



SOL PLAATJE MUNICIPALITY

SDBIP

2010/11

*Midyear Budget & Performance Assessment
Report*



30	815.07
30	549.63
31	384.74
	1,076.83
	677.85
	591.62
	395.61
	549.63

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1. Introduction

The Municipal Finance Management Act (MFMA) of 2003 requires that municipalities prepare a Service Delivery and Budget Implementation Plan (SDBIP) as an implementation and management tool to ensure that budgetary decisions that are adopted by municipalities for the financial year are aligned with their Integrated Development Plan (IDP).

Section 1 of the Municipal Finance Management Act defines the “service delivery and budget implementation plan” as *the detailed plan approved by the mayor of the municipality in terms of Section 53 (1) (c) (ii) for implementing the municipality’s delivery of municipal services and its annual budget and which must include the following:-*

- a) *projections of each month of-*
 - (i) *revenue to be collected, by source; and*
 - (ii) *operational and capital expenditure, by vote;*
- b) *service delivery targets and performance indicators for each quarter; and*
- c) *any other matters that may be prescribed, and includes any revisions of such plan by the mayor in terms of section 54(1)(c”).*

In terms of Section 53 (i)(c)(ii) of the MFMA, the SDBIP must be approved by the mayor of a municipality within 28 days of the approval of the budget and be made public within 14 days after the approval of the SDBIP (Section 53 (3) (a)).

The Sol Plaatje Municipality’s 2010/11 SDBIP was approved by the Executive Mayor on 20 June 2010 and tabled before Council for notification on 7 July 2010. The SDBIP was made public in the local press on 21 July 2010 and 28 July 2010. The SDBIP was also published on the Municipality’s website.

According to MFMA Circular 13 it is the outputs made public in the “top layer” SDBIP that needs to be used to measure performance of the Municipality on a quarterly basis during the financial year. In-year monitoring (1st and 3rd Quarters) and is meant to be in a “light” form of monitoring.

Section 72 of the MFMA compels the accounting officer of a municipality to submit a formal Mid-year Budget and Performance Assessment Report by 25 January of each year to the Executive Mayor, National Treasury and Provincial Treasury. This report must take the following into account:

- o Monthly statements referred to in s 71 for the first half of the financial year
- o Service delivery performance in terms of the service delivery targets and performance indicators in the SDBIP
- o The past year’s annual report and progress in resolving problems identified in the Annual Report

Section 72 (3) states that the accounting officer must, as part of the review;

- o Make recommendations as to whether an adjustments budget is necessary
- o Recommend revised projections for revenue and expenditure to the extent that this may be necessary
- o Recommend adjustments to the SDBIP performance indicators and targets due to unforeseen circumstances but cannot recommend adjustment of targets downwards as a result of poor performance

The Council, on the other hand, should reserve its oversight role over performance at the end of the financial year when the Annual Report of the Municipality is tabled. It is, however, important that the in-year reporting must serve as an early warning indicator for poor performance and to give both the Council and Administration the opportunity to take corrective action in those areas where under performance is reported.

This report (Mid-year Budget and Performance Assessment Report – 2010/11) indicates the performance of the Sol Plaatje Municipality at mid-year (31 December 2010) against the set targets in the 2010/11 SDBIP.

2. Executive Summary

2.1. High Level Assessment of the 2010 Budget Performance

During the reporting period the municipality has been consistently reporting to National Treasury and Council on a monthly basis in terms of MFMA Section 71 requirements. These reports provide indications of the progress of budget implementation as well as performance management and monitoring on a monthly basis.

A high level summary of the 2010/11 Budget performance for the period 1 July 2010 to 31 December 2010 is presented in the table below:

Table 1: Council Operating Budget Summary Report as at 31 December 2010

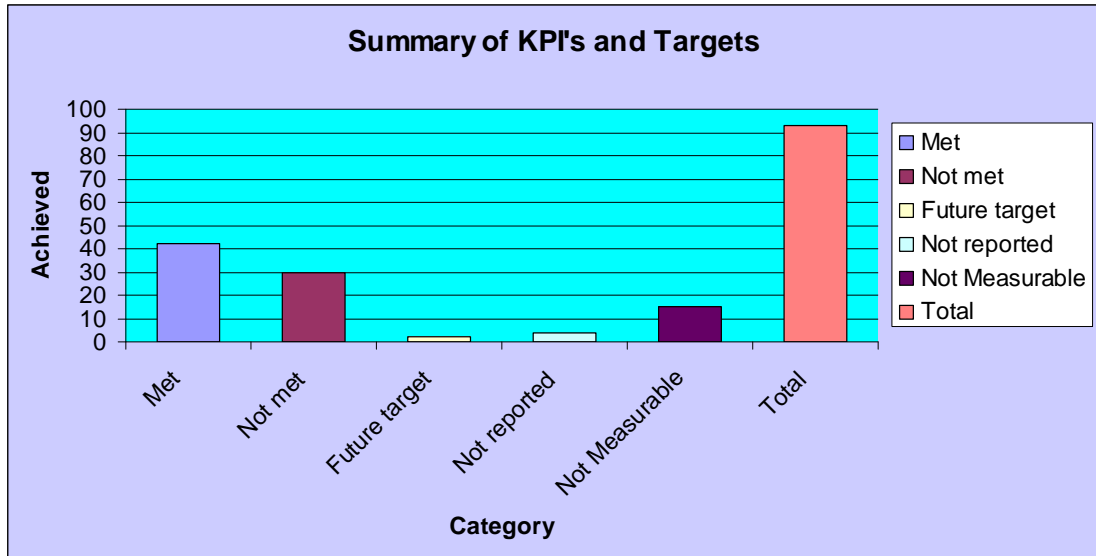
Description	2009/10	Budget Year 2010/11							Full Year Forecast
	Audited Outcome	Original Budget	Adj Bud	Monthly actual	YTD actual	YTD budget	YTD variance	YTD variance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	
Financial Performance									
Property rates	189 424	208 320	–	9 864	152 375	104 160	48 215	46%	208 320
Service charges	489 460	582 600	–	47 668	277 460	291 300	(13 840)	-5%	564 165
Investment revenue	43 461	44 000	–	2 346	17 343	22 000	(4 657)	-21%	37 715
Transfers recognised - operational	218 640	129 037	–	41 680	84 835	64 519	20 316	31%	129 037
Other own revenue	50 083	54 473	–	4 911	29 612	27 237	2 375	9%	54 611
Total Revenue (excluding capital transfers and contributions)	991 068	1 018 430	–	106 469	561 625	509 215	52 410	10%	993 849

Description	2009/10	Budget Year 2010/11							Full Year Forecast
	Audited Outcome	Original Budget	Adj Bud	Monthly actual	YTD actual	YTD budget	YTD variance	YTD variance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	
Employee costs	304 106	329 043	-	34 665	177 220	164 522	12 699	8%	354 440
Remuneration of Councillors	11 470	14 612	-	1 000	5 713	7 306	(1 593)	-22%	11 426
Depreciation & asset impairment	29 804	49 732	-	-	-	24 866	(24 866)	-100%	33 000
Finance charges	8 931	20 686	-	1	670	10 343	(9 673)	-94%	12 000
Materials and bulk purchases	250 051	241 000	-	33 691	122 107	120 500	1 607	1%	244 213
Transfers and grants	350	1 450	-	-	1 609	725	884		2 450
Other expenditure	297 008	361 907	-	16 281	136 644	180 954	(44 309)	-24%	273 288
Total Expenditure	901 719	1 018 430	-	85 638	443 963	509 215	(65 252)	-13%	930 817
Surplus/(Deficit)	89 349			20 831	117 662		117 662		63 031
Transfers recognised - capital	-	-	-	-	-	-	-		-
Contributions & Contributed assets	-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	89 349			20 831	117 662		117 662		63 031
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	89 349			20 831	117 662		117 662		63 031
Capital expenditure & funding sources									
Capital expenditure	108 629	304 672	-	5 912	29 593	119 329	(89 735)	-75%	-
Capital transfers recognised	-	-	-	-	-	-	-		-
Public contributions & donations	-	-	-	-	-	-	-		-
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	-	-	-	-	-	-	-		-
Total sources of capital funds	-	-	-	-	-	-	-		-
Financial position									
Total current assets	342 490	368 613	-		368 613				-
Total non current assets	700 952	604 337	-		604 337				-
Total current liabilities	200 993	138 504	-		138 504				-
Total non current liabilities	212 525	73 400	-		73 400				-
Community wealth/Equity	629 923	734 703	-		734 703				-
Cash flows									
Net cash from (used) operating	-	-	-	-	-	-	-		-
Net cash from (used) investing	-	-	-	-	-	-	-		-
Net cash from (used) financing	-	-	-	-	-	-	-		-
Cash/cash equivalents at the month/year end	-	-	-	-	-	-	-		-
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Revenue Source	56 967	25 627	43 794	428 120	-	-	-	-	554 508
Creditors Age Analysis									
Total Creditors	-	-	-	-	-	-	-	-	-

2.2. High Level SDBIP Performance

Below is a graph showing the performance of Sol Plaatje Municipality at 31 December 2010 in terms of its Key Performance Indicators (KPI's) and Targets as captured in its Service Delivery and Budget Implementation Plan.

Figure 1: Summary of Performance on SDBIP KPI's and Targets as at 31 December 2010



The detail with regard to the achievements and challenges with regard to the KPI's and targets indicated above is captured in Section 4 below as well as in Annexure 1.

2.3 Overall Workforce Capacity

The total current workforce is 2,004 people. Of these 418 are in temporary positions whilst 1,586 are in permanent positions. The detail on the workforce is provided in section of this report

3. Budget Performance Analysis

3.1 Overall Budget Performance

Approximately 50.32% of the total operational budget has been spent as at 31 December 2010. Indications are that the budgeted amount will close at almost 100% spending at year end with the adjustment budget to be taken into account.

The expenditure on employee related costs is at an average of 53.85% which is an indication that the amount budgeted for will be fully spent at year end.

Repairs and maintenance reflects an average of 38.83% spending at mid-year. Infrastructure and Services which is allocated more than two thirds of the repairs and maintenance budget has spent 46.81% of their allocated funds. Because of limited funds from the operational income, maintenance plans for assets are not fully implemented as required, taking into account the state of our infrastructure. The focus at this moment is more on preventative maintenance as well as emergency maintenance. The municipality has shown commitment in its IDP that it needs to ensure the effectiveness of its existing infrastructure by increasing spending on repairs, upgrade, refurbish and maintenance of the infrastructure.

Other areas of concern are that water losses in distribution are still relatively high at 34.29% as at 31 Dec 2010 compared with 34.65% as at 31 Dec 2009. However, there is a study being conducted to understand and take stock of the entire water losses. At the end of the study, the municipality will have a clear understanding of areas that are experiencing high levels of losses, and an action plan will be put in place to address such findings.

The Table 4 below illustrates monthly water losses for the period 1 July 2010 to December 2010 with comparative data for the same period.

Table 2: Water losses for the period 1 July 2010 to December 2010 with comparative data for the same period in the previous year.

	Raw Water	Water Sales	Water Losses	% Lost 2010	% Lost 2009
July 2010	1 639 300	1 007 549	631 751	38.54	39.92
August 2010	1 513 528	1 015 494	498 034	32.91	33.79
September 2010	1 692 899	1 102 405	590 494	34.88	31.38
October 2010	1 794 271	1 199 872	594 399	33.13	31.45
November 2010	1 575 579	1 084 670	490 909	31.16	39.17
December 2010	1 347 562	873 767	473 795	35.16	32.20
AVERAGE LOSSES FOR THE PERIOD				34.29	34.65

3.1.1 Items of Expenditure with Deviations from the Budget

Remuneration of Councillors

Only 39.09% was spent on the remuneration of councillors at 31 Dec 2010 from a total budget of R14,612,146. The reason for under-spending is that a full time mayoral committee was budgeted for pending the approval by the Member of the Executive Committee (MEC) for Cooperative Governance, Traditional Affairs and Human Settlements, and the subsequent gazette. It should be noted that Council resolved on a full time mayoral committee in its Council

meeting that was held on the 3 November 2010. This will be adjusted accordingly in during the adjustment budget process.

Interest expense on external borrowings

The municipality has budgeted for a loan. The approval of the loan by funders took place later than was anticipated and as such the interest expenditure did not materialise as budgeted for. This will be adjusted accordingly in the adjustment budget. Only 3.23% of the loan had been spent as at 31 December 2010.

Grants and subsidies paid

The municipality has budgeted an amount of R2,609,000 for grants and donations to the following institutions:

- o An amount of R1 million has been granted towards the organisation of the prestigious event Gariep Fees that takes place every year for the past 10 years in September.
- o An amount of R465 000.00 was donated to SPCA as a grant for the running of the centre.
- o An amount of R265 000.00 was paid to Sol Plaatje Museum as a grant for the running of this legacy centre.
- o The remaining amount is towards the Diamond and Dorings iconic festival that takes place annually during the Easter Holidays.

3.1.2 Items of Income with Deviations from the Budget

Property rates and taxes

Revenue from property rates billed as at 31 December 2010 is 73%. This is as a result of annual billings of property rates especially for government owned properties. The due date for the payment of these is 30 September annually.

Fines

Fines, generally from road and traffic offences, are below the expected target. Fines are disclosed on a cash basis. People do not pay the traffic fines willingly as they fall due. An improvement is expected with the implementation of the new regulations nationally of AARTO.

Interest from investments

Interest from investment is based on those investments that have matured and paid out. The accrued interest as at 31 December 2010 has not been taken into account. Only 9.76% of the budgeted amount has been realised to.

3.1.3 Financial Performance Analysis

The Municipality has a dedicated team of officials that perform a cash management and investment function. There has been an improvement in days cash on hand from 1.02 days as at 31 December 2009 to 1.13 days at 31 December 2010. The improvement does not suggest that SMP has sufficient

cash resources to finance the operations of the municipality. The requirements in terms of legislation are that municipalities must have an amount to cover 90 days of operational expenditure at any given time.

SPM is currently developing a Revenue Enhancement Strategy that must be completed and tabled to Council with the draft budget. A Debt Collection Plan is also a matter being debated by the Mayoral Committee and the Finance Committee at present. All these efforts are directed towards improving the cash and cash equivalents of SPM for sustainability and to support our developmental agenda as per the IDP.

Table 3: Outstanding debtors as at 31 December 2010 compared to 2009 December balances.

Income Source	Current R'000	30-60 days R'000	60-90 days R'000	Over 90 days R'000	Total 31 Dec 10 R'000	Total 31Dec 09 R'000	% Growth
Water tariffs	15 504	9 028	6 885	88 171	119 589	123 924	-3.63%
Electricity tariffs	22 726	5 470	3 248	40 682	72 127	61 857	16.61%
Property rates	8 639	3 247	25 864	84 755	122 504	111 326	10.04%
Sewerage	3 184	1 851	1 576	31 726	38 347	54 266	-29.34%
Refuse removal	2 548	1 443	1 261	27 838	33 090	45 282	-26.93%
Housing	488	403	385	13 558	14 834	12 240	21.20%
Other	3 878	4 185	4 575	141 379	154 017	173 207	-11.08%
Total by Income Source	R56 967	R25 627	R43 794	R428 120	R554 508	582 102	-4.74%
Government	3 012	1 059	24 449	65 164	93 685	80 174	16.86%
Business	22 019	5 961	3 540	59 713	91 232	73 722	23.76%
Households	29 844	18 235	15 518	293 196	356 793	355 501	0.37%
Other	2 092	371	287	10 048	12 797	72 705	-82.40%
Total by Customer Group	R56 967	R25 627	R43 794	R428 120	R554 508	582 102	-4.74%

The growth of debtors has been contained over the period with a slight downward trend of 4.74%. However, the matter remains a concern, with more focus on debt collection strategy that will be aimed at enhancing the cash position, liquidity and collection ratios. The present economic climate continues to play a role in the non-payment for services. The collection rate has been steady at an average of 76% over the years. The target set, however, is to

improve this rate to 85% per annum. The average collection rate for the period under review is 79.84%.

Government's debt to Sol Plaatje Municipality is on the increase notwithstanding the efforts to meet with the responsible officials from the various departments. This debt currently amounts to R93, 685, 009. Included in this debt are funds that are gazetted in terms of provincial and national gazettes that were never transferred to the municipality and these departments will remain indebted to the municipality as they have not fulfilled or complied with the legislative requirements.

3.1.4 Financial Performance Indicators

Performance indicators indicate that the collection rate of the municipality has improved for the first half of the financial period compared to the same period in the previous year. The average collection rate as at 31 December 2010 is 79.84%. This rate is however lower than the target in terms of the SDBIP which is 85%.

Table 4: Collection Rate per month

Month	31 December 10	31 December 09
July	69.33%	79.14%
August	48.26%	37.11%
September	67.37%	108.91%
October	70.18%	81.91%
November	114.92%	84.17%
December	108.96%	68.96%
Average Collection	79.84	62.68%

A strategy is currently being developed to explore cost effective ways of collection and credit control strategies to ensure that customers are assisted in getting their accounts in control to avoid actions of service suspensions.

SPM has enhanced its indigent policy to classify indigents into two categories. This classification has seen an increased in the number of indigents registered and benefiting from free basic services. As at 31 December 2010, Asset Indigents households registered and the total beneficiaries were 16,036 and income indigent households were 2,875 and pending applications were 2,181. Due to time delays in the process of verification of all indigent households this function will be outsourced to professional service providers. Precautionary steps have been built into the specifications to ensure that value for money is achieved and that legitimate house owners who are eligible to qualify for free

basic services do qualify. The contract is anticipated to commence on 1 March 2011.

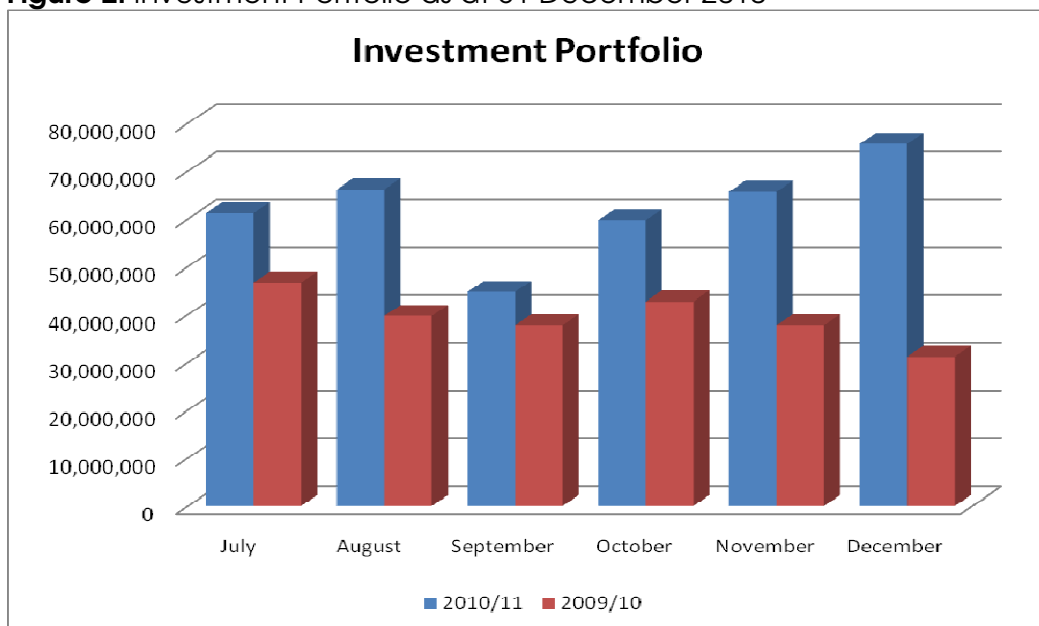
The municipality is not highly indebted in terms of its borrowings. The interest costs are covered 48 times by the operating revenue excluding grants and subsidies from national and provincial governments.

However, the debtors book has slightly decreased, the outstanding debtors' ratios versus the revenue generated during the reporting period. The revenue enhancement strategy that is currently being developed aims at reversing this situation. SPM is looking at long term solution to the problem as well as short terms interventions to increase the collection rate. The targeted ratio for outstanding service debtors to revenue is 1:1 and the actual for the mid-term is 2.17: 1. However this is a norm for most municipalities in the country.

The cost coverage ratio is 1: 1.13 for this period. The budget regulations require municipalities to improve this ratio to 1:3 at any given point in time. With the history SPM comes from this can only be achieved through hard work and the application of stringent processes and procedures by management to curb operational expenditure and cost containment as well as effective planning of both operational and capital activities.

The municipal reserves have increased by 142.59% compared to the previous year at the same time. This is a result of various actions taken by management including cost containment processes, the revenue collection strategy and electricity meter replacement project that were implemented since September 2009. However, it should be noted that the increase is not to the level as required by law and expected to in terms of the cost coverage ratio.

Figure 2: Investment Portfolio as at 31 December 2010



3.1.5 Spending on Conditional Grants

Municipal Systems Improvement Grant (MSIG)

The municipality received an allocation from MSIG which was allocated to various projects. The total amount transferred at the beginning of the financial period was R850 000.00 being the annual allocation as per the gazette.

The total amount was split amongst IT related projects as well as asset management projects. As at 31st December 2010, the total funds allocated were fully spent on assets register, assets unbundling and verification of inventory projects.

Municipal Infrastructure Grant (MIG)

Total MIG funds gazetted for 2010/2011 financial period are R 34,494,000. As at 31 December 2010, a total amount of R32 536 000.00 has been transferred to the municipality. Only R 13,464,618 has been spent as at 31 December 2010. Various projects were funded from the MIG and some are delayed with implementation due to challenges in the SCM process. The municipality is focusing on fast tracking these processes. The bulk of the grant is focused on bulk infrastructure refurbishment which has resulted in one of the Wastewater treatment works being successfully completed by end December 2010 with the exception of the finish and touches (snag list) that are outstanding. Table 4 below indicates the detail performance on the Municipal Infrastructure Grant

Table 5: Performance on MIG 1 July 2010 to 30 Dec 2010

Total Allocation for 2010/11	R 34,494,000
Expenditure as at 31 December 2010	R 13,464,618
Balance to be spent	R 21,029,382
Transferred to date	R 32,536,000
% Spent on transferred amount at 31 December 2010	41%
% Spent on total allocation at 31 December 2010	39%

Neighbourhood Partnership Development Grant

On the 13 December 2010 an amount of R3 million was transferred to the municipality.

Table 6: Performance on Neighbourhood Partnership Development Grant as at 31 December 2010

Project Name	Budget	Spent	% Complete
SMME Village	R 6,11 million	R0	10%
Galeshewe sport node: Artificial Turf	R 3 million	R0	10%

Senior Project Manager	R 700 000	R0	20%
Competency Assessment for 2 candidates	R 15 000	R0	0
Total amount	R 9,715 million	R 0	

The percentage completed includes design, tendering stages and implementation

Galeshewe Sport Node: Artificial Turf

The project entails the design and construction of earthworks for artificial soccer pitch at the Galeshewe Sport Node. FNB bank will sponsor the supply and installation of the surface (artificial turf). A tender was advertised during November 2010 but expired due to the delay in the draw-down from National Treasury. The tender will be re-advertised in January 2011.

SMME Village: Galeshewe

The project entails the provision of 15 light industrial and retail spaces for emerging entrepreneurs, a training room and 4 informal trade facilities. The contractor was awarded the tender for the construction work on 15 December 2010. The contract amount for this project will be R7,504,200

Senior Project Manager

The vacancy was advertised Human Resources is in the process of short listing the candidates. It is envisaged that an appointment will be made by end of February 2010.

NDPG Technical Assistance from National Treasury

Table 7 below indicate the performance on the NDPG: Technical Assistance as at 31 December 2010

Table 7: Performance on the NDPG: Technical Assistance as at 31 December 2010

Project Name	Budget	Expenditure	% complete
Galeshewe Icons	R 182 500.00	R 186 390	80%
Galeshewe Tourism Strategy	R 257 500.00	R 257 500.00	100%
Galeshewe Light Industrial Park	R 350 000.00	R 315 552	95%
Crime Prevention through Urban Upgrade	R 200 000.00	R 200 500	100%
CCTV Project Management	R 80 000	R36 000. 00	45%
Galeshewe Festival Facilitation, Business Case and ToR	R 450 000	R0	0%
Knoweldge Management wrap-up*	R 30 000	R0	0%
Legal Services for CG tender	R 50 000	R29 930.13	60%
Newsletter (printing, distribution, design and journalism)	R 34 000	R 33 786.18	100%
Disbursements	R 96 000	R 115 323.04	120%
Project Management, facilitation and coordination	R 250 000	R 317 376	127%

Total amount	R 2 000 000.00	R 1 352 777.35	68%
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The following are projects funded by this grant:

Galeshewe Icons

The Galeshewe Icons Heritage project forms part of GURP and is aimed at conducting research and documenting the heritage and history of Galeshewe in terms of its icons and to identify ways in which the icons can be celebrated through public art, statues and other forms. Draft documentation was submitted during December 2010 for comment.

Galeshewe Tourism Strategy

The strategy document consists of a situation analysis and the strategy itself. The tourism strategy will recognise the importance of the history and heritage of Galeshewe as the key attraction value of the destination and recommends that the cultural identity of the people of Galeshewe be used as a differentiator to set it apart from other destinations.

Galeshewe Light Industrial Park

This project entails establishment of the need, type, location and management of a light industrial park in Galeshewe.

Crime Prevention through Urban Upgrade

This is a research report based on primary and secondary research which will inform a municipal strategy for crime prevention.

Financial Management Grant (FMG)

The total funds allocated for the period is R1 200 000.00. Total spent as at 31st December 2010 is R1 012 229.00 representing 84.35%.

Health Subsidy

The municipality receives an ad hoc grant towards primary health function delivered on behalf of the province. The amount spent of R4 157 284.00 as at 31st December 2010 has been recorded.

Resorts Subsidy

The grant in respect of resorts is also ad-hoc amount to defray costs incurred in managing Rekaofella and Langleg resorts on behalf of province. The amount spent as at 31st December R1 092 441.00 is the nett expenditure incurred.

Library Subsidy

The library grant is approved after submission of an application and business plan by the Chief Librarian. The grant is made towards library development, transformation, promotional programmes and current awareness services. This grant is spent according to the business plan and the amount spent as at 31st December 2010 R488 766.00 from the total of R1 100 000.00.

3.1.6 General Comments on the Adjustments Budget

Regulation 23 of the Municipal Budget and Reporting Regulations provides inter-alia for the following;

"...an adjustment budget may be tabled in the municipal council at any time after the mid-year budget and performance assessment having been tabled to Council, but not later than the 28 February of each year."

"Furthermore, except under certain circumstances, only one adjustment budget may be tabled to Council during a financial year."

Accordingly, a report, considering the information contained in this report, an adjustments budget will be submitted to Council for consideration during its meeting scheduled for 28 February 2011.

Due to the 2010 adjusted estimates of National Expenditure and its proposed adjustments to the allocations made to provinces, SPM is anticipated a similar effect in its own adjustments budget.

3.1.7 Financial Management and Administration

The municipality developed and implemented an action plan to address audit findings with the objective of achieving a clean audit report. The action plan was incorporated into the Municipal Turnaround Strategy and is also part and parcel of the IDP and SDBIP.

The focus areas of the Action Plan were the following:

- Legislative compliance issues
- Reporting requirements
- Internal control environment analysis and development of policies
- Unbundling of assets and construction of GRAP compliance register
- Disclosure related matters
- Human Resources related and payroll administration
- Expenditure and supply chain management compliances
- Revenue protection and revenue management

Although not all the targets were met as set out in the plan it did contribute highly to improve the outcome of the audit. There is a great improvement in terms of qualifications and areas qualified. Although a disclaimer of opinion was received from the AG for the 2009/10 audit period it was mainly due to historic issues in the financial statements as well as technical issues in valuating the Municipality's property, plant and equipment during the unbundling process to conform to GRAP 17.

Management will continue with the implementation of OPCAR each year as there is a great indication that these efforts have been successful – and was confirmed by the AG during the submission of the AG Report to Council on 20 December 2010.

3.1.9 Other important financial management matters

The municipality has been consistently reporting to National Treasury and Council on a monthly basis in terms of Section 71 reporting. These reports provide indications of the progress of budget implementation as well as performance management and monitoring.

SPM has managed to maintain operational expenditure at projected levels, with the exception of overtime. Management has developed procedures for approval of overtime in an effort to ensure that expenditure remains within the budgeted amounts. Due to the nature of providing municipal services and the aged infrastructure, it is clear that it will be almost impossible to avoid over-expenditure on overtime, this budget will need to be reconsidered during the adjustment budget process. An in-depth analysis of occurrences of overtime and the likelihood of curbing or reducing these costs will be conducted as a matter of urgency.

Spending on capital remains a concern, especially on conditional grants. Management is in the process to fast-track the supply chain processes to ensure that service providers are secured for the implementation of these projects.

Assets management also still remains a challenge. SPM has managed to resolve compliance issues in terms of the asset register. The Assets Management Unit is currently in the process of identifying and verifying all assets as this was raised as an area that needs focused attention by the AG. SPM will continue to use “spatial viewer” for infrastructure assets identification and engineering experts for conditional assessment of these assets. A policy review is progressing concurrently with these processes. The major objective, in terms of assets in 2010/2011 is to ensure that completeness and valuation issues are effectively addressed.

Findings of the Auditor General also indicated that SPM cannot solely rely on internal expertise in the valuation of investment properties. Funding will be secured during the adjustments budget to finance this project. Skills transfer will be emphasised during this process to ensure that SPM’s own professional valuers gain the necessary skills and experience.

Matters of irregular expenditure also remain a serious concern. SPM has developed a procedures manual for procurement processes. To alleviate irregular expenditure due to wrong procurement processes the total supply

chain management process will be centralised. The Municipality is preparing specifications for various expenditures that are normally regular in nature but require to go through SCM process to ensure equity and fairness.

The municipality has embarked in a project of meter replacement since August 2009. From that period up to March 2010, approximately 5 000 prepaid electricity meters were replaced. This project has brought in R3.5 million of revenue in one month after completion of the project. We will continue to identify and replace faulty meters through this project as part of revenue improvement strategy.

SPM's Information and Communication Technology Division is hard at work to ensure that our business processes are supported by effective and reliable IT infrastructure. The service level agreement with Business Connexion, who are the service providers of the current financial system, is also being re-negotiated to ensure that this system provide the functionality it was originally procured for.

On the 29 of June 2010, the Executive Management Team approved the Sol Plaatje Municipality's Information Communication Technology (SPM ICT) Disaster Recovery plan. The plan required that the SPM ICT Production server be virtualised.

Virtualization is a process that allows one operating system (the host) to run a full version of another operating system (the guest) within itself. This allows for more than one server to run on the same server hardware platform.

The benefits of server virtualization makes it crucial to IT strategic planning in this day and age. A few of the core benefits include:

1. A lower number of physical servers equates to reducing hardware and maintenance costs.
2. The implementation of a server consolidation strategy can increase the space utilization efficiency in the data centre.
3. By having each application within its own "virtual server" it is possible to prevent one application from impacting another application when upgrades or changes are made.
4. Because virtual servers are hardware platform independent they simplify disaster recovery therein that they can be easily redeployed on replacement hardware.
5. Implementation of an Information Technology Services Management System

On 1 October 2010, the ICT Department implemented a new IT Services Management System. The system comprises of various integrated modules, the most import of which are the following:

- ICT Service Requests Module
- ICT Incident Management Module
- ICT Problem Management Module
- ICT Change Management Module
- ICT Asset Management Module

The project was funded via a funding allocation secured from Frances Baard District Municipality in March 2010. Bids were invited via the municipal website and an award will be made soon.

The system is adding incredible value in terms of improved customer service, asset management and change management.

Table below summarizes the number of opened/closed service requests for the ICT Department for the period 1 Oct 2010 to 31 December 2010. Open service requests belong to Business Connexion.

Table 4: Number of opened/closed service requests for the ICT Department for the period 1 Oct 2010 to 31 December 2010

Opened/Closed Service Requests			
Month	Opened SRs	Closed SRs	Total (opened/closed)
October 2010	172	159	13
November 2010	236	201	35
December 2010	122	133	-11
Total	530	493	37

The implementation of the Supply Chain Management Policy remains a concern due challenges experiencing in the adoption of the proposed re-organisation (centralization) of the Supply Chain Management Unit. The most challenging area of supply chain management is demand and acquisition management. A proposed re-organisation of the current Supply Chain Management Unit as well as the Contracts and Demand Management Units has been completed. All administrative processes were concluded in 2009/2010 financial year and management is awaiting the approval thereof

The Tables below indicate the performance of each Vote (Directorate) in terms of the Operating Expenditure as at 31 December 2010.

Table 9: Budget Performance: Executive and Council

Description	Budget/Open Bal Current	Month Expenditure	YTD Movement	% Exp
EMPLOYEE COST SALARIES	6,463,741.00	1,004,525.97	5,414,242.21	83.76
EMPLOYEE COST SOCIAL CONTRIBUTION	1,235,648.00	97,026.99	576,863.16	46.68
EMPLOYEE RELATED COST (TOTAL)	7,699,389.00	1,101,552.96	5,991,105.37	77.81
REMUNERATION COUNCILLORS	14,612,146.00	1,000,224.09	5,712,933.63	39.09
REPAIRS & MAINTENANCE	2,000.00	0.00	0.00	0.00
GENERAL EXPENSES	5,355,222.00	661,475.28	2,120,501.70	39.59
TOTAL DIRECT OPERATING EXPENDITURE	27,668,757.00	2,763,252.33	13,824,540.70	49.96

Table 10: Budget Performance: Municipal and General

Description	Budget/Open Bal Current	Month Expenditure	YTD Movement	% Exp
EMPLOYEE COST SALARIES	9,716,180.00	831,651.36	4,449,177.52	45.79
EMPLOYEE COST SOCIAL CONTRIBUTION	1,721,896.00	143,083.98	859,010.66	49.88
EMPLOYEE RELATED COST (TOTAL)	11,438,076.00	974,735.34	5,308,188.18	46.40
REPAIRS & MAINTENANCE	11,138.00	0.00	220.94	1.98
GENERAL EXPENSES	2,534,060.00	140,311.95	708,084.52	27.94
TOTAL DIRECT OPERATING EXPENDITURE	13,983,274.00	1,115,047.29	6,016,493.64	43.02

Table 11: Budget Performance: Municipal Manager

Description	Budget/Open Bal Current	Month Expenditure	YTD Movement	% Exp
EMPLOYEE COST SALARIES	9,716,180.00	831,651.36	4,449,177.52	45.79
EMPLOYEE COST SOCIAL CONTRIBUTION	1,721,896.00	143,083.98	859,010.66	49.88
EMPLOYEE RELATED COST (TOTAL)	11,438,076.00	974,735.34	5,308,188.18	46.40
REPAIRS & MAINTENANCE	11,138.00	0.00	220.94	1.98
GENERAL EXPENSES	2,534,060.00	140,311.95	708,084.52	27.94
TOTAL DIRECT OPERATING EXPENDITURE	13,983,274.00	1,115,047.29	6,016,493.64	43.02

Table 12: Budget Performance: Corporate Services

Description	Budget/Open Bal Current	Month Expenditure	YTD Movement	% Exp
EMPLOYEE COST SALARIES	24,694,061.00	2,334,555.30	11,496,284.44	46.55
EMPLOYEE COST SOCIAL CONTRIBUTION	5,109,717.00	388,900.08	2,258,109.02	44.19

Description	Budget/Open Bal Current	Month Expenditure	YTD Movement	% Exp
TOTAL : EMPLOYEE RELATED COST	29,803,778.00	2,723,455.38	13,754,393.46	46.14
REPAIRS & MAINTENANCE	910,462.00	196,155.63	515,129.69	56.57
GENERAL EXPENSES	7,583,496.00	521,020.15	3,423,918.03	45.14
TOTAL DIRECT OPERATING EXPENDITURE	38,297,736.00	3,440,631.16	17,693,441.18	46.19

Table 13: Budget Performance: Community and Social Development Services

Description	Budget/Open Bal Current	Month Expenditure	YTD Movement	% Exp
EMPLOYEE COST SALARIES	73,958,383.00	7,654,543.96	36,266,453.90	49.03
EMPLOYEE COST SOCIAL CONTRIBUTION	17,071,730.00	1,435,020.66	8,580,611.04	50.26
TOTAL: EMPLOYEE COSTS	91,030,113.00	9,089,564.62	44,847,064.94	49.26
DEPRECIATION	9,272,000.00	0.00	0.00	0.00
REPAIRS & MAINTENANCE	4,326,402.00	388,492.44	2,155,869.23	49.83
GENERAL EXPENSES	15,861,419.00	1,605,766.08	5,716,114.88	36.03
TOTAL DIRECT OPERATING EXPENDITURE	120,489,934.00	11,083,823.14	52,719,049.05	43.75

Table 14: Budget Performance: Financial Services

Description	Budget/Open Bal Current	Month Expenditure	YTD Movement	% Exp
EMPLOYEE COST SALARIES	45,793,355.00	4,262,869.32	20,978,742.21	45.81
EMPLOYEE COST SOCIAL CONTRIBUTION	9,939,815.00	788,032.49	4,747,495.23	47.76
TOTAL : EMPLOYEE RELATED COST	55,733,170.00	5,050,901.81	25,726,237.44	46.15
COLLECTION COSTS	45,000.00	6,530.00	13,372.40	29.71
REPAIRS & MAINTENANCE	386,700.00	15,967.26	169,813.32	43.91
GENERAL EXPENSES	450,000.00	0.00	450,000.00	100.00
SUB-TOTAL GRANTS & SUBSIDIES PAID	11,855,613.00	622,195.65	7,438,083.64	62.73
TOTAL DIRECT OPERATING EXPENDITURE	68,470,483.00	5,695,594.72	33,797,506.80	49.36

Table 15: Budget Performance: Strategy, Economic Development and Planning

Description	Budget/Open Bal Current	Month Expenditure	YTD Movement	% Exp
EMPLOYEE COST SALARIES	15,512,841.00	1,574,974.63	7,729,154.99	49.82
EMPLOYEE COST SOCIAL CONTRIBUTION	2,890,774.00	235,281.34	1,447,648.40	50.07

TOTAL :EMPLOYEE RELATED COST	18,403,615.00	1,810,255.97	9,176,803.39	49.86
REPAIRS & MAINTENANCE	3,488,250.00	228,868.83	1,154,524.19	33.09
GENERAL EXPENSES	10,173,215.00	218,719.62	4,710,965.81	46.30
TOTAL DIRECT OPERATING EXPENDITURE	32,065,080.00	2,257,844.42	15,042,293.39	46.91

Table 16: Budget Performance: Infrastructure and Services

Description	Budget/Open Bal Current	Month Expenditure	YTD Movement	% Exp
EMPLOYEE COST SALARIES	85,693,935.00	10,651,285.21	54,452,672.40	63.54
EMPLOYEE COST SOCIAL CONTRIBUTION	19,937,854.00	1,925,208.07	11,587,429.70	58.11
TOTAL : EMPLOYEE RELATED COST	105,631,789.00	12,576,493.28	66,040,102.10	62.51
COLLECTION COSTS	1,100,000.00	0.00	57,079.93	5.18
DEPRECIATION	15,510,000.00	0.00	0.00	0.00
REPAIRS & MAINTENANCE	38,773,308.00	3,971,405.09	18,152,278.50	46.81
INT EXPENSE EXTERNAL BORROWING	14,382,202.00	0.00	8,504.55	0.05
BULK PURCHASES	241,000,000.00	28,884,880.92	99,879,849.49	41.44
GENERAL EXPENSES	64,967,166.00	5,416,650.77	32,208,198.63	49.57
CONTR TO PROVISION	57,000,000.00	0.00	57,000,000.00	100.00
TOTAL DIRECT OPERATING EXPENDITURE	538,364,465.00	50,849,430.06	273,346,013.20	50.77

3.1.10 Performance of the Capital Works Plan

Table 13 below summarises the performance of the Capital Budget per service category for the period 1 July 2010 to 31 December 2010

Table 17: Summary of Capital Budget Performance per Service Category as at 31 December 2010

Project Description	ACTUAL YTD					FUNDING SOURCES		
	Original Budget	Expend	% Spend	Actual for Month	Variance on YTD	CRR	Grant Funds	Source
Municipal And General	15,019,355	0	0.00%	0	0	6,350,000	8,669,355	CRR/ EPWP
Roads & Stormwater	900,000	8,635,800	959.53%	1,385,111	-7,735,800	500,000	400,000	CRR
Water And Sanitation	29,858,189	12,533,182	41.98%	2,932,269	17,325,007	3,000,000	26,858,189	MIG/CRR
Electricity(Incl Streetlights)	15,815,000	2,675,114	16.92%	487,694	13,139,886	1,500,000	14,315,000	CRR/DME/ MIG
Gurp Projects	22,300,000	731,147	3.28%	505,649	21,568,853	3,000,000	19,300,000	CRR/NDPG
Housing	23,723,215	2,325,627	9.80%	113,299	21,397,588	0	23,723,215	COGHSTA
Community Services	1,807,241	1,582,644	87.57%	482,761	224,597	0	1,807,241	MIG
Led, CBD & Urban Planning	4,600,000	399,524	8.69%	5,522	4,200,476	0	4,600,000	MIG/LOAN
Finance	650,000	710,446	109.30%	0	0	650,000		CRR

Total	114,673,000	29,593,484	25.81%	5,912,305	85,079,516	15,000,000	99,673,000	
Long Term Loan	190,000,000	16,384,644						
Grand Total (Adopted Budget)	304,673,000	45,978,128	15,09%					
Corrected Budget	175,760,876	45,978,128	26,16%					

The detail correction on the budget is indicated below.

Table 14 below compares the performance of the Capital Budget as at 31 December 2010 with that of the previous year (2009/10).

Table 18: Capital Works Plan as at 31 December 2010 compared to the 2009/10 financial year

	2009/10				2010/11	
	31 Dec 09		30 Jun 10		31 Dec 10	
	R	%	R	%	R	%
Adopted Budget	113,499,216	100%	113,499,216	100%	304,672,702	100%
Spent on adopted Budget	42,564,212	38%	103,566,164	91%	45,978,128	15,09%
Adjusted/Proposed adjustment Budget	125,647,924	100%	164,277,734	100%	209,677,355	100%
Spent on Adjusted/Proposed adjustment Budget	42,564,212	34%	103,566,164	63%	45,978,128	26,16%

The target for actual spending on the capital budget at mid-year is 30%

The performance of the Capital Works Plan in terms of projects implemented broken down into wards is detailed below and in Annexure 1.

The following amounts were included in the adopted Capital Budget but did not materialise although it was planned for. Some allocations were never made by funders although it was indicated as such in previous communication. It was also assumed at the time of approving the budget that a proposed loan will be approved sooner in the financial year which did not realise. Expenditure on the projects to be funded by these allocations could therefore not proceed:

Long term loan:	R 115,127,200
Extended Public Works Projects (EPWP Incentive Grant):	R 14,984,000
Electricity Demand Side (Eskom in kind):	R 6,000,000
Roodepan (50 Houses):	R 2,952,400
Colville 140 services	R 3,500,000
Neighbourhood Development Partnership Grant	<u>R 10,000,000</u>
TOTAL	<u>R152,563,600</u>

The following projects were not provided for in the original adopted budget mainly due to it being roll-over projects or additional capital funds which were allocated to the municipality after adoption of the 2010/11 Budget:

Bird viewing platform Kamfersdam 09/10	R 800,000
Upgrade swimming pools 09/10	R 3,105,602
Erection of CCTV cameras in Galeshewe 09/10	R 1,000,000
Server Virtualization	R 350,000
Intrusion Detection and Management Software	R 240,000
CBD Upgrade Projects	R 900,000
Donkerhoek housing 09/10	R 4,000,000
Refuse Compactors	R 2,800,000
Dunston housing 09/10	R 2,513,633
Parks - Maintenance Equipment 09/10	R 330,206
Bicycle Lanes Barkly Rd/Ritchie	R 3,125,330
Galeshewe Streets & Taxi Routes (Proj 107) 09/10	R 1,426,979
Resealing of Roads: Kimberley	R 2,200,789
Donkerhoek Bus and taxi routes	<u>R 858,936</u>
Total	<u>R 23,651,476</u>

Taking the above into consideration the Capital Budget at 31 December 2010 stood at:

Original adopted Budget	R 304,673,000
Funding withdrawn	R 152,563,600
Balance	R 152,109,400

Additional funds received after approval of Budget and roll-over projects	R 23,651,476
Total Corrected budget	R 175,760,876

This indicate that a downward adjustment of approximately R128,912,124 need to be considered during the submission of an adjustment budget.

The Tables below indicate the spending on individual projects for the period under review.

Table 19: Projects that recorded no spending for the period 1 July 2010 to 31 December 2010

Project Name	Budget	Project Manager
Ritchie Waste Water Treatment Works 09/10	8,500,000	Boy Dhlwayo
Development of New Cemetery	1,807,241	Massimo Mazzoncini

Project Name	Budget	Project Manager
Tlhageng Shopping Centre	140,000	Letshego Molawa
Ritchie SMME Incubator 09/10	1,300,000	Moss Mathebula
Refurbishment of Chamber & Com Room	250,000	Barbara J van Rensburg
Water Minimization Feasibility Study	5,500,000	Boy Dhlwayo
Infill areas 375 (new) housing 09/10	2,952,400	Tebogo Bonokwane
Planning & Surveying Diamant Park 230 erven	500,000	Fumane Phatedi
Planning & Surveying Waterloo Str area 230 erven	500,000	Fumane Phatedi
Phutanang Clinic	300,000	Letshego Molawa
Server Virtualization	350,000	Wickus Gouws
Refurbish & upgrade Beaconsfield WWTW	1,500,000	Boy Dhlwayo
Dunston Shopping Centre	230,000	Letshego Molawa
Galeshewe Street Signage Phase II	130,000	Letshego Molawa
Galeshewe Redevelopment Plan	6,300,000	Zweli Mguza
Bird viewing platform Kamfersdam 09/10	800,000	Neo Poolo
Galeshewe Tourism Route - Electrical supply point	510,000	Letshego Molawa
Galeshewe Sport Node (Artificial Turf)	3,000,000	Zweli Mguza
Parks - Maintenance Equipment 09/10	330,206	Massimo Mazzoncini
Donkerhoek housing 09/10	4,000,000	Tebogo Bonokwane
Upgrading of gravel roads (Ward allocation)	2,700,000	Mmusho Keetse
TOTAL	41,599,847	

Table 20: Projects that recorded spending up to 30% for the period 1 July 2010 to 31 December 2010

Project Name	Budget	Actuals	Financial Variance	Project Manager
Ritchie 428 housing	6,500,000	4,693.20	0.07%	Tebogo Bonokwane
Water Promised Land	6,867,246.00	39,420	0.57%	Boy Dhlwayo
Replacement programme IT Hardware 10/11	650,000.00	11,016	1.69%	Wickus Gouws
SMME Village Galeshewe 09/10	3,300,000	99,946	3.03%	Moss Mathebula
Control Panels/Switchgear at Southridge S/S	4,315,000	173,681	4.03%	D Jacobs
Dunston housing 09/10	2,513,633	207,281	8.25%	Tebogo Bonokwane
Homevale Waste Water Works	52,990,943.00	9,250,590	17.46%	Boy Dhlwayo
Electrification Greenpoint 10/11	2,500,000.00	438,231.97	17.53%	Fuad Aysen
Erection of CCTV cameras in Galeshewe 09/10	1,000,000	190,295.88	19.03%	Zweli Mguza
Dunston housing 09/10	2,513,633	204,995.94	8.16%	Tebogo Bonokwane
Phutanang housing 09/10	5,054,107	1,329,159.88	26.30%	Tebogo Bonokwane
Kimberley Streetlights and High Masts 2010/11	1,500,000.00	148,123.23	9.87%	Fuad Aysen

Project Name	Budget	Actuals	Financial Variance	Project Manager
Colville 140 services	3,500,000	298,082	8,25%	Boy Dhlwayo
TOTAL	93,204,562	12,395,616	13,30%	

Table 21: Projects that recorded spending of more than 30% for the period 1 July 2010 to 31 December 2010

Project Name	Budget	Actuals	Financial Variance	Project Manager
Fencing Witdam	500,000.00	233613.56	46,72%	Frankie Calvert
Playing equipment Ipeleng & Kagisho Parks	200,000	60,224	30,11%	Massimo Mazzoncini
Kimberley Streetlights and High Masts 2010/11	1,500,000	623,635.46	41,58%	Fuad Aysen
Electrification Soul City 10/11	1500000	957572.71	63,84%	Fuad Aysen
Upgrade swimming pools 09/10	3,105,602.00	1,318,921.64	42,47%	Massimo Mazzoncini
Gurp : Maintenance of Parks	1500000	699429.79	46,63%	Zweli Mguza
Parks - Maintenance Equipment 09/10	330206	262226.58	79,41%	Massimo Mazzoncini
Tsweleng 45 housing 09/10	1,653,344.00	627,192.99	37,93%	Tebogo Bonokwane
Electrification Madalane-Mathibe shacks 27 erven	500,000.00	335984.15	63,80%	Fuad Aysen
Intrusion Detection and Management Software	240000	160622.12	67,20%	Wickus Gouws
TOTAL	11,029,152	52,794,423	47,87%	

Table 22 below indicates the ward specific projects (discretionary allocations of CRR funding was made to wards that did not receive grant funding) that has commenced during the reporting period. A total amount of R6,100,00 was allocated between 18 wards.

Table 22: Ward Specific Projects that commenced during the period 1 July 2010 to 31 December 2010

Projects Name	Ward	Project Manager	Budget	Spent 31 Dec 10
Madalane-Mathibe Shacks 27 erven	5	Jacobs D	500,000	335,984
Fencing of Witdam	12	Calvert F	500,000	233,614
Playing equipment Ipeleng & Kagisho Parks	17	Mazzoncini M	200,000	60,224
Planning & Surveying Waterloo Str area 230 erven	20	Phatedi F	500,000	0
Planning & Surveying Diamant Park 230 erven	25	Phatedi F	500,000	0
Roads Wards	Various	Mmusho K	2,700,00	0
TOTAL			R 4,900,000	R629,822

12 Wards have thus not yet commenced with implementation of the specific ward priorities. This amounts to about R1,101,000.

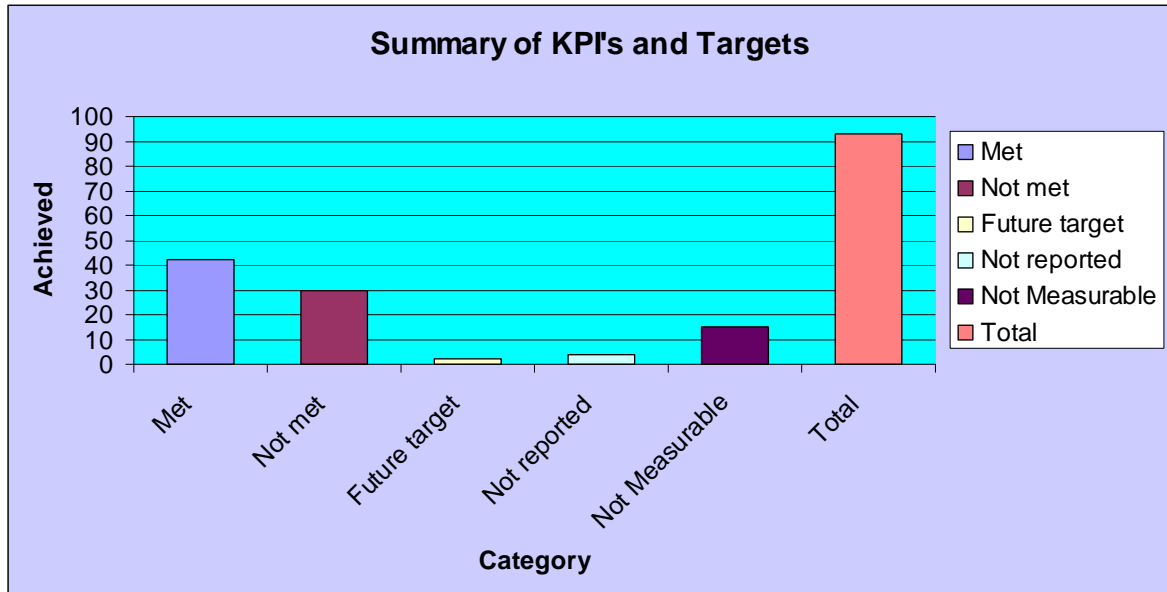
Due to the detail information mentioned above management has put intervention processes in place to increase the capital efficiency of the Municipality in order to achieve the annual target to expend at least 85% of the Capital Budget for the 2010/11 financial year. According to the detail report from project managers – see attached Annexure 2 – the following areas need special intervention:

- o The delay in delivery of stores material
- o Long procurement process for consultants and contractors
- o Contractors not performing to standard

THE PRESRIBED FINANCIAL STATEMENTS ARE ATTACHED AS ANNEXURE 1

4. Service Delivery Performance (“Top layer” SDBIP)

As indicated in Figure 1 below a total of 93 “top layer” service delivery targets were set in the 2010/11 Service Delivery and Budget Implementation Plan.



As can be seen from this graph SPM managed to achieve 42 of the targets while 30 were not met. The detail information on Service Delivery performance is attached as Annexure 3. The main reasons why these targets were not met are:

- A lack of human resource capacity and skills
- A lack of funding – targets were set assuming that funding will be made available or was budgeted for but the funding did not materialise (see also performance on Capital Budget in section 3.1.10 above).

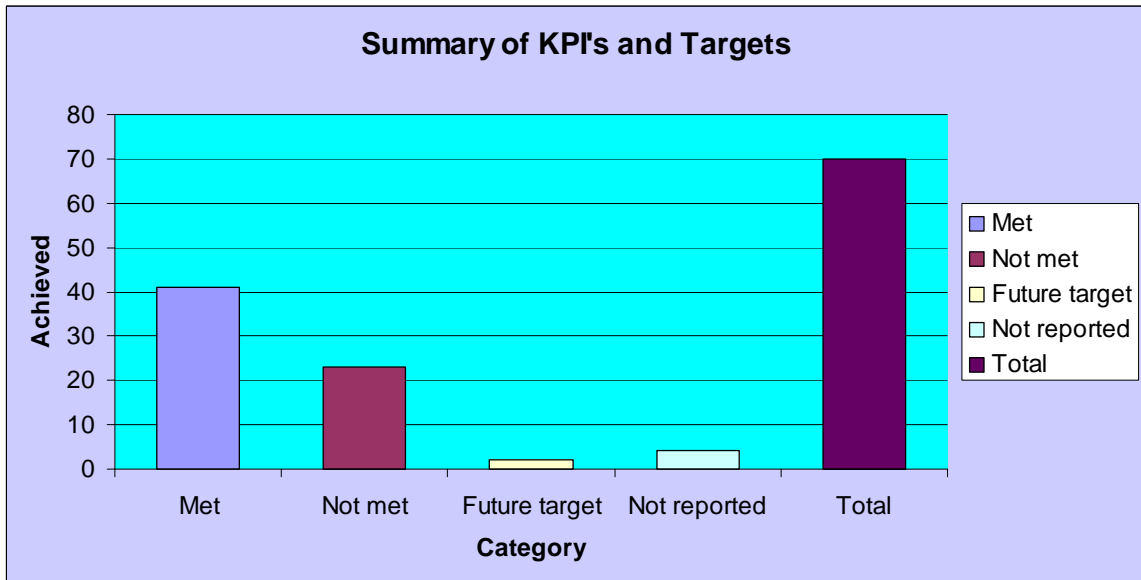
Taking the detail in the service delivery targets performance report into consideration 24 KPI's and targets need to be adjusted in or removed from the “top layer” SDBIP for the following reasons (see detail motivation attached as Annexure 4):

- KPI's and Targets that are not realistically achievable
- KPI's and Targets that are not objectively measurable and evidence on performance cannot be provided

- o Service delivery targets that do not have any funding to implement projects (see also performance on Capital Budget in section 3.9). these targets need to be aligned with the proposed adjustments in the Capital Budget.
- o KPI's and targets that are not relevant and does not provide sensible performance information. These targets mainly relate to internal organisational processes and procedures and should be addressed in Directorate ("lower level") SDBIP KPI's and targets.

Figure 3 indicate the performance on the KPI's and targets should the above adjustments to the KPI's and targets be made – which is a more realistic picture of actual performance.

Figure 3: Performance of KPI's and targets with proposed adjustments.



The KPI's and targets indicated as "Not reported" is mainly where information is not available as yet – but will be reported on for the remainder of the financial year.

A serious attempt, after considering the factual status quo in this report, will be made to ensure that SPM set itself realistic, achievable but challenging targets for the remainder of the 2010/11 financial year and moving forward into the 2011/12 MTREF. Management processes are also being put in place to intervene where poor or non-performance is evident.

5 Organisational Workforce

The Municipality's workforce per occupational category is indicated in Table 19.

Table 23: Workforce as per Occupational Category as at 31 December 2010.

Occupational Category	Permanent	Temporary
Senior Officials and Managers	50	5

Professionals	57	4
Technicians and Associate Professionals	58	8
Clerks	355	90
Service and Sales Workers	137	9
Skilled Agricultural	6	0
Craft and Related Trades	80	9
Plant and Machine Operators	113	11
Elementary Occupations	730	258

As part of its Turnaround Strategy the Sol Plaatje Municipality has identified Institutional Building as a key focus area in line with the National Local Government Turnaround Strategy and included, inter alia the following:

- o the nature and sequence of structural changes required to the Sol Plaatje organisation,
- o the nature and sequence of staff establishment changes required with specific reference to critical areas of delivery,
- o the nature and scope of changes required in terms of the current service delivery model of the municipality,
- o the nature and scope of changes required in respect of human resource management policies and practices.

Immediate intervention was needed to address this in turnaround strategy. An institutional overview indicated the critical interventions that were required. The following actions were taken as priorities under the guidance of the political leadership of the municipality:

- o An assessment report on the status quo of the SPM's organisational structure was prepared with the assistance of service providers. This report concluded inter alia that SPM's current organizational model has been plagued by a number of challenges which need to be addressed specifically in terms of the need to enhance effectiveness of its administration, and the following risks were identified:
 - Currently the Sol Plaatje administration is marked by critical skills gaps in the managerial, professional and technical ranks
 - The municipality does not have a clear skills development and succession planning strategy which has resulted in the municipality becoming vulnerable in critical areas

- Unchecked growth in both core and non-core contract and permanent positions have bloated staff numbers and grown the “salary bill” to an unsustainable percentage of total operating expenditure
 - The administration has stabilised the management center but silos still need to be broken down to ensure proper integration between and within key services
 - Many of the key services still lack the required levels of managerial and technical expertise
- After intensive consultation sessions with the Municipal Manager, current S57 manager’s i.e. executive directors and those managers reporting directly to the municipal manager the main issues emerged that provided the pointers pertaining to strategy, structure and staffing as a basis for changing the SPM organisational trajectory. In addition, payroll reconciliation was also conducted to verify the actual organization and staff establishment.
 - The following were the outputs of this process that are now being implemented in a phased manner by management:
 - Assessment of Gaps and revised HR Policies and Procedures Handbook.
 - A report on the reconciliation of the April, May and June 2010 payroll with organisation and establishment
 - An assessment of changes required to Macro and Micro Organisational Structure
 - A draft Human Resource Strategy Report

As part of the implementation of this institutional building process the following three interventions are being undertaken, with the assistance of service providers:

- **Verification of all contractors and temporary workers**
Through a combination of desk top analysis (incl. payroll analysis), interviews with line managers, HR officials, CFO and finance officials, union reps etc) and physical inspection a process has started to confirm and record all contracted and temporary workers as at 31 November 2010. Included in this exercise is the analysis and verification of a list of contract workers provided by the trade unions. The final list of verified contract workers as well as feedback on the union list is currently being finalised for presentation to the municipal manager.
- **Confirmation of the current “as is” Organogramme**
The process of confirming an up to date organogramme reflecting all current filled and vacant posts with an indication of funded and

unfunded posts commenced in December 2010. This process should be completed by mid February 2011

- o **Incorporation of the “to be” Operational/Micro Structure**

Through a combination of individual and collective consultations, the service provider and HR representative(s) will study and assess the various proposals and inputs from directorates with regard to the ideal operational/micro structural arrangements and record their recommendations for consideration by the Municipal Manager. This process should be completed by end February 2010.

Linked to the above process an assessment was also done on the strengths and weaknesses of the current Sol Plaatje Municipal Governance Model the findings from this report proposed certain corrections to the present (political) governance model, with specific reference to the role, function and decision-making powers to be reserved for Council. It further made proposals concerning the establishment of an Executive Mayoral Committee in line with the Structures Act as well as changes required to the existing portfolio system.

In the main these proposals can be highlighted as follows:

- o The implementation of these proposals will bring the Governance Model in line with the relevant legislation. As is clear from the report the present Governance Model is not in line with the legal prescripts. Since Council has opted, after the 2006 local government elections, for a Mayoral Executive System it was not implemented as envisaged in the Act.
- o Implementing the proposals will also give clarity on the governance, legislative and oversight role of Council. A clear distinction and separation of roles between the legislative role of Council, the executive function of the Mayoral Executive Committee and the administrative function of the Office of the Municipal Manager will ensure the streamlining and effectiveness of decision making.
- o Implementing these proposals will further ensure that Council will decide on matters related to its legally prescribed powers and have oversight over the execution of its powers by Mayco and the administration. This will alleviate the problem of the clogging of Council agendas that negatively affects decision making and the effective and efficient functioning of the Municipality. This will also ensure a more focused approach to both political and administrative governance issues.

Council adopted the corrections to the existing governance model as proposed in December 2010 and also authorised the Municipal Manager to proceed with the relevant administrative tasks with regard to the implementation protocols of these proposals. Implementation of these proposals has commenced and several meetings of the “new” Mayoral Committee have taken place.

6 Comments on the Annual Report – 30 June 2009

The annual report for 2008/2009 period was approved by Council without reservations. However, during the 2009 financial statements audit, the auditor general identified some weaknesses in the annual report in terms of performance information reporting.

Improvements have been effected in the 2009/2010 annual report. Management tabled an action plan to address the Auditor General's finding. Progress reports were submitted to the Audit Committee during the 2010/2011 period. This action plan included an Operation Clean Audit Report (OPCAR) that was fully implemented by 31 July 2010. The effort that was placed in ensuring success of is one to be reckoned. We managed to deal with various issues that were of grave concern in the 2010 audit.

The major challenge at this point is assets registers, but a continuous process has been put in place. An engineer on contract basis has been appointed in the asset management unit to assist with assets identification, conditional assessment and the determination of remaining useful lives and residual values of each asset. The public participation process of the annual report did not bring major changes to that report. From this process it became apparent that we need to improve on informing the public on projects and performance reports to the communities on a regular basis. A strategy to address this will be put in place.

Although performance information is not audited to an extent as to affect the audit opinion processes are being put in place as part of the OPCAR process to ensure that audit findings are cleared. SPM will also pro-actively ensure, that once performance information becomes part of the annual audit process, all the necessary internal controls are in place to ensure a clean audit on performance information.

7 Municipal Turnaround Strategy Progress (Executive Summary)

As part of the Governments Local Government Turnaround Strategy (LGTAS) Sol Plaatje Municipality prepared a Strategic Turnaround Strategy for its own purposes in February 2010 which was adopted by Council. During 27- 30 April 2010 a detailed Municipal Turnaround Strategy (MTAS) with specific pre-December 2010 targets were completed with the assistance of a support team from the Department of Cooperative Governance, Human Settlement and Traditional Affairs. This MTAS was approved by Council on 29 April 2010. The MTAS was also integrated with the IDP, Budget and 2010/11 SDBIP of the Municipality.

The implementation of the MTAS started immediately and this report indicates the progress as at 31 December 201

Below is a high level summary of progress made within each of the 5 Focus Areas of the MTAS:

Service Delivery

Although slower than expected progress is made in terms of providing municipal services to communities all efforts are made to speed up this process. The main reasons for this slow progress are the fact that most of the service backlogs are associated with informal areas that still need to be upgraded before municipal services can be provided. Achieving these targets also depends on funding being made available by National and Provincial Sector Departments as indicated in the adopted Municipal Turnaround Strategy.

The service backlogs are indicated in Table 20 below.

Table 24: Service backlogs as at April 2010 – Preparation of MTAS

SERVICE	BACKLOG (April 2010)
Water and Sanitation	8,290
Electricity	9,131
Refuse removal	4,300
Housing	2,028

From the above service backlogs 6,850 households are still located within informal areas that need upgrading. Various funding applications have been submitted to COGHSTA in this regard and once funding is availed the process can continue as some of the preparatory work, such as identification of land and beneficiaries, have been done. The upgrading of two informal areas (Diamant Park – 230 erven and Waterloo Area – 200 erven) has been initiated with the Municipality's own funding. A further hampering factor is the unavailability of link bulk infrastructure – mainly bulk sewer and to a lesser extends electricity. This is being addressed on two fronts:

- o A feasibility study has been conducted and approved by Council that investigated all bulk infrastructure for the Municipal Area. This process is ongoing and will involve a Section 77 process.
- o Critical bulk infrastructure, especially the waste water treatment plants are being refurbished and upgraded to function optimally within their design capacities in order to accommodate existing formal areas that are still without services. Funding has been sourced from MIG, DoE, De Beers and own capital for these purposes. An application, which was conditionally approved in December 2010, was also submitted to DBSA in order to fund some of these critical projects.

Due to the above efforts the moratorium on development was conditionally lifted by the Municipal Council and developers could also be informed by when large scale development can take place in line with the upgrading and development of bulk infrastructure.

Taking the above into consideration, especially the availability of funding, the following services could be provided since the adoption of the MTAS:

Table 25: Service provision since 1 July 2010 to 31 December 2010

SERVICE	PROVISION SINCE 1 July 2010	Available Funding to Provide Services (2010/11 Budget)
Water and Sanitation	70	R6,867,246
Electricity	151	R4,500,000
Refuse removal	2,000	R2,800,000
Housing	286	R22,673,484

It should be noted that applications to the amount of approximately R100m, to upgrade informal areas and to provide municipal services to various areas such as housing, electricity and water and sanitation, have been submitted to the various National and Provincial Sector Departments.

Public Participation

Serious attention is also given to public participation both in terms of community involvement in planning, development and monitoring processes as well as effective communication. In this regard work is in process to establish a Ward Based Planning System. During discussions with GTZ it was indicated that this development agency would assist the municipality in this regard. Further discussions will be held with GTZ during January 11 on this issue. Work has also started on a comprehensive Communication Strategy aligned to the GCIS. The Municipality has also upgraded its website and ongoing updating is being done with a fulltime dedicated webmaster.

A Client Service Strategy, which includes a Complaints Management Strategy, is also being prepared with ongoing improvements with regard to front desk arrangements to improve service effectiveness.

A funding model has also been developed for Ward Committees in line with the published regulations and adopted by Council. Stipends have been paid to Ward Committee Members since Oct 2010.

Governance

The Municipality's Governance Model (in line with relevant legislation) has been revised to properly implement the Mayoral Executive System to ensure more effective decision making but also to ensure that the council concentrate on its legislative function, the Mayoral Executive Committee on its executive function and the Municipal Manager on its administrative function. The revised Governance Model was adopted by Council in December 2010 and full implementation will commence in January 2011.

In terms of the administration the organisational structure has been revised as part of a broader institutional building process that includes the following issues:

- o Revision of the HR Policies and Procedures Handbook
- o Reconciliation of payroll with establishment and verification of contract workers

- o Assessment of the effectiveness of the Local Labour Forum, including recommendations for improvement
- o A Human Resource Strategy Report

In line with the recommendations of these reviews the institutional building process will be ongoing with a phased implementation of the proposals.

All vacant s57 Managers' positions were advertised during September 2010, short listing is completed and all positions should be filled during 2010.

Financial Management

The main issues that were addressed during this reporting period within this focus area is the implementation of the Operation Clean Audit Report (OPCAR) and to ensure a more positive outcome of the Auditor Generals report for 2009/10. Although a disclaimer of opinion was received from the AG it was mainly due to historic issues in the financial statements as well as technical issues in valuating the Municipality's property, plant and equipment during the unbundling process to conform to GRAP 17 Revenue enhancement, debt management and cashflow management were other issues that received serious attention. Linked to the above is to ensure that adequate provision is made in the operational budget to ensure effective maintenance of infrastructure and to ensure that the municipality's capital efficiency increases.

Local Economic Development

Within this focus area SPM mainly concentrated its efforts in aligning its LED initiatives with that of the Provincial and District GDS, to support the SMME sector, supporting the Province in its tourism initiatives and ensuring an enabling environment for the private sector to expand and invest. The latter is also hampered due to the present capacity of the bulk infrastructure to accommodate new development. The solving of the bulk infrastructure problems however is a high priority for the Municipality and is receiving urgent attention as mentioned previously in this report.

The detail of this high level summary is contained in a separate report that is available on request.

8 Recommendations

It is hereby recommended –

1. That the Mid-year Budget and Performance Assessment Report as at 31 December 2010 be accepted in accordance with section 72 (b) of the Municipal Financial Management Act (Act 56 of 3003).
2. That, based on the factual status of this report, it will be essential to submit an adjustment budget for the remainder of the 2010/11 financial year.

3. That an adjustment budget be submitted in accordance with section 28 of the Municipal Financial Management Act (Act 56 of 3003) before 28 February 2010.
4. That the KPI's and Targets in the 2010/11 SDBI be adjusted in line with the adjustment budget and that such a report be submitted along with the adjustment budget.

9 Municipal Manager's Quality Certificate

I, GH Akharwaray, the Municipal Manager of the Sol Plaatje Municipality hereby certifies the following for the 6 month period of the 2010 financial year ending on 31 December 2010:

1. That all monthly budget statements have been submitted in terms of section 71 of the Municipal Financial Management Act (Act 32 of 2003).
2. That quarterly performance reports in terms of the 2010/11 Service Delivery and Budget Implementation Plan have been submitted.
3. That the Mid-year Budget and Performance Assessment Report has been submitted in terms of section 72 of the Municipal Financial Management Act (Act 32 of 2003).

PRINT NAME: GH AKHARWARAY
Municipal Manager: Sol Plaatje Municipality

Signature:

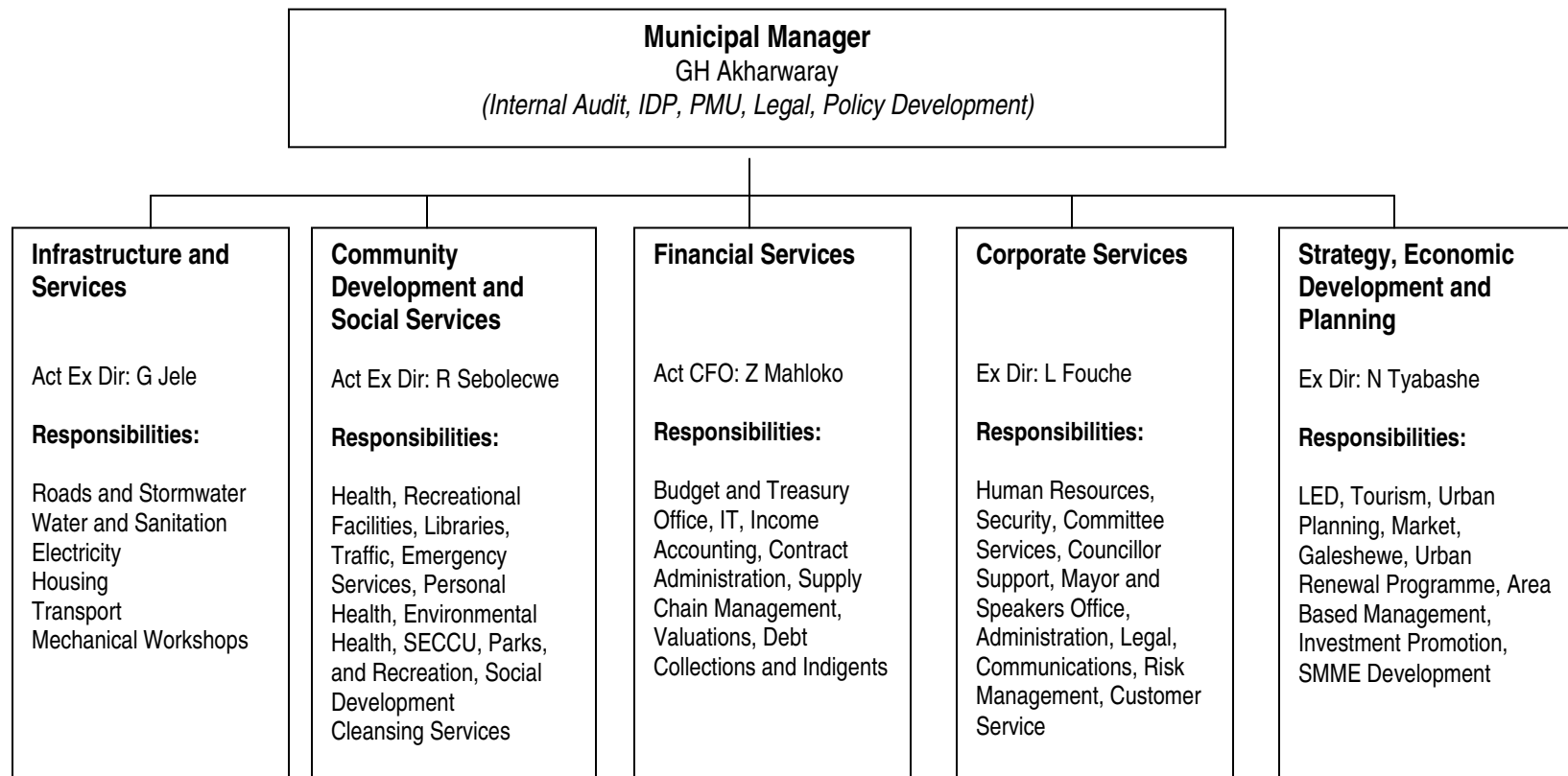
Date:

ANNEXURE 3

Performance of Service Delivery Indicators and Targets for each Vote/Directorate in the 2010/11 SDBIP

Annexure 1 indicates the Service Delivery Indicators and Performance Targets per Municipal Key Performance Areas (KPA's) according to the 2010/11 Annual Targets in the IDP broken down into quarterly targets. It also indicates the responsible Directorate (Vote) and the performance at mid-year (31 December 2010) against these Indicators and Targets.

The top structure of the Municipality is indicated below to show the responsibility of each Directorate (Vote):



MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT: PERFORMANCE ON SERVICE DELIVERY TARGETS AS AT 31 DECEMBER 2010.

Directorate	Mun. KPA	IDP	KPI Name	Measurement Unit	Driver	Base line	Annual Target	Mid-year performance Dec 2010		
								Target	Actual	Comment
Office of the Municipal Manager	Good Governance and Public Participation (GGPP)	5.2 To enhance the public profile, reputation and positioning of the SPM	Ensuring good cooperative governance through the attendance of Intergovernmental Structures and a well designed, updated and interactive web site linked to other spheres of Government by 31 December	% attendance to IGS's	ED: Corporate Services	New	80%	80%		Target to be adjusted. See motivation Annexure
	Sustainable Service Delivery (SSD)	2.1 To ensure adequate provision and maintenance of bulk infrastructure	Re-assess Alternative Service Delivery Framework and prioritise actions to be implemented (Core and non-core functions service delivery options) by 30 June 2011.	% ASDF assessed and adopted for Implementation	IDP Manager	New	100%	50%	0%	Due to time constraints on the delivery of the OPCAR deliverables (reviewed governance model and institutional building) the ASDF's priority was decreased. The exercise to do a s78 investigation into the water, sanitation and electricity services has put the ASDF project on hold. Target to be adjusted. See motivation Annexure
Financial Services		5.3 To ensure an unqualified audit report by 30 November 2017	Ensure a clean audit report by 30 June 2011.	% progress in organising revenue collection and improved billing; credit control policies - "balance the books"	ED: Financial Services	95%	100%	100%		Target to be adjusted. See motivation Annexure
				% progress in creating effective financial controls (financial stabilisation).	ED: Financial Services	New	95%	80%		
			Ensure timely completion of legally prescribed Annual Report process annually	% progress an Annual Report process completed annually	ED: Financial Services	100%	100%	100%	90%	The necessary processes and procedures are in place. Annually a process plan is developed indicating the activities, due dates and responsibilities for preparing and submitting the Annual report. Target to be adjusted. See motivation Annexure
			Correct preparation of financial statements and submission of financial reports	% of monthly s71 reports and Financial statements submitted on time	ED: Financial Services	50%	100%	100%	100%	Target to be adjusted. See motivation Annexure
			Fully Compliant with GRAP/IFRS and GAAP by 30 June 2011	% progress compliance	ED: Financial Services	30%	100%	100%	100%	Assurance can only be obtained from A-G. Target to be adjusted. See motivation Annexure
	Financial Viability and Management (FVM)	To ensure sound financial management and financial viability of SPM by 30 June 2013	Implementation of a functional integrated electronic FM system to efficiently manage the finances of the Municipality compliant to the MFMA by 30 September 2010	100% functional financial system	ED: Financial Services	60%	100%	100%		Target to be adjusted. See motivation Annexure
Municipal Institutional	4.1 To provide an overarching	An approved ICT Management Plan adopted by 30 September 2010	% progress	ED: Financial Services	5%	100%	100%	100%	Target to be adjusted. See motivation Annexure	

Directorate	Mun. KPA	IDP	KPI Name	Measurement Unit	Driver	Base line	Annual Target	Mid-year performance Dec 2010		
								Target	Actual	Comment
	Development and Transformation (MIDT)	framework for sustainable municipal performance improvement	An integrated IT Management Information System in place and fully functional by 30 June 2013	% progress	ED: Financial Services	0%	30%	10%	0%	Target to be adjusted. See motivation Annexure
Corporate Services	Good Governance and Public Participation (GGPP)	5.2 To enhance the public profile, reputation and positioning of the SPM	Develop and Implement new Ward Committee funding model	% Implemented	ED: Corporate Services	New	100%	60%	100%	Target to be adjusted. See motivation Annexure
			75% of Council Resolutions implemented on a quarterly basis	% of Council resolutions implemented (total no resolutions taken/no of resolutions implemented and signed off) on a quarterly basis	ED: Corporate Services	New	75%	75%	33%	
			Training of the Secretariat to effectively administer Council by 31 December 2010	% training of the Secretariat completed	ED: Corporate Services	New	100%	100%	80%	Committee Services secretariat is trained, but secretaries to Executive Directors do not execute the function of correct formatting and submission of items to Council and Portfolio Committees, thus burdening Committee Services. Target to be adjusted. See motivation Annexure
	Municipal Institutional Development and Transformation (MIDT)	4.1 To provide an overarching framework for sustainable municipal performance improvement	Municipal individual performance plan adopted and implemented by 30 December 2010	% progress in completing and adoption of the Plan	ED: Corporate Services	15%	60%	100%	100%	All performance plans will be signed by not later than 31 jan 2011. Target to be adjusted. See motivation Annexure
			An approved culture change programme (ethical conduct, way of work, value system change) by 30 September 2010	% progress	ED: Corporate Services	0	100%	100%	50%	In draft format for finalization. Target to be adjusted. See motivation Annexure
			Complete Org Struct incl changes req i.t.o. the current SD model of the mun. Human Resource Strategy incl staff estab changes req with specific ref to overstaffing in support functions by 30 June 2011	% progress in developing and implementing capacity building plans by 30 June 2011	ED: Corporate Services	New	50%	25%	25%	Consultants appointed to assist with the identifying of all temporary/contract employees and their designated positions and review of the organnogramme. Date of completion: 30 April 2011. Target to be adjusted. See motivation Annexure
				% of support programmes mainstreamed into the oprations of the Municipality	ED: Corporate Services	New	100%	40%	0%	Target to be adjusted. See motivation Annexure
			Ensuring effective labour relations by improving the effectiveness by conducting at least 12 successful meetings of the LLF annually	No of successful meetings of the LLF	ED: Corporate Services	5	10	5	1	No quorum. Target to be adjusted. See motivation Annexure

Directorate	Mun. KPA	IDP	KPI Name	Measurement Unit	Driver	Base line	Annual Target	Mid-year performance Dec 2010		
								Target	Actual	Comment
Strategy and Economic Development	Local Economic Development (LED)	1.1 To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	Led programmes and initiatives tangibly demonstrates IDP, SDF and IHSP Objectives	Development approvals, as reflected in Council resolutions, in line with IDP, SDF and IHSP Objectives	ED: SEDP	New	100%	100%	100%	We already had our first meeting with Urban Planning and Incentives Policy and UDZ will be incorporated within SDF Economic nodes.
			LED, GURP and NDPG initiatives tangibly enhances densification and equitable access to public amenities aligned to SDF	Physical location indicated on maps (as built plans)	ED: SEDP	Existing locations	25%	10%	10%	Mapping was done together with Town planning section. Though it was not for the public amenities for Galeshewe township. [30 Nov 2010]
			Tacit agreements with organised business, labour, civil society and other spheres of government regarding the role and responsibilities of the Municipality via LED	% of Budget dedicated to undertakings	ED: SEDP	0	100%	50%	0%	Allocation budget from DEDaT (R500 000) and SPM (R300 000) towards Kamfers Dam. Treasury allocated R6 316 727, 74 towards SMME Village. Target to be adjusted. See motivation Annexure
			Tacit agreements with organised business, labour, civil society and other spheres of government regarding the role and responsibilities of the Municipality via LED	Tangible implementation successes	ED: SEDP	New	100%	100%	80%	Ongoing training of emerging Contractors with CIDB, Electrical Apprenticeship with Centlec and Diamond Beneficiation with Da Vinci and Anani. Implementation of Kamfers Dam AND SMME VILLAGE in progress respectively. Target to be adjusted. See motivation Annexure
		1.2 To initiate, lead and sustain an investment environment for job creation in the SPM Area	Development and implementation on the Inner City Revival program	# implementation on the Inner City Revival programmes	ED: SEDP	New	4	1	0	The CBD Development Framework was completed. The UDZ incentive has been incorporated into the general Incentive Policy. The Incentive Policy is awaiting approval by Council. Target to be adjusted. See motivation Annexure
		1.3 To leverage municipal assets and the municipal procurement process with the view to stimulate redistribution and growth	SMME support towards SMME Village	Commencement of project by September 2010	ED: SEDP	10%	80%	25%	10%	The implementation will commence as soon as the letter of appointment is issued and site is handed over to the Contractor in the third quarter. Target to be adjusted. See motivation Annexure
				Contractor appointed by August 2010	ED: SEDP	New	100%	100%	100%	The contractor was appointed on December 2010.
		1.1 To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	Review of LED strategy	Council to approve a reviewed LED strategy by August 2010	ED: SEDP	100%	100%	100%	100%	Council approved both LED Strategy and the LED implementation plan as per resolution C493/10. LED Strategy is aligned with DGDS and as result of this the implementation was developed from both LED strategy and DGDS. The LED implementation plan is develop and also approved by Council on 06th October 2010 as resolution number C493/10.

Directorate	Mun. KPA	IDP	KPI Name	Measurement Unit	Driver	Base line	Annual Target	Mid-year performance Dec 2010		
								Target	Actual	Comment
Infrastructure	Local Economic Development (LED)	1.1 To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	Registration of Townships	Township Establishment Registration for ownership by identified and verified beneficiaries	ED: SEDP	New	100%	45%	15%	Business Plan submitted to the Department of Co-operative Governance, Human Settlements and Traditional Affairs (COGHSTA) in September 2010. COGHSTA has acknowledged receipt of business plan, with promise of further communication on progress. Projects for which funds are being requested at the Department of Co-operative Governance, Human Settlements and Traditional Affairs: 1) Planning & Surveying: Barkly Road Bufferzone Development Trust, Donkerhoek, Lindani, Platfontein, Riverton. Target to be adjusted. See motivation Annexure
			Review of Land Policy	Compilation and implementation of townplanning by-laws	ED: SEDP	New	100%	100%	5%	An item was submitted to the Development and Planning Committee (09 September 2010) of MEC (COGHSTA) for approval.
			Review of SDF	Effective implementation of SDF, for better alignment with other municipal master plans as identified in IDP	ED: SEDP	New	80%	45%	5%	Business Plans submitted to the Department of Co-operative Governance, Human Settlements and Traditional Affairs (COGHSTA) and the Department of Rural Development and Land Reform (DRLR). COGHSTA has acknowledged receipt of business plan, with promise of further communication on progress. DRLR has requested quotations from service providers; two (2) quotations received as at 01 October 2010. Department of Co-operative Governance, Human Settlements and Traditional Affairs: 1) Planning & Surveying: Barkly Road Bufferzone Development Trust, Donkerhoek, Lindani, Platfontein, Riverton. 2) Compilation of Town Planning By-Laws. 3) Review of Spatial Development Framework. Review process is also dependant of SDF Guidelines yet to be approved by DRLR. Target to be adjusted. See motivation Annexure
	Sustainable Service Delivery (SSD)	2.1 To ensure adequate provision and maintenance of bulk infrastructure	Align IHSP, CIP and Funding Strategy on a multi-year perspective (Housing, infrastr and Funding availability - Housing subs, MIG/PIG/GURP/NDPG funding etc.) Ensure alignment with Prov and Nat Budgets	% progress in alignment	ED: Infrastructure	New	100%	50%		Target to be adjusted - not measurable. See motivation Annexure
			At least 7% of operational budget spent on O&M of infrastructure in line with the MIIF	% budget spent	ED: Infrastructure	New	7%	4%	0%	Not measurable due to unavailability of MIIF. Target to be adjusted. See motivation Annexure

Directorate	Mun. KPA	IDP	KPI Name	Measurement Unit	Driver	Base line	Annual Target	Mid-year performance Dec 2010		
								Target	Actual	Comment
		2.2 To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management and roads and storm water services to all residents of SPM	Preparation of a Non-revenue Water Minimisation Study to reduce water losses by 31 Dec 2010	% completion of study	ED: Infrastructure	New	100%	100%	9%	Data collection and verification for both the infrastructure and the financial sectors is at an advanced stage. Due to additional scope of work (Verification of Financial Information) the anticipated duration of the planning phase of the project is 12 months. Target to be adjusted. See motivation Annexure

MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT: PERFORMANCE ON SERVICE DELIVERY TARGETS AS AT 31 DECEMBER 2010.

Directorate	Mun. KPA	IDP	KPI Name	Measurement Unit	Driver	Base line	Annual Target	Mid-year	
								Target	Actual
Strategy and Economic Development	Local Economic Development (LED)	1.2 To initiate, lead and sustain an investment environment for job creation in the SPM Area	Number of jobs created through initiatives of the SPM (including EPWP, capital, maintenance etc)	Man-days jobs provided: Project	ED: Infrastructure	244 342	250 000	100 000	171 146
Infrastructure	Sustainable Service Delivery (SSD)	2.2 To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management and roads and storm water services to all residents of SPM	366 additional households provided with electricity connections by 30 June 2013 (Total Backlog 8,421)	No of households	ED: Infrastructure	136	166	0	151
			Electricity losses reduced to 12% by 30 June 2013. (Norm 7%)	% reduction	ED: Infrastructure	16.73%	16%	16.33%	
			Ensuring additional 80MVA electricity supply by 31 December 2010	% progress in applying for additional capacity of 80MVA by end of December 2010	ED: Infrastructure	New	100%	100%	100%
		2.1 To ensure adequate provision and maintenance of bulk infrastructure	Align IHSP, CIP and Funding Strategy on a multi-year perspective (Housing, infrastr and Funding availability - Housing subs, MIG/PIG/GURP/NDPG funding etc.) Ensure alignment with Prov and Nat Budgets	% progress in alignment	ED: Infrastructure	New	100%	50%	
		2.2 To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management and roads and storm water services to all residents of SPM	2,028 additional subsidised houses provided by SPM Housing Department in accordance with IHSP by 30 June 2013	No. of households	ED: Infrastructure	886	428	150	286
			Approved IHSP by 31 December 2010	% progress in approving IHSP	ED: Infrastructure	60%	100%	100%	90%
		2.1 To ensure adequate provision and maintenance of bulk infrastructure	A planned, prioritised, costed and environmentally sound municipal infrastructure investment framework (MIIF) completed by 30 June 2010	% progress in preparing and approving the framework	ED: Infrastructure	0%	100%	100%	0%
			At least 7% of operational budget spent on O&M of infrastructure in line with the MIIF	% budget spent	ED: Infrastructure	New	7%	4%	0%
		5.1 kms of gravelled road to be paved by 30 June 2011 (Total backlog 5,1 km)	5.1 kms of gravelled road to be paved by 30 June 2011 (Total backlog 5,1 km)	No of Km	ED: Infrastructure	0	5	2	0
			50 kms of roads surfaced by 30 June 2013. (Total backlog 207 Km)	No of Km	ED: Infrastructure	0	28	7	3,5

Directorate	Mun. KPA	IDP	KPI Name	Measurement Unit	Driver	Base line	Annual Target	Mid-year	
								Target	Actual
		2.2 To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management and roads and storm water services to all residents of SPM	3,050 additional households in informal settlements with sanitation by 30 June 2013 (Total Backlog 8,290 includes informal settlements)	No. of households	ED: Infrastructure	500	0	0	0
			330 Standpipes installed in informal areas with 200 m radius from informal structures	No of standpipes	ED: Infrastructure	New	110	60	0
			Achieve 75% Blue Drop status by 30 June 2011	% blue drop status achieved	ED: Infrastructure	64%	75%	75%	0%
			Preparation of a Non-revenue Water Minimisation Study to reduce water losses by 31 Dec 2010	% completion of study	ED: Infrastructure	New	100%	100%	9%
			Water losses reduced to 15% by 30 June 2014 (Norm 10%)	% reduction	ED: Infrastructure	42%	20%	23%	25%
			3,050 of additional households in formal areas with a metered water connection by 30 June 2013 (Total Backlog 8,290 includes informal settlements)	No. of households	ED: Infrastructure	500	1 700	100	70