gariiep Local Municipality owe the Municipality for revenue received for water and sanitation as per the billing agreement.</p>				
Reconciliation of the Total Doubtful Debt Provision				
Balance at beginning of the year	14 049 736	951 848	14 049 736	951 848
Transfer of function from Local Municipalities - note 18	26 314 429	12 473 862	26 314 429	12 473 862
Contributions to provision	42 126 777	13 389 005	42 126 027	13 389 005
Doubtful debts written off against provision	(14 470 668)	(12 764 979)	(14 469 918)	(12 764 979)
Balance at end of year	68 020 274	14 049 736	68 020 274	14 049 736
Water	29 693 415	7 674 736	29 693 415	7 674 736
Sewerage	20 872 298	5 006 825	20 872 298	5 006 825
Local Municipalities	15 409 620	-	15 409 620	-
Other Receivables	2 044 942	1 368 175	2 044 942	1 368 175
<p>Concentrations of credit risk with respect to receivables are limited due to the Economic Entity's large number of customers as administered by the local municipalities. The Economic Entity's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Economic Entity's trade receivables.</p>				

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	Gross Balance R	Allowance for Doubtful Debts R	Net balance R	
Economic Entity				
2014				
Water	34 794 443	(29 693 415)	5 101 028	
Sewerage	23 831 537	(20 872 298)	2 959 239	
Local Municipalities	16 799 410	(15 409 620)	1 389 790	
Other Receivables	7 894 002	(2 044 942)	5 849 060	
Total	83 319 392	(68 020 275)	15 299 117	
2013				
Water	10 834 898	(7 674 736)	3 160 162	
Sewerage	6 085 355	(5 006 825)	1 078 530	
Local Municipalities	4 789 982	-	4 789 982	
Other Receivables	3 023 242	(1 368 175)	1 655 067	
Total	24 733 477	(14 049 736)	10 683 741	
Municipality				
2014				
Water	34 794 443	(29 693 415)	5 101 028	
Sewerage	23 831 537	(20 872 298)	2 959 239	
Joe Gqabi Economic Development Agency (Soc) Ltd	1 237 839	-	1 237 839	
Local Municipalities	16 799 410	(15 409 620)	1 389 790	
Other Receivables	7 881 542	(2 044 942)	5 836 600	
Total	84 544 771	(68 020 275)	16 524 496	
2013				
Water	10 834 898	(7 674 736)	3 160 162	
Sewerage	6 085 355	(5 006 825)	1 078 530	
Joe Gqabi Economic Development Agency (Soc) Ltd	1 572 078	-	1 572 078	
Local Municipalities	4 789 982	-	4 789 982	
Other Receivables	3 022 492	(1 368 175)	1 654 317	
Total	26 304 805	(14 049 736)	12 255 069	
ECONOMIC ENTITY				
MUNICIPALITY				
	2014	2013	2014	2013
	R	R	R	R
Ageing of Receivables from Exchange Transactions				
Water:				
Current (0 - 30 days)	4 081 737	2 074 361	4 081 737	2 074 361
31 - 60 Days	2 941 861	512 658	2 941 861	512 658
61 - 90 Days	2 284 471	429 695	2 284 471	429 695
91 - 120 Days	1 997 949	268 386	1 997 949	268 386
121 - 150 Days	4 533 789	228 779	4 533 789	228 779
150+ Days	18 954 635	7 321 019	18 954 635	7 321 019
Total	34 794 443	10 834 898	34 794 443	10 834 898
Sewerage:				
Current (0 - 30 days)	1 327 116	493 159	1 327 116	493 159
31 - 60 Days	1 084 216	230 602	1 084 216	230 602
61 - 90 Days	1 026 833	185 987	1 026 833	185 987
91 - 120 Days	993 343	175 421	993 343	175 421
121 - 150 Days	1 459 340	166 002	1 459 340	166 002
150+ Days	17 940 688	4 834 184	17 940 688	4 834 184
Total	23 831 537	6 085 355	23 831 537	6 085 355
Other Receivables: Ageing				
Current (0 - 30 days)	2 574 378	328 880	2 574 378	328 880
31 - 60 Days	122 934	27 742	122 934	27 742
61 - 90 Days	15 966	18 047	15 966	18 047
+ 90 Days	5 180 724	2 648 573	5 168 264	2 647 823
Total	7 894 002	3 023 242	7 881 542	3 022 492

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	ECONOMIC ENTITY		MUNICIPALITY	
	2014 R	2013 R	2014 R	2013 R
15 CASH AND CASH EQUIVALENTS				
Assets				
Call Investments Deposits	35 103 297	15 862 192	35 093 101	13 408 476
Primary Bank Account	3 117 646	10 840 868	3 113 553	10 422 101
Cash Floats	16 300	15 300	16 300	15 300
Total Cash and Cash Equivalents - Assets	38 237 243	26 718 360	38 222 954	23 845 877
Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.				
Call Investment Deposits amounting to R33 645 489 are held to fund Unspent Conditional Grants (2013 - R14 836 809).				
The Economic Entity has the following bank accounts:				
Current Accounts				
ABSA - account no 23-8000-0019 (Municipality)	3 113 553	10 422 101	3 113 553	10 422 101
ABSA - account no 40-7880-3628 (JoGEDA)	4 093	418 767	-	-
	3 117 646	10 840 868	3 113 553	10 422 101
ABSA - account no 23-8000-0019 (Municipality)				
Cash book balance at beginning of year	10 422 101	1 949 326	10 422 101	1 949 326
Cash book balance at end of year	3 113 553	10 422 101	3 113 553	10 422 101
Bank statement balance at beginning of year	10 453 499	1 982 887	10 453 499	1 982 887
Bank statement balance at end of year	3 113 553	10 453 499	3 113 553	10 453 499
ABSA - account no 40-7880-3628 (JoGEDA)				
Cash book balance at beginning of year	418 767	3 182 108	-	-
Cash book balance at end of year	4 093	418 767	-	-
Bank statement balance at beginning of year	418 767	3 182 108	-	-
Bank statement balance at end of year	4 093	418 767	-	-
Call Investments Deposits				
16 GOVERNMENT GRANTS AND SUBSIDIES				
Unconditional Grants	180 091 113	166 968 025	179 534 973	166 368 902
Equitable Share	179 049 300	165 965 000	179 049 300	165 965 000
LG Seta	485 673	403 902	485 673	403 902
Elundini Local Municipality	263 158	307 018	-	-
Senqu Local Municipality	292 982	292 105	-	-
Conditional Grants	244 307 819	235 547 362	244 307 819	233 697 470
Accelerated Community Infrastructure Programme (ACIP)	14 991 219	8 543 925	14 991 219	8 543 925
Alphine Tourism	-	58 937	-	58 937
Department Water Affairs	-	1 314 653	-	1 314 653
DWA Bylaws	796 812	-	796 812	-
Environmental Health Practitioners	2 929 302	2 883 104	2 929 302	2 883 104
EPWP Programme	1 000 000	1 940 000	1 000 000	1 940 000
Finance Management Grant (FMG)	1 248 439	1 261 366	1 248 439	1 261 366
Grant for Gariep	-	1 500 000	-	1 500 000
Heritage, Tourism & Economic Strategy	-	8 314	-	8 314
Heritage Management Plan (UCG)	-	292 959	-	292 959
Industrial Development Corporation (IDC)	-	1 849 892	-	-
Invoice Based Finance	-	556 921	-	556 921
LED Capacity	556 887	233 365	556 887	233 365
Municipal Infrastructure Grant (MIG)	168 619 075	166 144 882	168 619 075	166 144 882
Municipal Systems Improvement Grant (MSIG)	661 247	1 236 112	661 247	1 236 112
Municipal Water Infrastructure Grant (MWIG)	15 004 290	-	15 004 290	-
Orio	1 987 916	1 179 652	1 987 916	1 179 652
Public Works - Special Programme	24 824 711	32 485 803	24 824 711	32 485 803
Rural Households Infrastructure Grant	3 996 000	-	3 996 000	-
Rural Roads Asset Management Grant	1 777 845	2 929 187	1 777 845	2 929 187
Stimulation of Economy through Marketing	-	50 500	-	50 500
Water Services Operating Subsidy	5 914 076	11 077 790	5 914 076	11 077 790
Total Government Grants and Subsidies	424 398 932	402 515 387	423 842 792	400 066 372
Government Grants and Subsidies - Capital	106 143 911	105 089 764	106 143 911	105 089 764
Government Grants and Subsidies - Operating	318 255 021	297 425 623	317 698 881	294 976 607
	424 398 932	402 515 387	423 842 792	400 066 372
As previously reported		402 072 592		399 623 577
Correction of error restatement - note 42.3		442 795		442 795
Restated balance		402 515 387		400 066 372

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The Economic Entity does not expect any significant changes to the level of grants.				
Revenue recognised per vote as required by Section 123 (c) of the MFMA:				
Equitable share	179 049 300	165 965 000	179 049 300	165 965 000
Management Services	1 218 134	1 236 112	1 218 134	1 236 112
Financial Services	1 248 439	1 261 366	1 248 439	1 261 366
Corporate Services	485 673	403 902	485 673	403 902
Technical Services	238 911 945	218 571 967	238 911 945	218 571 967
Community Services	2 929 302	12 628 025	2 929 302	12 628 025
Joe Qqabi Economic Development Agency (Soc) Ltd	556 140	2 449 015	-	-
	424 398 932	402 515 387	423 842 792	400 066 372
16.01 Equitable share				
Opening balance	-	-	-	-
Grants received	179 049 300	165 965 000	179 049 300	165 965 000
Conditions met - Operating	(179 049 300)	(165 965 000)	(179 049 300)	(165 965 000)
Conditions met - Capital	-	-	-	-
Conditions still to be met/(Grant expenditure to be recovered)	-	-	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the Economic Entity by the National Treasury.				
	ECONOMIC ENTITY		MUNICIPALITY	
	2014	2013	2014	2013
	R	R	R	R
16.02 Finance Management Grant (FMG)				
Opening balance	898	12 265	898	12 265
Grants received	1 250 000	1 250 000	1 250 000	1 250 000
Conditions met - Operating	(1 248 439)	(1 261 366)	(1 248 439)	(1 261 366)
Conditions met - Capital	-	-	-	-
Conditions still to be met	2 459	898	2 459	898
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).				
16.03 Municipal Systems Improvement Grant (MSIG)				
Opening balance	320 547	556 659	320 547	556 659
Grants received	890 000	1 000 000	890 000	1 000 000
Conditions met - Operating	(661 247)	(1 236 112)	(661 247)	(1 236 112)
Conditions met - Capital	-	-	-	-
Paid back to Treasury	(549 300)	-	(549 300)	-
Conditions still to be met	-	320 547	-	320 547
The purpose of the grant is to support municipalities in implementing new systems as provided in the Municipal Systems Act, Municipal Structures Act and other related local government policy and legislation so that they can carry out mandated functions effectively.				
16.04 Municipal Infrastructure Grant (MIG)				
Opening balance	4 089 916	(4 394 202)	4 089 916	(4 394 202)
Grants received	184 055 000	174 629 000	184 055 000	174 629 000
Conditions met - Operating	(95 368 365)	(81 856 485)	(95 368 365)	(81 856 485)
Conditions met - Capital	(73 250 710)	(84 288 397)	(73 250 710)	(84 288 397)
Conditions still to be met	19 525 842	4 089 916	19 525 842	4 089 916
The vision of the MIG programme is to provide all South Africans with at least a basic level of service through the provision of grant finance aimed at covering the capital cost of basic infrastructure for the poor. This also includes the rehabilitation and upgrading of existing infrastructure. The Economic Entity's programmes covers both Sanitation and Water projects.				
16.05 Public Works - Special Programme				
Opening balance	(461 004)	(2 959 136)	(461 004)	(2 959 136)
Grants received	24 824 711	34 983 935	24 824 711	34 983 935
Conditions met - Operating	(24 824 711)	(32 485 803)	(24 824 711)	(32 485 803)
Conditions met - Capital	-	-	-	-
Grant expenditure to be recovered	(461 004)	(461 004)	(461 004)	(461 004)
This grant is used for the maintenance of gravel roads in the Gariep and Maletswai parts of the district. At times special projects are also allocated to the Economic Entity by the Department of Roads and Public Works in other parts of the district.				
16.06 Accelerated Community Infrastructure Programme (ACIP)				
Opening balance	(773 098)	-	(773 098)	-
Grants received	15 679 215	7 770 827	15 679 215	7 770 827
Conditions met - Operating	-	-	-	-
Conditions met - Capital	(14 991 219)	(8 543 925)	(14 991 219)	(8 543 925)
Conditions still to be met	(85 102)	(773 098)	(85 102)	(773 098)
This grant is used for the upgrade of infrastructure.				

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		ECONOMIC ENTITY		MUNICIPALITY	
		2014	2013	2014	2013
		R	R	R	R
16.07	Water Services Operating Subsidy				
	Opening balance	526 210	-	526 210	-
	Grants received	10 000 000	11 604 000	10 000 000	11 604 000
	Conditions met - Operating	-	-	-	-
	Conditions met - Capital	(5 914 076)	(11 077 790)	(5 914 076)	(11 077 790)
	Conditions still to be met	4 612 134	526 210	4 612 134	526 210
	This grant is used for the refurbishment of water infrastructure.				
16.08	Enviromental Health Practioners				
	Opening balance	(122 618)	(1 452 724)	(122 618)	(1 452 724)
	Grants received	316 688	4 213 210	316 688	4 213 210
	Conditions met - Operating	(2 929 302)	(2 883 104)	(2 929 302)	(2 883 104)
	Conditions met - Capital	-	-	-	-
	Conditions still to be met/(Grant expenditure to be recovered)	(2 735 232)	(122 618)	(2 735 232)	(122 618)
	This grant is paid by the Department of Health and was initiated when the EHP staff from the province were transferred to the district municipalities. This grant is used for the EHP staff's salaries.				
16.09	Municipal Water Infrastructure Grant (MWIG)				
	Opening balance	-	-	-	-
	Grants received	15 002 000	-	15 002 000	-
	Conditions met - Operating	(5 004 300)	-	(5 004 300)	-
	Conditions met - Capital	(9 999 990)	-	(9 999 990)	-
	Conditions still to be met	(2 290)	-	(2 290)	-
	This grant is used to facilitate the planning, acceleration and implementation of various projects that will insure water supply to communities identified as not receiving a basic water supply service.				
16.10	Rural Households Infrastructure Grant				
	Opening balance	-	-	-	-
	Grants received	4 000 000	-	4 000 000	-
	Conditions met - Operating	(3 996 000)	-	(3 996 000)	-
	Conditions met - Capital	-	-	-	-
	Conditions still to be met	4 000	-	4 000	-
	This grant is used to provide specific capital funding for the reduction of rural sanitation backlogs and to target existing households where bulk-dependent services are not viable				
16.11	Other Grants				
	Opening balance	(41 111 807)	(35 608 196)	(41 718 055)	(37 801 178)
	Grants received	7 213 467	7 586 306	6 950 309	6 724 025
	Conditions met - Operating	(5 173 358)	(11 737 752)	(4 617 217)	(9 288 737)
	Conditions met - Capital	(1 987 916)	(1 179 652)	(1 987 916)	(1 179 652)
	Foreign Exchange Gains	(722 904)	(172 512)	(722 904)	(172 512)
	VAT portion on unpaid grant monies	(41 017)	-	-	-
	Grant expenditure to be recovered	(41 823 535)	(41 111 807)	(42 095 784)	(41 718 055)

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	ECONOMIC ENTITY		MUNICIPALITY	
	2014 R	2013 R	2014 R	2013 R
Other Grants consist of the following and is utilised as follows:				
<u>Department Water Affairs</u>				
Implementation of Water Service Authority business plan to supply water.				
<u>Emergency Drought Relief</u>				
To supply water when district was declared a disaster area.				
<u>Disaster Management Forum</u>				
To ensure operation of the disaster management forum.				
<u>Disaster Management Establishment of Centres</u>				
Construct and equip disaster centres.				
<u>Disaster Management Plan</u>				
To develop and review disaster management plan.				
<u>Disaster Management Fire & Emergency Services</u>				
Support to run a fire service.				
<u>Disaster Management Policy Framework</u>				
Development of disaster policies.				
<u>EPWP Programme</u>				
Incentive grant for creating jobs, whereby unemployed persons get employed on projects to create employment.				
<u>LED Capacity</u>				
This grant is funded by Local Government to pay for the salary and administration costs of the LED specialist for the JGDM area.				
<u>DWA Bylaws</u>				
This grant is for the review of the bylaws of water and sanitation function.				
<u>Stimulation of Economy through Marketing</u>				
This is an European Union funded grant for the implementation of the tourism master plan.				
<u>Alpine Tourism</u>				
This is an European Union funded grant for the assessment of potential of highlying areas of Senqu Municipal area for tourism.				
<u>DBSA Municipal Support Framework</u>				
To assess Local Municipalities' requirements for support by JGDM.				
<u>Grant for Gariep</u>				
This grant was received to assist Gariep LM in their financial recovery.				
<u>Rural Roads Asset Management Grant (Public Transport)</u>				
This grant is to determine the extent of the municipal road network, the condition and maintenance requirements.				
<u>LG Seta</u>				
This grant is used to assist with the training needs of the Economic Entity.				
<u>Orio</u>				
This grant is used to assist in providing water in the Elundini rural areas. This grant is funded by the Netherlands Government.				
<u>Industrial Development Corporation (IDC)</u>				
The grant is used to promote economic growth in the district.				
<u>Elundini Local Municipality</u>				
This in an unconditional grant which is made to JoGEDA in terms of the service level agreement with the IDC.				
<u>Senqu Local Municipality</u>				
This in an unconditional grant which is made to JoGEDA in terms of the service level agreement with the IDC.				

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	ECONOMIC ENTITY		MUNICIPALITY	
	2014 R	2013 R	2014 R	2013 R
Other Grants received during the year:				
EPWP Programme	1 000 000	1 940 000	1 000 000	1 940 000
DWA Bylaws	597 360	-	597 360	-
Industrial Development Corporation (IDC)	-	263 158	-	-
Invoice Based Finance	-	333 591	-	333 591
LED Capacity	358 000	771 245	358 000	771 245
Grant for Gariep	-	1 500 000	-	1 500 000
Rural Roads Asset Management Grant	1 778 000	1 776 000	1 778 000	1 776 000
LG Seta	486 134	403 189	486 134	403 189
Orio	2 730 815	-	2 730 815	-
Elundini Local Municipality	263 158	307 018	-	-
Senqu Local Municipality	-	292 105	-	-
Total Other Grants received during the year	7 213 467	7 586 306	6 950 309	6 724 025
Other Grants consist out of the following:				
Department Water Affairs	(5 749)	(5 749)	(5 749)	(5 749)
Emergency Drought Relief	(49 560 760)	(49 560 760)	(49 560 760)	(49 560 760)
Disaster Management Forum	36 115	36 115	36 115	36 115
Disaster Management Establishment of Centres	5 449 773	5 449 773	5 449 773	5 449 773
Disaster Management Plan	1 497 929	1 497 929	1 497 929	1 497 929
Disaster Management Fire & Emergency Services	1 667 736	1 667 736	1 667 736	1 667 736
Disaster Management Policy Framework	338 434	338 434	338 434	338 434
EPWP Programme	-	-	-	-
Industrial Development Corporation (IDC)	606 248	606 248	-	-
LED Capacity	381 528	580 415	381 528	580 415
DWA Bylaws	100 548	300 000	100 548	300 000
DBSA Municipal Support Framework	(697 907)	(697 907)	(697 907)	(697 907)
Rural Roads Asset Management Grant	28 991	28 836	28 991	28 836
LG Seta	(252)	(713)	(252)	(713)
Orio	(1 332 169)	(1 352 164)	(1 332 169)	(1 352 164)
Senqu Local Municipality	(334 000)	-	-	-
Total unpaid Other Grants	(41 823 535)	(41 111 807)	(42 095 783)	(41 718 055)
16.12 Total Grants				
Opening balance	(37 530 956)	(43 845 335)	(38 137 204)	(46 038 317)
Grants received	442 280 381	409 002 277	442 017 223	408 139 996
Conditions met - Operating	(318 255 021)	(297 425 622)	(317 698 881)	(294 976 607)
Conditions met - Capital	(106 143 911)	(105 089 764)	(106 143 911)	(105 089 764)
Paid back to Treasury	(549 300)	-	(549 300)	-
Foreign Exchange Gains	(722 904)	(172 512)	(722 904)	(172 512)
VAT portion on unpaid grant monies	(41 017)	-	-	-
Grant expenditure to be recovered	(20 962 728)	(37 530 956)	(21 234 977)	(38 137 204)
Disclosed as follows as per note 7				
Unspent Conditional Government Grants and Receipts	34 251 737	15 443 057	33 645 489	14 836 809
Unpaid Conditional Government Grants and Receipts	(55 214 465)	(52 974 013)	(54 880 466)	(52 974 013)
	(20 962 728)	(37 530 956)	(21 234 977)	(38 137 204)
17 PUBLIC CONTRIBUTIONS AND DONATIONS				
Property, Plant and Equipment	2 668 232	235 978	2 668 232	235 978
Inventory	1 492 398	-	1 492 398	-
Cash	215 000	-	165 000	-
Total Public Contributions and Donations	4 375 630	235 978	4 325 630	235 978
Property, Plant and Equipment relates to the water services which were taken over from the service provider Amatola Water as well as Senqu Plastics which was transferred from Senqu Local Municipality.				
Inventory relates to the water services which was taken over from the service provider Amatola Water.				
The cash received (R165 000) was from the COGTA VUNA awards for having maintained an unqualified audit opinion for three consecutive years. The remaining cash received was from ABSA Bank for the hosting of a business breakfast with the IDC.				

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		ECONOMIC ENTITY		MUNICIPALITY	
		2014 R	2013 R	2014 R	2013 R
18	TRANSFER OF FUNCTION				
18.01	Transfer of Water and Sanitation Function from Local Municipalities				
	The water and sanitation service was transferred on 1 July 2012 from Senqu, Elundini and Maletswai Local Municipalities while Cariep Local Municipality was transferred on 1 July 2013. The assets and liabilities related to the service were transferred to the Economic Entity as a going concern. This transfer also included the related employees. Assets and liabilities were valued at fair value as on recognition date.				
	Assets				
	Receivables from Exchange Transactions - fair value	4 212 255	5 910 199	4 212 255	5 910 199
	Gross contractual amounts receivable	30 526 684	18 384 061	30 526 684	18 384 061
	Contractual cash flows not expected to be collected	(26 314 429)	(12 473 862)	(26 314 429)	(12 473 862)
	Inventory	75 847	367 387	75 847	367 387
	Fair value of assets associated with transfer of function	4 288 102	6 277 586	4 288 102	6 277 586
	Liabilities				
	Employee Benefits	(912 876)	(2 853 254)	(912 876)	(2 853 254)
	Post Retirement Medical Obligations	(521 990)	(2 085 427)	(521 990)	(2 085 427)
	Long Service Awards	(390 886)	(767 827)	(390 886)	(767 827)
	Current Employee Benefits	(537 840)	(2 176 714)	(537 840)	(2 176 714)
	Bonuses Accrued	(149 667)	(645 579)	(149 667)	(645 579)
	Provision for Staff Leave	(388 173)	(1 531 135)	(388 173)	(1 531 135)
	South African Revenue Service	(408 244)	(575 055)	(408 244)	(575 055)
	Output VAT as per gross contractual amounts receivable	(2 973 521)	(1 795 254)	(2 973 521)	(1 795 254)
	Output VAT on contractual cash flows not expected to be collected	2 565 277	1 220 198	2 565 277	1 220 198
	Fair value of liabilities associated with transfer of function	(1 858 960)	(5 605 023)	(1 858 960)	(5 605 023)
	Net asset value transferred	2 429 142	672 562	2 429 142	672 562
18.02	Transfer of Municipal Health Services				
	The Provincial Department of Health transferred the municipal health service function to the Economic Entity with effect from 1 July 2012. This involved the transfer of movable assets. Assets and liabilities were valued at fair value as on recognition date, 1 July 2012.				
	Assets				
	Property, Plant and Equipment	-	11 370	-	11 370
	Fair value of assets associated with transfer of function	-	11 370	-	11 370
18.03	Total Transfer of Function				
	Transfer of Water and Sanitation Function from Local Municipalities	2 429 142	672 562	2 429 142	672 562
	Transfer of Municipal Health Services	-	11 370	-	11 370
	Total net asset value transferred	2 429 142	683 933	2 429 142	683 933
19	FOREIGN EXCHANGE GAINS				
	Orio Grant	722 904	172 512	722 904	172 512
	Total Foreign Exchange Gains	722 904	172 512	722 904	172 512
	As previously reported		-		-
	Correction of error restatement - note 42.3		172 512		172 512
	Restated balance		172 512		172 512
	Foreign exchange gains relate to the Orio grant which is denominated in Euro. Claims submitted to Orio are done by using an exchange rate of R11.33 to the Euro as per the agreement. Payment are made in Euro at the exchange rate as on date of payment. Subsequently, the Rand has devalued against the Euro and has an exchange rate of R14.46 as on 30 June 2014 (2013 - R12.99).				

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	ECONOMIC ENTITY		MUNICIPALITY	
	2014 R	2013 R	2014 R	2013 R
20 ACTUARIAL (GAINS)/LOSSES				
Post Retirement Medical Obligations	(1 792 476)	1 995 028	(1 792 476)	1 995 028
Ex Gratia Gratuities	(14 502)	(132 759)	(14 502)	(132 759)
Long Service Awards	(450 657)	(346 387)	(450 657)	(346 387)
Total Actuarial Losses	(2 257 635)	1 515 882	(2 257 635)	1 515 882
Actuarial gains or losses are calculated at year-end when the actuarial valuation is performed.				
21 REVERSAL OF IMPAIRMENTS				
Investment in Municipal Entity - note 12	-	-	4 473	-
Total Reversal of Impairments	-	-	4 473	-
22 SERVICE CHARGES				
Water	47 104 436	29 014 375	47 104 436	29 014 375
Sewerage and Sanitation Charges	20 220 599	12 399 801	20 220 599	12 399 801
	67 325 035	41 414 176	67 325 035	41 414 176
Less: Rebates (including free basic services for indigents)	(25 467 621)	(13 694 763)	(25 467 621)	(13 694 763)
Total Service Charges	41 857 414	27 719 413	41 857 414	27 719 413
As previously reported		27 502 337		27 502 337
Correction of error restatement - note 42.2		217 076		217 076
Restated balance		27 719 413		27 719 413
Rebates can be defined as any income that the Economic Entity is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.				
23 GOVERNMENT SERVICES				
26 OTHER INCOME				
Sundry Income	837 493	657 551	837 493	657 551
Rental of Facilities and Equipment	37 306	10 200	37 306	10 200
Unknown Receipts recognised as income	-	594 899	-	594 899
Insurance claims	133 454	110 200	133 454	105 989
Total Other Income	1 008 253	1 372 850	1 008 253	1 368 639

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	ECONOMIC ENTITY		MUNICIPALITY	
	2014 R	2013 R	2014 R	2013 R
27 EMPLOYEE RELATED COSTS				
Bonuses	6 442 381	4 946 669	6 257 104	4 830 597
Contribution to current employee benefits - Staff Leave - Note 4	2 247 432	2 196 265	2 194 316	2 129 149
Contribution to non-current employee benefits - Long Service Awards - Note 3	611 937	674 787	611 937	674 787
Contribution to non-current employee benefits - Post Retirement Medical - Note 3	1 816 619	1 337 289	1 816 619	1 337 289
Contribution to non-current employee benefits - Ex Gratia Gratuities - Note 3	19 185	23 216	19 185	23 216
Contributions for UIF, Pensions and Medical Aids	17 688 153	14 642 359	17 636 598	14 613 873
Salaries and Wages	84 054 774	68 046 791	81 723 961	66 457 646
Housing Benefits and Allowances	907 427	766 802	907 427	766 802
Overtime Payments	6 140 638	3 519 838	6 140 638	3 519 838
Performance Bonuses	1 634 150	815 931	1 634 150	815 931
Travel, Motor Car, Telephone, Subsistence and Other Allowances	11 643 361	9 523 701	11 483 208	9 170 353
Total Employee Related Costs	133 206 057	106 493 648	130 425 143	104 339 481
REMUNERATION OF MANAGEMENT PERSONNEL				
The Municipal Manager and all Section 57 Managers are appointed on a 5-year fixed contract.				
Municipal Manager - Z A Williams				
Annual Remuneration	1 240 475	1 145 535	1 240 475	1 145 535
Performance Bonuses	211 161	197 643	211 161	197 643
Travel Allowance	112 200	112 200	112 200	112 200
Telephone allowance	30 000	36 000	30 000	36 000
Contributions to UIF, Medical and Pension Funds	192 755	177 474	192 755	177 474
Total	1 786 591	1 668 852	1 786 591	1 668 852
Director Technical Services - R J Fortuin				
Annual Remuneration	1 037 310	930 403	1 037 310	930 403
Performance Bonuses	167 996	155 996	167 996	155 996
Travel Allowance	170 220	170 220	170 220	170 220
Telephone allowance	12 597	11 120	12 597	11 120
Contributions to UIF, Medical and Pension Funds	83 499	110 178	83 499	110 178
Total	1 471 623	1 377 917	1 471 623	1 377 917
Director Corporate Services - H Z Jantjie				
Annual Remuneration	1 132 274	1 050 613	1 132 274	1 050 613
Performance Bonuses	167 996	143 997	167 996	143 997
Travel Allowance	84 000	84 000	84 000	84 000
Telephone allowance	12 597	11 278	12 597	11 278
Contributions to UIF, Medical and Pension Funds	70 107	64 111	70 107	64 111
Total	1 466 975	1 353 999	1 466 975	1 353 999
Director Financial Services - J M Jackson				
Annual Remuneration	1 126 792	1 053 255	1 126 792	1 053 255
Performance Bonuses	90 998	95 998	90 998	95 998
Travel Allowance	98 400	98 400	98 400	98 400
Telephone allowance	12 597	11 278	12 597	11 278
Contributions to UIF, Medical and Pension Funds	65 210	58 401	65 210	58 401
Total	1 393 997	1 317 333	1 393 997	1 317 333
Director Community Services - F J Sephton				
Annual Remuneration	1 130 916	1 056 460	1 130 916	1 056 460
Performance Bonuses	167 996	155 996	167 996	155 996
Travel Allowance	156 000	156 000	156 000	156 000
Telephone allowance	12 597	11 278	12 597	11 278
Contributions to UIF, Medical and Pension Funds	16 224	15 083	16 224	15 083
Total	1 483 733	1 394 818	1 483 733	1 394 818
Chief Operations Officer - N Mshumi				
Annual Remuneration	839 674	776 198	839 674	776 198
Performance Bonuses	141 133	-	141 133	-
Travel Allowance	60 000	60 000	60 000	60 000
Contributions to UIF, Medical and Pension Funds	196 060	180 372	196 060	180 372
Total	1 236 868	1 016 570	1 236 868	1 016 570
Remuneration of the Chief Executive Officer of JoGEDA - N Moleko				
Annual Remuneration	788 076	821 670	-	-
Travel Allowances	209 308	209 308	-	-
Telephone Allowances	2 000	12 000	-	-
Contributions for UIF and SDL	11 941	12 079	-	-
Total	1 011 324	1 055 057	-	-

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	ECONOMIC ENTITY		MUNICIPALITY		
	2014 R	2013 R	2014 R	2013 R	
Remuneration of the Acting Chief Executive Officer of JoGEDA - N Bungane					
Annual Remuneration	503 194	368 649	-	-	
Acting Allowance	114 936	-	-	-	
Telephone Allowances	5 500	-	-	-	
Contributions for UIF and SDL	8 410	4 674	-	-	
Total	632 040	373 323	-	-	
28 REMUNERATION OF COUNCILLORS					
Councillors	4 483 239	3 792 066	4 483 239	3 792 066	
Councillors' Pension and Medical Aid Contributions	541 097	518 113	541 097	518 113	
Total Remuneration of Councillors	5 024 336	4 310 179	5 024 336	4 310 179	
In-kind Benefits					
The Executive Mayor, Speaker and Mayoral Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Economic Entity. The Executive Mayor may utilise official Council transportation when engaged in official duties.					
2014			Remuneration	Contributions	Total
Members of the Mayoral Committee			2 720 019	404 283	3 124 302
ZI Dumzela - Executive Mayor			613 532	137 226	750 758
B Salman - Speaker (resigned October 2013)			161 946	26 032	187 977
NP Mposelwa - Speaker (appointed November 2013)			348 924	54 503	403 427
TZ Ntuyeke - Portfolio Head: Financial Services (February 2013 - October 2013)			109 619	1 084	110 703
B Salman - Portfolio Head: Financial Services (appointed November 2013)			326 312	50 456	376 768
D Mvumvu - Portfolio Head: Community Services (appointed February 2013)			302 876	2 850	305 725
NP Mposelwa - Portfolio Head: Technical Services (resigned October 2013)			152 313	24 407	176 720
TZ Ntuyeke - Portfolio Head: Technical Services (appointed November 2013)			264 364	2 616	266 980
N Ngubo - Portfolio Head: Corporate Services (appointed February 2013)			440 134	105 110	545 244
Proportional elected Councillors			1 539 839	134 603	1 674 442
S Mei			289 957	2 784	292 741
DF Hartkopf			300 180	2 744	302 924
V Mbulawa			192 898	43 641	236 539
MC Manxeba (deceased January 2014)			127 322	17 626	144 948
MW Mpelwane			174 655	1 498	176 153
LN Gova			210 485	26 903	237 388
XG Motloi			194 070	38 904	232 974
NF Mphithi (appointed April 2014)			50 272	503	50 774
Representative Councillors			223 381	2 211	225 593
Total Councillors Remuneration			4 483 239	541 097	5 024 336

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2013							
Members of the Mayoral Committee				2 885 443	443 192	3 328 635	
ZI Dumzela	- Executive Mayor			597 160	122 014	719 174	
B Salman	- Speaker			486 156	76 497	562 653	
GS Brown	- Portfolio Head: Financial Services (resigned August 2012)			82 558	770	83 328	
TZ Ntuyeke	- Portfolio Head: Financial Services (appointed February 2013)			176 556	1 781	178 336	
LN Gova	- Portfolio Head: Community Services (resigned February 2013)			359 768	49 301	409 069	
D Mvumvu	- Portfolio Head: Community Services (appointed February 2013)			99 811	961	100 772	
NP Mposelwa	- Portfolio Head: Technical Services			458 442	71 735	530 177	
XG Motloi	- Portfolio Head: Corporate Services (resigned February 2013)			345 513	59 999	405 512	
N Ngubo	- Portfolio Head: Corporate Services (appointed February 2013)			279 479	60 134	339 613	
Proportional elected Councillors				806 493	73 920	880 412	
S Mei	(appointed October 2012)			163 533	1 635	165 168	
DF Hartkopf				217 081	1 990	219 071	
V Mbulawa				177 678	41 068	218 746	
MC Manxeba				189 982	28 727	218 709	
MW Mpelwane	(appointed April 2013)			58 218	499	58 718	
Representative Councillors				100 131	1 001	101 132	
Totale Councillors Remuneration				3 792 066	518 113	4 310 179	
The Portfolio Head: Financial Services position was vacant from 1 September 2012 to February 2013.							
				ECONOMIC ENTITY		MUNICIPALITY	
				2014	2013	2014	2013
				R	R	R	R
29	REMUNERATION OF DIRECTORS						
	Sitting allowances			315 375	171 950	-	-
	Total Remuneration of Directors			315 375	171 950	-	-
The members of the board of directors are all non-executive directors, except N Moleko (CEO) who is an executive member.							
Sitting allowances per director were as follows:							
	V Zitumane			92 025	38 100	-	-
	Z Zeka			-	13 000	-	-
	S Qongo			21 750	15 000	-	-
	N Skweyiya			92 000	33 000	-	-
	B Mhlaba			46 000	19 000	-	-
	C Sam			63 600	53 850	-	-
	Total Remuneration of Directors			315 375	171 950	-	-
30	DEBT IMPAIRMENT						
	Contributions to provision - note 14			42 126 777	13 389 005	42 126 027	13 389 005
	Less: Portion relating to VAT - note 8			(603 607)	8 860	(603 607)	8 860
	Total Debt Impairment			41 523 170	13 397 865	41 522 420	13 397 865
31	IMPAIRMENTS						
	Investment in Municipal Entity - note 12			-	-	-	1 289 303
	Unpaid Government Grants - note 7			45 831 406	4 427 261	45 831 406	4 427 261
	Investment Property - note 10			-	712 528	-	-
	Total Impairments			45 831 406	5 139 789	45 831 406	5 716 564

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32	DEPRECIATION AND AMORTISATION				
	Property, Plant and Equipment - note 9	41 897 687	41 862 300	41 696 268	41 825 105
	Investment Property - note 10	48 960	56 223	45 496	45 496
	Intangible Assets - note 11	569 931	695 876	569 351	695 844
	Total Depreciation and Amortisation	42 516 578	42 614 399	42 311 115	42 566 445
	As previously reported		42 614 399		42 566 445
			78 325		78 325
			42 692 724		42 644 770
33	REPAIRS AND MAINTENANCE				
	Infrastructure	28 753 978	14 928 705	28 753 978	14 928 705
	Land and Buildings	185 686	142 584	185 686	142 584
	Other Assets	1 553 194	558 150	1 551 023	552 222
	Total Repairs and Maintenance	30 492 858	15 629 439	30 490 687	15 623 511
34	FINANCE CHARGES				
	Long-term Liabilities	721 338	763 711	721 338	763 711
	Non-current Employee Benefits	2 876 337	1 942 580	2 876 337	1 942 580
	Finance charges on pension fund shortfall	370 259	-	370 259	-
	Other	-	9 776	-	401
	Total Finance Charges	3 967 934	2 716 067	3 967 934	2 706 692
		ECONOMIC ENTITY		MUNICIPALITY	
		2014	2013	2014	2013
		R	R	R	R
35	CONTRACTED SERVICES				
	Water Services	5 179 676	34 845 152	5 179 676	34 845 152
	Local Municipalities	4 784 450	3 442 651	4 784 450	3 442 651
	Other Contractors	395 226	31 402 501	395 226	31 402 501
	Sanitation Services	15 560 950	12 543 604	15 560 950	12 543 604
	Local Municipalities	2 872 163	1 926 226	2 872 163	1 926 226
	Other Contractors	12 688 787	10 617 378	12 688 787	10 617 378
	Total Contracted Services	20 740 626	47 388 756	20 740 626	47 388 756
	Contracted services paid to Local Municipalities include a 15% collection fee of all monies collected by the Local Municipalities on behalf of Joe Gqabi District Municipality as well as a standard rate per monthly statement printed per service.				
36	BULK PURCHASES				
	Water	2 473 512	7 698 710	2 473 512	7 698 710
	Total Bulk Purchases	2 473 512	7 698 710	2 473 512	7 698 710
	As previously reported		8 682 212		8 682 212
	Correction of error - note 42.4		(983 502)		(983 502)
	Restated balance		7 698 710		7 698 710

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37	GRANTS AND SUBSIDIES PAID				
	Gariep Local Municipality	-	10 710 780	-	10 710 780
	Joe Qqabi Economic Development Agency (SoC) Ltd	-	-	5 154 594	1 575 000
	Total Grants and Subsidies Paid	-	10 710 780	5 154 594	12 285 780
39	GENERAL EXPENSES				
	Audit Fees	5 303 645	5 171 059	4 770 494	4 780 425
	Advertising Fees	861 638	263 508	659 479	202 293
	Bank Charges	136 583	101 799	128 791	93 921
	Chemicals	5 640 623	1 369 934	5 640 623	1 369 934
	Computer Charges	1 279 053	1 331 958	1 279 053	1 331 958
	Consulting Fees	5 091 804	2 641 339	4 834 883	1 792 957
	Entertainment	93 731	73 664	70 027	57 699
	Fuel and oil	7 144 787	3 790 675	7 144 787	3 790 675
	Insurance	2 303 373	2 920 037	2 264 044	2 919 535
	Legal Fees	1 006 930	333 834	380 137	311 781
	Material and protective clothing	959 712	298 974	959 712	298 974
	Marketing	206 158	134 633	206 158	134 633
	Membership Fees	439 542	656 122	439 542	656 122
	Postage	15 906	9 015	15 906	9 015
	Printing and Stationary	706 412	403 615	588 485	357 698
	Rentals	3 887 364	356 400	3 821 904	356 400
	Security	1 595 605	300 702	1 589 845	295 238
	Services	379 031	420 075	379 031	420 075
	Special programmes	1 584 462	913 620	1 584 462	913 620
	Telephone	1 501 837	1 346 772	1 501 837	1 317 370
	Training	542 571	330 156	542 571	255 051
	Travel and Subsistence	11 770 119	8 180 699	11 224 719	7 534 460
	Water and Electricity	17 444 679	11 298 388	17 444 679	11 298 388
	Other	2 243 135	1 233 157	2 167 687	1 153 897
	Total General Expenses	72 138 700	43 880 135	69 638 856	41 652 119
	As previously reported		43 858 082		
	Correction of error restatement - note 42.2		22 053		
	Restated balance		43 880 135		
	The take over of water services from Gariep Local Municipality and Amatole resulted in changes in expenditure patterns to the prior year.				
40	LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT				
	Carrying value of Property, Plant and Equipment disposed or written off	(3 201 292)	(272 421)	(5 226 886)	(270 015)
	Proceeds from Disposal of Property, Plant and Equipment	-	150 000	-	150 000
	Property, Plant and Equipment transferred to JoGEDA	-	-	2 025 594	-
	Total Loss on Disposal of Property, Plant and Equipment	(3 201 292)	(122 421)	(3 201 291)	(120 015)
41	TAXATION				
	Normal taxation	-	-	-	-
	No taxation is payable since the Economic Entity has an assessed tax loss.				
	No provision were made for a deferred tax assets. In terms of current tax legislation it is not probable that the Economic Entity will make a taxable profit				

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		ECONOMIC ENTITY	MUNICIPALITY
		2013	2013
		R	R
42	CORRECTION OF ERROR IN TERMS OF GRAP 3		
42.1	Accumulated Surplus		
	Payables from Exchange Transactions - note 42.2	(261 858)	(261 858)
	Total	(261 858)	(261 858)
		ECONOMIC ENTITY	MUNICIPALITY
		2013	2013
		R	R
42.2	Payables from Exchange Transactions		
	The Economic Entity and the Department of Environmental Affairs have different reporting periods. This has meant that the matching of advances from the Department to the Economic Entity and its claims to be misaligned. The Economic Entity and the Department have undertaken and extensive reconciliation of advances made and claims. This exercise has revealed that revenue in the prior years has been overstated. The Economic Entity and the Department are now satisfied that the amounts of advances and claims are aligned.		
	The Economic Entity captures the water and sanitation transactions from a report generated by the Elundini Local Economic Entity's accounting system. This report does not include direct sundry receipts which includes sundry water sales, connection fees, reconnection fees and sewerage removal. Therefore, these income were not recognised in the previous year, resulting that Service Charges, Output VAT were understated, while Payables from Exchange Transactions were overstated.		
	Invoices for legal expenses incurred in the 2013 financial year was only received during November 2013. Both General Expenses and Payables from Exchange transactions were understated.		
	Refer to Payables from Exchange Transactions - note 6	(2 435 705)	(2 413 652)
	Refer to South African Revenue Service - note 8	(30 391)	(30 391)
	Refer to Service Charges - note 22	(217 076)	(217 076)
	Refer to Government Services - note 23	2 399 262	2 399 262
	Refer to General Expenses - note 39	22 053	-
	Refer to Accumulated Surplus - note 42.1	261 858	261 858
42.3	Unspent Government Grants and Receipts		
	In the prior year, the Elundini Rural Water Programme was assumed to be funded by the Municipal Infrastructure Grant (MIG). However, this programme was co-funded by Orio. The Orio grant is a grant received from the Netherlands Government and is denominated in Euro, which also resulted in foreign exchange gains not recognised in the prior year. Accordingly, MIG income was overstated by R1 509 955 while Orio income was understated by R1 179 652. In addition, foreign exchange gains amounting to R172 512 were not recognised.		
	In addition, an accrual expenditure relating to Accelerated Community Infrastructure Programme (ACIP) grant amounting to R773 098 was not recognised as income during 2012/13. In addition, ACIP grant income was also incorrectly classified as operating grant income, as it should in actual fact have been recognised as capital grant income.		
	Refer to Unspent Government Grants and Receipts - note 7	615 308	615 308
	Refer to Government Grants and Subsidies - note 16	(442 795)	(442 795)
	Refer to Foreign Exchange Gains - note 19	(172 512)	(172 512)
42.4	South African Revenue Services		
	In the prior year an accrual was raised for Department of Water Affairs relating to extraction costs. VAT was not separately raised on this accrual, resulting that VAT Input in Suspense was understated and Bulk Purchases was overstated.		
	Refer to South African Revenue Services - note 8	983 502	983 502
	Refer to Bulk Purchases - note 36	(983 502)	(983 502)

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45	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES				
	Cash and Cash Equivalents - note 44	38 237 243	26 718 360	38 222 954	23 845 877
	Investments - note 12	1 301 340	1 207 323	1 301 340	1 207 323
		39 538 583	27 925 683	39 524 294	25 053 200
	Less:	34 251 737	15 443 057	34 645 489	14 836 809
	Unspent Committed Conditional Grants - note 7	34 251 737	15 443 057	33 645 489	14 836 809
	Commitment to JoGEDA	-	-	1 000 000	-
	Net cash resources available for internal distribution	5 286 846	12 482 626	4 878 805	10 216 391
46	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION				
	Long-term Liabilities - note 2	5 653 603	6 098 601	5 653 603	6 098 601
	Used to finance property, plant and equipment - at cost	(5 653 603)	(6 098 601)	(5 653 603)	(6 098 601)
	Cash invested for repayment of long-term liabilities	-	-	-	-
	Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 10% and 11.52% and will be repaid by 2024.				
		ECONOMIC ENTITY		MUNICIPALITY	
		2014	2013	2014	2013
		R	R	R	R
47	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED				
47.1	Unauthorised expenditure				
	Reconciliation of unauthorised expenditure:				
	Opening balance	164 753	-	164 753	-
	Unauthorised expenditure current year - operating	-	164 753	-	164 753
	Unauthorised expenditure current year - capital	7 816	9 725 407	-	9 725 407
	Authorised by Council	-	(9 725 407)	-	(9 725 407)
	Transfer to receivables for recovery	-	-	-	-
	Unauthorised expenditure awaiting authorisation	172 569	164 753	164 753	164 753
	Incident	Disciplinary steps			
	<i>Over expenditure on votes.</i>	<i>None</i>			
		Actual	Final Budget	Variance	Unauthorised Expenditure
		R	R	R	R
	Operating Expenditure by Vote				
	Management Services	30 877 973	34 081 571	(3 203 598)	-
	Financial Services	21 888 005	24 673 084	(2 785 079)	-
	Corporate Services	35 862 653	37 800 778	(1 938 125)	-
	Technical Services	385 477 594	427 846 722	(42 369 128)	-
	Community Services	41 740 379	51 315 368	(9 574 989)	-
		515 846 604	575 717 523	(59 870 919)	-
	Capital Expenditure by Vote				
	Management Services	-	110 000	(110 000)	-
	Financial Services	21 750	250 000	(228 250)	-
	Corporate Services	412 072	928 000	(515 928)	-
	Technical Services	99 610 310	172 751 204	(73 140 894)	-
	Community Services	168 557	534 768	(366 211)	-
		100 212 689	174 573 972	(74 361 283)	-
	Joe Gqabi Economic Development Agency (Soc) Ltd				
	Operating Expenditure	5 804 514	5 839 446	(34 932)	-
	Capital Expenditure	57 823	50 006	7 816	7 816
		5 862 337	5 889 452	(27 116)	7 816

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47.2 Fruitless and wasteful expenditure					
Reconciliation of fruitless and wasteful expenditure:					
Opening balance		434 638	745 962	434 638	745 962
Fruitless and wasteful expenditure current year		68 528	461 862	68 528	434 638
Written off by Council		-	(748 141)	-	(745 962)
Transfer to receivables for recovery		-	-	-	-
Fruitless and wasteful expenditure awaiting write-off approval		503 166	459 683	503 166	434 638
Incident	Disciplinary steps				
<i>Interest paid to Telkom, Eskom and on utility bills not paid within 30 days.</i>	<i>None</i>	56 534	64 874	56 534	64 874
<i>Payments made to the incorrect supplier's bank account</i>	<i>Yes</i>	-	369 764	-	369 764
<i>Stolen laptop not covered by insurance due to negligence.</i>	<i>Not yet</i>	11 994	-	11 994	-
<i>Interest on late payment of creditors.</i>	<i>Recommendation for write off to be tabled at next Board meeting.</i>	-	9 375	-	-
<i>Penalty and interest on late payment of VAT</i>	<i>Requested SARS to waive amount</i>	-	15 670	-	-
<i>Payments made for training not attended.</i>	<i>None</i>	-	2 179	-	-
		68 528	461 862	68 528	434 638
<p>The Economic Entity made a payment of R373 274 to the incorrect supplier's bank account in December 2012. The Economic Entity's banker's contacted management on 2 January 2013, in respect of a suspicious banking transaction, as a result of measures put in place prior to the holiday break. The transaction has been revealed as fraudulent. The Economic Entity's banker has been able to recover an amount of R121 000 and discussions with the insurer could lead to a further recovery of the balance of R252 000. The matter was accordingly reported to the SAPS and the investigation into the matter is on-going. A Member of the Economic Entity's finance department was found guilty of Gross Negligence following an internal disciplinary hearing.</p> <p>Interest paid to Telkom, Eskom and on utility bills not paid within 30 days are a direct result of original invoices being delayed in the post. Payment needs to be effected for the interest or the service will be terminated.</p>					
		ECONOMIC ENTITY		MUNICIPALITY	
		2014 R	2013 R	2014 R	2013 R
47.3 Irregular expenditure					
Reconciliation of irregular expenditure:					
Opening balance		8 048 124	13 361 915	8 048 124	13 361 915
Irregular expenditure - current year		-	5 392 392	-	5 392 392
Irregular expenditure - prior year (identified during current year)		364 001	2 655 732	364 001	2 655 732
Condoned		-	(13 361 915)	-	(13 361 915)
Transfer to receivables for recovery		-	-	-	-
Irregular expenditure awaiting condonement		8 412 125	8 048 124	8 412 125	8 048 124
Council supported the condonement of irregular expenditure amounting to R14 440 947. This amount has not yet been condoned by National Treasury.					
Incident	Disciplinary steps				
<i>Vouchers not compliant with SCM requirements</i>	<i>None yet</i>				
<i>Invalid Tax Clearance Certificates</i>	<i>None yet</i>				
<i>Formal quote process not followed</i>	<i>None yet</i>				
Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.					

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48	MATERIAL LOSSES				
	Water distribution losses				
	Kilo litres disinfected/purified/purchased	13 723 817	8 552 442	13 723 817	8 552 442
	Kilo litres sold	(6 624 108)	(5 470 711)	(6 624 108)	(5 470 711)
	Kilo litres lost	7 099 709	3 081 731	7 099 709	3 081 731
	Percentage lost during distribution	51.7%	36.0%	51.7%	36.0%
	Average cost per kilolitre in Rands	11.68	11.21	11.68	11.21
	Loss in Rand value	82 924 601	34 546 205	82 924 601	34 546 205
49	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT				
49.1	<u>SALGA Contributions - [MFMA 125 (1)(b)]</u>				
	Opening balance	-	88 043	-	88 043
	Council subscriptions	316 018	643 248	316 018	643 248
	Amount paid - current year	(316 018)	(731 291)	(316 018)	(731 291)
	Balance unpaid (included in creditors)	-	-	-	-
49.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>				
	Opening balance	168 712	290 743	123 846	289 040
	Current year audit fee	6 891 999	5 191 474	6 358 848	4 800 840
	External Audit - Auditor-General	5 549 742	4 740 903	5 016 591	4 350 269
	Internal Audit	1 342 258	450 571	1 342 258	450 571
	Amount paid	(7 047 514)	(5 313 505)	(6 469 497)	(4 966 034)
	Balance unpaid (included in payables)	13 197	168 712	13 197	123 846
49.3	<u>VAT - [MFMA 125 (1)(b)]</u>				
	Opening balance	4 799 350	8 299 238	5 212 240	8 616 680
	Amounts received - current year	(36 902 049)	(22 925 942)	(37 471 461)	(22 925 942)
	Amounts claimed - current year	34 019 349	19 426 054	34 257 148	19 521 502
	Balance receivable	1 916 650	4 799 350	1 997 927	5 212 240
	VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the				
49.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>				
	Opening balance	-	-	-	-
	Current year payroll deductions and Council Contributions	18 172 341	14 386 653	18 172 341	14 386 653
	Amount paid - current year	(18 172 341)	(14 386 653)	(18 172 341)	(14 386 653)
	Balance receivable	-	-	-	-
49.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>				
	Opening balance	-	-	-	-
	Current year payroll deductions and Council Contributions	25 185 451	19 817 213	25 185 451	19 817 213
	Amount paid - current year	(25 185 451)	(19 817 213)	(25 185 451)	(19 817 213)
	Balance unpaid (included in payables)	-	-	-	-
49.6	<u>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</u>				
	There are no overdue councillor accounts.				

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49.7	Deviations - Supply Chain Management				
	Deviations with the Supply Chain Management Regulations were identified and categorised as follow:				
	- Emergencies	53 217 643	5 018 873	53 217 643	5 018 873
	- Goods or services are produced or available from a single provider only	2 429 265	266 996	2 429 265	266 996
	- Other exceptional cases where it is impractical or impossible to follow the official procurement processes	17 049 266	4 275 780	17 049 266	4 275 780
		72 696 174	9 561 649	72 696 174	9 561 649
	Deviations per department				
	- Office of the Municipal Manager	1 712 989	354 015	1 712 989	354 015
	- Financial Services	186 816	211 121	186 816	211 121
	- Corporate Services	3 490 520	1 136 991	3 490 520	1 136 991
	- Community Services	10 206 241	1 218 574	10 206 241	1 218 574
	- Technical Services	57 036 263	6 561 868	57 036 263	6 561 868
	- Expenditure incurred on behalf of JoGEDA	63 345	79 080	63 345	79 080
		72 696 174	9 561 649	72 696 174	9 561 649
50	CAPITAL COMMITMENTS				
	Commitments in respect of capital expenditure:				
	Approved and contracted for:				
	- Infrastructure	386 085 300	213 988 630	386 085 300	213 988 630
	Total	386 085 300	213 988 630	386 085 300	213 988 630
	This expenditure will be financed from:				
	Government Grants	370 599 879	210 755 843	370 599 879	210 755 843
	Own Resources	15 495 421	3 232 787	15 495 421	3 232 787
		386 095 300	213 988 630	386 085 300	213 988 630
	As previously reported		324 338 426		324 338 426
	Correction of error restatement - note 42.6		(110 349 795)		(110 349 795)
	Restated balance		213 988 630		213 988 630
			ECONOMIC ENTITY		MUNICIPALITY
			2014		2013
			R		R
51	FINANCIAL RISK MANAGEMENT				
	The activities of the Economic Entity expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Economic Entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Economic Entity's financial performance.				
	(a) Foreign Exchange Currency Risk				
	The Economic Entity does not engage in foreign currency transactions.				
	(b) Price risk				
	The Economic Entity is not exposed to price risk.				
	(c) Interest Rate Risk				
	Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, non-current investments and loan payables.				
	The Economic Entity analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for cash and cash equivalents and non-current investments as the interest rate on loan payables are fixed.				
	The Economic Entity did not hedge against any interest rate risks during the current year.				
	The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:				
	0.5% (2013 - 0.5%) Increase in interest rates	231 406	154 709	231 335	140 346
	0.5% (2013 - 0.5%) Decrease in interest rates	(231 406)	(154 709)	(231 335)	(140 346)
	The potential impact on the fair value of loans payable due to changes in interest rates is insignificant as the carrying value represents the fair value based on the underlying assets.				
	(d) Credit Risk				
	Credit risk is the risk that a counter party to a financial or non-financial asset				

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	ECONOMIC ENTITY		MUNICIPALITY	
	2014 R	2013 R	2014 R	2013 R
All services are payable within 30 days from invoice date. Refer to note 14 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.				
Balances past due not impaired:				
Water	1 019 291	1 085 801	1 019 291	1 085 801
Sewerage	1 632 123	585 371	1 632 123	585 371
Local Municipalities	1 389 790	4 789 982	1 389 790	4 789 982
Other Receivables	3 274 682	1 326 187	3 262 222	1 325 437
	7 315 885	7 787 342	7 303 425	7 786 592
No receivables are pledged as security for financial liabilities.				
The Economic Entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure is disclosed below.				
The banks utilised by the Economic Entity for current and non-current investments are all listed on the JSE (ABSA Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.				
Although the risk pertaining to unpaid conditional grants and subsidies are considered to be very low, the maximum exposure is disclosed below. Amounts are receivable from national and provincial government and there are no expectation of counter party default.				
Receivables from exchange transactions are individually evaluated annually at Financial Position date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment, where applicable. The maximum exposure is disclosed below.				
Financial assets exposed to credit risk at year end are as follows:				
Receivables from Exchange Transactions	83 319 392	24 733 477	84 544 771	26 304 805
Cash and Cash Equivalents	38 237 243	26 718 360	38 222 954	23 845 877
Non-current Investments	1 301 340	1 207 323	1 301 340	1 207 323
Unpaid Conditional Grants and Subsidies	4 955 798	48 546 752	4 621 798	48 546 752
	127 813 773	101 205 912	128 690 863	99 904 757
(e) Liquidity Risk				
Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.				
The Economic Entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.				

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	ECONOMIC ENTITY		MUNICIPALITY	
	2014 R	2013 R	2014 R	2013 R
<p>The table below analyses the Economic Entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.</p>				
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Economic Entity				
2014				
Long Term liabilities	1 132 215	4 038 766	5 328 676	10 499 657
Capital repayments	445 354	1 792 985	3 861 137	6 099 476
Interest	686 861	2 245 781	1 467 539	4 400 181
Payables from exchange transactions	61 518 723	-	-	61 518 723
Unspent Conditional Government Grants and Receipts	34 251 737	-	-	34 251 737
	96 902 675	4 038 766	5 328 676	106 270 117
2013				
Long Term liabilities	1 132 215	4 202 130	6 297 527	11 631 871
Capital repayments	400 392	1 758 586	4 340 015	6 498 993
Interest	731 823	2 443 544	1 957 512	5 132 878
Payables from exchange transactions	40 724 665	-	-	40 724 665
Unspent Conditional Government Grants and Receipts	15 443 057	-	-	15 443 057
	57 299 937	4 202 130	6 297 527	67 799 594
Municipality				
2014				
Long Term liabilities	1 132 215	4 038 766	5 328 676	10 499 657
Capital repayments	445 354	1 792 985	3 861 137	6 099 476
Interest	686 861	2 245 781	1 467 539	4 400 181
Payables from exchange transactions	61 518 723	-	-	61 518 723
Unspent Conditional Government Grants and Receipts	33 645 489	-	-	33 645 489
	96 296 427	4 038 766	5 328 676	105 663 869
2013				
Long Term liabilities	1 132 215	4 202 130	6 297 527	11 631 871
Capital repayments	400 392	1 758 586	4 340 015	6 498 993
Interest	731 823	2 443 544	1 957 512	5 132 878
Payables from exchange transactions	40 702 612	-	-	40 702 612
Unspent Conditional Government Grants and Receipts	14 836 809	-	-	14 836 809
	56 671 636	4 202 130	6 297 527	67 171 292

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		ECONOMIC ENTITY		MUNICIPALITY	
		2014	2013	2014	2013
		R	R	R	R
52	FINANCIAL INSTRUMENTS				
	In accordance with GRAP 104 the financial instruments of the Economic Entity are classified as follows:				
52.1	Financial Assets				
	Financial instruments at amortised cost				
	Non-Current Investments				
	- Fixed Deposits	1 301 340	1 207 323	1 301 340	1 207 323
	- Municipal Entity - Joe Gqabi Economic Development Agency (Soc) Ltd	-	-	1 894 055	1 889 582
	Receivables from Exchange Transactions	15 299 117	10 683 741	16 524 496	12 255 069
	Cash and Cash Equivalents	38 237 243	26 718 360	38 222 954	23 845 877
	Unpaid Conditional Government Grants and Receipts	4 955 798	48 546 752	4 621 798	48 546 752
	Total carrying amount of financial assets	59 793 498	87 156 176	62 564 643	87 744 603
52.2	Financial Liability				
	Financial instruments at amortised cost				
	Long-term Liabilities	5 653 603	6 098 601	5 653 603	6 098 601
	Trade and Other Payables	61 518 723	40 724 665	61 518 723	40 702 612
	Current Portion of Long-term Liabilities	445 873	400 392	445 873	400 392
	Unspent Conditional Government Grants and Receipts	34 251 737	15 443 057	33 645 489	14 836 809
	Total carrying amount of financial liabilities	101 869 936	62 666 716	101 263 688	62 038 415
53	EVENTS AFTER THE REPORTING DATE				
	The Economic Entity has noted the unfavourable weather conditions that have persisted in the last quarter ended 30 June 2014. All indications and information at hand indicates that the District will have a period of drought that will in all probability result in the outflow of economic resources in the post reporting period. The outflow of resources is expected to exceed R20 million.				
	The Chief Executive Officer of JoGEDA was dismissed by the Board on 28 July 2014. Currently no estimate can be made of the financial impact.				
56	CONTINGENT LIABILITY				
	Council has the following contingent liabilities at the end of the financial year 2013/2014:				
	<u>Outstanding litigation claims</u>				
	A claim of R326 014 was filed against the Economic Entity by a service provider for services rendered. Council has filed a counter claim. The Economic Entity considers the likelihood of the case being lost by the Economic Entity as being low. No court date has been set as on the reporting date.				
	The Economic Entity is contesting a labour matter in respect of its junior fire fighters. The claim is for back-pay, stand-by allowances and other allowances. The Commissioner at the CCMA issued an award. The award was that the 28 junior fire fighters be paid an amount of R340 327.95 each on this matter. This amounts to R9 529 182.60. The Economic Entity has contested this award. This matter is now pending and a date has not been set on the roll at the Labour Court.				
	In addition, the Commissioner also issued an award that the 28 junior fire fighters be paid an amount of R211 870 each based on TASK grading, amounting to R5 932 360 in total. This arbitration award has also been referred for review.				
	The Economic Entity is contesting a claim for damages amounting to R754 702. The claim was lodged by Mr B Ramsay and his spouse for damages, pain and suffering and future medical costs. The claim relates to a motor vehicle accident wherein the vehicle was damaged when entering a site in Aliwal North. The site relates to diggings on a road for the purpose of effecting repairs to water infrastructure. The complainants believe that the Economic Entity is responsible for the accident that occurred. The Economic Entity is contesting this claim.				
	The Department of Water and Sanitation is claiming an amount R37 660 353 from the Economic Entity for raw water extraction costs. This amount is made up of a number of invoices, dating back as far as 2002. The Economic Entity has had extensive interactions with the Department, but this amount has not been finalised. The Economic Entity's Management is of the opinion that this amount is firstly grossly overstated and in some cases refers to areas outside the District's jurisdiction. An accrual of R10 531 551 for bulk water purchases has been made and this amount is considered to be due and payable to the Department. The net amount of the contingency is R27 128 802. The Economic Entity is in ongoing negotiations with the Department. The Department submitted a request to its Minister and Director General to write off the amount. This decision is still pending. The Department is also considering drought relief measures for the current year's raw water extraction costs. This decision is also pending.				

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57	RELATED PARTIES
	No business transactions took place between the Economic Entity and management personnel and their close family members (including close members of family members) during the year under review.
57.01	Related Party Loans
	Since 1 July 2004 loans to Councillors and Senior Management Employees are not permitted.
	Prior to the above mentioned date, a loan in respect of the former Municipal Manager was made. The loan is included in Receivables from exchange transactions as per note 14. A provision for impairment is made for the outstanding amount of R165 955 as it is uncertain that it will be collected.
	Included in Receivables from Exchange Transactions are monies owed by the Board of Directors relating to PAYE that was not deducted from their sitting allowances. The PAYE was not deducted from the Directors as JoGEDA was not registered at the South African Revenue Services. All monies were recovered, except R750, which was written off in 2013/14.
57.02	Compensation of management personnel
	The compensation of management personnel is set out in note 27, 28 and 29 to the financial statements.
57.03	Investment in Municipal Entity
	The Municipality has a 100% shareholding in Joe Gqabi Economic Development Agency (Soc) Ltd (JoGEDA) as set out in note 12 to the financial statements. The Municipality incurred expenditure on behalf of JoGEDA. At year-end JoGEDA still owed the Municipality R1 237 839 (2013 - R1 572 078) of outstanding reimbursements as set out in note 14.
	The Municipality paid a grant of R5 154 594 (2013 - R1 575 000) to JoGEDA as disclosed in note 37.
58	EXPLANATORY NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
58.01	ORIGINAL BUDGET vs FINAL BUDGET
	General activities effecting the budget
	The Municipality's Council approved the take over of the water and sanitation function from Gariep Local Municipality. This approval was done after the approval of the original budget on 30 May 2013. The original budget provided for the payment of grants and subsidies to Gariep Local Municipality. The final budget required the Municipality to provide for expenditure in terms of standard line items relating to the water and sanitation function.
	Amatola Water was responsible for the water function in some parts of the Senqu area, while Sintec provided water functions in parts of the Elundini area. During the year these services was taken back by the Municipality and all employees were transferred from Amatola Water and Sintec to the Municipality. The original budget provided for the payment of contracted services to these entities. The final budget required the Municipality to provide for expenditure in terms of standard line items relating to the water function.
	The 2012/13 financial year was the first year that the Municipality took over the water and sanitation function from the Local Municipalities, except for Gariep Local Municipality. There were limited historic data available in order to draft an accurate original budget. Subsequently, more accurate historic data became available during the year which was taken into account during the drafting of the final budget.
	Statement of Financial Position
	Movement in Current Assets consist of consumer debtors which were decreased by R5 million in order to be more in line with the audited outcome of 30 June 2013.
	The calculation of the Property, Plant and Equipment balance as per the original budget was done incorrectly, but was corrected with final budget.
	Current Liabilities were increased due to the following:
	<ul style="list-style-type: none">- Current Employee Benefits were increased by R16 million in order to be in line with the audited outcome of 30 June 2013 and to take into account items which were not budgeted for in the original budget.- Unspent Conditional Grants and Receipts were increased by R13 million in order to take into account grants which will not be spent during 2013/14. This was not budgeted for in the original budget.
	Non-Current Liabilities were increased due to the following:
	<ul style="list-style-type: none">- Non-Current Employee Benefits were increased by R16 million in order to be in line with the audited outcome of 30 June 2013 and to take into account items which were not budgeted for in the original budget.- Long-term Liabilities were also increased by R5 million as there was an intention to borrow money to finance the installation of water meters.

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Statement of Financial Performance - Expenditure

Employee Related Costs were increased due to the following:

- R5 million to take into account current and non-current employee benefits which was not budgeted for in the original budget.
- Employees transferred from Gariep Local Municipality, Amatole and Sintec amounting to R15 million.

Debt Impairment was increased by R43 million in order to be more in line with the audit outcome of 30 June 2013 (R12 million), and also to take into account bad debts relating consumer debtors received from Gariep Local Municipality (R31 million)

Impairments were increased by R40 million in order to fully provide for unpaid Emergency Drought Relief grant monies owed by DWA.

Repairs and Maintenance was increased by R8.5 million to accommodate the take over of the water and sanitation functions as stipulated under "General Activities effecting the budget".

Contracted Services were decreased by R25.5 million as the water function operated by Amatole Water and Sintec were now operated by the Economic Entity.

Grants and subsidies paid was decreased by R9.5 million as Gariep Local Municipality no longer receives a grant in order to act as the water service provider.

Operating Grant Expenditure was increased in order to accommodate additional operating grant funding received and correction of errors as discussed under "Statement of Financial Performance - Revenue"

General Expenses was increased to accommodate the take over of the water and sanitation functions. The major contributor was chemical expenditure which was increased by R5 million.

Cash Flow Statement

Increase in Net Cash from Operating Activities was largely due to an increase in additional Capital Grant monies as mentioned above under the "Statement of Financial Performance - Revenue" as well as additional expenditure as mentioned under "Statement of Financial Performance - Expenditure".

Decrease in Net Cash from Investing Activities was due the adjustment made to the capital budget in respect of additional capital grant monies received as mentioned under "Statement of Financial Performance - Revenue".

Operating Expenditure by vote

Management Services were increased with following items:

- The section Social Economic Development amounting to R6 million was incorrectly budgeted for under Community Services.
- Grants and Subsidies Paid was also increased by R2 million to take into account the transfer of Senqu Plastics to JoGEDA.

Corporate Services were increased with

- Employee Related costs were increased by R5 million to take into account current and non-current employee benefits which was not budgeted for in the original budget.

Technical Services were increased with the following items:

- Operating Grant Expenditure was increased by R48 million to take into account additional funding received from ACIP (R1 million), DWA (R8 million) and Rural Household Infrastructure Grants (R3.5 million). VIP Toilets were also under budgeted for by R31 million in the original budget. MWIG funds (R4.5 million) allocated from capital budget to operating budget.
- Impairments were increased by R45 million to take into account the impairment relating to unpaid emergency drought relief monies.
- Debt Impairment was increased by R34 million to take into account historic data trends as well as to provide for consumer debtors transferred from Gariep Local Municipality.
- Water Service Provider expenditure amounting to R24 million was incorrectly budgeted for under Community Services (Water Service Authority)
- Bulk Purchases amounting to R4 million were incorrectly budgeted Technical Services and should have been budgeted for Community Services.
- Employee Related Costs were increased by R3.5 million to take into account the possibility of the 14th relating to the Bargaining Council.
- Fuel and Oil for the Roads section was underbudgeted for by R2 million

Community Services were decreased as a result of the nett effect of the following items:

- Water Service Provider expenditure amounting to R24 million was incorrectly budgeted for under Community Services (Water Service Authority). It should have been budgeted for under Technical Services.
- The section Social Economic Development amounting to R6 million was incorrectly budgeted under Community Services.
- Bulk Purchases amounting to R4 million were incorrectly budgeted Technical Services and should have been budgeted for Community Services.
- Operating Expenditure for Working for Water and Wetlands was also increased by R3 million to take into account additional funding received from Environmental Affairs and SANBI.

Capital Expenditure by vote

Technical Services increased due to the following:

- Anticipated allocation from DWA (R30 million) relating to drought relief.
- Water Service Operating Grant expenditure (R9 million) was not budgeted for in the original budget.
- Additional funds were made available from own revenue in order to purchase bakkies amounting R12 million.
- Additional MIG funding received amounting to R16 million.

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58.02 ACTUAL AMOUNTS vs FINAL BUDGET

Statement of Financial Position

Total Current Assets exceeds the final budget due to increase in cash on hand is creditors at year-end has not been paid.

Total Non-Current Assets is less than budget due to the roll over of additional MIG allocations.

Total Current Liabilities is more than budget due to year-end creditors not being paid.

Total Non-Current Liabilities is less than budget due to the ABSA loan not taken up.

Statement of Financial Performance - Revenue

Capital Government Grants is under collected due to grants incorrectly classified as capital rather operating viz. MIG and MWIG. In addition, drought relief grant was budgeted for an amount of R29.8 million was not received.

Operating Government Grants and Subsidies is more than budgeted for as grants were incorrectly classified as capital rather operating viz. MIG and MWIG.

Transfer of Function was incorrectly budget for.

Statement of Financial Performance - Expenditure

Employee Related Costs are underspent by provision for bargaining council decisions of R5 million and TASK grade evaluations not implemented. The Municipality had a number of vacant posts in the WSP, PMU, Disaster, BTO and OHS which was not filled during the year.

Debt Impairment for the take over of the water and sanitation function was separately budgeted for where as it should have been budgeted for as Transfer of Function.

Repairs and Maintenance are underspent due to orders that were not fulfilled by the year-end.

Operating Grant Expenditure was underspent due to the amount of drought relief grant that was not received as anticipated.

General Expenses are underspent due to cash flow pressure and all departments implemented austerity measures.

Cash Flow Statement

Net Cash from Operating Activities was better than forecasted due to creditors not being paid at the year-end.

Net Cash from Investing Activities was below expectations due to the increased MIG allocation not utilised and due for roll over.

Operating Expenditure by vote

Technical Services were over budgeted for with respect to the following: Employee Costs, Debt Impairment on service charges, water services operating grant and general expenses. Refer to budget comparison of Statement of Financial Performance (Expenditure) for detail.

Community Services is underspent due to the over-provision in budgeted bulk services. Saving on General Expenses due to austerity measures.

Capital Expenditure by vote

Technical Services is underspent on capital due to the additional MIG allocation of R18 million being rolled over, the drought relief grant (R29 million) that was anticipated but not received and the ABSA loans (R15 million) for motor vehicles and water meters had not been taken up by year-end. In addition the Municipality did not incur expenditure on the RBIG and WSOS by year-end and these are expected to be rolled over.

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9 PROPERTY, PLANT AND EQUIPMENT												
ECONOMIC ENTITY												
30 JUNE 2014												
Reconciliation of Carrying Value												
	Cost					Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Transfers and non-exchange additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Transfers and non-exchange additions	Depreciation Charge	Disposals		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	17 434 118	247 931	-	-	-	17 682 048	3 621 022	-	570 381	-	4 191 402	13 490 646
Land	2 043 000	-	-	-	-	2 043 000	-	-	-	-	-	2 043 000
Buildings	15 391 118	247 931	-	-	-	15 639 048	3 621 022	-	570 381	-	4 191 402	11 447 646
Infrastructure	1 401 735 107	94 551 932	-	(5 246 759)	-	1 491 040 280	203 107 725	-	38 592 262	(2 069 605)	239 630 382	1 251 409 898
Sewerage network	269 489 040	-	-	(14 158)	20 656 542	290 131 424	45 855 342	-	8 755 922	(14 157)	54 597 107	235 534 317
Water network	938 256 668	-	-	(5 232 601)	12 024 020	945 048 087	157 252 383	-	29 836 340	(2 055 447)	185 033 275	760 014 811
Work in Progress	193 989 399	94 551 932	-	-	(32 680 962)	255 860 769	-	-	-	-	-	255 860 769
Other Assets	25 693 399	5 470 649	2 668 232	(837 361)	-	32 994 918	13 563 783	-	2 735 044	(813 223)	15 485 604	17 509 314
Office Equipment	1 994 411	108 199	154 475	(39 971)	-	2 217 114	1 001 514	-	265 650	(36 971)	1 230 193	986 922
Furniture & Fittings	3 061 811	71 526	182 636	(47 326)	-	3 268 647	2 069 875	-	323 569	(44 841)	2 348 602	820 045
Motor Vehicles	6 206 775	1 010 152	116 990	-	-	7 333 917	2 964 407	-	525 512	-	3 489 919	3 843 997
Fire Engines	8 924 094	-	-	-	-	8 924 094	3 916 074	-	887 452	-	4 803 526	4 120 568
Computer Equipment	2 946 099	130 762	76 529	(691 373)	-	2 462 016	2 046 253	-	195 007	(679 780)	1 561 480	900 537
Special Vehicles	935 945	3 902 364	22 965	(11 000)	-	4 850 274	404 641	-	286 853	(9 284)	682 211	4 168 063
Tools and Equipment	1 553 613	247 646	2 114 637	(47 691)	-	3 868 205	1 151 921	-	247 689	(42 347)	1 357 043	2 511 161
Leasehold Improvements	70 651	-	-	-	-	70 651	9 098	-	3 533	-	12 631	58 021
	1 444 862 623	100 270 512	2 668 232	(6 084 120)	-	1 541 717 247	220 292 529	-	41 897 687	(2 882 828)	259 307 388	1 282 409 858
The accumulated impairment included in the closing balance is as follows:												
Office Equipment	666											
Furniture and fittings	1 041											
	1 707											
There are no assets fully depreciated which is still in use or any assets held for disposal or any temporary idle assets as on date of financial position. No Property, Plant and Equipment are pledged as security for liabilities.												
ECONOMIC ENTITY												
30 JUNE 2013												
Reconciliation of Carrying Value												
	Cost					Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Transfers and non-exchange additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Transfers and non-exchange additions	Depreciation Charge	Disposals		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	17 404 118	-	30 000	-	-	17 434 118	3 051 368	2 668	566 985	-	3 621 022	13 813 096
Land	2 027 000	-	16 000	-	-	2 043 000	-	-	-	-	-	2 043 000
Buildings	15 377 118	-	14 000	-	-	15 391 118	3 051 368	2 668	566 985	-	3 621 022	11 770 096
Infrastructure	1 309 261 364	92 473 743	-	-	-	1 401 735 107	165 302 994	-	37 804 731	-	203 107 725	1 198 627 382
Sewerage network	258 072 218	-	-	-	11 416 822	269 489 040	37 537 590	-	8 317 751	-	45 855 342	223 633 698
Water network	908 140 166	-	-	-	30 116 502	938 256 668	127 765 404	-	29 486 979	-	157 252 383	781 004 285
Work in Progress	143 048 980	92 473 743	-	-	(41 533 324)	193 989 399	-	-	-	-	-	193 989 399
Other Assets	23 889 776	2 604 916	247 347	(1 048 640)	-	25 693 399	10 849 417	-	3 490 585	(776 219)	13 563 783	12 129 617
Office Equipment	1 857 643	125 207	22 635	(11 074)	-	1 994 411	751 950	-	255 618	(6 054)	1 001 514	992 897
Furniture & Fittings	2 891 649	94 525	86 900	(11 264)	-	3 061 811	1 755 086	-	324 218	(9 430)	2 069 875	991 936
Motor Vehicles	5 373 942	1 598 893	68 000	(834 060)	-	6 206 775	2 820 176	-	745 149	(600 918)	2 964 407	3 242 368
Fire Engines	8 924 094	-	-	-	-	8 924 094	2 388 613	-	1 527 460	-	3 916 074	5 008 020
Computer Equipment	2 492 771	625 923	9 648	(182 242)	-	2 946 099	1 802 648	-	394 705	(151 100)	2 046 253	899 846
Special Vehicles	945 945	-	-	(10 000)	-	935 945	328 943	-	84 415	(8 716)	404 641	531 304
Tools and Equipment	1 333 081	160 368	60 164	-	-	1 553 613	996 435	-	155 486	-	1 151 921	401 692
Leasehold Improvements	70 651	-	-	-	-	70 651	5 565	-	3 533	-	9 098	61 554
	1 350 555 258	95 078 659	277 347	(1 048 640)	-	1 444 862 623	179 203 780	2 668	41 862 300	(776 219)	220 292 529	1 224 570 094
The accumulated impairment included in the closing balance is as follows:												
Office Equipment	666											
Furniture and fittings	1 041											
	1 707											

Consolidated Annual Financial Statements

MUNICIPALITY												
30 JUNE 2014												
Reconciliation of Carrying Value												
	Cost						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Transfers and non-exchange additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Transfers and non-exchange additions	Depreciation Charge	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	17 434 118	247 931	-	-	-	17 682 048	3 621 022	-	570 381	-	4 191 402	13 490 646
Land	2 043 000	-	-	-	-	2 043 000	-	-	-	-	-	2 043 000
Buildings	15 391 118	247 931	-	-	-	15 639 048	3 621 022	570 381	-	-	4 191 402	11 447 646
Infrastructure	1 401 735 107	94 551 932	-	(5 246 759)	-	1 491 040 280	203 107 725	-	38 592 262	(2 069 605)	239 630 382	1 251 409 898
Sewerage network	269 489 040	-	-	(14 158)	20 656 542	290 131 424	45 855 342	-	8 755 922	(14 157)	54 597 107	235 534 317
Water network	938 256 668	-	-	(5 232 601)	12 024 020	945 048 087	157 252 383	-	29 836 340	(2 055 447)	185 033 275	760 014 811
Work in Progress	193 989 399	94 551 932	-	-	(32 680 562)	255 860 769	-	-	-	-	-	255 860 769
Other Assets	25 332 771	5 412 827	2 668 232	(2 862 955)	-	30 550 874	13 475 170	-	2 533 625	(813 223)	15 195 572	15 355 301
Office Equipment	1 964 786	65 493	154 475	(39 971)	-	2 144 783	990 842	-	255 949	(36 971)	1 209 820	934 964
Furniture & Fittings	2 906 048	63 710	182 636	(47 326)	-	3 105 068	2 046 820	-	314 983	(44 841)	2 316 961	788 107
Motor Vehicles	6 206 775	1 010 152	116 990	-	-	7 333 917	2 964 407	-	525 512	-	3 489 919	3 843 997
Fire Engines	8 924 094	-	-	-	-	8 924 094	3 916 074	-	867 452	-	4 803 526	4 120 568
Computer Equipment	2 841 510	123 462	76 529	(691 373)	-	2 350 127	2 000 465	-	173 209	(679 780)	1 493 894	856 234
Special Vehicles	935 945	3 902 364	22 965	(11 000)	-	4 850 274	404 641	-	286 853	(9 284)	682 211	4 168 063
Tools and Equipment	1 553 613	247 646	2 114 637	(2 073 285)	-	1 842 611	1 151 921	-	89 668	(42 347)	1 199 242	643 368
	1 444 501 995	100 212 690	2 668 232	(8 109 714)	-	1 539 273 202	220 203 917	-	41 696 268	(2 882 828)	259 017 357	1 280 255 845
There are no assets fully depreciated which is still in use or any assets held for disposal or any temporary idle assets as on date of financial position. There are no impairment identified for Property, Plant and Equipment. No Property, Plant and Equipment are pledged as security for liabilities.												
MUNICIPALITY												
30 JUNE 2013												
Reconciliation of Carrying Value												
	Cost						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Transfers and non-exchange additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Transfers and non-exchange additions	Depreciation Charge	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	17 404 118	-	30 000	-	-	17 434 118	3 051 368	2 668	566 985	-	3 621 022	13 813 096
Land	2 027 000	-	16 000	-	-	2 043 000	-	-	-	-	-	2 043 000
Buildings	15 377 118	-	14 000	-	-	15 391 118	3 051 368	2 668	566 985	-	3 621 022	11 770 096
Infrastructure	1 309 261 364	92 473 743	-	-	-	1 401 735 107	165 302 994	-	37 804 731	-	203 107 725	1 198 627 382
Sewerage network	258 072 218	-	-	-	11 416 822	269 489 040	37 537 590	-	8 317 751	-	45 855 342	223 633 698
Water network	908 140 166	-	-	-	30 116 502	938 256 668	127 765 404	-	29 486 979	-	157 252 383	781 004 285
Work in Progress	143 048 980	92 473 743	-	-	(41 533 324)	193 989 399	-	-	-	-	-	193 989 399
Other Assets	23 583 537	2 535 727	247 347	(1 033 840)	-	25 332 771	10 785 605	-	3 453 390	(763 825)	13 475 170	11 857 601
Office Equipment	1 835 560	117 665	22 635	(11 074)	-	1 964 786	744 850	-	252 046	(6 054)	990 842	973 944
Furniture & Fittings	2 735 886	94 525	86 900	(11 264)	-	2 906 048	1 740 456	-	315 793	(9 430)	2 046 820	859 228
Motor Vehicles	5 373 942	1 598 893	68 000	(834 060)	-	6 206 775	2 820 176	-	745 149	(600 918)	2 964 407	3 242 368
Fire Engines	8 924 094	-	-	-	-	8 924 094	2 388 613	-	1 527 460	-	3 916 074	5 008 020
Computer Equipment	2 435 029	564 276	9 648	(167 442)	-	2 841 510	1 766 131	-	373 040	(138 706)	2 000 465	841 045
Special Vehicles	945 945	-	-	(10 000)	-	935 945	328 943	-	84 415	(8 716)	404 641	531 304
Tools and Equipment	1 333 081	160 368	60 164	-	-	1 553 613	996 435	-	155 486	-	1 151 921	401 692
	1 350 249 018	95 009 470	277 347	(1 033 840)	-	1 444 501 995	179 139 968	2 668	41 825 105	(763 825)	220 203 917	1 224 298 078

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APPENDIX A - Unaudited								
JOE GQABI DISTRICT MUNICIPALITY								
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014								
EXTERNAL LOANS	Rate	Loan Number	Redeemable	Maturity Date	Balance at 30 June 2013	Received during the period	Redeemed during the period	Balance at 30 April 2014
					R	R	R	R
ANNUITY LOANS								
DBSA - Building - c/o Graham and Cole street, Barkly East	11.5%	100878	6 monthly	31 Dec 2024	6 084 486	-	274 614	5 809 871
DBSA - Sanitation Infrastructure	10%	9980	6 monthly	30 Jun 2016	414 508	-	124 903	289 604
Total Annuity Loans					6 498 993	-	399 517	6 099 476
TOTAL EXTERNAL LOANS					6 498 993	-	399 517	6 099 476

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APPENDIX B - Unaudited													
JOE QGABI DISTRICT MUNICIPALITY (CONSOLIDATED)													
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2014													
	Cost/Revaluation							Accumulated Depreciation				Carrying Value	
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
Land and Buildings													
Land	2 043 000	-	-	-	-	-	-	2 043 000	-	-	-	-	2 043 000
Buildings	15 391 118	-	247 931	-	-	-	-	15 639 048	3 621 022	570 381	-	-	4 191 402
	17 434 118	-	247 931	-	-	-	-	17 682 048	3 621 022	570 381	-	-	13 490 646
Infrastructure													
Sewerage Network	269 489 040	-	20 656 542	-	35 905 813	(14 158)	-	326 037 237	45 855 342	8 755 922	(14 157)	-	54 597 107
Water Network	938 256 668	-	12 024 020	-	219 954 959	(6 232 601)	-	1 165 003 045	157 252 363	29 836 340	(2 055 447)	-	185 033 275
	1 207 745 708	-	32 680 562	-	255 860 771	(6 246 759)	-	1 491 040 282	203 107 725	38 592 262	(2 069 605)	-	239 630 382
Other Assets													
Office Equipment	1 994 411	-	262 674	-	-	39 971	-	2 217 114	1 001 514	265 650	36 971	-	1 230 193
Furniture & Fittings	3 061 811	-	254 162	-	-	47 326	-	3 268 647	2 069 875	323 569	44 841	-	2 348 602
Motor Vehicles	5 806 117	400 658	1 026 127	101 015	-	-	-	7 333 917	2 964 407	525 512	-	-	3 489 919
Fire Engines	8 031 685	892 409	-	-	-	-	-	8 924 094	3 916 074	887 452	-	-	4 803 526
Computer Equipment	2 946 099	-	207 290	-	-	691 373	-	2 462 016	2 046 253	195 007	679 780	-	1 561 480
Special Vehicles	842 350	93 595	3 535 093	390 237	-	-	11 000	4 850 274	404 641	286 853	9 284	-	4 168 063
Tools and Equipment	1 553 613	-	2 362 283	-	-	47 691	-	3 868 205	1 151 921	247 469	42 347	-	1 351 043
Leasehold Improvements	70 651	-	-	-	-	-	-	70 651	9 098	3 533	-	-	12 631
	24 306 737	1 386 662	7 647 629	491 252	-	826 361	11 000	32 994 918	13 563 783	2 735 044	813 223	-	15 485 604
Total	1 249 486 563	1 386 662	40 576 121	491 252	255 860 771	-4 420 397	11 000	1 541 717 248	220 292 529	41 897 687	-1 256 382	-	1 282 409 860
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013													
	Cost/Revaluation							Accumulated Depreciation				Carrying Value	
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
Land and Buildings													
Land	2 027 000	-	16 000	-	-	-	-	2 043 000	-	-	-	-	2 043 000
Buildings	15 377 118	-	14 000	-	-	-	-	15 391 118	3 051 368	569 653	-	-	3 621 022
	17 404 118	-	30 000	-	-	-	-	17 434 118	3 051 368	569 653	-	-	13 813 096
Infrastructure													
Sewerage Network	258 072 218	-	11 416 822	-	24 645 494	-	-	294 134 534	37 537 590	8 317 751	-	-	45 855 342
Water Network	908 140 186	-	30 116 502	-	169 343 907	-	-	1 107 600 574	127 765 404	29 486 979	-	-	157 252 363
	1 166 212 384	-	41 533 324	-	193 989 401	-	-	1 401 735 109	165 302 994	37 804 731	-	-	203 107 725
Other Assets													
Office Equipment	1 857 643	-	147 842	-	-	11 074	-	1 994 411	751 950	255 618	6 054	-	1 001 514
Furniture & Fittings	2 891 649	-	181 426	-	-	11 264	-	3 061 811	1 755 086	324 218	9 430	-	2 069 875
Motor Vehicles	4 703 136	670 806	1 666 893	-	-	-	-	6 206 775	2 820 176	745 149	600 918	-	2 964 407
Fire Engines	7 953 639	970 455	-	-	-	-	-	8 924 094	2 388 613	1 527 460	-	-	3 916 074
Computer Equipment	2 492 771	-	635 570	-	-	182 242	-	2 946 099	1 802 648	394 705	151 100	-	2 046 253
Special Vehicles	851 351	94 594	-	-	-	10 000	-	935 945	328 943	84 415	8 716	-	404 641
Tools and Equipment	1 333 081	-	220 532	-	-	-	-	1 553 613	996 435	155 486	-	-	1 151 921
Leasehold Improvements	70 651	-	-	-	-	-	-	70 651	5 565	3 533	-	-	9 098
	22 153 921	1 735 855	2 852 263	-	-	1 048 640	-	25 693 399	10 849 417	3 490 585	776 219	-	13 563 783
Total	1 205 770 423	1 735 855	44 415 586	-	193 989 401	1 048 640	-	1 444 862 625	179 203 780	41 864 968	776 219	-	1 224 570 096

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APPENDIX B - Unaudited													
JOE QGABI DISTRICT MUNICIPALITY													
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2014													
	Cost/Revaluation							Accumulated Depreciation				Carrying Value	
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
Land and Buildings													
Land	2 043 000	-	-	-	-	-	-	2 043 000	-	-	-	-	2 043 000
Buildings	15 391 118	-	247 931	-	-	-	-	15 639 048	3 621 022	570 381	-	4 191 402	11 447 646
	17 434 118	-	247 931	-	-	-	-	17 682 048	3 621 022	570 381	-	4 191 402	13 490 646
Infrastructure													
Sewerage Network	269 489 040	-	20 656 542	-	35 905 813	(14 158)	-	326 037 237	45 855 342	8 755 922	(14 157)	54 597 107	271 440 130
Water Network	938 256 668	-	12 024 020	-	219 954 959	(5 232 601)	-	1 165 003 045	157 252 383	29 836 340	(2 055 447)	185 033 275	979 969 770
	1 207 745 708	-	32 680 562	-	255 860 771	(5 246 759)	-	1 491 040 282	203 107 725	38 592 262	(2 069 605)	239 630 382	1 251 409 900
Other Assets													
Office Equipment	1 964 786	-	219 968	-	-	39 971	-	2 144 783	990 842	255 949	36 971	1 209 820	934 964
Furniture & Fittings	2 906 048	-	246 346	-	-	47 326	-	3 105 068	2 046 820	314 983	44 841	2 316 961	788 107
Motor Vehicles	5 806 117	400 658	1 026 127	101 015	-	-	-	7 333 917	2 964 407	525 512	-	3 489 919	3 843 997
Fire Engines	8 031 685	892 409	-	-	-	-	-	8 924 094	3 916 074	887 452	-	4 803 526	4 120 568
Computer Equipment	2 841 510	-	199 890	-	-	691 373	-	2 350 127	2 000 465	173 209	-	1 495 894	856 234
Special Vehicles	842 350	93 595	3 535 009	390 237	-	-	11 000	4 850 274	404 541	208 853	9 254	582 211	4 168 063
Tools and Equipment	1 553 613	-	2 362 283	-	-	2 073 285	-	1 842 611	1 151 921	89 658	42 347	1 199 242	643 368
	23 946 109	1 386 662	7 589 807	491 252	-	2 851 955	11 000	30 550 874	13 475 170	2 533 625	813 223	15 195 572	15 355 301
Total	1 249 125 934	1 386 662	40 518 299	491 252	255 860 771	-2 394 803	11 000	1 539 273 204	220 203 917	41 696 268	-1 256 382	53 437 523	1 280 255 847
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013													
	Cost/Revaluation							Accumulated Depreciation				Carrying Value	
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
Land and Buildings													
Land	2 027 000	-	16 000	-	-	-	-	2 043 000	-	-	-	-	2 043 000
Buildings	15 377 118	-	14 000	-	-	-	-	15 391 118	3 051 368	569 653	-	3 621 022	11 770 096
	17 404 118	-	30 000	-	-	-	-	17 434 118	3 051 368	569 653	-	3 621 022	13 813 096
Infrastructure													
Sewerage Network	258 072 218	-	11 416 822	-	24 645 494	-	-	294 134 534	37 537 590	8 317 751	-	45 855 342	248 279 192
Water Network	908 140 166	-	30 116 502	-	169 343 907	-	-	1 107 600 574	127 765 404	29 486 979	-	157 252 383	950 348 191
	1 166 212 384	-	41 533 324	-	193 989 401	-	-	1 401 735 109	165 302 994	37 804 731	-	203 107 725	1 198 627 383
Other Assets													
Office Equipment	1 835 560	-	140 300	-	-	11 074	-	1 964 786	744 850	252 046	6 054	990 842	973 944
Furniture & Fittings	2 735 886	-	181 426	-	-	11 264	-	2 906 048	1 740 456	315 793	9 430	2 046 820	869 228
Motor Vehicles	4 703 136	670 806	1 666 893	-	-	834 060	-	6 206 775	2 820 176	745 149	600 918	2 964 407	3 242 368
Fire Engines	7 953 639	970 455	-	-	-	-	-	8 924 094	2 388 613	1 527 460	-	3 916 074	5 008 020
Computer Equipment	2 435 029	-	573 923	-	-	167 442	-	2 841 510	1 766 131	373 040	138 706	2 000 465	841 045
Special Vehicles	851 351	94 594	-	-	-	10 000	-	935 945	328 943	84 415	8 716	404 641	531 304
Tools and Equipment	1 333 081	-	220 532	-	-	-	-	1 553 613	996 435	155 486	-	1 151 921	401 692
	21 847 682	1 735 855	2 783 074	-	-	1 033 840	-	25 332 771	10 785 605	3 453 390	763 825	13 475 170	11 857 601
Total	1 205 464 184	1 735 855	44 346 397	-	193 989 401	1 033 840	-	1 444 501 997	179 139 968	41 827 774	763 825	53 437 523	1 224 298 080

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APPENDIX C - Unaudited										
JOE QGABI DISTRICT MUNICIPALITY (CONSOLIDATED)										
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003										
	Balance 1 July 2013 R	Contributions during the year R	Paid back to Treasury R	Foreign Exchange Gains R	VAT portion of unpaid grants R	Operating Expenditure Transferred to Revenue R	Capital Expenditure Transferred to Revenue R	Balance 30 June 2014 R	Unspent 30 June 2013 (Creditor) R	Unpaid 30 June 2013 (Debtor) R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS										
National Government Grants										
Accelerated Community Infrastructure Programme	(773 098)	15 679 215	-	-	-	-	(14 991 219)	(85 102)	-	(85 102)
Municipal Infrastructure Grant (MIG)	4 089 916	184 055 000	-	-	-	(95 368 365)	(73 250 710)	19 525 842	19 525 842	-
Department Water Affairs	(5 749)	-	-	-	-	-	-	(5 749)	-	(5 749)
Emergency Drought Relief	(49 560 760)	-	-	-	-	-	-	(49 560 760)	-	(49 560 760)
EPWP Programme	-	1 000 000	-	-	-	(1 000 000)	-	-	-	-
Equitable Share	-	179 049 300	-	-	-	(179 049 300)	-	-	-	-
Finance Management Grant (FMG)	898	1 250 000	-	-	-	(1 248 439)	-	2 459	2 459	-
Municipal Systems Improvement Grant (MSIG)	320 547	890 000	(549 300)	-	-	(661 247)	-	-	-	-
Public Works - Special Programme	(461 004)	24 824 711	-	-	-	(24 824 711)	-	(461 004)	-	(461 004)
Water Services Operating Subsidy	526 210	10 000 000	-	-	-	-	(5 914 076)	4 612 134	4 612 134	-
Municipal Water Infrastructure Grant (MWIG)	-	15 002 000	-	-	-	(5 004 300)	(9 999 990)	(2 290)	-	(2 290)
Rural Households Infrastructure Grant	-	4 000 000	-	-	-	(3 996 000)	-	4 000	4 000	-
Industrial Development Corporation (IDC)	606 248	-	-	-	-	-	-	606 248	606 248	-
Total National Government Grants	(45 256 792)	435 750 226	(549 300)	-	-	(311 152 361)	(104 155 995)	(25 364 222)	24 750 683	(50 114 905)
Provincial Government Grants										
Disaster Management Forum	36 115	-	-	-	-	-	-	36 115	36 115	-
Disaster Management Establishment of Centres	5 449 773	-	-	-	-	-	-	5 449 773	5 449 773	-
Disaster Management Plan	1 497 929	-	-	-	-	-	-	1 497 929	1 497 929	-
Disaster Management Fire & Emergency Services	1 667 736	-	-	-	-	-	-	1 667 736	1 667 736	-
Disaster Management Policy Framework	338 434	-	-	-	-	-	-	338 434	338 434	-
LED Capacity	580 415	358 000	-	-	-	(556 887)	-	381 528	381 528	-
DWA Bylaws	300 000	597 360	-	-	-	(796 812)	-	100 548	100 548	-
Environmental Health Practitioners	(122 618)	316 688	-	-	-	(2 929 302)	-	(2 735 232)	-	(2 735 232)
Rural Roads Asset Management Grant	28 836	1 778 000	-	-	-	(1 777 845)	-	28 991	28 991	-
Total Provincial Government Grants	9 776 621	3 050 048	-	-	-	(6 060 846)	-	6 765 822	9 501 054	(2 735 232)
Other Grant Providers										
DBSA Municipal Support Framework	(697 907)	-	-	-	-	-	-	(697 907)	-	(697 907)
LG Seta	(713)	486 134	-	-	-	(485 673)	-	(252)	-	(252)
Orio	(1 352 164)	2 730 815	-	(722 904)	-	-	(1 987 916)	(1 332 169)	-	(1 332 169)
Elundini Local Municipality	-	263 158	-	-	-	(263 158)	-	-	-	-
Senqu Local Municipality	-	-	-	-	(41 018)	(292 982)	-	(334 000)	-	(334 000)
Total Other Grant Providers	(2 050 784)	3 480 107	-	(722 904)	(41 018)	(1 041 813)	(1 987 916)	(2 364 328)	-	(2 364 328)
TOTAL	(37 530 956)	442 280 381	(549 300)	(722 904)	(41 018)	(318 255 021)	(106 143 911)	(20 962 728)	34 251 737	(55 214 465)

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APPENDIX C - Unaudited									
JOE GQABI DISTRICT MUNICIPALITY									
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003									
	Balance 1 July 2013 R	Contributions during the year R	Paid back to Treasury R	Foreign Exchange Gains R	Operating Expenditure Transferred to Revenue R	Capital Expenditure Transferred to Revenue R	Balance 30 June 2014 R	Unspent 30 June 2013 (Creditor) R	Unpaid 30 June 2013 (Debtor) R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS									
National Government Grants									
Accelerated Community Infrastructure Programme	(773 098)	15 679 215	-	-	-	(14 991 219)	(85 102)	-	(85 102)
Municipal Infrastructure Grant (MIG)	4 089 916	184 055 000	-	-	(95 368 365)	(73 250 710)	19 525 842	-	-
Department Water Affairs	(5 749)	-	-	-	-	-	(5 749)	-	(5 749)
Emergency Drought Relief	(49 560 760)	-	-	-	-	-	(49 560 760)	-	(49 560 760)
EPWP Programme	-	1 000 000	-	-	(1 000 000)	-	-	-	-
Equitable Share	-	179 049 300	-	-	(179 049 300)	-	-	-	-
Finance Management Grant (FMG)	898	1 250 000	-	-	(1 248 439)	-	2 459	2 459	-
Municipal Systems Improvement Grant (MSIG)	320 547	890 000	(549 300)	-	(661 247)	-	-	-	-
Public Works - Special Programme	(461 004)	24 824 711	-	-	(24 824 711)	-	(461 004)	-	(461 004)
Water Services Operating Subsidy	526 210	10 000 000	-	-	-	(5 914 076)	4 612 134	4 612 134	-
Municipal Water Infrastructure Grant (MWIG)	-	15 002 000	-	-	(5 004 300)	(9 999 990)	(2 290)	-	(2 290)
Rural Households Infrastructure Grant	-	4 000 000	-	-	(3 996 000)	-	4 000	4 000	-
Total National Government Grants	(45 863 040)	435 750 226	(549 300)	-	(311 152 361)	(104 155 995)	(25 970 470)	24 144 435	(50 114 905)
Provincial Government Grants									
Disaster Management Forum	36 115	-	-	-	-	-	36 115	36 115	-
Disaster Management Establishment of Centres	5 449 773	-	-	-	-	-	5 449 773	5 449 773	-
Disaster Management Plan	1 497 929	-	-	-	-	-	1 497 929	1 497 929	-
Disaster Management Fire & Emergency Services	1 667 736	-	-	-	-	-	1 667 736	1 667 736	-
Disaster Management Policy Framework	338 434	-	-	-	-	-	338 434	338 434	-
LED Capacity	580 415	358 000	-	-	(556 887)	-	381 528	381 528	-
DWA Bylaws	300 000	597 360	-	-	(796 812)	-	100 548	100 548	-
Environmental Health Practitioners	(122 618)	316 688	-	-	(2 929 302)	-	(2 735 232)	-	(2 735 232)
Rural Roads Asset Management Grant	28 836	1 778 000	-	-	(1 777 845)	-	28 991	28 991	-
Total Provincial Government Grants	9 776 621	3 050 048	-	-	(6 060 846)	-	6 765 822	9 501 054	(2 735 232)
Other Grant Providers									
DBSA Municipal Support Framework	(697 907)	-	-	-	-	-	(697 907)	-	(697 907)
LG Seta	(713)	486 134	-	-	(485 673)	-	(252)	-	(252)
Orio	(1 352 164)	2 730 815	-	(722 904)	-	(1 987 916)	(1 332 169)	-	(1 332 169)
Total Other Grant Providers	(2 050 784)	3 216 949	-	(722 904)	(485 673)	(1 987 916)	(2 030 328)	-	(2 030 328)
TOTAL	(38 137 204)	442 017 223	(549 300)	(722 904)	(317 698 881)	(106 143 911)	(21 234 976)	33 645 489	(54 880 465)

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