2012/2013

ANNUAL REPORT

Volume II

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REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury July 2012

CHAPTER 1: EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR'S FOREWORD

EXECUTIVE MAYOR'S FOREWORD

Cllr Sebenzile Ngangelizwe

It gives me great pleasure to present the 2nd Annual Report of Matjhabeng Local Municipality for the Council term of 2011 to 2016. The 2012/2013 financial year began with a firm commitment from both the political leadership and management of the institution to consolidate service delivery strides and progress achieved with regards to good governance during the previous financial years. On the other hand, there was also a firm commitment to simultaneously respond to challenges that continue to face us as a municipality in our endeavour to serve and improve the quality of life of the citizens of Matjhabeng. We remain unwavering in our quest and commitment to improve the life of our people, ensure good management practices and accelerate service delivery imperatives.

The Annual Report forges linkages between the Integrated Development Plan, Annual Financial Statements, In-year reports, Performance Management, Service Delivery and Budget Implementation Plan. For the financial year under review, there are notable improvements in certain areas of service delivery and good management practice. On the other hand, there are challenges that require attention in order to improve the audit findings and enhance the financial viability of the institution. Community development is the responsibility of all of us as members of the community, customers and all stakeholders. We earnestly believe that patriotism from all corners of our area should be the overarching drive towards social cohesion, accountability and unity.

The rate of payment for services rendered by the municipality remains unsatisfactory. We therefore call upon all consumers of our services to pay for such services. In this regards, we wish to thank all those households,

businesses and all citizens who continue to pay for their services in order to ensure that the Municipality is able to deliver services in line with its constitutional mandate. We also wish to thank all stakeholders who participated in our community engagement processes for the 2011 to 2016 IDP process and the 2012/2013 budget processes. We also welcome the participation of all stakeholders in the evaluation of the performance of the Municipality

in the past and therefore encourage all sectors of the community to continue to be involved in these processes in order to deepen democracy in our country.

We call upon some elements in our community to refrain from vandalizing municipal property because the institution is compelled to budget for the replacement of vandalized assets instead of using available resources for implementation of new projects. The central message is that we have a collective responsibility to improve our lives, make a difference during our lifetime and protect the environment within which we live.

I thank you

T 1.0.1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

Mr German Ramathebane

This 2012/13 Annual Report was compiled in line with the Local Government:

Municipal Systems Act No. 32 of 2000, the Local Government: Municipal Finance Management Act 56 No. of 2003, the National Treasury Circular No. 11, as well as the customized template and guidelines for municipal annual reports.

This Annual Report serves as a record of and accounting mechanism to communities on the Municipality's achievements and challenges, as well as the mitigation and remedial measures implemented to address the latter. While it reflects that progress has been made in service delivery, there are undeniable challenges. To strengthen and streamline the institution and its operations to enable the institution to expand and expedite service delivery to the residents of Matjhabeng Local municipality, *inter alia* the following interventions/actions will be prioritized in the year ahead:

(a) Coordinated call centers to enable quicker and more targeted responses to community needs and complaints.

(b) Review of Supply Chain Management structures, systems and processes.

(c) Re-commitment to IGR Forums to strengthen intergovernmental relations.

(d) Strengthening the Ward Committee System by providing administrative support.

(e) Address the issue of the disclaimer audit opinion received from the Auditor-General and introducing corrective measures towards obtaining a better audit opinion.

(f) Vigorously instilling a culture of performance within the institution.

(g) Promoting financial discipline and management.

(h) Addressing fraud and corruption in the institution through control systems and communication.

The municipality has to emerge as a model city and therefore needs a conglomeration of capabilities approach to integrate, build, and reconfigure internal and external competences to address rapidly changing environments. Our focus will be on developing the following five specific capabilities and the current institutional restructuring is a first step to achieving this objective.

1. A capability to think strategically so as to develop a foresight for the city, its spaces and peoples;
2. Performance Capability to execute strategy and perform specific actions on time, within scope, budget and based on high levels of quality through established processes, standards and systems;
3. Human capital Capability to develop, nurture and attract new talent and capability to motivate people to take actions that result in significant impact;
4. Integrated city development Capability to plan for a city and be responsive to citizens' needs and to manage the municipal area on a holistic basis; and
5. Utility Management Capability to manage trading services and corporatize these services.

As Accounting Officer of the institution, I would like to extend my heartfelt appreciation to the political leadership and staff of the Matjhabeng Local Municipality for their hard work and dedication, which culminated in the progress made by the institution during the 2012/13 financial year.

T 1.1.1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Amongst others, the Matjhabeng Local Municipality carries functions related to water, sanitation, electricity, refuse, housing, local economic development, roads, storm water drainage, and local planning approvals. The municipality does not have entities that assist it in the execution of these functions with the exception of water and electricity, where parastatals such as Sedibeng Water and Eskom do play a role.

T 1.2.1

TOTAL POPULATION AND HOUSEHOLDS		
	CENSUS 2011	**COMMUNITY SURVEY 2007**
POPULATION	406 461	405 031
HOUSEHOLDS	123 195	131 622

Source: STATS SA 2011

T.1.2.2

POPULATION BY RACE AND GENDER			
	MALE	**FEMALE**	**TOTAL**
BLACK	181 946	182 716	364 662
COLOURED	2 669	2 728	5 397
INDIAN / ASIAN	766	470	1 236
WHITE	17 674	17 492	35 166
TOTAL	203 055	203 406	406 461

Source: STATS SA 2011

T.1.2.3

EMPLOYMENT STATUS		
ECONOMIC STATUS	**CENSUS 2011**	**COMMUNITY SURVEY 2007**
EMPLOYED	99 650	120 959
UNEMPLOYED	58 524	65 387
NOT ECONOMICALLY ACTIVE	105 159	89 706
DISCOURAGED WORK SEEKERS	13 290	

EMPLOYMENT BY SECTOR		
INDUSTRY TYPE	**2007**	**2011**
AGRICULTURE, HUNTING, FORESTRY, FISHING	5 035	4 943
MINING AND QUARRYING	30 581	30 144
MANUFACTURING	4 133	9 556
ELECTRICITY, GAS, WATER SUPPLY	465	573
CONSTRUCTION	2 778	5 260
WHOLESALE AND TRADE, REPAIRS, HOTELS AND RESTAURANTS	11 795	17 813
TRANSPORT, STORAGE AND COMMUNICATION	3 262	3 581
FINANCIAL INTERMEDIATION, INSURANCE, REAL ESTATE AND BUSINESS	4 793	7 330
COMMUNITY, SOCIAL AND PERSONAL SERVICE	14 313	17 991

T 1.2.4

HISTORICAL OVERVIEW OF TOWNS WITHIN MATJHABENG

The municipality is made of six towns, namely:

WELKOM (THABONG)

Welkom is has been the centre of the Free State Goldfields, serving several gold and uranium mines, since 1947. Following the discovery of gold in 1946, Welkom was founded in 1947 on the farm Welkom, with the word "Welkom" meaning welcome.

Welkom received municipal status in 1968. It was planned as a model town, with a horseshoe-shaped shopping and administrative district surrounding a park of 11ha. More than one million trees were planted in the town.

Centrally situated, Welkom is place within comfortable distance from other major cities. Johannesburg is only 280 km away, while Bloemfontein is 175 km away. The traffic flow in the city has attracted much attention and experts from all over the world come to study the clever use of traffic circles and the minimal number of stop streets.

The absence of traffic lights in the centre of the city contributes to an effortless flow of traffic – the envy of many cities and the reason Welkom is known as the *"circle city"*. Welkom has also earned itself the reputation of being a *"city within a garden"* due to the number of parks and gardens that lend it an extraordinary number of shady trees and pleasant surroundings.

VIRGINIA (MELODING)

Virginia is situated on the banks of the Sand River. The town originated around the railway station, which was named after the hometown of two American railway surveyors from Virginia in the USA.

The town was established in 1954 and became the second largest town in the Goldfields area within three years. The name was retained when the town mushroomed in the 1950's following the discovery of gold. The farm's name, Merriespruit, was given to a suburb of Virginia.

Virginia is surrounded by some of the largest gold fields in the Free State, and mining, gold-extraction, plants, and the manufacture of sulphiric acid from gold ore dominates its economy. It is also known for having the world's deepest pipe-mine into the earth. Commercial farms in the surrounding area primarily grow maize and raise livestock.

VENTERSBURG (MAMAHABANE)

Ventersburg was named after a pioneer, PA Venter, of the farm Kromfontein, who died in 1857. Ventersburg's early history is closely connected to the history of the Reformed Church, as Ventersburg was Reformed Church congregation established in 1864.

The House of Assembly, on 6 May 1873, declared Ventersburg a town in the Winburg District. The Dutch Reformed Church was built in 1891 and GOT burnt down in 1900 with the occupation of the British of Ventersburg. A new Dutch Reformed Church was built in 1912. In 1903, Ventersburg Municipality was established. In 1939, Ventersburg was electrified.

ODENDAALSRUS (KUTLWANONG)

Odendaalsrus was the first town to be established in the Goldfields in 1912. By 1946, this small farming community had only 40 houses and three shops. However, the town exploded into life after the confirmed discovery of the richest gold reef in the world in April 1946 on the farm Geduld.

Situated between Kroonstad, Allanridge and Welkom, Odendaalsrus once formed the centre of mining activities in the area. Today a tranquil town with its own unique pulse, Odendaalsrus and Kutlwanong together boast a population of approximately 52 000.

HENNENMAN (PHOMOLONG)

Hennenman is unusual within Matjhabeng's economics make-up in that it has a well-balanced economy based mainly on agriculture, an anomaly in an area in which most income is derived from mining and industry.

Before the town was officially established, it was birthed as a railway station, Ventersdorp. This name was changed to Hennenman Station in 1927, after a prominent local farmer. The town began to grow in earnest after the discovery of gold between Hennenman and Odendaalsrus in 1946 and was proclaimed a municipality in 1947.

Hennenman and Phomolong have a population of approximately 25 000. Phomolong Township emerged from the forcefully removed old location near Hennenman town, which was then used as Ventersburg station.

ALLANRIDGE (NYAKALLONG)

Named in honour of the late Alan Roberts, whose pioneering geological and prospecting work was key in the eventual discovery of gold and the development of the Goldfields, Allanridge was founded as a settlement in 1947, although it was only proclaimed as a town in 1956.

Home of the Lorraine Gold Mine, one of the biggest in the Goldfields, Allanridge is a town of sunshine, and the thousands of flamingos who make the area their home provide natural beauty. Nyakallong location was established by the mineworkers working at Lorraine mine and started as a dwelling place only to have their permanent homes where they came from.

T 1.2.5

NATURAL RESOURCES	
MAJOR NATURAL RESOURCE	**BENEFIT TO THE COMMUNITY**
GOLD	There are a number of active mines which employ residents of Matjhabeng
URANIUM	Uranium and gold cannot be separated even though the region has not explored the uranium mining.

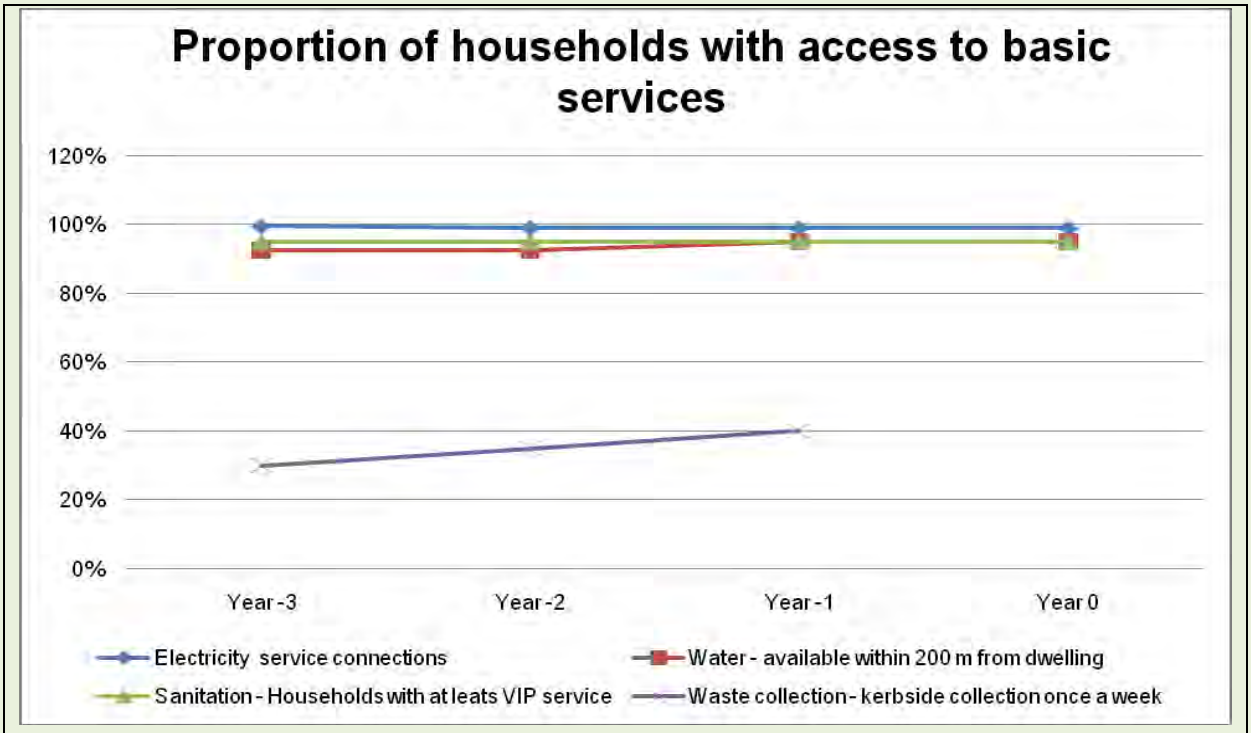
T.1.2.7

COMMENT ON BACKGROUND DATA:

The data clearly shows the municipality faces a number of challenges such as high levels of unemployment and consequently indigence. Amongst others this means the municipality's revenue base is likely to remain low, thus posing a threat on the municipality's ability to expand and improve the quality if services to its citizens.

T 1.2.8

1.3 SERVICE DELIVERY OVERVIEW



T 1.3.2

COMMENT ON ACCESS TO BASIC SERVICES:

Diagram not included – access to basic services handicapped by shortage of personnel, fleet, materials and tedious procurement processes.

T 1.3.3

1.4 FINANCIAL HEALTH OVERVIEW

Financial Overview

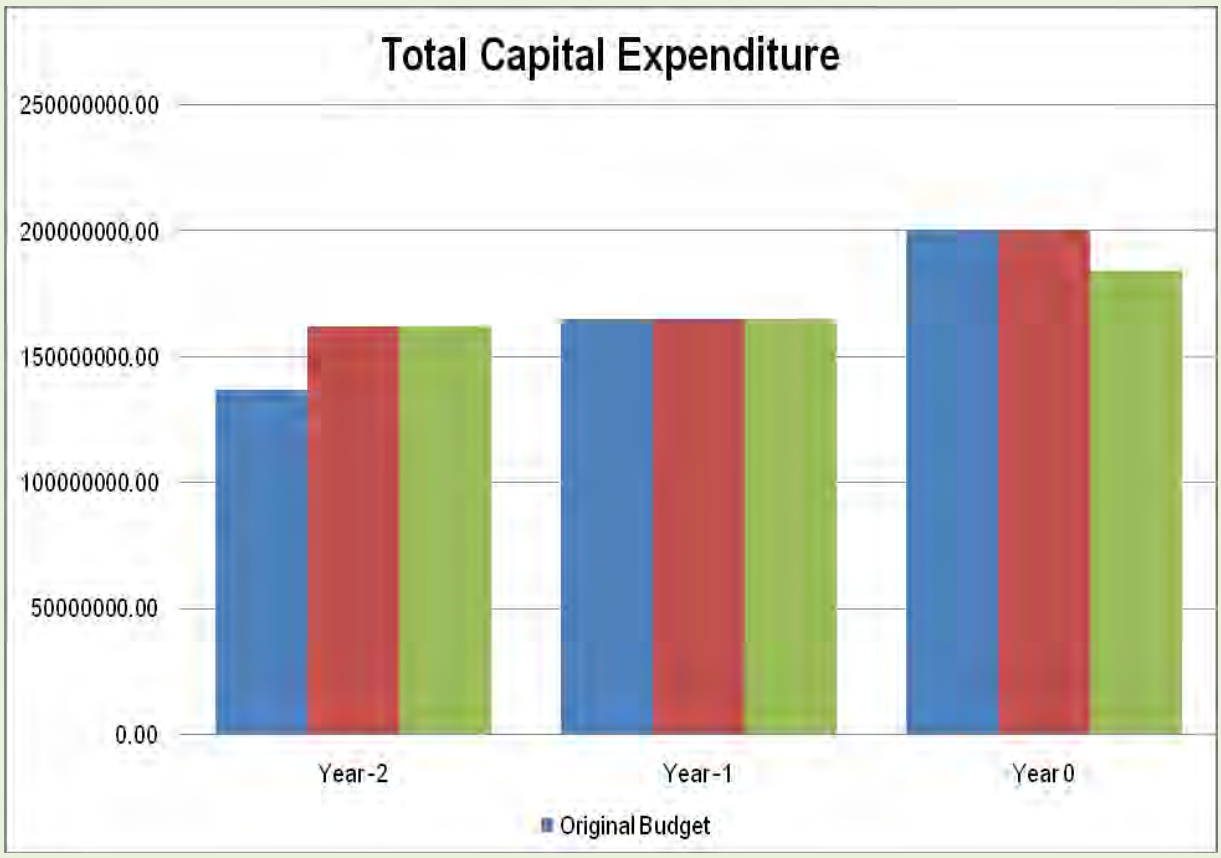
The Matjhabeng Local Municipality has received a disclaimer audit opinion for the past financials years of which the major qualifications were on property plant and equipment, investment property, service charges, trade and other payables, provisions, leases, consumer debtor, non-current debtors and expenditure. The municipality developed an Audit Query Action Plan to address the matter raised but still experienced challenges in order to achieve an improvement in the Audit Outcome.

The budget of the municipality has been compiled in compliance with Chapter 4 of the Municipal Finance Management Act 56 of 2003. The operating budget for the 2012/2013 financial year was R 1 617 317 571 and capital budget R255 978 000. The revenue as per the statement of financial performance was R1 711 492 511 and the expenditure at R2 051 931 962, which recorded an operating deficit of R398 260 168.

Financial Overview: Year 0			R' 000
Details	**Original budget**	**Adjustment Budget**	**Actual**
Income:			
Grants	200 030	0	184 407
Taxes, Levies and tariffs	920,923	0	779,911
Other	695,959	0	1,710,109
Sub Total	1,617,317	0	1,711,492
Less: Expenditure	1,617,317	0	2,109,752
Net Total*	0	0	-398,260
** Note: surplus/(defecit)*			**T 1.4.2**

Operating Ratios	
Detail	**%**
Employee Cost	21%
Repairs & Maintenance	2%
Finance Charges & Impairment	21%
	T 1.4.3

Total Capital Expenditure: Year -2 to Year 0			
Detail	**Year -2**	**Year -1**	**Year 0**
Original Budget	137 104 000	164 921 016	200 030 000
Adjustment Budget	161 812 227	161 921 016	200 030 000
Actual	161 812 227	164 921 016	184 407 195
			T 1.4.4



T 1.4.5

1.5 STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	

3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General 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
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	January
		T 1.4.6

CHAPTER 2 – GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

POLITICAL STRUCTURE

EXECUTIVE MAYOR
Cllr Sebenzile Ngangelizwe

SPEAKER
Cllr Charles Stofile

CHIEF WHIP
Cllr MJ Sephiri

MAYORAL COMMITTEE / EXECUTIVE COMMITTEE

MMC COMMUNITY SERVICES
Cllr D Kotzee

MMC FINANCE
Cllr MA Mbana

MMC POLICY DEVELOPMENT & MONITORING
Cllr TD Khalipha

MMC TECHNICAL SERVICES
Cllr MK Menyatso

MMC CORPORATE SERVICES
Cllr MSE Mfebe

MMC SOCIAL SERVICES
Cllr ML Radedebe

MMC HUMAN SETTLEMENTS
Cllr FE Taliwe

MMC SPECIAL PROGRAMMES
Cllr ML Thlone

MMC LED & PLANNING
Cllr ME Lande

MMC PUBLIC SAFETY & TRANSPORT
Cllr NW Speelman

During the year under review Council lost the services of Cllr ME Lande, MMC for Local Economic Development and Planning as well as those of Cllr PP Thembani who was later replaced by Cllr M Twanana (may their souls rest in peace).
It is important to mention as well that during the same year Cllr L Rubulana came in to replace Cllr ME Lande as MMC: LED and Planning.

T 2.1.1

COUNCILLORS

PR Councillors

Cllr Banyane

Cllr Molefi

Cllr Mafa

Cllr May

Cllr Vanga

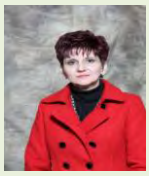
Cllr Beneke

Cllr Styger

Cllr Motshabi

Cllr Mlangeni

Cllr Mafongosi


Cllr Taljaard

Cllr Ntsebeng

Cllr Chaka

Cllr Marais

Cllr Mkhubane

Cllr Thoabala

Cllr Mholo

Cllr Matlebe

Cllr Botha

Cllr Matlabe

Cllr Fourie

Cllr Mokotedi

Cllr Radebe

CllrTsubane

Cllr Petleki

Cllr Fanie

Cllr Kotzee

Cllr Mbana

Cllr Menyatso

Cllr Radebe

Cllr Sephiri

Cllr Speelman

Cllr Tlhone

Cllr Thembani

Cllr Van Rooyen

Cllr Twanana

Ward Councillors

Cllr Van Rooyen

Clllr Riet

Cllr Naude

Cllr Meyer

Cllr V.Schalkwyk

Cllr Mokhomo

Cllr Thateng

Cllr Madumise

Cllr De Villiers

Cllr Tsatsa

Cllr Qwesha

Cllr Mphikeleli

Cllr Dali

Cllr Makgowe

Cllr Mbambo

Cllr Molupe

Cllr Ntlele

Cllr Mokausi

Cllr Sifatya

Cllr Phetise

Cllr Mosala

Cllr Thelingoane

Cllr Tlake

Cllr Morris

Cllr Smit

Cllr Taliwe

Cllr Monjovo

Cllr Molete

Cllr Mabote

Cllr Tsubella

Cllr Mfebe

Cllr Molelekoa

Cllr Molelekoa

Cllr Khalipha

Cllr Masienyane

Cllr Mothege

T 2.1.2

POLITICAL DECISION-TAKING PROCESS

Council is the ultimate authority and/or decision-maker as per the provisions of the Constitution of the Republic of South Africa and other applicable laws governing the local government sector. A typical political decision-taking process usually begins with the Administrative Wing of the municipality which after having processed items will submit such to the Section 80 Committees for further processing.

Arising from the meetings of various Section 80 Committees will be an agenda that will be table before the Honorable Executive Mayor's advisory committee, namely, the Mayoral Committee, which will then submit its recommendations to Council for final decisions.

Depending upon the nature of a Council decision and/or decision, the general public will be consulted for inputs on the matters at hand before Council finally ratifies a matter under discussion. Public consultation assumes different forms, for example, it can be face to face meetings with the general public; or a platform can be created for the public make inputs (written or verbal); or can be through the sittings of the Ward Committees; or even through formal stakeholder engagements.

Either way, whatever emerges from consultations with the general public must still find a way back into Council for consideration and final ratification.

In the event Council decisions need further action from the side of the administration of political office (in the form of the Executive Mayor's Office), progress report(s) are submitted to Council as part of the tracking of the efforts aimed at implementing the decisions of Council.

T 2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

TOP ADMINISTRATIVE STRUCTURE

MUNICIPAL MANAGER
Mr. German Ramathebane

EXECUTIVE DIRECTOR: Strategic Support Services
Mr. Sam Makhubu

EXECUTIVE DIRECTOR: Infrastructure
Mr. Madoda Besani

EXECUTIVE DIRECTOR: Corporate Support Services
Mr. Mothusi Lepheana

EXECUTIVE DIRECTOR: LED & Spatial Planning
Mr. Xolela Msweli

ACTING CFO
Me. Lindsey Williams

EXECUTIVE DIRECTOR: Community Services
Me. Matiro Mogopodi

During the year under review, the Municipality employed the services of Ms. Fezeka Ntlemeza, who joined in February 2012 and left in April 2012.

The post of the Chief Financial Officer remains vacant, but during the year under review Ms. LB Williams and Mr. LB De Bruyn acted in the post interchangeably.

T2.2.2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Cooperative Governance and Intergovernmental Relations (IGR) are important in that they foster relationships among the three spheres of government within the context of a unitary state, and the mechanisms to manage these relationships are legislated (see the Constitution of the Republic of South Africa of 1996, The Intergovernmental Relations Act, and other applicable laws.

The municipality is an active participant in various fora aimed at advancing cooperative governance and intergovernmental relations especially at the levels of both the District Municipality and Provincial Government (see T2.3.4 below for some specific references and details)

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

RELATIONSHIPS WITH MUNICIPAL ENTITIES

N/A

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

The office of the Speaker participates in the District Public Participation Forum that sits quarterly. The forum allows the Speakers in the district to discuss a range of issues, including demarcation, public participation and governance. The forum has helped to eliminate tensions and disagreements over municipal outer boundaries as consensus was reached at this level.

At a technical level, the office participated in quarterly district and provincial public participation steering committees. These forums help service delivery through sharing of best public participation strategies implemented by other municipalities. Administratively, the municipality participates in a District Forum aimed at driving the Municipal Turn-Around Strategy (MTAS) as well as a similar forum managed by the Provincial COGTA.

Needless to say, the municipality is an active participant in the District and Provincial Integrated Development Plan (IDP) where social developmental agenda is being driven and the programs of the three spheres of government are being coordinated and a platform is created to incorporate national and provincial plans.

Lastly, the municipality participates in the Premier's Coordinating Forum where the province's developmental agenda and coordination are points of emphasis

T 2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The law provides that public representatives must convene ward constituency meetings quarterly to give feedback on the progress and challenges in the municipality. All the wards convened their constituency meetings in the last financial, although some did fall short of the legal requirement of four meetings a year, while others exceeded the target. Sector departments continue to consult the community on the drafting and implementation of the policies. The Office of the Executive Mayor has a program of imbizos, which reinforce the system of ward committee participation.

In addition, with a view to enhancing accountability, the municipality continues to place important documents like the IDP, Budget and the annual report at key strategic points for accessibility. During the year under review, a comprehensive public participation program was undertaken across the thirty-six municipal wards, and this was complimented by the sittings of the IDP/Budget Stakeholder Forum where interest groupings and sector departments were afforded an opportunity to input into the IDP and Budget development processes.

The planning on public participation still has to improve in the next financial year especially in the lights of serious resource constraints. The staffing in the Office of the Speaker is grossly inadequate. There is a need for additional vehicles in order to satisfactorily service all 36 wards, including improving the municipal ability to cater for policy consultations and the programs from the office of the Executive Mayor. Lastly, the general public was consulted on policy-making processes as required by the laws of the land.

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The municipality regularly advertises Council meetings in the local newspapers in order for people to attend. The attendance to meetings by the public is not really satisfactory but there is no single meeting that has sat without members of the public present. The Offices of the Executive Mayor and the Speaker have each established forums in which service delivery issues are discussed.

The Executive Mayor heads the IDP Representative Forum, which consists of the ward committees, sector departments and the business. The Office of the Speaker chairs the Stakeholders' Forum, which consists of all public sector line departments within jurisdiction of the municipality.

The website of the municipality is functional even though it has some information challenges. Nevertheless, where possible, relevant information as required by the law is posted. The municipality also has notice boards at all its buildings which serve as important channels of communication. In this financial year, the municipality is also using the community radio station, *The Rock*, where the leadership of the municipality has unmediated communication with the community on development plans, progress and challenges. The municipality continues to publish *Matjhabeng News* on a monthly basis.

T 2.4.1

WARD COMMITTEES

The Municipality has 36 wards each with a well functioning Ward Committee. Ward Committees are correctly constituted, sit regularly as per the approved schedule and report timely on activities undertaken (see T2.4.3 below) . The office of The Speaker has attempted to performance-manages Ward Committees and assess their performance consistently.

T 2.4.2

Nature and purpose of meeting	Date of events	Number of Community members attending
Ward 1 Constituency Meetings	18-Jan-13	Not attached
Ward 2 Constituency Meetings	5-May-13	123
Ward 3 Constituency Meetings	13-Jan-13	100
Ward 4 Constituency Meetings	None	
Ward 5 Constituency Meetings	None	
Ward 6 Constituency Meetings	7-Jun-12	220
Ward 7 Constituency Meetings	7-Jun-12	240
	22-Nov-12	100
	26-Nov-12	128
Ward 8 Constituency Meetings	20-Jun-13	102
Ward 9 Constituency Meetings		
Ward 10 Ward Committee	18-Jun-13	11
Ward Committee Meeting	18-Feb-13	11
Ward 11	None	
Ward 12	None	
Ward 13 Constituency Meetings	3-Jun-12	214
	26-Aug-12	138
	19-Mar-13	327
	8-Apr-13	6
	13-Jun-13	300
Ward 14 Constituency Meetings	16-Jun-13	78
Ward 15 Constituency Meetings	None	
Ward 16 Constituency Meetings	8-Apr-13	227
	12-Jun-13	127
Ward 17 Constituency Meetings	None	
Ward 18 Constituency Meetings	30-Apr-13	76
Ward Committee Meeting	4-Jun-13	8
Ward 19 Constituency Meetings	15-Oct-12	138
	18-Feb-13	62
Ward 20 Ward Committee Meeting	23-May-13	9
Ward 21 Constituency Meetings	12-Jun-13	215
Ward 22 Constituency Meetings	26-Aug-12	187

Ward 23 Constituency Meetings	20-Jun-13	102
	6-Jul-13	224
Ward 24 Constituency Meetings	None	
Ward 25 Constituency Meetings	None	
Ward 26 Constituency Meetings	20-Jan-13	341
	27-Mar-13	105
	16-May-13	350
	16-Jun-13	207
Ward 27 Constituency Meetings	11-Sep-12	
Ward 28 Constituency Meetings	26-May-13	207
Ward 29 Constituency Meetings	17-Mar-13	210
	26-May-13	114
	16-Jun-13	155
Ward 30 Constituency Meeting	17-Jan-13	175
Ward 31 Constituency Meeting	20-Sep-12	100
	7-Jul-13	181
	8-Jul-13	68
Ward 32 Ward Committee Meeting	30-Jul-12	45
Constituency Meeting	18-Apr-13	30
Ward Committee Meeting	6-Jun-13	10
Ward Committee Meeting	11-Apr-13	8
Ward Constituency Meeting	13-Jun-13	55
Ward 33 Ward Committee Meeting	5-Jun-13	8
Ward 34 Constituency Meeting	19-Sep-12	20
	14-Mar-13	
Ward 35	21-Sep-12	180
	30-May-13	46
Ward 36	19-Oct-12	

T 2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

As it has been already reported in one of the foregone passages that a comprehensive public participation program was developed and executed during the year under review, its success and impact varied from issue to issue and from ward to ward. As it is the case with meetings of this nature, and despite the amount of energy, time and other resources mobilized for such meetings, it is unlikely that attendance and inputs would be uniform.

Nevertheless, apart from meeting a legal requirement in as far as consulting the public is concerned, meetings held yielded positive outcomes. The general public was able to input into programs where such was needed, and these contributed significantly to improving the Council decisions. For example, the IDP and Budget together with other policies approved have public ownership.

T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Y
Does the IDP have priorities, objectives, KPIs, development strategies?	Y
Does the IDP have multi-year targets?	Y
Are the above aligned and can they calculate into a score?	Y
Does the budget align directly to the KPIs in the strategic plan?	Y
Do the IDP KPIs align to the section 57 Managers	Y
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Y
Were the indicators communicated to the public?	Y
Were the four quarter aligned reports submitted within stipulated time frames?	Y
NB: Whereas all of the responses above are correct, it is important to note that there has been an unevenness in the manner in which these (KPIs, outcomes, inputs, strategies, etc.) were captured in the IDP and SDBIP during the year under review	**T 2.5.1**

COMPONENT D: CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

RISK MANAGEMENT

Risk Management is a management process, through which the municipality identifies, evaluates and control significant risks that can result in failure, to attain strategic objectives. The main responsibility of Risk Management is to support the development of an overall Municipal Risk Management plan, aligned to Municipal Strategy. A reviewed risk management policy was approved during the Council sitting dated the 26th of September 2013The following are the responsibilities of Risk Management.

1. Conducting Risk Assessment within the Municipality.
2. Advising and Guiding the Municipality in terms of Institutional Risk Matters.
3. Developing a Risk Management Strategy and Implementation Plan.
4. Coordinating Risk Management Activities.
5. Facilitating identification and assessment of risks.
6. Recommending Risk Responses to Management.

T 2.6.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The SCM policy of the municipality is aligned with the SCM regulations. The SCM policy was also reviewed to take into account the revised PPPF regulations. The primary goal of the Municipality's supply chain management system is to find reliable, cost effective suppliers for the Municipality, this means that acceptable norms and standards of quality, expected service delivery and technical performance will not be relaxed or compromised, while ensuring the promotion of HDI's in the process.

It is clear that the local economy is declining. For this purpose the Municipality has incorporated a number of local economic development initiatives and projects in the integrated development plan. The Municipality also realises that its supply chain management policy and practices can play an important role in stimulating local economic growth and development. This policy is therefore designed to contribute to the achievement by the Municipality of its objectives regarding local economic growth and development.

As stated earlier the technical capabilities and expertise of service providers are not compromised in the awarding of contracts, therefore projects are completed according to the required standards. This in turn contributes to effective service delivery. Challenges experienced to attain the standards set out in Section 112 of the MFMA are as follows:

The appointment of permanent SCM staff; the training strategy for SCM practitioners has not been developed

The remedial action taken is that the revised organogram will serve before Council and once this is approved by Council, appointment of permanent staff will follow.

T 2.8.1

2.9 BY-LAWS

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication

NB: No By-Laws Were Introduced During Year O (Year Under Review) **T 2.9.1**

2.10 WEBSITES

Municipal Website: Content and Currency of Material			
Documents published on the Municipality's / Entity's Website	**Yes / No**	**Publishing Date**	**Reason**
Current annual and adjustments budgets and all budget-related documents	Yes	September 2012	
All current budget-related policies	No		
The previous annual report (Year -1)	Yes	22-May-12	
The annual report (Year 0) published/to be published	Yes		
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	August 2012	
All service delivery agreements (Year 0)	No	No	
All long-term borrowing contracts (Year 0)	No	No	
All supply chain management contracts above a prescribed value (give value) for Year 0	No	No	
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 1	No	No	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	No	
Public-private partnership agreements referred to in section 120 made in Year 0	No	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	No	No	
NB: Where the response is in the negative regarding the website above, a distinction must be made between whether or not the municipality did indeed do what it was supposed to do as opposed to not having put such information in the website as required by law. For example, in respect of *"All current budget-related policies"; "All service delivery agreements"* , the municipality did develop and Council approved budget-related policies and all service delivery agreements were entered into and correctly signed by parties involved, but what lacked was the posting of such in the website as required by law. The primary reasons for this non-compliance were (i) the dysfunctionality of the municipal website at the time and (ii) the delay by the Free State Provincial Government to have such information posted on the website as update of municipal websites has become centralized in the Province			**T 2.10.1**

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

Matjhabeng Local Municipality's Website is currently receiving support from the office of the Premier, regarding the development and maintenance or updating of the website. The support is at its infancy stage and plans are afoot to make it more acessible and user friendly as possible. There's reasonable information on the website as required by the law and the hit rate is promising as well.

T 2.10.1.

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

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

According to Stats SA's Census 2011, Matjhabeng Local Municipality has an overall population size of 406 461 with 123 195 households (with 97.7% being found in urban areas, and 2.3% living on farms). Of these, 78.5% constitutes formal dwellings, whereas 81.1% is connected to waterborne sanitation, 54.8% are households with piped water inside dwellings.
The municipality provides refuse removal services weekly to 86.3% of the total households. The percentage of households that uses electricity is 91.1.

During the year under review, the Municipality had approximately 8500 informal dwellings.

T 3.1.0

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

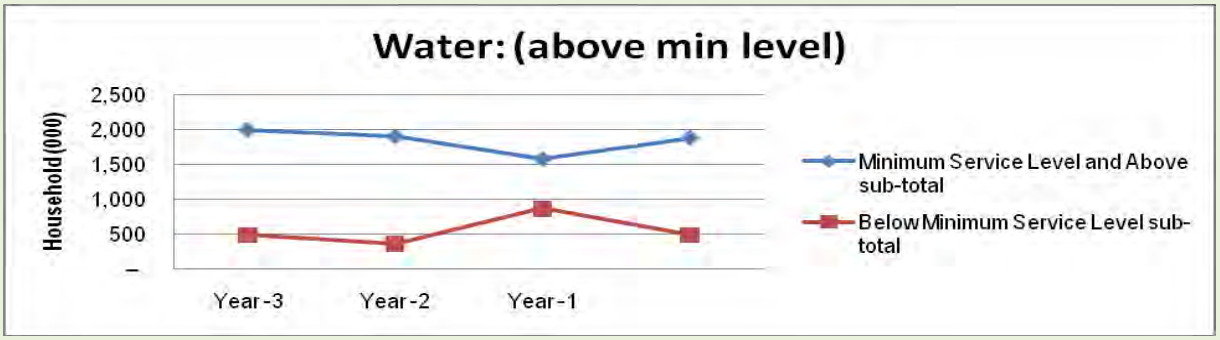
Matjhabeng Municipality is the Water Service Authority and Sedibeng Water the Water Service Provider. Due to the down scaling of the mines in the area, the current bulk water supply capacity is more than adequate in all the towns in the area of authority. Due to aging of some of the water networks and challenges to manage and meter all households the water loss is unacceptably high.
The Municipality achieved a Blue Drop Status in 5 of the 6 towns.

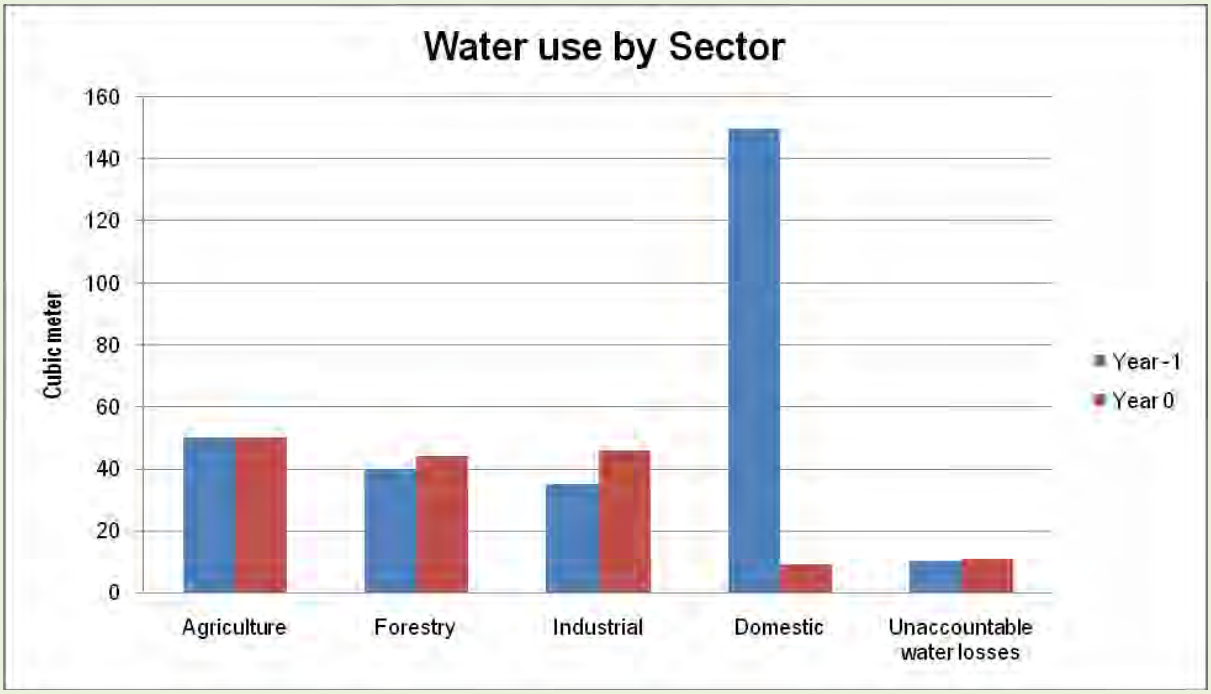
The Municipality renders basic assistance to poor communities within its resource constraints.

T 3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year -1	50	40	35	150	10
Year 0	50	44	46	9	11

T 3.1.2





T 3.1.2.1

COMMENT ON WATER USE BY SECTOR:

Due to excessive water losses, the Municipality embarked on project to reduce water losses. A service provider was appointed, but to date no real benefits were achieved.

Maintenance of water networks in old high income areas becomes difficult as little funding is available to maintain and upgrade such. All governmental actions are focussed on PDI areas.

T 3.1.2.2

Water Service Delivery Levels

Households

Description	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
Water: **(above min level)**				
Piped water inside dwelling	49,315	49,315	49,315	49,315
Piped water inside yard (but not in dwelling)	46,997	46,997	46,997	47,077
Using public tap (within 200m from dwelling)	1,916	1,916	2,916	2,381
Other water supply (within 200m)				
Minimum Service Level and Above sub-total	98,228	98,228	99,228	98,773
Minimum Service Level and Above Percentage	97%	96%	97%	96%

Water: **(below min level)** Using public tap (more than 200m from dwelling) Other water supply (more than 200m from dwelling No water supply	2,567	4,467	3,467	4,002
Below Minimum Service Level sub-total	2,567	4,467	3,467	4,002
Below Minimum Service Level Percentage	3%	4%	3%	4%
Total number of households*	**100,795**	**102,695**	**102,695**	**102,775**

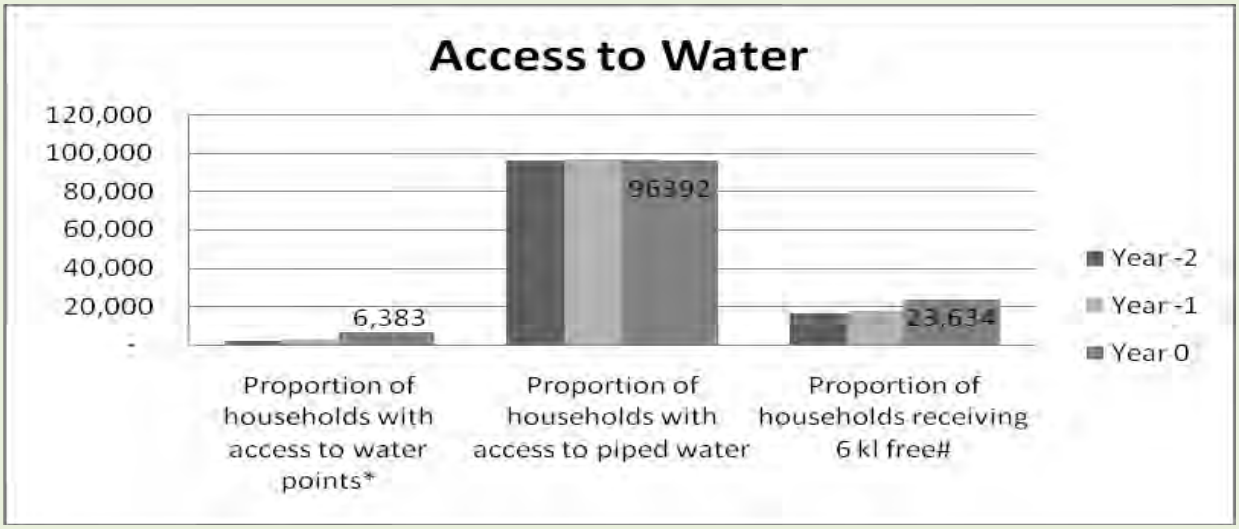
T 3.1.3

Households - Water Service Delivery Levels below the minimum

Households

Description	**Year -3**	**Year -2**	**Year -1**	**Year 0**		
	Actual No.	**Actual No.**	**Actual No.**	**Original Budget No.**	**Adjusted Budget No.**	**Actual No.**
Formal Settlements						
Total households	84,972	84,972	84,972	84,855	84,855	84,855
Households below minimum service level	6,000	4,140	4,140	2,381	0	0
Proportion of households below minimum service level	7%	5%	5%	3%	0%	0%
INFORMAL SETTLEMENTS						
Total households	8,075	7,629	7,183	7,183	7,183	7,183
Households below minimum service level	4,467	4,467	4,467	4,387	4,307	4,227
Proportion of households below minimum service level	55%	59%	62%	62%	62%	62%

T 3.1.4



Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
Year -2	1,916	96312	16,361
Year -1	2,916	97312	17,578
Year 0	6,383	96392	23,634

T 3.1.5

NB: Not all informal dwellings have access to basic levels of service (within 200m radius)

Water Service Policy Objectives Taken From IDP									
Service Objectives	**Outline Service Targets**	**Year -1**		**Year 0**			**Year 1**	**Year 3**	
		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)**
Compile a replacement plan for worn out water pipes to reduce water loss	Repair and maintenance of water related infrastructure	3,062	2,144	3,400	1,800	3,710	3500	3500	3500
	Service all hydrants and Valves once a year	600	311	600	2,140	167	1500	1500	1500
	Implement the water meter repair program	3,780	3,690	3,920	15,700	6,518	6000	6000	6000
									T 3.1.6

Employees: Water Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	0	1	100%
4 - 6	2	7	1	6	86%
7 - 9	16	25	15	10	40%
10 - 12	5	27	5	22	81%
13 - 15	15	41	18	23	56%
16 - 18	43	143	31	112	78%
19 - 20	0	0	0	0	0
Total	82	244	70	174	71%
					T3.1.7

Financial Performance Year 0: Water Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-198,537		-198,537	-198,537	100%
Expenditure:					
Employees	19,813	18,851	18,851	19,148	2%
Repairs and Maintenance	19,646	19,632	19,632	7,311	-169%
Other	1,866	8,373	8,373	3,111	-169%
Total Operational Expenditure	41,325	46,856	46,856	29,570	-58%
Net Operational Expenditure	239,862	46,856	245,392	228,107	79%
					T 3.1.8

Capital Expenditure Year 0: Water Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3139	0	2020	-55%	
THABONG T12 Water network PHASE 4 (171 stands)	1,001.18		957	-5%	140
Mmamahabane Water reticulation for 53 stands	537		0	0%	537
Kulwanong Stadion Area Water network	1,600		1,063	-51%	500
					T 3.1.9

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The proposed water projects as listed in the IDP should mostly be completed within the set timeframe. The replacement of asbestos water lines as well as water demand projects will not be completed.

Projects according to IDP are:-

Thabong X20 (Hani Park)	R1,3m	2016
Thabong T6 & T12	R8,4m	2014
Servicing of 500 stands with water connections in Kutlwanong	R1m	2016
Analyse and upgrade Meloding water network	R30m	2016

The servicing of Thabong T12 already started.
Some portions of Meloding water network were upgraded, making a big difference on the quality of the service.

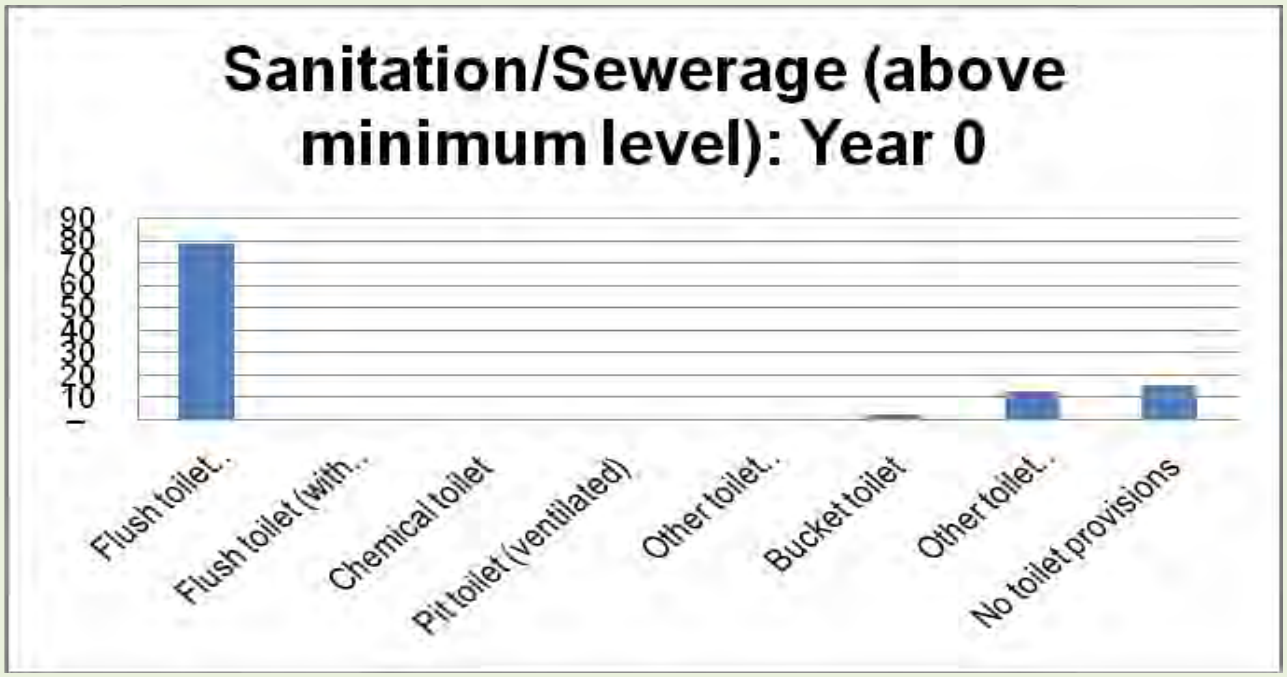
T 3.1.10

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

Due to environmental requirements associated with sewerage, the Municipality spend a major portion of its budget on upgrading these services. However, several challenges still exist. The upgrading of the Waste Water Treatment Works (WWTW) especially gets high priority. Some radical improvements can be seen in the Green Drop scoring, which more than doubled since the previous assessment.

T 3.2.1



T 3.2.2

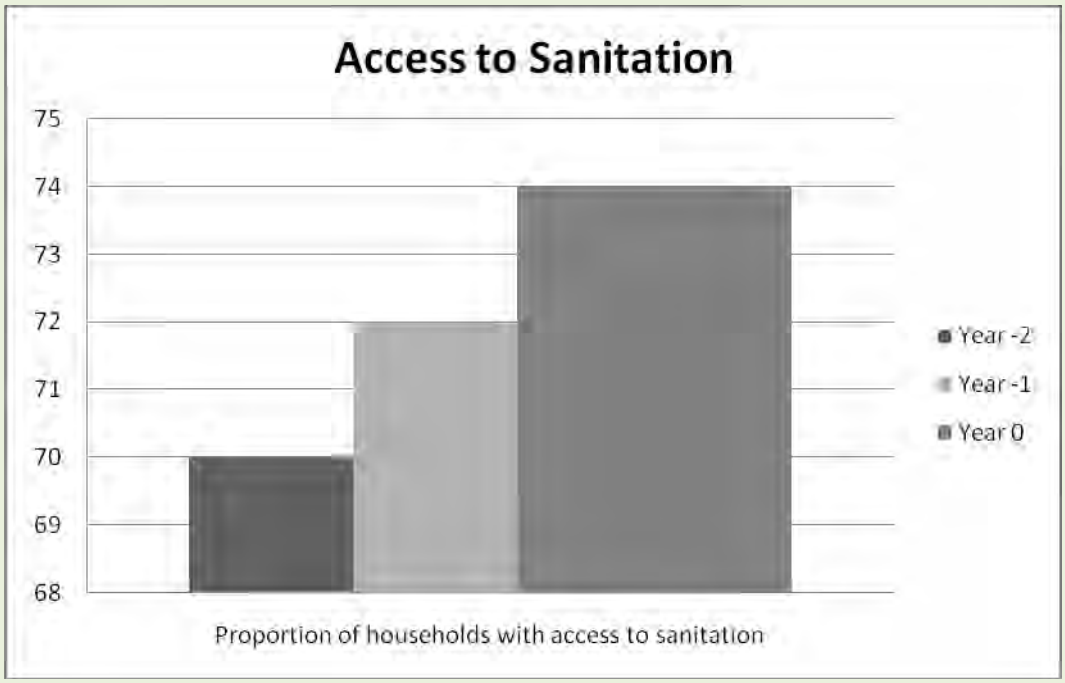
Sanitation Service Delivery Levels				
				*Households
Description	Year -3	Year -2	Year -1	Year 0
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
Sanitation/sewerage: **(above minimum level)**				
Flush toilet (connected to sewerage)	78,568	78,568	95,278	95,278
Flush toilet (with septic tank)	0	0	956	956
Chemical toilet	0	0	111	111
Pit toilet (ventilated)	0	0	512	512
Other toilet provisions (above min. service level)	0	0	0	0

Minimum Service Level and Above sub-total	78,568	78,568	96,857	96,857
Minimum Service Level and Above Percentage	64.7%	66.6%	90.0%	90.0%
Sanitation/sewerage: **(below minimum level)**				
Bucket toilet	19,589	15,198	6,698	5,195
Other toilet provisions (below min. service level)	11,273	11,273	11,273	2,600
No toilet provisions	12,000	13,000	15,455	2,930
Below Minimum Service Level sub-total	42,862	39,471	33,426	10,725
Below Minimum Service Level Percentage	35.3%	33.4%	29.8%	10.0%
Total households	**121,430.00**	**118,039.00**	**111,994.00**	**107,582.00**
				T 3.2.3

Households - Sanitation Service Delivery Levels below the minimum

Households

Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	84,972	84,972	84,972	107,582	107,582	107,582
Households below minimum service level	8,000	6,000	4,140	10,725	10,725	10,725
Proportion of households below minimum service level	9%	7%	5%	10%	10%	10%
Informal Settlements						
Total households	8,075	5,383	2,692	9,901	9,901	9,901
Households below minimum service level	4,467	4,467	4,467	4,313	4,313	4,313
Proportion of households below minimum service level	55%	83%	166%	44%	44%	44%
						T 3.2.4


Access to Sanitation
75
74
73
72
71
70
69
68
Year -2
Year -1
Year 0
Proportion of households with access to sanitation

T 3.2.5

Waste Water (Sanitation) Service Policy Objectives Taken From IDP									
Service Objectives	**Outline Service Targets**	**Year -1**		**Year 0**			**Year 1**	**Year 3**	
		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)**
Maintenance of sewer related infrastructure	Repair broken lines: Manage sewage flow, excavate, replace broken portion & backfill **per meter**	350	155		800	522	800	1500	1500
	Open blockages	8385	4866		4000	10224	4000	4500	4500
	Preventative cleaning of sewer lines 1368km	350	1305		200	453	215	215	215

T 3.2.6

Employees: Sanitation Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	100%
4 - 6	1	5	2	3	60%
7 - 9	6	20	13	7	35%
10 - 12	13	22	8	14	64%
13 - 15	2	45	11	34	76%
16 - 18	30	188	59	129	69%
19 - 20	0	0	0	0	0
Total	52	281	93	188	67%
					T 3.2.7

Financial Performance Year 0: Sanitation Services					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-98,380	-103,733	-103,733	-109,367	5%
Expenditure:					
Employees	16,940	22,317	22,317	23,101	3%
Repairs and Maintenance	17,560		0	6,783	100%
Other	4,586	7,647	7,647	6,633	-15%
Total Operational Expenditure	39,085		0	36,516	100%
Net Operational Expenditure	137,465		0	145,883	100%
					T 3.2.8

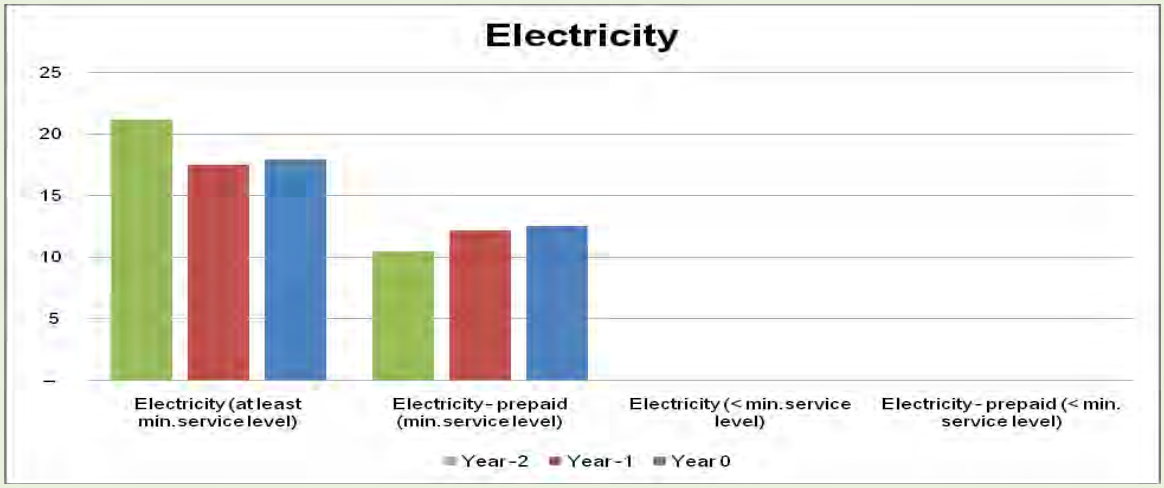
Capital Expenditure Year 0: Sanitation Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	25,135	0	16,026	-401%	
Kutlwanong: Upgrading of sewerage works phase 2	10,565	0	1,732	-510%	30,210
Allanridge / Nyakallong: Upgrading of main sewerage pump stations and new outfall sewers (MIS:165350)	1,550	0	1,493	-4%	19,762
Meloding: Outfall sewer	0	0	143	100%	7,814
Matjhabeng: Upgrading and restoration of Witpan Sewerage treatment works (MIS:165330)	0	0	4,139	100%	48,173
THABONG T12 PHASE 4 Sewer Network (Jerusalem park)	0	0	957	100%	2,144
Thabong WWTP Extension	431	0	3,509	88%	110,500
Meloding Upgrade 7 Electric panels	811	0	0	0%	1,905
Matjhabeng (Bronville Ext 9): Construction of waterborne sanitation (MIS:185958)	1,094	0	1,333	18%	4,815
Matjhabeng: Upgrading of the Klippan Raw Water Pumpstation	10,684	0	2,721	-293%	45,096
Nyakalong: Upgrading and rehabilitation of waste water treatment works (MIS:214157)	0	0	14,073	100%	45,097
Virginia: Upgrading of waste water treatment works (MIS:215450)	0	0	884	100%	45,098
					T 3.2.9

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Sewer networks jets were extended and maintained but due to shortage of funding and resources some major challenges exist. Eradication of buckets and pit latrines should get more attention to be aliened to with National guidelines.

T 3.2.10

3.3 ELECTRICITY



T 3.3.2

Electricity Service Delivery Levels				
				Households
Description	Year -3	Year -2	Year -1	Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Energy: **(above minimum level)**				
Electricity (at least min. service level)	22,345	21,145	17,439	17,915
Electricity - prepaid (min. service level)	9,200	10,400	12,155	12,500
Minimum Service Level and Above sub-total	31,545	31,545	29,594	30,415
Minimum Service Level and Above Percentage	99%	100%	99%	99%
Energy: **(below minimum level)**				
Electricity (< min. service level)	0	0	0	0
Electricity - prepaid (< min. service level)	0	0	0	0
Other energy sources	150	300	320	584
Below Minimum Service Level sub-total	300	150	300	320
Below Minimum Service Level Percentage	0.9%	0.5%	1.0%	1.0%
Total number of households	31,845	31,695	29,894	30,735
				T 3.3.3

Households - Electricity Service Delivery Levels below the minimum						Households
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	31545	31545	32103	32103	32103	32103
Households below minimum service level	150	300	155	285	285	285
Proportion of households below minimum service level	0%	1%	0%	1%	1%	1%
Informal Settlements						
Total households	483	400	155	285	285	285
Households below minimum service level	150	300	155	285	285	285
Proportion of households below minimum service level	31%	75%	100%	100%	100%	100%
						T 3.3.4

Electricity Service Policy Objectives Taken From IDP									
Service Objectives	**Outline Service Targets**	**Year -1**		**Year 0**			**Year 1**	**Year 3**	
		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)**
Maintain distribution losses under 10%	% Losses	10%	5%	10%	10%	6%	10%	10%	10%
Annual maintenance of 808 substations	Substations maintained	564	564	564	564	357	564	564	564
Maintenance of 29558 street lights Annual maintenance ratio is 30%.	Streetlights repaired	8,674	5,157	8,674	8,674	1,978	8,674	8,674	8,674
Electrical breakdown responses	Reaction on break down situations	2,158	4,304	2,158	2,158	3,861	2,158	2,158	2,158
Scrutinizing of consumer accounts regarding tampering	500 theft cases handled annually	500	208	500	500	155	500	500	500
									T 3.3.5

Employees: Electricity Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	3	1	2	67%
4 - 6	7	16	7	9	56%
7 - 9	16	44	16	28	64%
10 - 12	17	25	17	8	32%
13 - 15	5	13	5	8	62%
16 - 18	70	112	70	42	38%
19 - 20	0	0	0	0	0
Total	116	213	116	97	46%
					T 3.3.6

Financial Performance Year 0: Electricity Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	402,570	444,806	0	475,291	6%
Expenditure:					
Employees	20,796	23,607	0	22,043	-7%
Repairs and Maintenance	8,786	33,964	0	3,171	-971%
Other	289,383	332,791	0	352,731	6%
Total Operational Expenditure	318,965	390,362	-	377,945	-3%
Net Operational Expenditure	-83,605	-54,444	0	-97,346	44%
					T 3.3.7

Capital Expenditure Year 0: Electricity Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	21500	19885	0	0	
EEDSM energy efficient street lighting project	8,000	8,000	0	0	0
Energy efficiency residential load management	2,300	2,300	0	0	0
Electrification X 15 (phase 5)	1,200	1,200	0	0	0
Urania substation	8,000	8,000	0	0	0
CBD electrical upgrade	2,000	385	0	0	0
					T 3.3.8

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

INTRODUCTION TO WASTE MANAGEMENT

Matjhabeng Municipality is poised to adhere to the legislative mandate which address the Waste Minimization Strategy and in particular the Polokwane Declaration that sets the ambitions target of a reduction of waste disposal by landfill, refuse removal and recycling as part of Green Economy as resolved at COP17 Climate Change Conference held in Durban. The Waste Management service is carried out in compliance to the National Waste Management Strategy, National Environmental Management Act (Act 107 of 1998), National Environmental Management Waste Act (Act 59 of 2008) and National Health Act (Act 61 of 2003)

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T 3.4.1

Solid Waste Service Delivery Levels

Households

Description	Year -3	Year -2	Year -1	Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Solid Waste Removal: **(Minimum level)**				
Removed at least once a week	121 024	121 024	121 024	121 024
Minimum Service Level and Above sub-total	107 000	107 000	107 000	107 000
Minimum Service Level and Above percentage	77.2%	77.2%	77.2%	77.2%
Solid Waste Removal: **(Below minimum level)**				
Removed less frequently than once a week	1.10%	1.10%	1.10%	1.10%
Using communal refuse dump	1.20%	1.20%	1.20%	1.20%
Using own refuse dump	6.70%	6.70%	6.70%	6.70%
Other rubbish disposal	0.80%	0.80%	0.80%	0.80%
No rubbish disposal	4.00%	4.00%	4.00%	4.00%
Below Minimum Service Level sub-total	0.00%	0.00%	0.00%	0.00%
Below Minimum Service Level percentage	10.0%	10.0%	10.0%	10.0%
Total number of households	**123 905**	**123 905**	**123 905**	**123 905**

T 3.4.2

Households - Solid Waste Service Delivery Levels below the minimum						Households
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	107,000	107,000	107,000	107,000	107,000	107,000
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
Informal Settlements						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
						T 3.4.3

Waste Management Service Policy Objectives Taken From IDP									
Service Objectives	**Outline Service Targets**	**Year -1**		**Year 0**			**Year 1**	**Year 3**	
		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)**
Provision of weekly collection service per household (HH)	Proportionate reduction in average weekly collection failures year on year (average number of collection failures each week)	3 weekly collection failures	10% reduction from year -1 (3 weekly collection failures)	10% reduction from year -1 (3 weekly collection failures)	5% reduction from year -1 (2 weekly collection failures)	5% reduction from year -1 (2 weekly collection failures)	5% reduction from year -1 (2 weekly collection failures)	3% reduction from year -1 (1 weekly collection failures)	3% reduction from year -1 (1 weekly collection failures)
Future capacity of existing and earmarked (approved use and in council possession) waste disposal sites	The amount of spare capacity available in terms of the number of years capacity available at the current rate of landfill usage	15 years of unused landfill capacity available	15 years of unused landfill capacity available	15 years of unused landfill capacity available	14 years of unused landfill capacity available	14 years of unused landfill capacity available	14 years of unused landfill capacity available	14 years of unused landfill capacity available	14 years of unused landfill capacity available
Proportion of waste that is recycled	Volumes of waste recycled as a percentage of total volume of waste disposed of at landfill sites.	20% of year 1 waste recycled	20% of year 2 waste recycled	25% of year 3 waste recycled	25% of year 3 waste recycled	25% of year 3 waste recycled	25% of year 3 waste recycled	30% of year 4 waste recycled	30% of year 4 waste recycled
Proportion of landfill sites in compliance with the Environmental Conservation Act 1989.	40% of landfill sites by volume that are being managed in compliance with the Environmental Conservation Act 1989.	40% of sites compliant	40% of sites compliant	40% of sites compliant	40% of sites compliant	40% of sites compliant	40% of sites compliant	40% of sites compliant	40% of sites compliant
									T 3.4.4

Employees: Solid Waste Management Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	0	1	0	1	100%
4 - 6	2	2	2	0	0%
7 - 9	9	9	9	0	0%
10 - 12	15	15	15	0	0%
13 - 15	18	18	18	0	0%
16 - 18	256	256	256	0	0%
19 - 20	0	0	0	0	0
Total	300	301	300	1	0%
					T3.4.5

Financial Performance Year 0: Solid Waste Management Services					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-65,153	-58,519	0	-67,991	14%
Expenditure:					
Employees	45,169	50,456	0	48,679	-4%
Repairs and Maintenance	18	8,448	0	5	-168860%
Other	11,959	16,245	0	13,899	-17%
Total Operational Expenditure	57,146	75,149	0	62,583	-20%
Net Operational Expenditure	122,299	133,668	0	130,574	-2%
					T 3.4.7

Capital Expenditure Year 0: Waste Management Services R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
N/A					
Project A					
Project B					
Project C					
Project D					
NB: There was no capital budget for the department during the year under review T 3.4.9					

COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL

The Directorate provides Waste Management Services to 5 264 service points of which constitute 107 000 households. The service provision to households is once a week collected from kerb stone, the industries are serviced twice a week and commercial is serviced three times a week. Other services include street cleaning, paper picking and rubble removal. The cleaning services are carried out on a daily basis whilst the rubble removal is carried out as per request.

T 3.4.10

3.5 HOUSING

INTRODUCTION TO HOUSING

The core function of the department is to ensure the provision of sustainable and integrated Human Settlements through effective and efficient administration, management aas well as control of the use of land. The department currently consists of under mentioned branches:
- Spatial Planning (Operationally reports to LED)
- Housing Administration
- Land Affairs
- Housing Development
- Rental Unit

The Department's overall performance during the period under review was faced with various financial and technical limitations. Functionally, there has been too much dependence on Provincial Human Settlements with regard to allocation of Breaking New Ground (BNG) subsidies.

Amid these limitations, the following were achieved: completion of 258 houses under the previous program of "incomplete projects". We further facilitated the completion of 272 housing units under Special Intervention projects (Hlasela). Furthermore we successfully partnered with both the PHS and Harmony (tripartite agreement) and delivered 461 rental units. Through our constant program of promotion of security of land tenure, 1500 transfers were successfully registered.

T 3.5.1

Percentage of households with access to basic housing			
Year end	**Total households (including in formal and informal settlements)**	**Households in formal settlements**	**Percentage of HHs in formal settlements**
Year -3	56,000	35,000	62.5%
Year -2	65, 400	45,000	68.8%
Year -1	65, 000	50,000	76.5%
Year 0	68,400	54,000	78.9%

T 3.5.2

Housing Service Policy Objectives Taken From IDP									
Service Objectives	**Outline Service Targets**	**Year 0-**		**Year 1 - 10/11**			**Year 2-11/12**	**Year 3-12/13**	
		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)**
Addressing of Housing Backlog.(informed by allocation from PHS and Land readiness from the Municipality)	Additional houses provided during the year (Houses required at year end)	4000		6000	1850 Allocation from PHS	Discontinued	2550 Allocation from PHS. The project was also discontinued	No Allocation from PHS	no allocation

NB: Our report is limited to houses constructed under Breaking New Ground (BNG) houses.

T3.5.3

Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	4	1	3	0%
4 - 6	3	5	3	2	0%
7 - 9	21	16	6	2	25%
10 - 12	2	9	7	8	53%
13 - 15	0	0	9	6	40%
16 - 18	0	0	11	10	48%
19 - 20	0	0	18	12	40%
Total	27	34	55	38	41%

T 3.5.4

Financial Performance Year 0: Housing Services					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-9,794	-6,464	0	-10,433	38%
Expenditure:					
Employees	8,170	8,179	0	8,814	7%
Repairs and Maintenance	509	3,089	0	255	-1111%
Other	3,474	3,206	0	5,575	42%
Total Operational Expenditure	12,153	14,474	0	14,644	1%
Net Operational Expenditure	21,947	20,938	0	25,077	17%

T 3.5.5

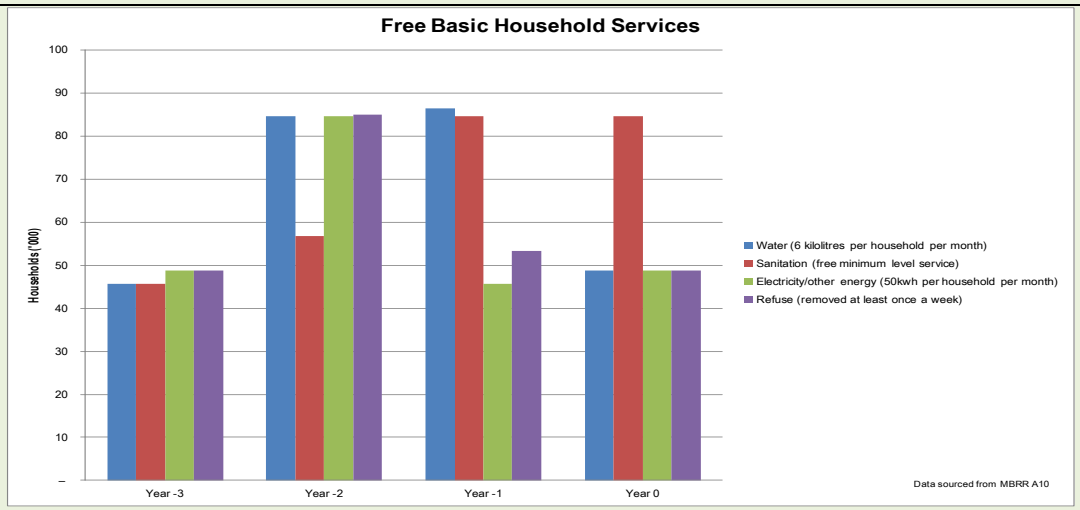
Capital Expenditure Year 0: Housing Services R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	10710000				
Project F	1 000 000				
Project L	**50000**				
Project M	40000				
Project N	500,000	765 525			
NB: The Department is mandated to execute the above named huge projects although they are not capital projects. (Not funded by Municipality). The financial status of the project s that are funded by PHS (A-C) could not be ascertained The projects that are planned by Municipality that are (D-N) have not been executed due to budget limitations.					
T 3.5.6					

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Section 96 of the Local Government Municipal Systems Act states that a municipality must adopt a Credit Control and Debt Collection Policy, the act further states in Section 97 that a municipality must also adopt an Indigent Policy. The municipality has adopted both policies. The tables overleaf gives an indication of the number of households receiving free basic services.

T 3.6.1



T 3.6.2

	Number of households									
	Total	Households earning less than R1,100 per month								
			Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
Year -2	20,677	20,677	20,677	100%	20,677	100%	20,677	100%	20,677	100%
Year -1	20,339	20,339	20,339	100%	20,339	100%	20,339	100%	20,339	100%
Year 0	25,186	25,186	25,186	100%	25,186	100%	25,186	100%	25,186	100%

T 3.6.3

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	200	244	250	248	2%
Waste Water (Sanitation)	220	240	250	245	2%
Electricity	100	120	130	135	11%
Waste Management (Solid Waste)	105	110	120	125	12%
Total	625	714	750	753	5%

T 3.6.4

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality provided free basic services to 25 186 indigents.

T 3.6.6

COMPONENT B: ROAD TRANSPORT

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

INTRODUCTION TO ROAD TRANSPORT

Due to high construction costs of roads the Municipal policy is to construct roads according to the road hierarchy unless there are serious storm water challenges. The idea is to get a person on a formal road as near as possible to his house.

T 3.7

3.7 ROADS

INTRODUCTION TO ROADS

More than 50km of roads, to an amount of R143m, was constructed during the last few years. A tender of R60m was approved for road maintenance over the next 3 years. This does not include patching, which is done with internal personnel and operational budget funding. A large backlog however still exists on the maintenance of road infrastructure. Due to backlogs on sewerage and WWTW the Municipality may have to downscale on the provision of roads.

T 3.7.1

Gravel Road Infrastructure

Kilometers

	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2	622	0	14	289
Year -1	640	0	18	121
Year 0	573	0	15	245

T 3.7.2

Tarred Road Infrastructure

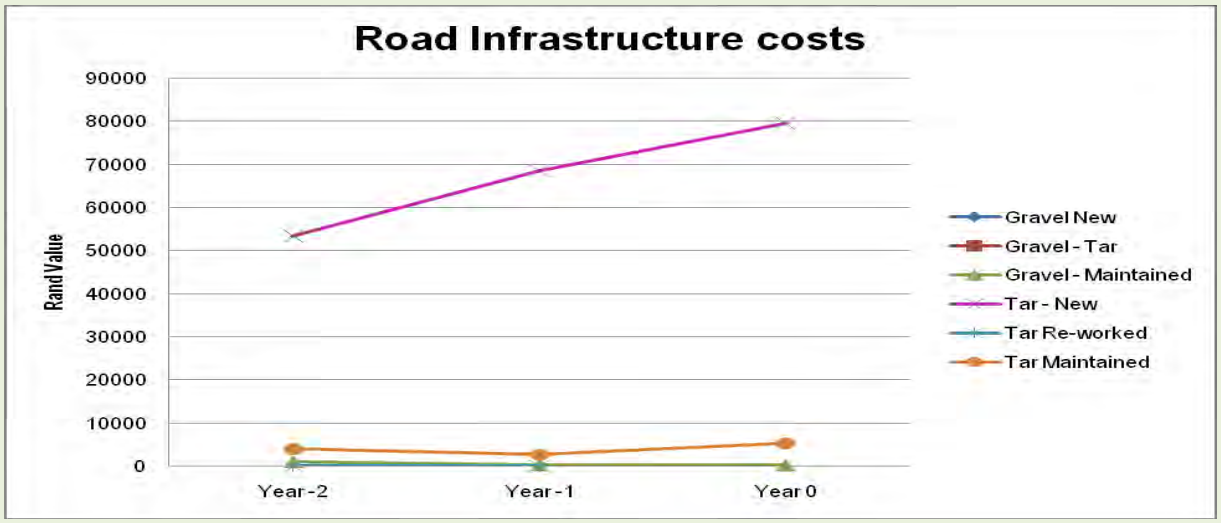
Kilometers

	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2	1,192	14	0	0	0
Year -1	1,210	18	0	0	0
Year 0	1,225	15	0	0	28

T 3.7.3

Cost of Construction / Maintenance R' 000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -2			1,042	53,333	0	3,960
Year -1			272	68,571	0	2,705
Year 0			272	79,607		5,257

T 3.7.4



T 3.7.5

Road Service Policy Objectives Taken From IDP									
Service Objectives	**Outline Service Targets**	**Year -1**		**Year 0**		**Year 1**		**Year 3**	
		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)**
Elimination of gravel roads in townships	Kilometers of gravel roads tarred (Kilometers of gravel road remaining)								
Development of municipal roads as required	kms of municipal roads developed								
Construction of new roads.	Construct 50km new distributor roads/ bus/ taxi roads to improve traffic flow and improve stormwater management.	14 km	14 km		18 km	18 km			
Maintenance of streets and associated infrastructure.									
Repair potholes (1 036 km of tarred roads)	Clean, shape, prime, tar and compaction of pothole **per m²**	18670	14210		19000	19856	19000	16800	16800
Maintenance of Gravel Roads (701 km)	Water, transport gravel, blade, water and roll gravel road **per Km**	200	121		190	245	190	195	195
									T 3.7.6

Employees: Road Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	7	7	7	0	0%
4 - 6	14	29	14	15	52%
7 - 9	38	88	38	50	57%
10 - 12	53	112	53	59	53%
13 - 15	51	116	51	65	56%
16 - 18	325	704	325	379	54%
19 - 20	0	0	0	0	0
Total	488	1056	488	568	54%
					T3.7.7

Financial Performance Year 0: Road Services					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	15,596	17,622	17,622	16,330	-8%
Repairs and Maintenance	33,545	49,795	49,795	5,681	-777%
Other	8,751	12,372	12,372	6,336	-95%
Total Operational Expenditure	57,892		-	28,346	100%
Net Operational Expenditure	57,892		-	28,346	100%
					T 3.7.8

Capital Expenditure Year 0: Road Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	**41,507**	**0**	**78,826**	**2,527**	
Hani Park: Construction of 8.2km Road network and storm water drainage (MIS:159992)	7,106	0	6,337	57	22,435
Matjhabeng (Bronville): Provision of 2.5km of roads	0	0	1,066	-166	9,977
Matjhabeng (Thabong): Provision of 6.6km of roads	0	0	2,811	2,842	30,822

Matjhabeng (Kutlwanong): Provision of 15.7km of roads	1,934	0	0	3,286	48,670
Matjhabeng (Phomolong): Provision of 1.2km of roads	0	0	331	-9,348	5,882
Matjhabeng (Meloding): Provision of 10.6km of roads	0	0	4,056	200	40,799
Matjhabeng (Nyakallong): Provision of 4.1km of roads	0	0	0	5,210	12,710
Openheimer Park: 1.5km roads and stormwater (Ward 12)	4,071	0	6,762	-579	7,865
Mmamahabane: Upgrading of 0,84 ring road phase 3	3,752	0	5,051	-488	5,871
Thabong: Construction of road 142 & 295	2,644	0	2,625	-717	3,110
Thabong: Construction of road 300 and storm water in T14 & T16	20,000	0	33,456	455	57,286
Kutlwanong: Construction of 2.7km paved road with storm water drainage (MIS:208995)	1,000	0	7,750	-100	18,668
Thabong: Construction of 3.6km paved road (MIS:209872)	1,000	0	7,028	-2,127	23,499
Phomolong: Construction of 1.24km paved road (MIS:209821)	0	0	489	2,000	6,767
Bronville: Upgrading of 2.645km gravel roads to paved roads and provision of storm water (MIS:214141)	0	0	1,063	2,000	12,873

T 3.7.9

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

With the available resources and taking cognisance of the urgency of other critical services, the performance on the roads was above expectations.

T 3.7.10

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

No public bus transport system exists in Matjhabeng Municipality. The Municipality is however committed to ensure that high standards of taxi rank facilities are created in each township. A lot of focus and funding are allocated to realise this target in the next 4 years.

T 3.8.1

Employees: Transport Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	2	1	1	50%
4 - 6	7	6	7	-1	-17%
7 - 9	13	24	13	11	46%
10 - 12	104	284	104	180	63%
13 - 15	3	8	3	5	63%
16 - 18	18	22	18	4	18%
19 - 20	0	0	0	0	0
Total	146	346	146	200	58%
					T3.8.4

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL

Not withstanding the fact that as a Municipality we have not systematically performed this responsibility. We however will pay particular attention on this function during the review of the IDP 2014/2015 financial year. In this regard we will ensure that within the department of Infrastructure services a division will be established for Transport planning operations and management.

Nevertheles, the municipality was able to establish a number of taxi ranks during the year under review. Taxi's are an important element of the public transport system and are used by the majority of the citizens of Matjhabeng Local Municipality.

T 3.8.7

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

Due to the low gradients of the Matjhabeng Municipal area, stormwater is a challenging and expensive service. During the development of some towns, especially the townships, little emphasis was given to create major stormwater systems. When roads are designed the drainage thereof becomes problematic. It must also be mentioned that due to this low gradients of the area, the stormwater systems are designed at minimum velocity. This results in channels silting up regularly with the accompanying flooding problems and regular maintenance actions.

T 3.9.1

Stormwater Infrastructure

Kilometers

	Total Stormwater measures	New Stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
Year -2	410	1	1	28
Year -1	421	7	4	40
Year 0	495	11	0	13

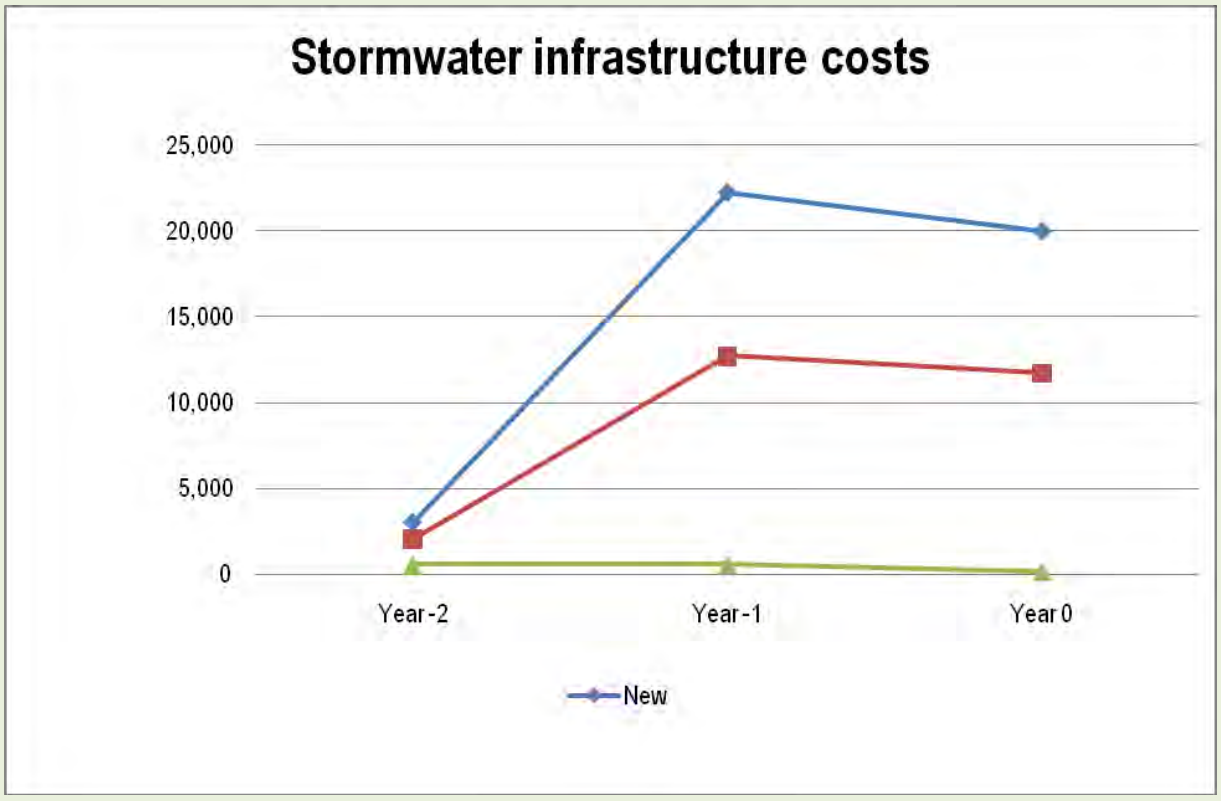
T 3.9.2

Cost of Construction / Maintenance

R' 000

	Stormwater Measures		
	New	Upgraded	Maintained
Year -2	3,000	2,000	519
Year -1	22,273	12,727	552
Year 0	20,000	11,740	149

T 3.9.3


Stormwater infrastructure costs
25,000
20,000
15,000
10,000
5,000
0
Year -2
Year -1
Year 0
New

T 3.9.4

Stormwater Policy Objectives Taken From IDP									
Service Objectives	**Outline Service Targets**	**Year -1**		**Year 0**			**Year 1**	**Year 3**	
		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)**
Development of fully integrated stormwater management systems including wetlands and natural water courses	Phasing in of systems								
Construction of new storm water canals	Construct new Storm water canals in new developed or underdeveloped areas.	3	3		11	11	5	5	5
Clean and upgrade all stormwater Canals.	Cleaning of lined storm water canals in the whole of Matjhabeng once a year.	127	14.7		17	8.2	5	5	5
	Cleaning of unlined storm water canals in Matjhabeng twice a year.	84	13.4		14	5.1	3	3	3
									T 3.9.5

Employees: Stormwater Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	6	3	3	50%
7 - 9	3	14	0	14	100%
10 - 12	3	11	0	11	100%
13 - 15	4	14	1	13	93%
16 - 18	4	62	1	61	98%
19 - 20	0	0	0	0	0
Total	14	107	5	102	95%
					T 3.9.6

Financial Performance Year 0: Stormwater Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					0%
Expenditure:					
Employees	Included in Roads				0%
Repairs and Maintenance	10,060	14,323	14,323	149	-9482%
Other	Included in Roads		0		0%
Total Operational Expenditure	10,060		0	149	100%
Net Operational Expenditure	10,060		0	149	100%
					T 3.9.7

Capital Expenditure Year 0: Stormwater Services R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	16817	0	7308	-130%	
Mmamahabane Provision of 3.72km stormwater drainage	5,077		5,220	3%	10,674
Meloding: Provision of 3.5km stormwater drainage	7,445		484	-1438%	16,199
Phomolong: Provision of 3.9km stormwater drainage	4,295		1,603	-168%	9,824

T 3.9.8

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Some storm water challenges were addressed in three townships with a view to making a difference in their living conditions. Maintenance of storm water, is however lacking and need more attention.

T3.9.9

COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

Spatial Planning deals with the methods used by the public sector to influence the distribution of people and activities in spaces of various scales. Discrete professional discipline which involves spatial planning, land use, urban, regional, transport and environmental planning. Other related areas of importance, include economic and community planning. Spatial planning takes place on local, regional, national and inter-national levels and results in the creation of a spatial plan.

Spatial planning gives geographical expression to the economic, social, cultural and ecological policies of society. It is at the same time a scientific discipline, an administrative technique and a policy instrument developed as an interdisciplinary and comprehensive approach directed towards a balanced regional development and the physical organization of space according to an overall strategy.

Spatial planning enables "making decisions relating to the location and distribution of land use activities".

Development Control is about making decisions relating to the way in which different activities, land uses and buildings are located relation to each other, in terms of distance between them, proximity to each other and the way in which spatial considerations influence and are influenced by economic, social, political, infrastructural and environmental considerations".

Development Planning is about making decisions relating to the way in which different activities will be positioned in space associated with future urban growth and expansion and will be influenced by current and future economic social, political, infrastructural and environmental considerations.

T3.10.1

3.10 PLANNING

Employees: Planning Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	2	4	2	2	50%
7 - 9	0	4	0	4	100%
10 - 12	2	2	2	0	0%
13 - 15	3	7	3	4	57%
16 - 18				0	0
19 - 20				0	0
Total	8	18	8	10	56%

T 3.10.4

Financial Performance Year 0: Planning Services					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					0
Expenditure:					0
Employees					0
Repairs and Maintenance					0
Other					0
Total Operational Expenditure	0	0	0	0	0
Net Operational Expenditure	0	0	0	0	0

T 3.10.5

Capital Expenditure Year 0: Planning Services R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A				0	
Project B				0	
Project C				0	
Project D				0	
NB: There were no capital projects planned for the year under review **T 3.10.6**					

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL

Due to the limited funding from within the Municipality most of the planned projects could not be implemented during the year under review. Consequently, these projects had to be deferred to13/14 Financial Year. It is important to note that funding has since been sourced from the provincial government. As part of the plan for the year under review, it was envisaged that consolidated town planning scheme for Matjhabeng was going to be approved by COGTA.

T3.10.7

3.10 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVLOPMENT

The following aspects constitute the scope and mandate of the LED- Tourism, SMME support and development, Agriculture support and promotion, Development Planning and Control, Investment Promotion, Attraction and Retention, etc. During the period under review our focus was more on the development of the essential plans as well as well as policy instruments to enable the Department to systematically execute its obligations.

Accordingly, the implementations plans were developed by all the Divisions of the Department as encapsulated in the Service Delivery and Budget Implementation Plan(SDBIP). Noteworthy, is the fact that these some of the targets were reliant on the funding from the Municipality for their implementation whilst other were funded and were suppose to be funded by the other spheres of government. Safe to say that some targets were funded by other spheres timely whereas others were funded later in the year, this reality adversely impacted the implementation and realization of the said targets on time.

Some of these targets were dependent on the internal funding that was not enough to cater for the planned programs of the municipality as expected. It is in this regard that the Department has deem it necessary to optimize measures of creating the conducive environment for SMME as the key measure in contributing for the strengthening of the local economy, this is done through the coloration with the relevant stakeholders that share the similar responsibility with us as well as improving on the support measures provided to this sector of our economy.

In our SDBIP as an example we planned to develop/review LED as well as the City Development strategies and the Spatial Development Framework but as a consequence of limited funding these could not be done as a result these targets had to be deferred to the subsequent Financial year. As a result of collaboration these plans will be done with funding from other spheres of government.

T 3.11.1

Economic Activity by Sector

R '000

Sector	Year -2	Year -1	Year 0
Agric, forestry and fishing	2	1.5	1.5
Mining and quarrying	6	5	2
Manufacturing	56	58	63
Wholesale and retail trade	45	51	52
Finance, property, etc.	51	48	52
Government, community and social services	23	25	25
Infrastructure services	34	38	41
Total	**217**	**226.5**	**236.5**

NB: These spots will be validated in February 2014

T 3.11.2

Economic Employment by Sector

			Jobs
Sector	Year 1	Year -1	Year 0
	No.	No.	No.
Agric, forestry and fishing	20,000	25,000	30,000
Mining and quarrying	400,000	435,000	372,000
Manufacturing	320,000	300,000	270,000

Wholesale and retail trade	190,000	200,000	210,000
Finance, property, etc.	275,000	255,000	235,000
Govt, community and social services	300,000	310,000	320,000
Infrastructure services	400,000	430,000	450,000
Total	1905000	1955000	1887000
NB: No changes up to date and any other change will be effected once the information is received from provincial treasury			**T 3.11.3**

COMMENT ON LOCAL JOB OPPORTUNITIES

Owing to the decline of the mining operation in the area, job opportunities associated with this industry have decreased. The unemployment rate remain high as a direct result of this. Nevertheless, opportunities exist in the mining, agriculture, tourism and manufacturing sectors.

T 3.11.4

Jobs Created during Year 0 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.**	
Total (all initiatives)				
Year -2				
Year -1				
Year 0				
Initiative A (Year 0)				
Initiative B (Year 0)				
Initiative C (Year 0)				
NB: No jobs were created during the year under review through LED initiatives. However during the forthcoming financial year, jobs created through the initiatives will be quantified and provided.				**T 3.11.5**

Job creation through EPWP* projects		
	EPWP Projects	**Jobs created through EPWP projects**
Details	**No.**	**No.**
Year -2	56	1578
Year -1	50	1239
Year 0	32	956
		T 3.11.6

Local Economic Development Policy Objectives Taken From IDP									
Service Objectives	**Outline Service Targets**	**Year -1**		**Year 0**			**Year 1**	**Year 3**	
		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)**
Our strategic objective: Provide an enabling environment to support job creation initiatives, promotion and stimulation of small businesses, poverty alleviation programs. with particular focus on youth and women through capacity building program	Number of trainings to be conducted in different sectors = 10								
- Basic business skills **(yr 11/12)**		20	40						
- National credit Act		50	18						
- Basic business skills Ventersburg **(yr 12/13)**				15	20				
- Business plan training				25	25				
- BBSDP grant				150	200				
- Basic business skills				120	180				
- SMME Seminar **(yr 13/14)**						200	205		
- SMME Seminar						100	110		
- SMME Seminar						100	91		
- Youth in Agriculture ( ) Phomolong						70	85		
- Youth in Tourism(Meloding)						70	47		
- Youth in Sports Arts and Culture (Hani Park)						70	40		
- Youth in Mining (Nyakallong)						70	60		
- On the money (Nyakallong)						70	75		
- On the money (Phomolong)						50	75		
- Business plan training (Phomolong)						100	120		
- CIDB training (Welkom)						100	80		
T 3.11.7									

Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	4	4	0	0%
4 - 6	5	7	5	2	29%
7 - 9	3	8	3	5	63%
10 - 12	2	4	2	2	50%
13 - 15	0	0	0	0	0
16 - 18	1	3	1	2	67%
19 - 20				0	0
Total	15	26	15	11	42%
					T 3.11.8

Financial Performance Year 0: Local Economic Development Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-80	-340	0	-116	-193%
Expenditure:					
Employees	8864	9460	0	10001	5%
Repairs and Maintenance	868	2126	0	44	-4732%
Other	2758	3343	250	1126	-197%
Total Operational Expenditure	12490	14929	250	11171	-34%
Net Operational Expenditure	12570	15269	250	11287	-35%
					T 3.11.9

Capital Expenditure Year 0: Economic Development Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	20,051.00	0.00	19,045.00	-0.05	
Kutlwanong: Regional Taxi Rank	280.00	0.00	280,675.00	0.00	7,566.00
Hennenman: street traders	529.00	0.00	48,468.00	-9.93	623.00

Thabong Taxi Ranks	65.00	0.00	65,393.00	0.00	33,885.00
Matjhabeng: Industrial park SMME	4,000.00	0.00	474,308.00	-7.43	19,772.00
Virginia street traders	271089.88	0.00	24454.85	-10.09	549137.61
Phomolong Taxi Centre	10945162.28	0.00	14017429.54	0.22	17600745.00
Nyakallong Taxi Ranks	187140.71	0.00	430670.59	0.57	4769684.74
Mmamahabane Taxi Ranks	320134.40	0.00	544576.75	0.41	7045960.81
Hani Park / Bronville Taxi Ranks	782839.69	0.00	810427.69	0.03	7584949.30
Meloding Taxi Centre	1000000.00	0.00	2281213.47	0.56	28455972.00
Welkom: Streets Traders	1669448.19	0.00	68085.79	-23.52	2161240.00
					T 3.11.10

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Despite the fact that the LED Strategy was not approved by Council and still remains a draft that is going through the review process, it is worth noting that certain programmes were executed in promoting economic development and tourism. To this extent, it is worth mentioning that through the collaboration with other sector departments such as Agriculture, land and funding was provided to some community groups that were later formalised as co-operatives.

The support measures are being intensified to optimise the productivity of the co-operatives as well as the SMME's. In this regard, the profiling of all co-operators is currently underway to determine and quantify capacity requirements, once completed respective capacity plans will be developed and executed for each co-operators.

Through the support received from SEDA some SMME's have been trained during the year under review and this programme is ongoing. Regarding tourism, specific programmes for improving customer satisfaction have been instituted through the tourism excellence awards that has demonstrated improvement from strength to strength.

For the success of the programmes that were planned by the department it was viewed essential to consolidate partnership with other institutions as a result agreements will be concluded with some institutions to structure relations with them.

The improved collaboration between the Municipality and other spheres of Government, as well as the private sector, has brought about good results that have been demonstrated by activities and programmes that have been jointly executed and is worth mentioning though that these efforts should be strengthened to optimise the beneficiary through creation of job opportunities and economic growth. Important would be to pay much attention in attracting investment to the region as well as focusing on the retention of the investment already within our jurisdiction.

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

and programmes that have been jointly executed and is worth mentioning though that these efforts should be strengthened to optimise the beneficiary through creation of job opportunities and economic growth. Important would be to pay much attention in attracting investment to the region as well as focusing on the retention of the investment already within our jurisdiction.

T 3.12

3.12 LIBRARIES

INTRODUCTION TO LIBRARIES:

In terms of the Constitution of the Republic of South Africa, 1996, Library Services is a provincial function. Matjhabeng Local Municipality is performing this unfunded mandate to provide information to the community. There are fifteen (15) in our area. The main library is the Welkom Library. The Provincial Government is fully funding and operating the Riebeeckstad Library. Some of our Libraries are offering free computer services (internet) to library users

T 3.12.1

SERVICE STATISTICS FOR LIBRARIES:

The fifteen (15) libraries we have in Matjhabeng has ± 648 570 members. Welkom, Thabong 1 and Meloding libraries have the highest membership. All fifteen (15) libraries offers yearly programmes, spell check, toy library, puzzles, kids drawing, tell your own story and world book day.

3.12.2

Libraries; Archives; Museums; Galleries; Community Facilities; Other Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Effective provision and management of information services									
- Holiday programme	60	60	60	60	60	60	60	60	60
- Readathon programmes	60	15	15	15	15	15	15	15	15
- Poetry sessions	135	30	60	30	60	30	30	30	30
- National Library Week	15	15	30	30	30	30	30	30	30
- National world book day	15	15	30	30	30	30	30	30	30
									T 3.12.3

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	1	1	1	0	0%
4 - 6	0	2	0	2	100%
7 - 9	14	21	14	7	33%
10 - 12	34	41	34	7	17%
13 - 15	0	0	0	0	0
16 - 18	20	21	20	1	5%
19 - 20				0	0
Total	69	86	69	17	20%
					T 3.12.4

Financial Performance Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-34	-5	0	-30	83%
Expenditure:					
Employees	12747	13641	0	12790	-7%
Repairs and Maintenance	66	170	0	4	-4150%
Other	449	1106	0	569	-94%
Total Operational Expenditure	13262	14917	0	13363	-12%
Net Operational Expenditure	13296	14922	0	13393	-11%
					T 3.12.5

Capital Expenditure Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
					T 3.12.6

COMMENT ON THE PERFORMANCE OF LIBRARIES

The fifteen (15) libraries in and around Matjhabeng performed fairly well in the year under review. Although libraries are required to open for only five days of the week, Welkom, Thabong 1, Meloding, Virginia, Odendaalsrus, to mention a few, have extended the service to Saturday. It is important to mention that we have challenges of users damaging and not returning some borrowed books

T 3.12.7

3.13 CEMETERIES AND CREMATORIUMS

INTRODUCTION TO CEMETERIES AND CREMATORIUMS:

Cemeteries are an exclusive function of local government as per Schedule 5B of the Constitution of the Republic of South Africa, 1996. Matjhabeng Municipality is responsible for providing adequate graves to the community for burial purposes. Cemetery services are subsidized by municipalities, as revenue generated from this sector is significantly low compared to the total budget allocated

There is increased demand for burial land due to excessive increase of the population. This is mostly affected by diseases like TB. HIV/AIDS, rapid urbanization in towns and cities. Cemeteries are not just a place for burial purposes, but they are places for spiritual and cultural references, and in some are for connecting with the ancestral spirits through ancestral worship.

The Municipality constantly tries to balance meeting the social, economic, cultural and religious needs of the community. It is often difficult to find suitable land for burial as opposed to land for other priorities such as housing, schools, recreational facilities and others, hence municipality have challenges facing allocation of land for burials.

T 3.13.1

SERVICE STATISTICS FOR CEMETERIES AND CREMATORIUMS:

Annual burial for Matjhabeng Local Municipality is 3945.

T 3.13.2

Cemeteries and Crematoriums Policy Objectives Taken From IDP									
Service Objectives	**Outline Service Targets**	**Year -1**		**Year 0**			**Year 1**	**Year 3**	
		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 provide adequate space for the community.	6400	6400	3945	6400	6400	3945	6400	6400	6400

T 3.13.3

Employees: Cemeteries and Crematoriums					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	1	0	1	100%
13 - 15	1	1	1	0	0%
16 - 18	14	13	14	-1	-8%
19 - 20				0	0
Total	15	15	15	0	0%
					T 3.13.4

Financial Performance Year 0: Cemeteries and Crematoriums					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-1309	-700		-1265	45%
Expenditure:					
Employees	3077	3522	0	3062	-15%
Repairs and Maintenance	104	538	0	100	-438%
Other	804	1277	0	140	-812%
Total Operational Expenditure	3985	5337	0	3302	-62%
Net Operational Expenditure	5294	6037	0	4567	-32%
					T 3.13.5

Capital Expenditure Year 0: Cemeteries and Crematoriums					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	14,200.00	0.00	10,527.00	-0.35	
Meloding: Cemeteries	3,000.00	0.00	2,016.00	-0.49	15,714.00
kutlwanong: Cemeteries	3,700.00	0.00	2,417.00	-0.53	16,910.00
Phomolong: Cemeteries	3,000.00	0.00	1,630.00	-0.84	16,910.00
Virginia: Cemeteries	3,000.00	0.00	2,221.00	-0.35	14,466.00
Bronville: Cemeteries	4,500.00	0.00	4,257.00	-0.06	16,277.00
					T 3.13.6

3.14 SOCIAL PROGRAMMES

Local Economic Development Policy Objectives Taken From IDP									
Service Objectives	**Outline Service Targets**	**Year -1**		**Year 0**			**Year 1**	**Year 3**	
		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)**
Special Programmes	Provision of school uniform	100	100	100	100	100			
	Provision of bursaries for University students	10	10	10	10	10			
	Candle light celebration	1	1	1	1	1			
	Women's day celebration	1	1	1	1	1			
	Launch of HIV/AIDS (Awareness Program)	1	1	4	4	4			
	Launch of moral regeneration program	1	1	1	1	1			

T 3.14.3

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

PUBLIC SAFETY & TRANSPORT

Objective of the Public Safety Department

The main objective of the Public Safety is to provide administration leadership and strategic guidance and ensuring a safe environment within the municipality in fulfilling its mandate.

Our Approach to Improve Public Safety

The Department of Public Safety will endeavour to:
- Share Information
- Guide and support each other.
- Draft policies, standard operating procedures and standing orders
- Render a reliable, customer focused service
- Apply the "Batho Pele' Principles
- Respect each other, person's views and suggestions
- Clarify roles and responsibilities
- Communicate with each other
- Make ourselves available for service at all times
- Abide by all legislative requirements and promote the government's mandate
- Implement capacity building programmes

INTRODUCTION TO SECURITY
OVERVIEW

SECURITY SERVICES
Security Services is entrusted with a responsibility of safe guarding valuable Council's assets and resources.

FUNCTIONS OF SECURITY SERVICES

FUNCTION OF SECURITY:

- Safeguarding of Council property.
- Enforcing of by-laws.
- Protection of VIP's.
- Protection of personnel and clients.
- Investigations.
- Vetting of personnel and companies.
- Crowd control.

INTRODUCTION TO TRAFFIC MANAGEMENT
OVERVIEW

The Traffic Division is responsible for traffic law enforcement and the administration thereof. The function also ensures the technical sustainability of road traffic signs, signals and markings throughout the Municipal Area.

The Function of Traffic Policing
- To enforce traffic law
- To conduct public information and awareness programs
- Enforce compliance to road traffic signs, rules and regulations
- To ensure a sustainable and successful maintenance strategy of road signs, signals and markings
- To maintain committed goals through direct enforcement and Traffic Control
- Responsible for all administration duties such as receiving of traffic fines, capturing of data; e.g. Traffic collisions, issuing of summonses and Court rolls as well as general office work.
- The Technical Division is responsible for road marking, erecting of road signs and the sustaining thereof.
- Road Safety Education develops knowledge, skills, attitude and values that enable pedestrians, cyclists, motorists, drivers and passengers to use the road safely.
- Traffic training.

THE KEY ISSUES FOR 2012/2013 ARE:
It needs to be mentioned that the efficiency of the Department is still be hampered by constraints such as staff vacancies, the lack of equipment and the lack of operational as well as capital funding.

The filling of critical vacancies cannot be done due to the financial constraints experienced by Council. A limited capital budget has prevented the implementation of some crucial projects and the procurement of much needed equipment.

T 3.20

UNIT	TOTAL NUMBER OF FINES PAID	TOTAL VALUE OF FINES PAID
HENNENMAN	112	R 15,350.00
ODENDAALSRUS	1094	R 251,900.00
VENTERSBURG	15	R 2,800.00
VIRGINIA	3045	R 588,650.00
WELKOM	5596	R 1,457,570.00
TOTAL:	**9862**	**R 2,316,270.00**

T 3.20.1

Employees: Police Officers					
Job Level	Year -1	Year 0			
Police Administrators	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Chief Police Officer & Deputy					
Other Police Officers					
0 - 3	1	2	1	1	50%
4 - 6	7	6	7	-1	-17%
7 - 9	13	24	13	11	46%
10 - 12	104	284	104	180	63%
13 - 15	3	8	3	5	63%
16 - 18	18	22	18	4	18%
19 - 20	0	0	0	0	0
Total	146	346	146	200	58%
					T 3.20.4

Financial Performance Year 0: Police					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-2426253	-6,000	0	-2,643	-127%
Expenditure:					
Police Officers	0				
Other employees	21,093	22,842	0	23,508	3%
Repairs and Maintenance	1,419	4,727	0	434	-989%
Other	1,714	3,482	0	2,475	-41%
Total Operational Expenditure	24,228	31,051	0	26,417	-18%
Net Operational Expenditure	26,654	37,051	0	29,060	-27%
					T 3.20.5

Capital Expenditure Year 0: Police					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
					T 3.20.6

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

OVERVIEW

Matjhabeng Fire and Rescue Services is responsible for two primary functions to our citizens, namely. which is emergency response to a myriad of calls needing rescue and fire extinguishing services

The functions of Emergency Services of the municipality are administered as follows and include:

OPERATIONAL

- Residential Fires
- Institutional fires
- Public assembly fires
- Commercial fires
- Industry fires
- Utility fires
- Transport fires
- Other fires
- Vehicle fires
- Vehicle accidents
- Hazardous substances incidents
- Miscellaneous assistance to people

Fire safety activities

- Fire prevention inspections.
- Building plans inspected.
- Hazardous substances installation inspections.
- Fire hydrant inspections

Employees: Fire Services
Public Education and Awareness Programs - Presenting of fire awareness session / programs to school groups and community members. - Presenting fire training sessions to the community businesses and Municipal staff During 2012/2013 the Fire and Rescue Service biggest difficulty experienced, was the old fire engine fleet. **Challenges** Operational - There were problems with regards to fire calls attended because we did not comply to the SANS code of conduct because of the shortage of fire engines. Fire Safety - There was no impact, everything was achievable. **T 3.21.1**

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Fire Service Data					
	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	698		698	
2	Total of other incidents attended in the year	556		556	
3	Average turnout time - urban areas	21minutes		21minutes	
4	Average turnout time - rural areas	1h00		1h00	
5	Fire fighters in post at year end				
6	Total fire appliances at year end	4		4	
7	Average number of appliance off the road during the year	2		2	
T 3.21.2					

Fire Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		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)
Moderate	Fire calls	500	500	698	698	698	0	0	0
Moderate	Rescue calls	1000	600	556	556	556	0	0	0
Complied	Special calls	300	150	556	556	556	0	0	0
T 3.21.3									

Job Level	Year -1	Year 0			
Fire Fighters Administrators	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Chief Fire Officer	0	1	0	1	100%
Assistant Chief Fire Officer or Deputy	2	2	2	0	0%
Divisional Fire Officer	3	4	3	1	25%
Station Officers	13	18	13	5	28%
Fire Fighters	73	73	73	0	0%
Control Room Attendants	2	4	2	2	50%
Typist Clerk	1	2	1	1	50%
General Workers	0	8	0	8	100%
Other Fire Officers					
0 - 3					
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	94	112	94	18	16%

T3.21.4

Financial Performance Year 0: Fire Services R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Fire fighters					
Other employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

T 3.21.5

Capital Expenditure Year 0: Fire Services R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Satellite Fire Station	17 000	0	1544797.64	22%	12 000
T 3.21.6					

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

INTRODUCTION TO DISASTER MANAGEMENT:

The Municipality is attending to many incidents caused by natural causes, including veld fires. In all disaster management and some public nuisance issues, Matjhabeng Local Municipality work hand in hand with Lejweleputswa District Municipality to provide relief to affected communities. During the year under review, Disaster management was not included in the IDP and corrective steps has since been taken.

T 3.22.1

SERVICE STATISTICS FOR DISASTER MANAGEMENT:

Disaster Management provided temporary shelters to the communities that was affected by thunderstorms. Fifty (50) salvage sheets were used to assist the affected houses. More than two thousand section 56 (illegal dumping) fines were issued out, though we have challenges of the court dismissing our cases.

T 3.22.2

Employees: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Divisional Disaster Management Officer	1	1	1	1	100%
Station Officers	0	2	0	2	100%
0 - 3					
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	1	3	1	3	100%
					T 3.22.4

Financial Performance Year 0: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
					T 3.22.5

Capital Expenditure Year 0: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

T 3.22.6

COMPONENT H: PARKS, SPORT AND RECREATION

INTRODUCTION TO PARKS, SPORTS & RECREATION

Matjhabeng Local Municipality's philosophy of sports and recreation is based on the recognition of the vital importance of sports in the holistic development of the individual and the community. Sports and Recreation are an important means of building and developing the character of the individual as well as the social cohesion of the community. It builds the spirit of friendly competition, provides healthy entertainment, it exercises the body, it creates a climate of achievement and challenges the youth in particular to higher levels of endurance and attainment.

It is the responsibility of the Municipality to ensure that sport and recreation facilities are accessible to all through an application of the management and maintenance of sport and recreation policy. According to The National Sport and Recreation Act (Act 110 of 1998) provides for promotion and development of sports and recreation and coordination of the relationships between the Sports Commission, National and recreation federations and the others.

The White Paper on Sport and Recreation gives effect to stated government policy of a better life for all and to get the nation to play, hence the Municipality creates infrastructure for delivery of sport and recreation and ensures the existence of programmes that develop the human resources potential in sport and recreation

T 3.23

3.23 PARKS, SPORTS AND RECREATION INCLUDING CEMETORIES

SERVICE STATISTICS FOR PARKS, SPORTS & RECREATION

Matjhabeng Local Municipality has a total number of nine hundred and seventy (970) development and undeveloped parks, and thirty two (32) recreational facilities. Meloding and Mmamahabane stadiums were refurbished (phase one (1)). Several parks were also refurbished though we experienced financial constraints.

T 3.23.1

Sport and Recreation Policy Objectives Taken From IDP									
Service Objectives	**Outline Service Targets**	**Year 0**		**Year 1**			**Year 2**	**Year 3**	
		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 ensure that basic sport and recreation facilities are available to all communities	20	20	2	20	2	2	18	18	18
To ensure the existence of programs that develop human potential through sport and recreation	8	8	1	7	1	1	7	7	7
									T 3.23.2

Financial Performance Year 0: Sport and Recreation					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
					T 3.23.4

Capital Expenditure Year 0: Sport and Recreation					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	20,438.00	0.00	8,643.00	-1.36	
Nyakallong / Mmamahabane / Phomolong	7,771.00	0.00	6,170.00	-0.26	34,280.00
Thabong Stadium, Zuka Baloi Stadium & Kopano indoor	3,775.00	0.00	1,411.00	1.00	42,834.00
Phase 3 Bronville Stadium	4,000.00	0.00	269.00	-13.83	8,679.00
Meloding Sports Centre	4,663.00	0.00	0.00	0.00	12,000.00
Phase 3 Phomolong stadium	4,000.00	0.00	791.00	-4.06	7,765.00
NB: Nyakallong and Mmamahabane Sports facilities expenditures were for construction. The rest were all for design and professional fees.					**T 3.23.5**

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

3.24 EXECUTIVE AND COUNCIL

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

INTRODUCTION TO EXECUTIVE AND COUNCIL

Introduction to Executive and Council

Council

Matjhabeng Local Council is a category "B" municipality with a mayoral executive system combined with a ward participatory system. I comprises of 72 councilors, 36 directly elected from the Wards and another 36 elected by political parties on proportional basis in the following order:

Political Party	Total	PR	Ward
African National Congress (ANC)	52	22	30
Democratic Alliance (DA)	16	10	6
Congress of the People (COPE)	3	3	0
Freedom Font Plus (FF+)	1	1	0

The Council is the legislative authority of the municipality and also plays on oversight role over the Executive and Administration.

Speaker

The Council Chairperson is the Speaker. This office is also responsible for public participation. The Speaker is the Chairperson of the Council: the Chief Custodian and Guardian of the legislative arm of government.
The Speaker plays two main important roles:
- Within the Council; and
- In building democracy

The Speaker presides over the Council meetings and ensures that the meetings are convened at least once a quarter. He maintains order during the meetings and ensures that meetings are held in accordance with the standing rules and orders.
The Speaker is also responsible for assessing the needs of Councillors, arranging suitable training to develop political governance capacity that will enable Councillors to carry out their oversight tasks effectively.
The Speaker does therefore facilitate the improvement of individual Councillor's skills. The Speaker manages community participation in the Municipality through ward committees. He is responsible for functionality of ward committees. He assesses the capacity of ward committees and identifies appropriate training interventions in order to build the capacity of these structures.
The Speaker is also responsible for establishment of other forums that co-ordinate the concerted effort of bringing services closer to t he people.

Executive Mayor / Mayoral Committee

The Executive Mayor and the Mayoral Committee play an executive role in the municipality. The Mayoral Committee comprises of the ten (10) members heading the following portfolios committees:

Policy and Monitoring
Community Services
Local Economic Development
Finance
Technical Services
Corporate Support Services
Social Services
Public Safety & Transport
Human Settlements and
Special Programmes

Council Whip

Matjhabeng Municipality has a Council Whip, whose role is to enhance multiparty democracy by co-ordinating multiparty for a party liaison.

Administration

Municipal administration is the machinery for service delivery to the community. The administrative component of the municipality is headed by the Municipal Manager and comprises of various Directorates and Departments headed by Executive Directors and Heads of Departments. Matjhabeng has six (6) Directorates namely Financial Services, Strategic Support Services, Corporate Support Services, Local Economic Development, Community Services and Technical Services.

T 3.24.1

The Executive and Council Policy Objectives Taken From IDP									
Service Objectives	**Outline Service Targets**	**Year -1**		**Year 0**			**Year 1**	**Year 3**	
		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									
Mayors Bursary Fund	To assist learners from	10 new bursary holders	10	10	10	10	10	10	10
	disadvantaged community								
Youth Arts and Culture	To promote intercultural	One cultural activiy	Underta ken	One cultural activity	One cultur al activit y	underta ken	One	Underta ken	One

	and interregional relationships through social activities								
Political Road Shows for	To create an inter-action	Undertake 4 imbizos	5 Imbizos	4	6	6	6	5	5
Executive Mayor & MMCs	between Executive Mayor and community								
Provide HIV/AIDS awareness campaign	4 awareness campaigns	4	4	4	4	4	4	4	4
									T 3.24.3

Employees: The Executive and Council					
Job Level	**Year -1**	**Year 0**			
	Employees	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 - 3	40	57	40	17	30%
4 - 6	73	217	73	144	66%
7 - 9	266	374	266	108	29%
10 - 12	536	778	536	242	31%
13 - 15	138	592	138	454	77%
16 - 18	982	1725	982	743	43%
19 - 20	0	0	0	0	0
Total	2035	3743	2035	1708	46%
					T 3.24.4

Financial Performance Year 0: The Executive and Council					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
					T 3.24.5

Capital Expenditure Year 0: The Executive and Council					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
					T 3.24.6

3.25 FINANCIAL SERVICES

Debt Recovery							R' 000
Details of the types of account raised and recovered	Year -1		Year 0			Year 1	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estmated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	159,069	69.47%	195,577,909	158,520,526	81.05%	171,202,168	75%
Electricity - B			0	0			
Electricity - C	408,088	69.33%	417,683,126	311,218,775	74.51%	336,116,277	75%
Water - B			0	0			
Water - C	255,447	32.99%	293,789,747	82,317,734	28.02%	88,903,153	75%
Sanitation	116,471	38.48%	125,371,953	52,184,615	41.62%	56,359,384	75%
Refuse	73,453	33.69%	79,318,431	25,596,832	32.27%	27,644,579	75%
Other	132,030	86.62%	139,437,467	131,363,584	94.21%	141,872,671	75%
							T 3.25.2

Financial Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 0		Year 1			Year 2	Year 3	
		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)
To increase payment levels to 75%	% increase in the payment rate	75% payment rate	64% payment rate	75% payment rate	75% payment rate	55% payment rate	85% payment rate	85% payment rate	90% payment rate
To practice sound and sustainable financial	% decrease in audit	75% decrease in audit queries	25% decrease in audit	75% decrease in audit queries	75% decrease in audit	50% decrease in audit	75% decrease in audit	95% decrease in audit	95% decrease in audit queries

management	queries		queries		queries	queries	queries	queries	
To obtain a clean audit in 2014	% decrease in audit queries	75% decrease in audit queries	25% decrease in audit queries	75% decrease in audit queries	75% decrease in audit queries	50% decrease in audit queries	75% decrease in audit queries	95% decrease in audit queries	95% decrease in audit queries
To practice sound and sustainable expenditure management	Creditors Age Analysis	All creditors to be paid within 30 days	28% of creditors on 30 days	All creditors to be paid within 30 days	All creditors to be paid within 30 days	18% of creditors on 30 days	All creditors to be paid within 30 days	All creditors to be paid within 30 days	All creditors to be paid within 30 days

T 3.25.3

Employees: Financial Services					
Job Level	**Year -1**	**Year 0**			
	Employees	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 - 3	3	8	6	2	25%
4 - 6	6	9	6	3	33%
7 - 9	19	23	19	4	17%
10 - 12	83	118	83	35	30%
13 - 15	15	40	15	25	63%
16 - 18	20	33	20	13	39%
19 - 20		0		0	0
Total				0	0

T 3.25.4

Financial Performance Year 0: Financial Services					
					R'000
Details	**Year -1**	**Year 0**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	271,578	-192,303		-184,788	-4%
Expenditure:					
Employees	35,793	39,613	0	39,322	-1%
Repairs and Maintenance	1,036	796	1,036	54	-1374%
Other	17,700	20,557	0	20,683	1%
Total Operational Expenditure	54,529	60,966	1,036	60,059	-2%
Net Operational Expenditure	-217,049	253,269	1,036	244,847	-3%

T 3.25.5

Capital Expenditure Year 0: Financial Services					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2000	1500	922	-117%	
Fencing of Fresh Produce Market	2000	1500	922	-117%	2000
					T 3.25.6

3.26 HUMAN RESOURCE SERVICES

Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	4	3	1	25%
4 - 6	8	15	8	7	47%
7 - 9	4	5	4	1	20%
10 - 12	11	19	11	8	42%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total				0	0
					T3.26.4

Financial Performance Year 0: Human Resource Services					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
					T 3.26.5

Capital Expenditure Year 0: Human Resource Services					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
					T 3.26.6

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 plan is to keep to the IDP and implement the upgrading of the ICT infrastructure.

T 3.27.1

Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	100%
4 - 6	1	1	1	0	0%
7 - 9	1	1	1	0	0%
10 - 12	3	3	3	0	0%
13 - 15	9	4	9	-5	-125%
16 - 18				0	0
19 - 20				0	0
Total	14	10	14	-4	-40%
					T 3.27.4

Financial Performance Year 0: ICT Services					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	125	2,598	0	1,613	-61%
Repairs and Maintenance	25	2,792	0	1,130	-147%
Other	45	10,777	0	2,960	-264%
Total Operational Expenditure	195	16,168	0	5,705	-183%
Net Operational Expenditure	195	16,168	0	5,705	-183%
					T 3.27.5

Capital Expenditure Year 0: ICT Services					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
					T 3.27.6

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The IDP shows that one of the ICT objectives is to upgrade and maintain ICT infrastructure. The project addressing this objective involves liaising with SITA on implementation of Government wide webpage development. In the meantime the provincial department came on board to assist the municipality in maintaining its website but the process has not been fully successful additional efforts between the municipality and the Office of the Premier are been implemented to rectify the challenges.

1. On the infrastructure side the municipality has succeeded in upgrading the personal computers of about 59 users and this has been in accordance with the budget
2. 5 x Ingenico's (Pre-paid electricity machines) were procured in Aug 2013
3. 36 Laptops were also procured for different users
4. ICT managed to upgrade 6 sites network for better network performance

There are still no new servers purchased and the Municipality is at risk of losing all the data or information should the current old servers fail or die.

T3.27.7

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

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

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	3	2		0%
4 - 6	1	3	1		0%
7 - 9	0	4	0		0%
10 - 12					0
13 - 15					0
16 - 18					0
19 - 20					0
Total	3	10	3	0	0%

T 3.28.4

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

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

INTRODUCTION

The Matjhabeng Local Municipality organisational development (OD) embraces a wide range of intervention strategies that are aimed at the development of individuals, groups and the organisation as a total system. It primarily aims at improving the organisation's effectiveness (to do the right thing) and efficiency (to do the things right)

T 4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS AND VACANCIES

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	82	244	82	162	66%
Waste Water (Sanitation)	52	281	52	229	81%
Electricity	116	213	116	97	46%
Waste Management	299	494	299	195	39%
Housing	24	32	24	8	25%
Waste Water (Stormwater Drainage)				0	
Roads	488	1,056	488	568	54%
Transport	146	346	146	200	58%
Planning	8	18	8	10	56%
Local Economic Development	15	26	15	11	42%
Planning (Strategic & Regulatory)				0	
Community & Social Services	70	225	70	155	69%
Environmental Protection				0	
Health				0	
Security and Safety	279	489	279	210	43%
Sport and Recreation	396	736	396	340	46%
Corporate Policy Offices and Other	117	117	102	15	13%

Totals	**2,092**	**4,277**	**2,077**	**2,200**	51%

T 4.1.1

Vacancy Rate: Year 0			
Designations	***Total Approved Posts** **No.**	***Vacancies (Total time that vacancies exist using fulltime equivalents)** **No.**	***Vacancies (as a proportion of total posts in each category)** **%**
Municipal Manager	1	0	0.00
CFO	1	1	100.00
Other S57 Managers (excluding Finance Posts)	5	0	0.00
Other S57 Managers (Finance posts)	0	0	0
Police officers	346	200	57.80
Fire fighters	113	43	38.05
Senior management: Levels 13-15 (excluding Finance Posts)	8	4	50.00
Senior management: Levels 13-15 (Finance posts)	2	2	100.00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	0	0	0
Highly skilled supervision: levels 9-12 (Finance posts)	0	0	0
Total	**476**	**250**	52.52

T 4.1.2

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2012/13	37	119	322%
2011/12	58	111	191%
			T 4.1.3

COMMENT ON VACANCIES AND TURNOVER

The Matjhabeng Local Municipality's staff turnover is as the result of people reaching retirement age and death. During the year under review Matjhabeng Local Municipality has not experienced the departure of a Section 57 Manager.

In the year under review Matjhabeng Local Municipality experienced the staff turnover of 6% . This is considered low because the universally accepted norm is 15%. The Matjhabeng Local Municipality's staff turnover is as the result of people reaching the retirement age and others is the death. During the year under review Matjhabeng Local Municipality has not experienced the departure of a Section 57 Manager

T 4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Matjhabeng Municipality's vacancy rate is at 51% of its total staff establishment. Despite the economic challenges, the Municipality has managed to provide at least minimum services to the community. This has been possible due to mobility of staff which as a need arises, is taken to work where the demand for services is required.

Overtime Policy
Despite the challenges of keeping within the prescripts of Basic Conditions of Employment Act, 1997, the municipality has implemented the measures to control overtime by using the earning threshold as determined by the Minister of Labour. No overtime, unless it is an emergency, is worked without prior application and approval by the Head of Department

Employee Assistance Program
The Matjhabeng Local Municipality has programs that assist employees on:
Stress Management
Alcohol and substance abuse
Work related issues such as absenteeism

Psycho-social problems
HIV/AIDS support and counseling
Financial life-skills

Skills Development
Matjhabeng Local Municipality provides employees with the opportunity to further their formal studies through study assistant program

Labour Relations
The Labour Relations component is utilized to keep harmonious relationships between the employer and the employees. Issues that affect employees and employer are discussed at the Local Labour Forum. Representation at this forum is in terms of Collective Agreement.

Occupational Health and Safety
During the year under review, 300 employees who work at high risk areas such as sewerage plants were taken for annual Hepatitis health checkup.

Furthermore the Municipality complies with legislation in terms of:
Legal appointment of Municipal Manager in terms of 16.1 of the Occupation Health and Safety Act, including Managers reporting directly to the Municipal Manager in terms of 16.2 of the Act, have been done.
Appointment of Safety Representations.

Employment Equity
The Employment Equity Report was compiled and approved by Council in 2011/12 financial year. Progress reports are submitted to the Department of labour annually.

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			
2	Attraction and Retention			
3	Code of Conduct for employees	100%	-	
4	Delegations, Authorization & Responsibility	100%	-	12 July 2005

5	Disciplinary Code and Procedures	Valid until we are notified by Bargaining Council on any developments	100%	Labour Relations received an email from Manelisi Nelani from SALGA dated 31 July 2013 that The Disciplinary Procedure and Code Collective Agreement has not yet be substituted by any latest Agreement. Which means, the current CA is still operative, until such time we are formally notified by the Central SALGBC on the developments, of both this Agreement and the Main Collective Agreement.
6	Essential Services	0%		No agreement reached as SAMWU refused to sign the agreement.
7	Employee Assistance / Wellness	100%		May 2005, needs to be reviewed.
8	Employment Equity	100%	0%	2003 needs to be reviewed.
9	Exit Management			
10	Grievance Procedures	Valid until we are notified by Bargaining Council on any developments.	100%	Labour Relations received an email from Manelisi Nelani from SALGA that The Disciplinary Procedure and Code Collective Agreement has not yet be substituted by any latest Agreement. Which means, the current CA is still operative, until such time we are formally notified by the Central SALGBC on the developments, of both this Agreement and the Main Collective Agreement.
11	HIV/Aids	100%	100%	2009
12	Human Resource and Development			
13	Computer User Policy	100%		January 2004
14	Job Evaluation	0%	0%	Provincial level SALGA FS
15	Leave	100%	100%	15 November 2013
16	Occupational Health and Safety			
17	Official Housing			
18	Civic Funerals	100%		24 July 2007
19	Travelling & Substance Policy	100%		28 August 2008
20	Official Working Hours and Overtime	100%	100%	15 November 2013

21	Organizational Rights	Valid until we are notified by Bargaining Council on any developments	100%	Labour Relations received an email from Manelisi Nelani from SALGA that The Disciplinary Procedure and Code Collective Agreement has not yet be substituted by any latest Agreement. Which means, the current CA is still operative, until such time we are formally notified by the Central SALGBC on the developments, of both this Agreement and the Main Collective Agreement.
22	Payroll Deductions			
23	Performance Management and Development			
24	Recruitment, Selection and Appointments	100%	100%	November 2006
25	Remuneration Scales and Allowances	100%	100%	On Provincial level SALGA FS '15/11/2013
26	Resettlement			
27	Sexual Harassment	100%	100%	29 July 2008
28	Skills Development	100%		30 April 2002
29	Smoking			
30	Special Skills			
31	Work Organization			
32	Uniforms and Protective Clothing			
33	Induction Policy	100%	100%	27 February 2007
34	Control Measures: Attendance of External Training Events	100%		20 July 2005
35	Study Assistance Scheme	100%	100%	29 January 2008
36	Other: Termination of Services due to Ill Health	100%		Adopted on 22/7/2008
37	Termination of Services due to Poor Work Performance	100%		Adopted on 22/7/2008
38	Other: Pauper Burial Policy	100%	100%	26 August 2013

T 4.2.1

COMMENT ON WORKFORCE POLICY DEVELOPMENT

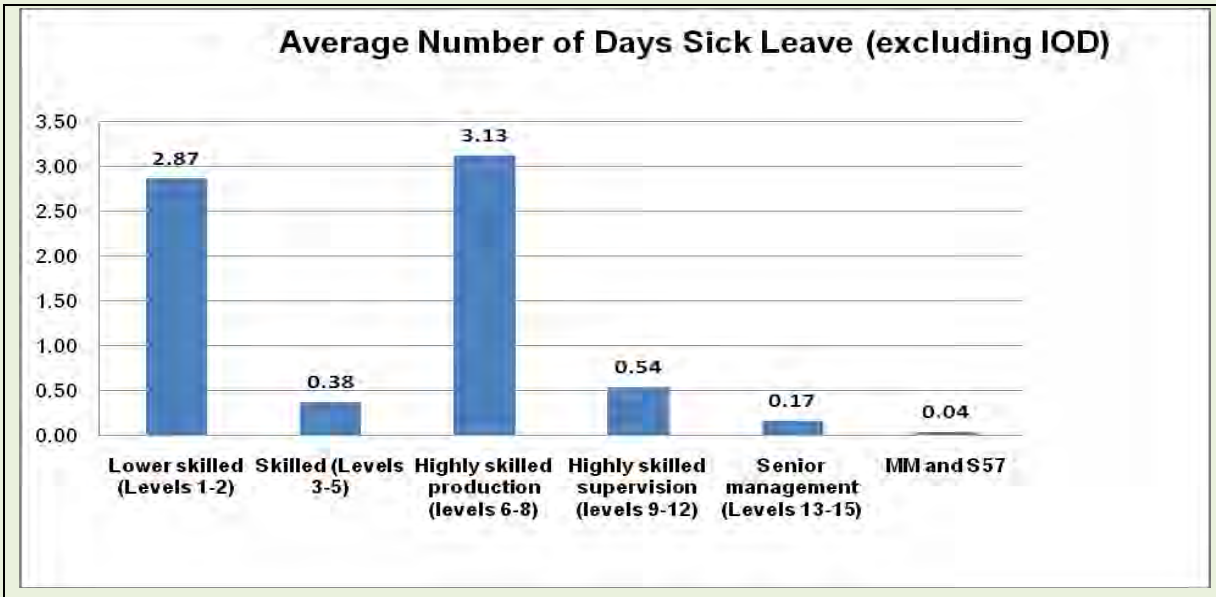
The Municipality utilizes the services of SALGA when developing policies and procedures that relates to organizational development. This is done to ensure that policies and procedures are in line with applicable collective agreements and legislation.

T 4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only		53			60
Temporary total disablement		6			
Permanent disablement		1			
Fatal		1			
Total	0	61		0	60
					T 4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* No.	*Average sick leave per Employees Days	Estimated cost R' 000
Lower skilled (Levels 1-2)	5315	4%	505	981	2.87	R 1,542,456
Skilled (Levels 3-5)	708	4%	83	1387	0.38	R 261,201
Highly skilled production (levels 6-8)	5796	10%	492	417	3.13	R 3,283,411
Highly skilled supervision (levels 9-12)	999	7%	119	263	0.54	R 1,036,962
Senior management (Levels 13-15)	310	5%	22	48	0.17	R 505,474
MM and S57	78	2%	1	6	0.04	R 313,545
Total	**13206**	**5%**	**1222**	**3102**	7.13	**R 6,943,049**
						T 4.3.2



T 4.3.3

COMMENT ON INJURY AND SICK LEAVE

Matjhabeng LM employees who are injured on duty receive special leave and such leave is not deducted from their sick leave credit.

Serious injuries are referred to the Regional Hospital and private hospitals that accept compensation cases and the required process is followed in terms of follow up visits.

For prolonged absence from duty as the result of injury on duty, the municipality closely monitors the absence and the employee's pension /provident fund is informed that the employee has sustained a serious injury.

T 4.3.4

Number and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalized**	**Date Finalized**
Clerical Assistant	Allocation of property without following correct procedures	7/11/2012	Guilty - dismissed	17/10/2013
Typist/Clerk	Gross Dishonesty / Fraud	20/6/2012	Suspension period of 3 months lapsed, suspension was uplifted. Employee had to report to work on 19 March 2013. A final memorandum was drafted to the Department to confirm as a matter of urgency whether the Department wishes to continue with disciplinary hearing. File closed due to non response	8/3/2013

Cashier	Financial Misconduct	23/11/2012	Employee resigned with effect 1 February 2013	1/2/2013

T 4.3.5

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	**Nature of Alleged Misconduct and Rand value of any loss to the municipality**	**Disciplinary action taken**	**Date Finalized**
Credit Control Clerk	Sending insulting messages through email	Found not guilty	23/7/2012
Fire Fighter	Absenteeism	Guilty - written warning	3/7/2012
Team Leader	Absenteeism	Guilty - employee dismissed	6/8/2012
Senior Building Inspector	Intimidation, Fighting, Assault	Found not guilty	15/8/2012
Senior Building Inspector	Intimidation, Fighting, Assault	Found not guilty	14/8/2012
Senior Clerk & Filing Clerk - Collective Disciplinary Hearing	Gross insubordination	Case dismissed	5/9/2012
Building Inspector	Gross insubordination	Guilty - written warning	27/8/2012
Senior Clerk	Gross dishonesty	Case withdrawn subject to further investigation	26/9/2012
Fire Fighter	Refusal to obey instructions; refrain from rude abusive behaviour	Case dismissed due to lack of evidence	16/10/2012
Clerk	Refusal to obey instruction	Case withdrawn and the possibility of transfer of the employee to another department	31/10/2012
Fire Fighter	Gross negligence	Case dismissed	16/11/2012
Fire Fighter	Gross insubordination	Guilty - written warning	13/11/2012
Typist/Clerk	Absenteeism (Abscondment)	Pleaded guilty - final written warning	4/12/2012
Operator	Illegal opening of grave	Case dismissed	4/2/2013
Library Assistant	Dishonesty	Found not guilty	15/2/2013
Security Officer	Theft	Case withdrawn	16/4/2013
Typist/Clerk	Fraud	File Closed - non response from Department Community Services	29/4/2013
Electrician	Carrying out functions outside the scope of Council services	File Closed - non response from Department Infrastructure	26/4/2013
Fire Fighter	Absenteeism	Employee resigned	11/4/2013
Traffic Officer	Incapacity due to incarceration	To resume duties as he was released from prison. Disciplinary hearing still in process	2/5/2013
Temporary General Worker	Absenteeism	Case withdrawn	25/4/2013
Security Officer	Absenteeism, did not report lost occurrence book	Case withdrawn	30/5/2013
Petrol Attendant	Absenteeism (Abscondment)	Department applied for condonation of late referral of accusation of misconduct. Application was refused, relief claimed was denied, file closed	27/6/2013
Driver	Misuse of council vehicle	Found not guilty	5/6/2013

General Worker	Refrain from participating either individual or with others in any form of action by disrupting the operations of the employer by closing the gates of the vehicle depot	Case withdrawn	21/6/2013

T 4.3.6

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

There were two cases of financial misconduct during the year under review. One employee was found guilty and was dismissed. One employee resigned before the case could be finalized. The file for one case was closed.

T 4.3.7

4.4 PERFORMANCE REWARDS

No Performance Rewards where paid in the year under review.

Performance Rewards By Gender

Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female				
	Male				
Skilled (Levels 3-5)	Female				
	Male				
Highly skilled production (levels 6-8)	Female				
	Male				
Highly skilled supervision (levels 9-12)	Female				
	Male				
Senior management (Levels 13-15)	Female				
	Male				
MM and S57	Female				
	Male				
Total					

T 4.4.1

COMMENT ON PERFORMANCE REWARDS

No performance rewards were paid to employees or Section 57 Managers during the year under review.

T 4.4.1.1

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Matjhabeng Municipality's vacancy rate is at 51% of its total staff establishment. Despite the economic challenges the Municipality has managed to provide at least minimum services to the community. This has been possible due to mobility of staff which as a need arises, is taken to work where the demand for services is required.

Overtime Policy

Despite the challenges of keeping within the prescripts of Basic Condition s of Employment Act, 1997, the municipality has implemented the measures to control overtime by using the earning threshold as determined by the Minister of Labour. No overtime, unless it is an emergency, is worked without prior application and approval by the Head of Department.

Employee Assistance Program

The Matjhabeng Local Municipality has programs that assist employees on:

- Stress Management
- Alcohol and substance abuse
- Work related issues such as absenteeism
- Psycho-social problems
- HIV/AIDS support and counselling
- Financial life-skills.

Skills Development

Matjhabeng Local Municipality provides employees with the opportunity to further their formal studies through study assistant program.

Labour Relations

The Labour Relations component is utilized to keep harmonious relationships between the employer and the employees. Issues that affects employees and employer are discussed at the Local Labour Forum. Representation at this forum is in terms of Collective Agreement.

Occupational Health and Safety

During the year under review, 300 employees who work at high risk areas such as sewerage plants were taken for annual Hepatitis health checkup.

Furthermore the Municipality complies with legislation in terms of:

- Legal appointment of Municipal Manager in terms of 16.1 of the Occupation Health and Safety Act, including managers reporting directly to Municipal Manager in terms of 16.2 of the Act, have been done.
- Appointment of Safety Representations.

Employment Equity

The Employment Equity Report was compiled and approved by Council in 2011/2012 financial year. Progress reports are submitted to the Department of Labour annually.

T 4.5.0

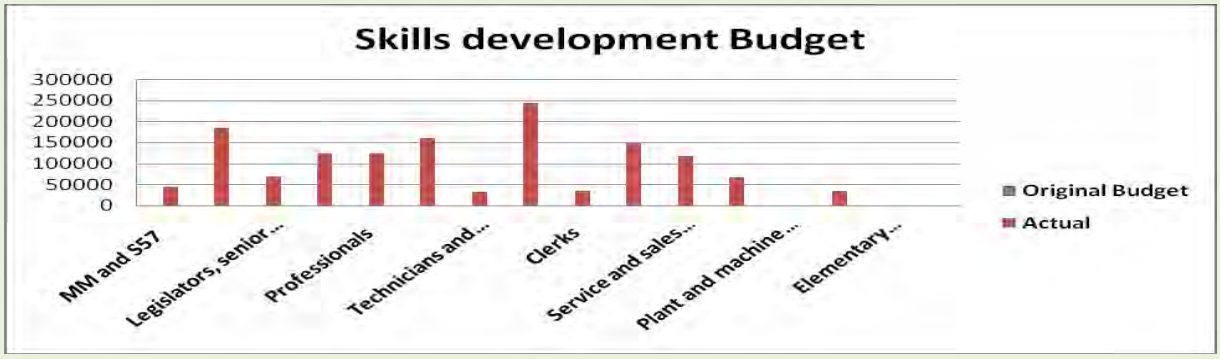
4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual : End of Year 0	Year 0 Target	Actual: End of Year -1	Actual : End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target
MM and s57	Female			0			0			1				1
	Male			4			1			2				7
Councillors, senior officials and managers	Female			1			1			9				11
	Male			2			10			6				18
Technicians and associate professionals*	Female			22			8			1				31
	Male			26			42			1				69
Professionals	Female			13			28			1				42
	Male			3			13			2				18
Sub total	Female			36			37			12				85
	Male			35			66			11				112
Total		0		142	0		206	0		46		0		394
														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: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
FINANCIAL OFFICIALS						
Accounting officer						
Chief financial officer						
Senior managers						
Any other financial officials						
SUPPLY CHAIN MANAGEMENT OFFICIALS						
Heads of supply chain management units						
Supply chain management senior managers						
TOTAL	**0**	**0**	**0**	**0**	**0**	**0**
						T 4.5.2

Skills Development Expenditure											R'000
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1								
			Learnerships		Skills programmes & other short courses		Other forms of training		Total		
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	
MM and S57	Female	1		45000		0		0		45000	
	Male	6		170000		10000		5000		185000	
Legislators, senior officials and managers	Female	37		35000		8000		26000		69000	
	Male	53		60000		35000		29000		124000	
Professionals	Female	27		39000		85000		200		124200	
	Male	61		60000		80000		21010		161010	
Technicians and associate	Female	46		9000		12000		11000		32000	
	Male	77		87000		14000		18000		245000	

professionals						0				
Clerks	Female	211		0		35000		0		35000
	Male	169		0		150000		0		150000
Service and sales workers	Female	69		0		96000		21400		117400
	Male	226		0		37000		31000		68000
Plant and machine operators and assemblers	Female	4		0		0		0		0
	Male	120		0		35000		0		35000
Elementary occupations	Female	288		0		0		0		0
	Male	701		0		0		0		0
Sub total	Female	391		128000		236000		58600		422600
	Male	592		377000		452000		104010		933010
Total		983	0	505000	0	688000	0	162610		1355610
									%*	*R
										T4.5.3



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

The following table outlines the progress in terms of Managers and senior Manager who meet competency levels. The Management Development Program for those who do not meet the minimum competencies has been scheduled in the year 2013/14 financial year. All other managers that control their respective budgets have been enrolled in the abovementioned training program

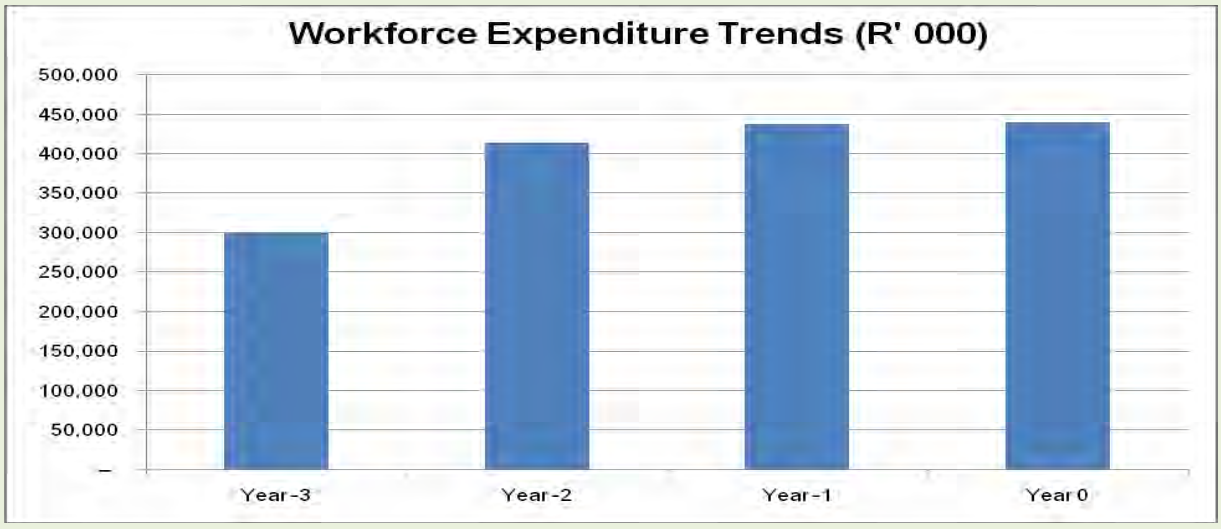
T 4.5.4

Designation	Status in terms of competency levels
Executive Director LED and Planning	Meets minimum competency levels

Executive Director Community Services	Meets minimum competency levels
Manager PMU	Training has been arranged for the financial year 2013/14
Acting Manager SCM	Meets minimum competency levels
Senior Manager Budget	RPL (Recognition of Prior Learning)
Senior Manager Treasury	RPL (Recognition of Prior Learning)
Acting CFO	Meets minimum competency levels
	T 4.5.4 (continue)

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE



T 4.6.1

COMMENT ON WORKFORCE EXPENDITURE

The workforce expenditure consist of the councillors, senior management and other municipal staff. The expenditure increased gradually for the year -2 to year 0.

T 4.6.1.1

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	**Gender**	**Total**
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0

T 4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	**Number of employees**	**Job evaluation level**	**Remuneration level**	**Reason for deviation**
No TASK Job Evaluation was performed during the year under review. SALGA is in the process of training staff that will be conducting TASK Job Evaluations.				

T 4.6.3

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

No positions were upgraded during the year under review.

T 4.6.5

DISCLOSURES OF FINANCIAL INTERESTS

All Councillors, Section 57 appointees and officials are disclosing financial interest in the following manner:-

Councilors who have a financial interest complete the Disclosure of Financial Interest forms and in a council meeting in accordance with a standing item in the business of every Ordinary Council meeting for disclosure of financial interest by all Councillors.

Section 57 appointees disclose their financial interest annually with in line with the annual review of their service level agreements.

Other officials also complete Financial Interest Disclosure forms as when the need arises.

T 4.6.6

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 will provide information of the financial performance of the municipality for the year under review. The chapter will include the audited financial statements, a reconciliation of the A1 budget summary, grant performance and asset management. The performance on repair and maintenance will also be indicated in the chapter.

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

Section 122 of the Municipal Finance Management Act 56 of 2003 states that every municipality must prepare annual financial statements for each financial year. The annual financial statements for the 2012/2013 financial year was prepared in compliance with section 122 of the Municipal Finance Management Act as well as GRAP. During the year under review the municipality requested for an extension on submission and were submitted on 30 September 2013.

T 5.1.0

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Reconciliation of Table A1 Budget Summary

Description	Year 0											Year -1		
R thousands	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
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Financial Performance														
Property rates	148,380		148,380			148,380	176,827							
Service charges	920,923		920,923			920,923	782,911							
Investment revenue	–		–			–	7,590							
Transfers recognised - operational	434,657		434,657			434,657	603,408							
Other own revenue	113,357		113,357			113,357	140,757							
Total Revenue (excluding capital transfers and contributions)														
Employee costs	442,576		442,576			442,576	493,003							
Remuneration of councillors	25,534		25,534			25,534	22,703							
Debt impairment	325,122		325,122			325,122	346,177							
Depreciation & asset impairment	–		–			–	260,464							
Finance charges	119,014		119,014			119,014	89,435							
Materials and bulk purchases	383,828		383,828			383,828	596,165							
Transfers and grants			–			–	–							
Other expenditure	283,995		283,995			283,995	301,806							
Total Expenditure	1,580,068		1,580,068			1,580,068	2,109,753							
Surplus/(Deficit)														
Transfers recognised - capital	–		–			–								
Contributions recognised - capital & contributed assets			–			–								
Surplus/(Deficit) after capital transfers & contributions														
Share of surplus/ (deficit) of associate			–			–								
Surplus/(Deficit) for the year														
Capital expenditure & funds sources														
Capital expenditure														
Transfers recognised - capital														
Public contributions & donations														
Borrowing														
Internally generated funds														
Total sources of capital funds														
Cash flows														
Net cash from (used) operating	975,357		975,357			975,357								
Net cash from (used) investing	(27,455)		(27,455)			(27,455)								
Net cash from (used) financing	–		–			–								
Cash/cash equivalents at the year end														

T 5.1.1

Financial Performance of Operational Services						
						R '000
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	366,298	317,074	317,074	234,903	-34.98%	-34.98%
Waste Water (Sanitation)	109,602	83,903	83,903	35,913	-133.63%	-133.63%
Electricity	441,054	505,510	505,510	221,925	-127.78%	-127.78%
Waste Management	138,577	87,588	87,588	62,584	-39.95%	-39.95%
Housing	17,816	18,871	18,871	14,646	-28.85%	-28.85%
Component A: sub-total	1,073,347	1,012,946	1,012,946	569,971	-77.72%	-77.72%
Waste Water (Stormwater Drainage)	–	34,880	34,880	14,336	-143.31%	-143.31%
Roads	37,168	46,907	46,907	14,011	-234.80%	-234.80%
Transport	–	–	–	–	0.00%	0.00%
Component B: sub-total	37,168	8,455	8,624	9,554	11.50%	9.73%
Planning	–	–	–	–	0.00%	0.00%
Local Economic Development	27,759	14,772	14,772	11,172	-32.22%	-32.22%
Component B: sub-total	27,759	14,772	14,772	11,172	-32.22%	-32.22%
Planning (Strategic & Regulatory)	–	–	–	–	0.00%	0.00%
Local Economic Development	–	–	–	–	0.00%	0.00%
Component C: sub-total	–	–	–	–	0.00%	0.00%
Community & Social Services	5,742	9,570	9,570	4,713	-103.05%	-103.05%
Environmental Protection	–	–	–	–	0.00%	0.00%
Health	–	–	–	–	0.00%	0.00%
Security and Safety	66,892	91,601	91,601	96,308	4.89%	4.89%
Sport and Recreation	39,788	71,358	71,358	64,349	-10.89%	-10.89%

Corporate Policy Offices and Other	–	–	–	–	0.00%	0.00%
Component D: sub-total	112,422	172,529	172,529	165,370	-4.33%	-4.33%
Total Expenditure	**1,250,696**	**1,208,702**	**1,208,871**	**756,068**	-59.87%	-59.89%
						T 5.1.2

COMMENT ON FINANCIAL PERFORMANCE

The variance of 59.87% on the financial performance was a result of the cash flow constraints and the low consumer pay rate experienced during the year under review.

T 5.1.3

5.2 GRANTS

Grant Performance

R' 000

Description	Year -1	Year 0			Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	**394,649**	**434,657**	**–**	**434,657**		
Equitable share	392,899	432,357	–	432,357	0.00%	(0)
Municipal Systems Improvement	750	800	–	800	0.00%	(0)
Finance Management	1,000	1,500	–	1,500		
Provincial Government:	**–**	**–**	**–**	**–**		
Health subsidy	–			–		
Housing	–			–		
Ambulance subsidy	–			–		
Sports and Recreation	–			–		
District Municipality:	**–**	**–**	**–**	**–**		
[insert description]						
Other grant providers:		**–**	**–**	**–**		

[insert description]	–					
Total Operating Transfers and Grants	**394,649**	**434,657**	**–**	**434,657**		

T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS

The total amount of operating transfers and grants received by the municipality was R 434 657 000 for the year under review. The grants consisted of the Equitable Share, Finance Management Grant and the Municipal Systems Improvement grant. The Finance Management grant and the Municipal Systems Improvement grant are conditional grants.

T 5.2.2

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	**Actual Grant Year -1**	**Actual Grant Year 0**	**Year 0 Municipal Contribution**	**Date Grant terminates**	**Date Municipal contribution terminates**	**Nature and benefit from the grant received, include description of any contributions in kind**
Parastatals						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Foreign Governments/Development Aid Agencies						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Private Sector / Organisations						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						

T 5.2.3

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The objective of Asset Management is to ensure effective and efficient control, utilization, safeguarding and management of the municipality's property, plant and equipment. GRAP 17 is applicable to the municipality.

T 5.3.1

MIG Reference Nr	Project Description	EP WP Y/N	Project Value	Project Value	Expenditure as at 30 June 2013	Planned MIG Expenditure for 2013/2014	Status (Not Registered, Registered, Design & Tender, Construction, Completed)	Planned date: Consultant to be appointed (start with design)	Planned date: Tender to be advertised	Planned date: Contractor to be appointed and construction to start	Planned date: Project to be completed
15/4/1/3/1/2	PMU contribution		9,495,350.00	9,495,350.00	-	9,495,350.00	registered	2/6/2012			
MIG/FS0331/CF(SP)/05/07	Nyakallong / Mmamahabane / Phomolong: New sports and recreation facilities	Y	34,280,709.00	34,280,709.00	30,324,122.63	1,838,631.53	Completed	15/08/2010	22/03/2013	15/02/2011	30/06/2013
MIG/FS0491/S/08/10	Allanridge/Nyakallong: Upgrading of main sewerage pump stations and new outfall sewers (MIS:165350)	Y	16,198,616.00	19,762,348.00	19,491,009.55	271,338.45	Completed	15/08/2010	22/10/2010	12/12/2010	15/12/2012
MIG/FS0533/St/10/11	Meloding: Provision of 3.5km stormwater drainage	Y	9,823,953.00	16,198,616.00	15,714,549.05	484,066.95	Completed	15/11/2011	22/02/2012	31/03/2012	30/09/2012
MIG/FS0535/St/10/11	Phomolong: Provision of 3.9km stormwater drainage	Y	7,865,036.22	9,823,953.00	8,220,545.59	1,600,000.00	Completed	15/11/2011	22/02/2012	31/04/2012	30/11/2012
MIG/FS0834/R,ST/11/12	Oppenheimer Park: Roads and Stormwater drainage (Ward12)	Y	5,871,327.18	7,865,036.22	7,250,211.26	614,824.00	Completed	15/11/2010	30/11/2011	31/03/2012	30/11/2012
MIG/FS0845/R,ST/10/12	Mmamahabane: Upgrading of Ring Road Phase3	Y	3,109,874.83	5,871,327.18	5,493,825.03	377,500.00	Completed	15/11/2011	30/04/2012	10/9/2012	30/04/2013

MIG/FS0846/R,ST/11/12	Thabong: Road 142 and 295	Y	995,231.40	3,109,874.83	2,865,369.71	244,500.00	1.00	15/08/2011	30/11/2012	1/9/2012	30/03/2013
MIG/FS0910/S/12/13	Mmamahabane: Sewer house connections	Y	1,001,180.00	995,231.40	-	750,000.00	Construction	15/08/2011	31/01/2013	15/08/2013	28/02/2013
MIG/FS0972/W/13/14	Thabong T12: Water network PHASE 4 (171 stands)	Y	730,041,348.69	1,001,180.00	956,958.80	44,000.00	Completed	15/08/2011	22/03/2013	15/09/2012	30/06/2013
			818,682,626.32	108,403,625.63	90,316,591.62	15,720,210.93					

T 5.3.2

COMMENT ON ASSET MANAGEMENT

The Asset Register has been compiled however there are still gaps in it. We are currently in the process of resolving and addressing the gaps identified by the Auditor General.

T 5.3.3

Repair and Maintenance Expenditure: Year 0				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	161,889	0	39,394	76%

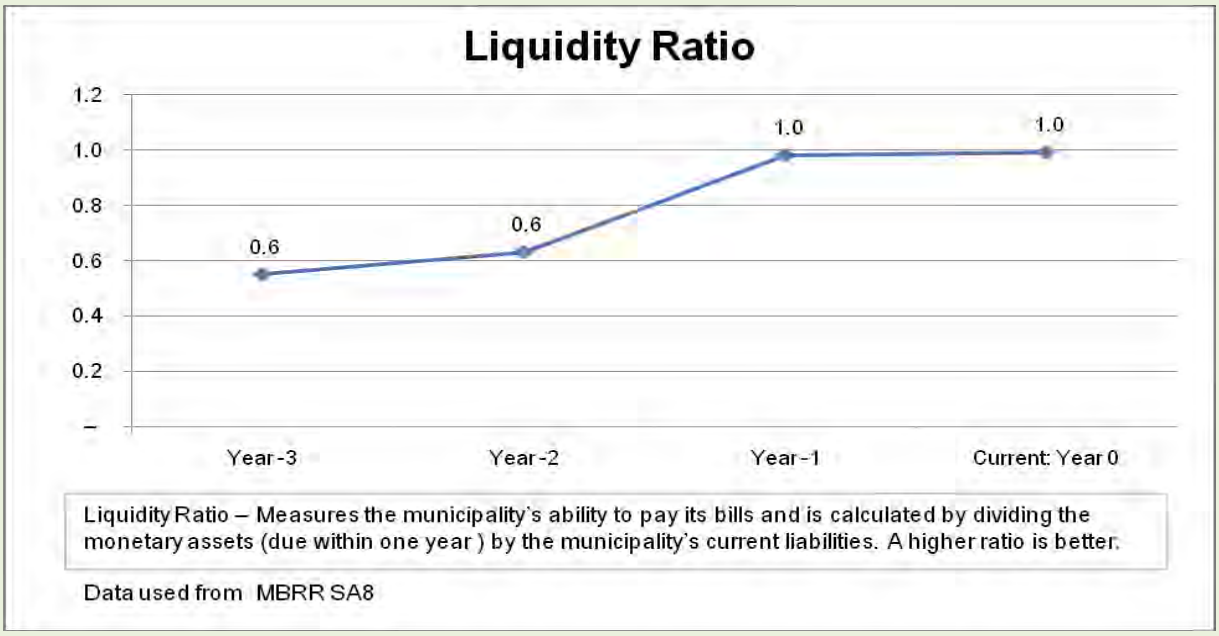
T 5.3.4

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

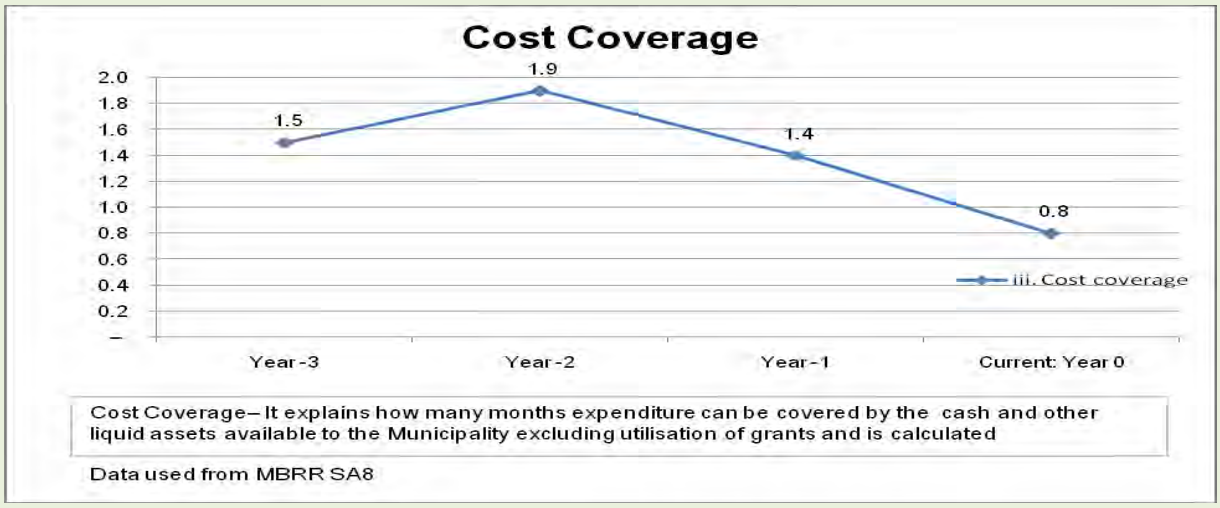
The budget for repair and maintenance for the year under review was R 161 889 070 and the actual expenditure for the year under review was at R 39 394 974 which is resulted into a variance of 76%. The reason for the under-spending was as a result of the cash flow constraints experienced during the year under review

T 5.3.4.1

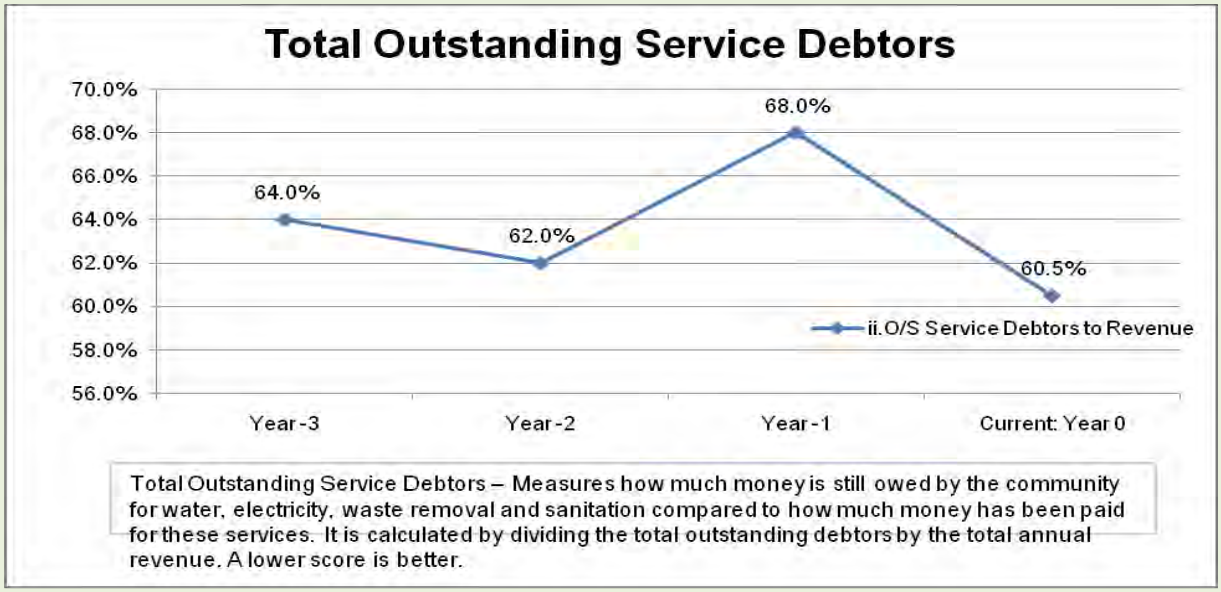
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



T 5.4.1

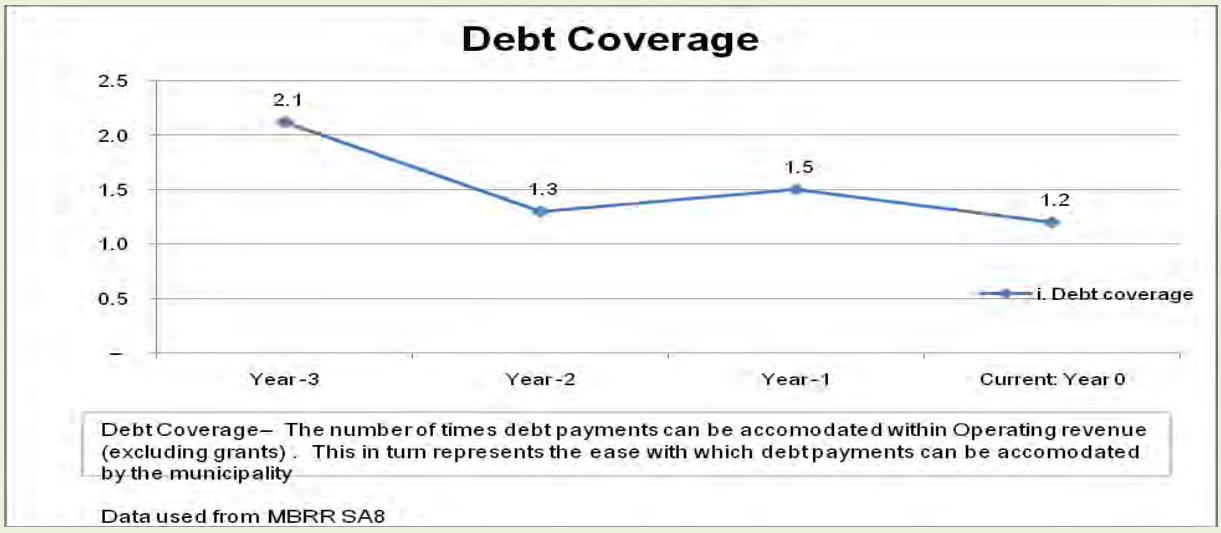


T 5.4.2

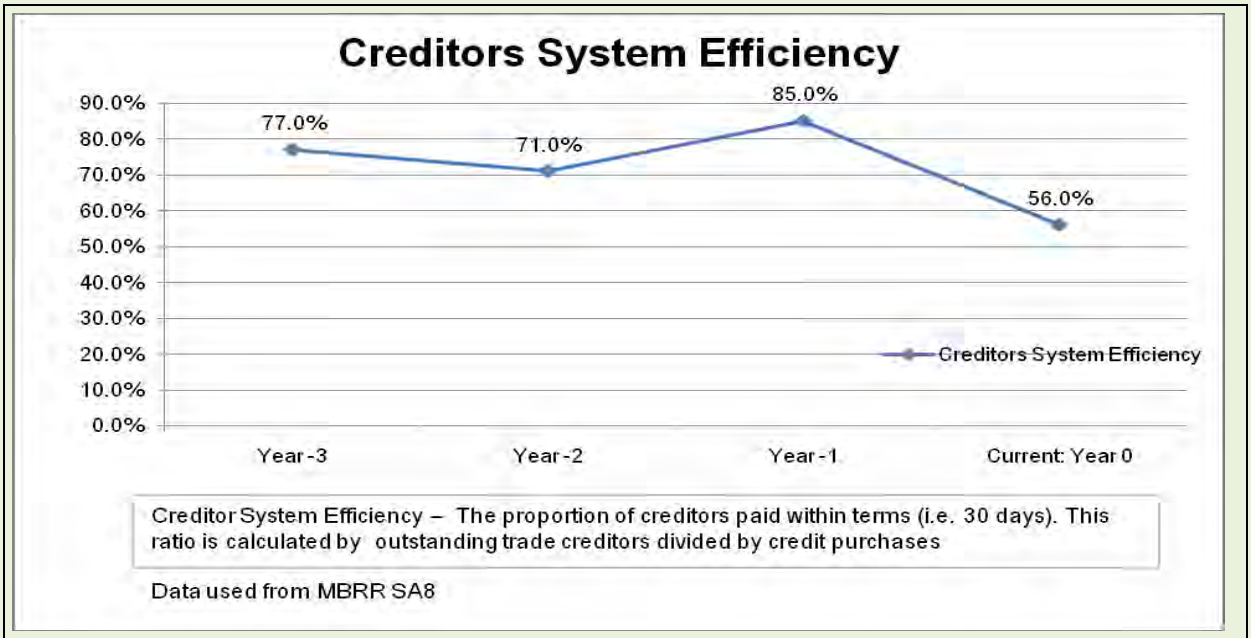


Data used from MBRR SA8

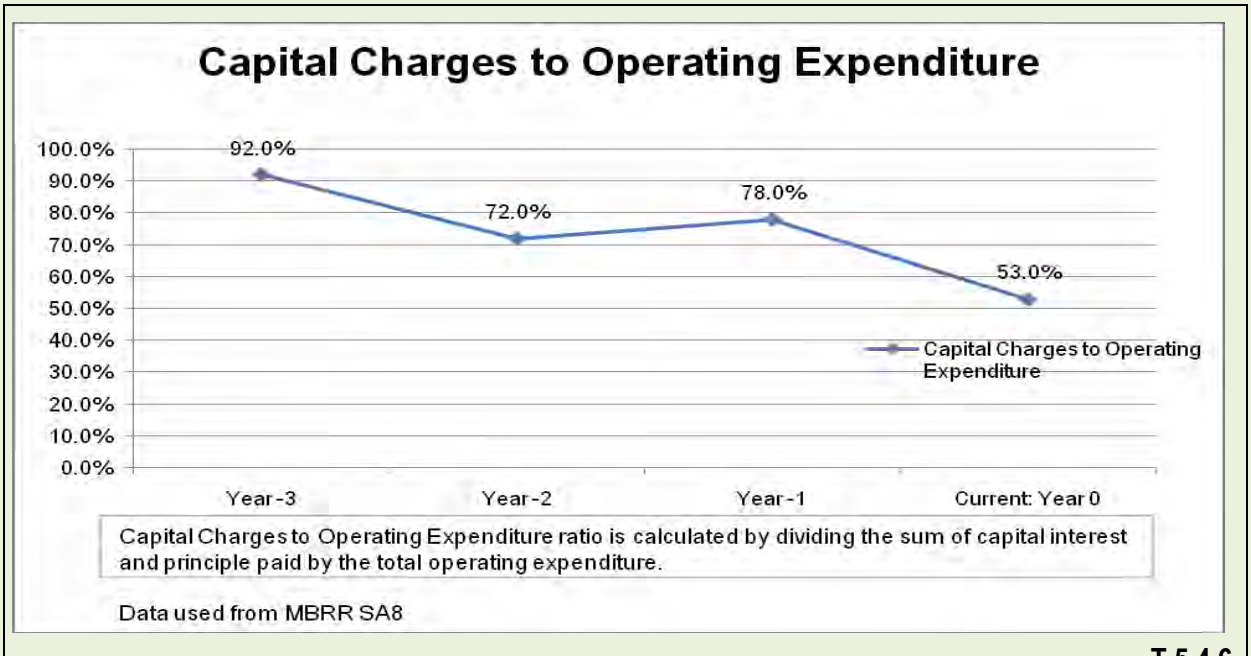
T 5.4.3



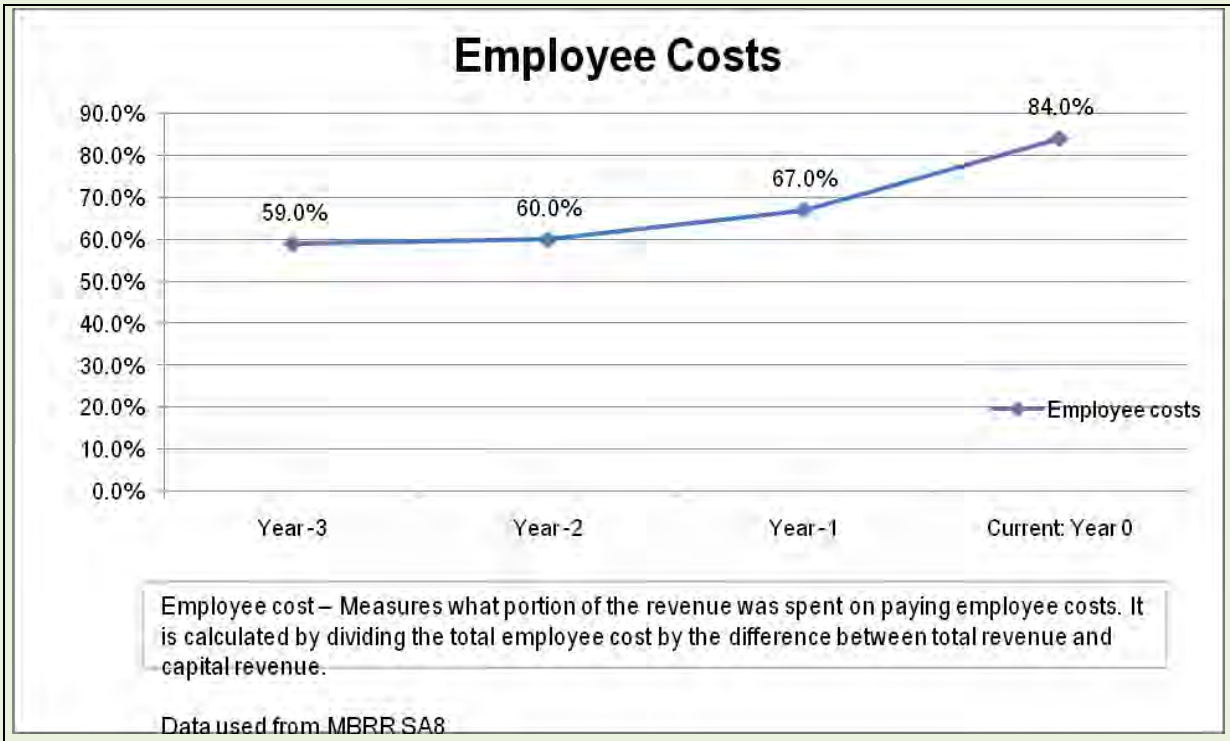
T 5.4.4


Creditors System Efficiency
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
77.0%
71.0%
85.0%
56.0%
Year -3
Year -2
Year -1
Current: Year 0
Creditors System Efficiency
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases
Data used from MBRR SA8

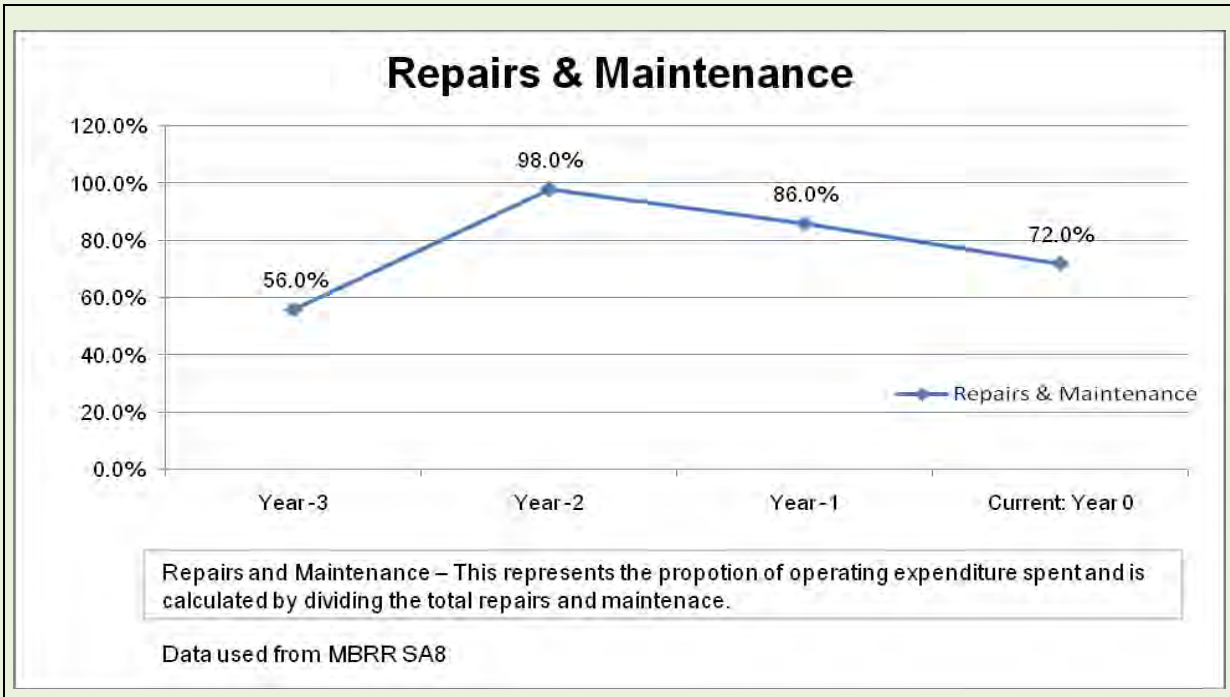
T 5.4.5


Capital Charges to Operating Expenditure
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
92.0%
72.0%
78.0%
53.0%
Year -3
Year -2
Year -1
Current: Year 0
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


Employee Costs
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
59.0%
60.0%
67.0%
84.0%
Year -3
Year -2
Year -1
Current: Year 0
Employee costs
Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.
Data used from MBRR SA8

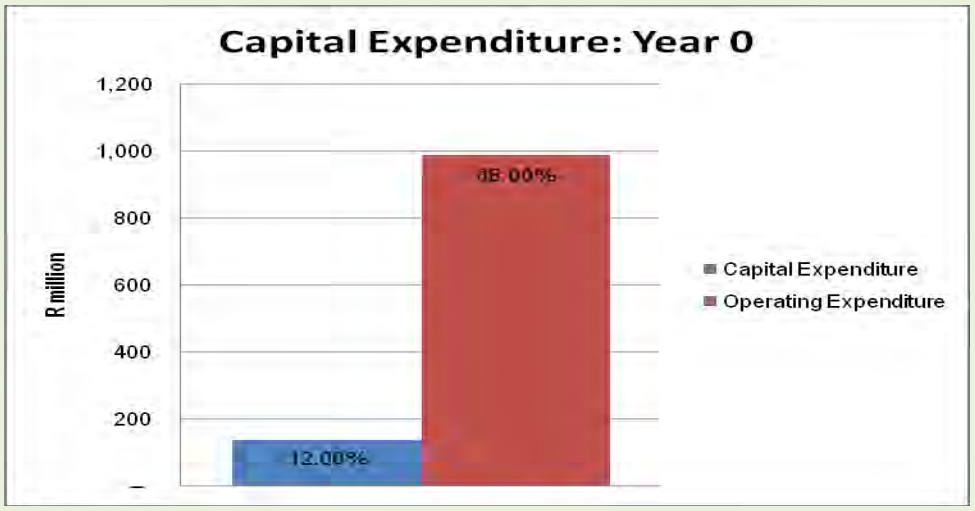
T 5.4.7


Repairs & Maintenance
120.0%
100.0%
80.0%
60.0%
40.0%
20.0%
0.0%
56.0%
98.0%
86.0%
72.0%
Year -3
Year -2
Year -1
Current: Year 0
Repairs & Maintenance
Repairs and Maintenance – This represents the propotion of operating expenditure spent and is calculated by dividing the total repairs and maintenace.
Data used from MBRR SA8

T 5.4.8

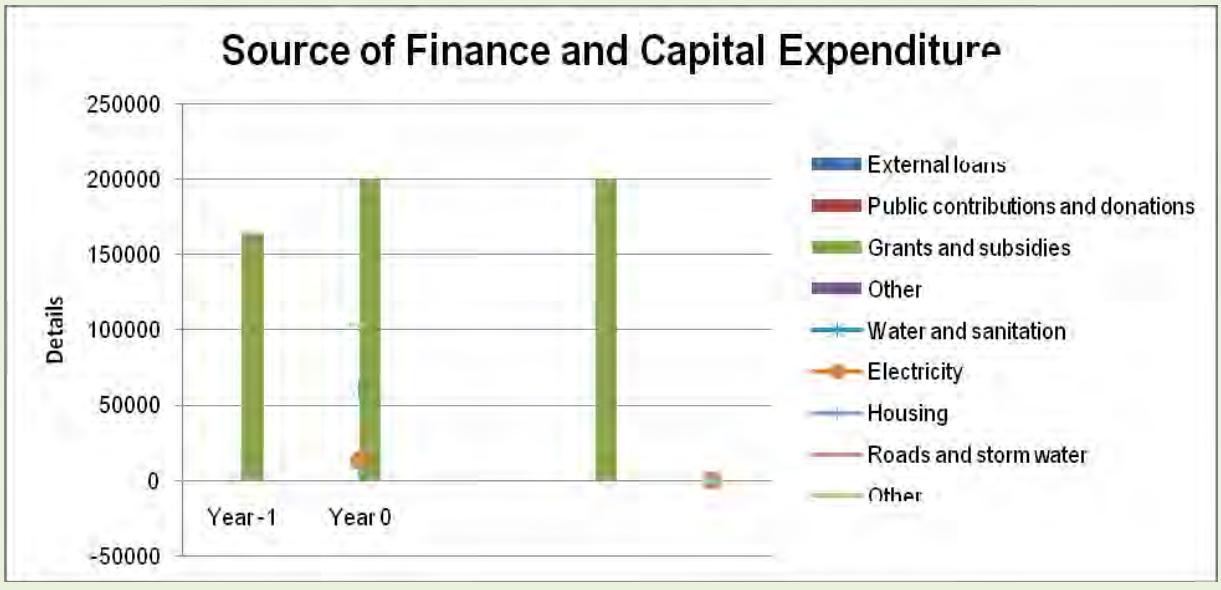
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE



T 5.5.1

5.6 SOURCES OF FINANCE



T 5.6.1

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects* R' 000					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Name of Project	36,000.00	36,000.00	28,000.00	22%	0%
B - Name of Project	50,000.00	50,000.00	8,000.00	84%	0%
C - Name of Project	34,000.00	34,000.00	9,000.00	74%	0%
** Projects with the highest capital expenditure in Year 0*					

Name of Project - A	road 300 and storm water
Objective of Project	stormwater measures
Delays	none
Future Challenges	none
Anticipated citizen benefits	ward 17
Name of Project - B	sport facilities
Objective of Project	upgrading of waste water treatment works
Delays	Eskom, designs and budget
Future Challenges	budget constraints and redesign
Anticipated citizen benefits	Nyakallong community
Name of Project - C	upgrading of sport facilities
Objective of Project	recreational sports facilities
Delays	phases and designs
Future Challenges	none
Anticipated citizen benefits	Thabong ,Phomolog, residents

T 5.7.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Service Backlogs as at 30 June Year 0 Households (HHs)				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	98773	96%	4002	4%
Sanitation	79534	72%	30906	28%
Electricity	30415	99%	320	1%
Waste management		%		%
Housing		%		%

T 5.8.2

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						
						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust-ments Budget	
Infrastructure - Road transport				%	%	
Roads, Pavements & Bridges	45,427		79,607	75%	%	
Storm water	44,641		14,991	-66%	%	
Infrastructure - Electricity				%	%	
Generation				%	%	
Transmission & Reticulation				%	%	
Street Lighting	806	806	806	0%	%	
Infrastructure - Water				%	%	
Dams & Reservoirs				%	%	
Water purification				%	%	
Reticulation	12,293		0	-100%	%	
Infrastructure - Sanitation				%	%	
Reticulation	11,004		6,724	-39%	%	
Sewerage purification	27,461		24,134	-12%	%	
Infrastructure - Other				%	%	
Waste Management				%	%	
Transportation				%	%	
Gas				%	%	
Other Specify:				%	%	
Community facilities (Sport, Taxi & Str traders)	56,860		44,464	-22%	%	
PMU support	2,341		10,100	331%	%	
				%	%	
Total	**200,833**		**180,826**	-10%	%	
						T 5.8.3

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

Cash Flow Outcomes R'000				
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	1,547	1,075,697		1,782
Government - operating		392,899		
Government - capital		177,182		
Interest	7	50,000		8
Dividends	0			0
Payments				
Suppliers and employees	(1,357)	(717,653)		(1,514)
Finance charges	(57)	(2,768)		(89)
Transfers and Grants				
NET CASH FROM/(USED) OPERATING ACTIVITIES	**140**	**975,357**	**–**	**187**
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	(277)			(173)
Decrease (Increase) in non-current debtors	(0)			6
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments	2			
Payments				
Capital assets	150	(27,455)		–
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(126)**	**(27,455)**	**–**	**(168)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				

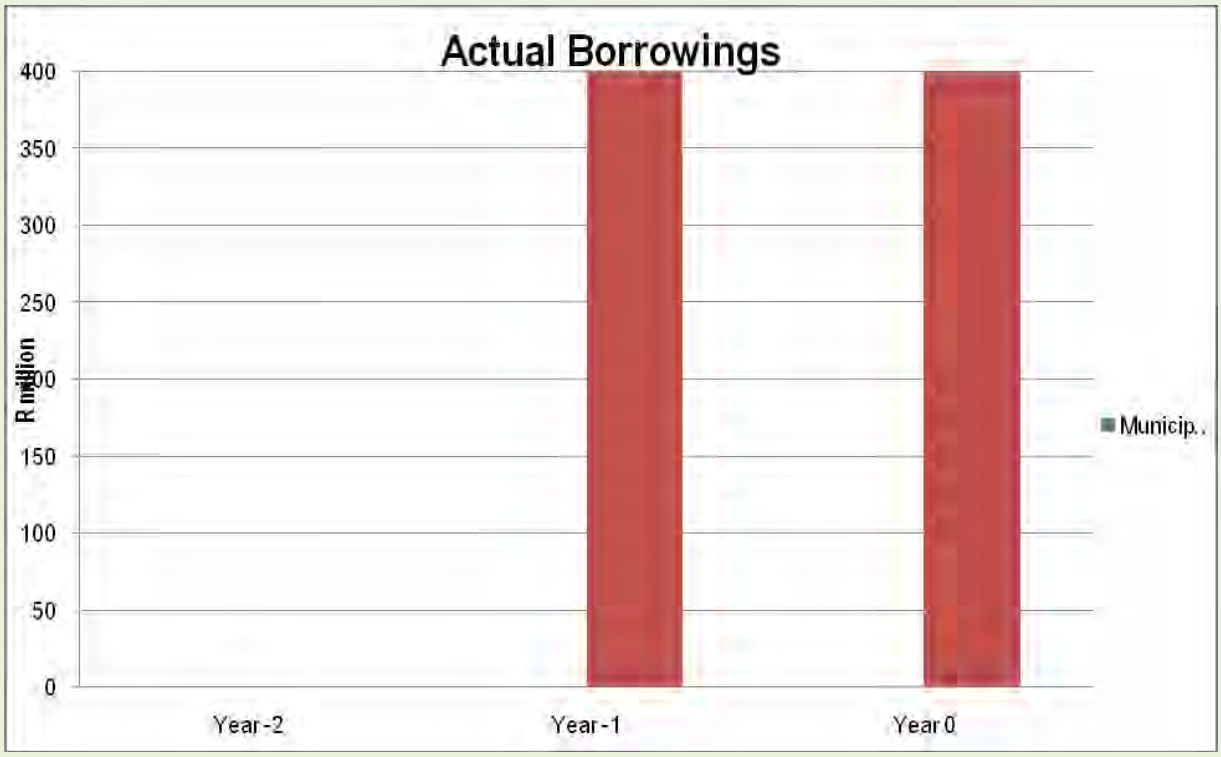
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing	1			(59)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**1**	**–**	**–**	**(59)**
NET INCREASE/ (DECREASE) IN CASH HELD	**16**	**947,902**	**–**	**(40)**
Cash/cash equivalents at the year begin:	**35,279**	**24,046**		**44,665**
Cash/cash equivalents at the year-end:		**971,948**	**–**	**44,625**
				T 5.9.1

5.10 BORROWING AND INVESTMENTS

The municipality had a loan with DBSA during the year under review. The outstanding balance as at 30 June 2013 was at R 19 275 000.

Actual Borrowings: Year -2 to Year 0			**R' 000**
Instrument	**Year -2**	**Year -1**	**Year 0**
Municipality		0	0
Long-Term Loans (annuity/reducing balance)		19275	170019
Long-Term Loans (non-annuity)			
Local registered stock			
Installment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	0	19,275	170,019
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Installment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			

Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0
			T 5.10.2



T 5.10.3

Municipal and Entity Investments			R' 000
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank		40,559	38,789
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		40559	38789
Municipal Entities			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	0	0	0
Consolidated total:	0	40559	38789
			T 5.10.4

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE MATJHABENG LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the financial statements of the Matjhabeng Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2012, the statements of financial performance, changes in net assets and cash flows 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 financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on conducting the 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. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Property, plant and equipment

4. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment of R4 456 966 678 (2011: R4 586 902 161), as disclosed in note 8 to the financial statements, to substantiate the values recorded in the asset register. I have not determined the correct net carrying amount of property, plant and equipment or the accuracy of depreciation as it was impracticable to do so due to inadequate descriptions and locations recorded in the asset register to facilitate physical verification of the condition and existence of the assets. In addition, the asset register includes assets without values. I was unable to confirm by alternative means whether the municipality accurately had valued all its assets and conducted impairment assessment for all municipal assets at each reporting date in accordance with SA Standards of GRAP, GRAP 17, *Property, plant and equipment* and GRAP 21, *Impairment of non-cash-generating assets* and GRAP 26, *Impairment of cash-generated assets.* Consequently, I was unable to determine whether any adjustments were necessary to the amounts disclosed for property, plant and equipment.

Investment property

5. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment of R283 160 912 (2011: R314 042 068), as disclosed in note 50 to the financial statements, to substantiate the values recorded in the asset register. I have not determined

1

the correct net carrying amount of investment property or the accuracy of depreciation as it was impracticable to do so due to inadequate descriptions and locations recorded in the asset register to facilitate physical verification of the condition and existence of the assets. In addition, the asset register includes assets without values. I was unable to confirm by alternative means whether the municipality had accurately valued all its assets and conducted impairment assessment for all municipal assets at each reporting date in accordance with SA Standards of GRAP, GRAP 16, *Investment property* and GRAP 26, *Impairment of cash-generated assets*. Consequently, I was unable to determine whether any adjustments were necessary to the amounts disclosed for investment property.

Consumer debtors

6. I was unable to obtain sufficient appropriate audit evidence of consumer debtors with a balance of R1 493 489 369 (2011: R1 142 535 294), as disclosed in note 6 to the financial statements, due to consumers being billed using incorrect tariffs, accounts with credit balances totalling R21 128 890 and the lack of approval for debt written off. I was unable to confirm the balance for the consumer debtors by alternative means. In addition certain consumer accounts were not impaired in terms of International Accounting Standard, IAS 39, *Financial instruments: Recognition and measurement*. Consequently, I was unable to determine whether any adjustments were necessary to the amounts disclosed for consumer debtors.

Non-current consumer debtors

7. I was unable to obtain sufficient appropriate audit evidence for non-current consumer debtors with a balance of R23 057 044 (2011: R19 879 217), as disclosed in note 9 to the financial statements, due to the municipality being unable to provide signed service contracts with renegotiated payments terms. In the absence of payments after year-end, I was unable to confirm the existence, completeness and valuation of and the municipality's rights to non-current debtors and whether any adjustments were necessary to the amounts disclosed for non-current consumer debtors.

Inventory

8. The municipality did not record all inventories that met the recognition criteria set out in the SA Standards of GRAP, GRAP 12 *Inventory*. The municipality also did not perform an inventory count at year-end to verify the existence of inventory. I have not determined the correct amount of inventory as it was impracticable due to lack of inventory records.

Trade and other payables

9. The municipality did not have adequate systems in place to update and reconcile leave records, which resulted in the accrued leave pay as disclosed in note 14 and accumulated surplus being understated by R19 141 020, respectively. In addition, I was unable to obtain sufficient appropriate audit evidence for payables amounting to R48 900 163, representing retention monies and accruals, as disclosed in note 14 to the financial statements, due to contracts indicating the agreed-upon retention monies and a detailed breakdown of accruals not being provided for audit purposes. I was unable to confirm the accrued leave pay and accruals by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the amount disclosed for payables.

Provisions

10. I was unable to obtain sufficient appropriate audit evidence for provisions amounting to R86 063 718 (R58 483 608), as disclosed in note 18 to the financial statements, in respect of rehabilitation of landfill sites due to lack of evidence to support assumptions used in the calculation this provision; consequently, I was unable to confirm the completeness and valuation of provision for landfill sites by alternative means. I was unable to determine whether any adjustments were necessary to the amount disclosed for the provision.

Leases

11. SA Standards of GRAP, GRAP 13, *Leases* defines the criteria for the classification of leases as either a finance lease or an operating lease. I was unable to obtain sufficient appropriate audit evidence about leased assets of R7 073 268 (2011: R11 845 900), as disclosed in note 13 to the financial statements, and operating expenses of R38 367 078 disclosed in note 34, due to contracts entered into with the lessors not provided. I was unable to confirm the correct treatment of the leases in terms of GRAP 13 by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the amount disclosed for leases.

Expenditure

12. I was unable to obtain sufficient appropriate audit evidence for general expenditure of R39 356 034, as disclosed in note 34 to the financial statements. This is due to an inadequate system to account for expenditure and the management of the filing system not functioning effectively. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustments to this amount were necessary.

Employee related expenditure

13. I was unable to obtain sufficient appropriate audit evidence for overtime payments of R37 367 346. (2011: R 41 254 810), as disclosed in note 27 to the financial statements, due to supporting documentation that could not be obtained for payments made. The municipality's available records and information did not permit the application of alternative procedures. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustments to this amount and accumulated surplus were necessary.

Service charges

14. I was unable to obtain sufficient appropriate audit evidence for service charges income of R737 670 225 (2011: R657 988 460), as disclosed in note 23 to the financial statements, due to the municipality not providing supporting documents for adjustments made to revenue and evidence for water and electricity consumed by the customers. Furthermore, the municipality did not bill consumers for all the services delivered. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the amounts disclosed for service charges.

Revenue from rental of facilities and equipment

15. I was unable to obtain sufficient appropriate audit evidence for revenue generated from rental of facilities and equipment of R10 492 365 (2011: R10 084 902) as disclosed in note 37 to the financial statements. The municipality did not provide receipts and contract agreements supporting rental income that was earned. I was unable to confirm the revenue from rental facilities and equipment by alternative means. Consequently, I was unable to determine whether any adjustments to this amount are necessary.

Value-added tax (VAT) payable

16. The municipality made payments to suppliers who were not registered for VAT, resulting in understatement of VAT payable as disclosed in note 15 to the financial statements and understatement of trade and other receivables by R5 591 115 respectively.

Disclaimer of opinion

17. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matters

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

Restatement of corresponding figures

19. As disclosed in note 41 to the financial statements, the corresponding figures for 2010-11 have been restated as a result of errors discovered during 2011-12 in the financial statements of the Matjhabeng Local Municipality at, and for the year ended, 30 June 2011.

Funding of operations

20. During the financial year, the municipality was informed that section 20 of DoRA was invoked for the repayment of unspent conditional grants. Unspent conditional grants for the period 2005-06 to 2009-10 totalling R43 026 325, as disclosed in notes 17 and 24 to the financial statements, were offset against the equitable share allocation of the municipality in the current year.

Going concern

21. As disclosed in note 44 to the financial statements, the ability of the municipality to continue as a going concern is dependent on a number of factors, including obtaining funding on a continuous basis as well as compliance with the in-year reporting mechanism of the National Treasury in order to secure funding from the government to cover expenses and meet obligations. These conditions indicate the existence of a material uncertainty that may cast doubt on the municipality's ability to operate as a going concern and to fund its operations.

Unauthorised expenditure

22. As disclosed in note 45 to the financial statements, unauthorised expenditure to the amount of R1 075 758 597 (2011: R619 645 905) was incurred as a result of the municipality's failure to implement budgetary controls.

Fruitless and wasteful expenditure

23. As disclosed in note 46 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R76 391 793 (2011: R41 013 003) during the year under review due to the municipality's inability to pay its creditors on time.

Irregular expenditure

24. As disclosed in note 47 to the financial statements, the municipality incurred irregular expenditure of R160 377 149 (2011: R112 194 003) during the year under review due to inadequate procurement processes followed.

Additional matter

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

Supplementary explanations of budget variances presented outside the financial statements

26. The supplementary explanations of budget information contained in actual vs. budget (revenue and expenditure), as referred to in note 50, do not form part of the financial statements. I have not audited these explanations and, accordingly, I do not express an opinion thereon.

Unaudited supplementary schedules

27. 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 these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

28. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

29. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.

30. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned development objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information* (FMPPI).

    The reliability of the information in respect of the selected development objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

31. The material findings are as follows:

Usefulness of information

Presentation

32. Improvement measures in the annual performance report for a total of 100% of the planned targets not achieved were not disclosed as required by section 46 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA). This was due to inadequate internal policies and procedures over the processes pertaining to the reporting of performance information.

Consistency

33. The MSA, section 41(c) requires that the integrated development plan (IDP) should form the basis for the annual report, therefore requiring the consistency of objectives, indicators and targets between planning and reporting documents. A total of 86% of the reported objectives, 92% of reported indicators and 99% of reported targets are not consistent with the objectives, indicators and targets as per the approved IDP. This was due to insufficient policies and procedures providing guidance on the requirements of the regulations and a lack of an adequate performance management system.

Measurability

34. The FMPPI requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 100% of the targets relevant to the infrastructure department's objectives were not specific in clearly identifying the nature and the required level of performance.

35. The FMPPI requires that performance targets be measurable. The required performance could not be measured for a total of 100% of the targets relevant to the infrastructure department's objectives. This was due to inadequate internal policies and procedures over the processes pertaining to the reporting of performance information.

36. The FMPPI requires that the time period or deadline for delivery be specified. A total of 100% of the targets relevant to the infrastructure department's objectives were not time bound in specifying a time period or deadline for delivery.

37. The FMPPI requires that indicators should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 100% of the indicators/measures relevant to the infrastructure department's objectives were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently.

38. The FMPPI requires that it must be possible to validate the processes and systems that produce the indicator. A total of 100% of the indicators relevant to the infrastructure department's objectives were not verifiable in that valid processes and systems that produce the information on actual performance did not exist.

39. All findings with regard to measurability of predetermined objectives occurred due to inadequate internal policies and procedures being implemented and monitored over the processes pertaining to the reporting of performance information.

Relevance

40. The FMPPI requires that the indicator should relate logically and directly to an aspect of the institution's objectives. A total of 100% of indicators did not relate logically and directly to an aspect of the municipality's objectives as per the IDP. This was due to the lack of development and implementation of proper performance planning and management practices to provide for the development of performance indicators and targets included in the IDP.

Reliability of information

Accuracy

41. The FMPPI requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. I was unable to obtain all the information and explanations I considered necessary to satisfy myself as to the accuracy of the actual

reported performance relevant to 100% of the infrastructure department's development objectives. Due to limitations of institution's records not permitting the application of alternative audit procedures, I was unable to perform such.

Compliance with laws and regulations

42. I performed procedures to obtain evidence that the entity had complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations, as set out in the *General Notice* issued in terms of the PAA, are as follows:

Strategic and planning management

43. The municipality did not give effect to its IDP and conduct its affairs in a manner which was consistent with its IDP, as required by section 36 of the MSA and Municipal planning and performance management regulation 6 (MPPMR).

44. The municipality did not establish mechanisms to monitor and review its performance management system, as required by section 40 of the MSA.

45. The municipality did not set measurable performance targets with regard to each development priority and objective as required by section 41 of the MSA.

46. The municipality did not monitor performance with regard to each of those development priorities and objectives and against the key performance indicators and targets set, as required by section 41 of the MSA.

Budget

47. Sufficient appropriate audit evidence could not be obtained that monthly budget statements were submitted to the mayor, relevant provincial treasury and the accounting officer of the municipality, as required by section 71(1) of the MFMA.

48. The accounting officer did not assess the municipality's performance for the first half of the financial year, as required by section 72(1) and 72(1)(a)(ii) of the MFMA.

Annual financial statements, performance and annual reports

49. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure, disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimed audit opinion.

50. The accounting officer did not make the 2010-11 annual report public immediately after the annual report was tabled in the council, as required by section 127(5)(a) of the MFMA.

51. The municipal council did not adopt an oversight report containing comments on the annual report within two months from the date on which the 2010-11 annual report was tabled, as required by section 129(1) of the MFMA.

52. The accounting officer did not make public the council's oversight report on the 2010-11 annual report within seven days of its adoption, as required by section 129(3) of the MFMA.

Audit Committee

53. The audit committee did not advise the council, political office bearers, accounting officer and management staff on matters relating to internal financial control and internal audits, risk management, accounting policies, effective governance, performance management and performance evaluation, as required by section 166(2)(a) of the MFMA.

54. The audit committee did not advise the council, political office bearers, accounting officer and the management staff on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.

55. The audit committee did not advise the council , political office bearers, accounting officer and the management staff on matters relating to compliance with the MFMA and DoRA, as required by section 166(2)(a)(vii) of the MFMA.

56. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with the MFMA and DoRA, as required by section 166(2)(b) of the MFMA.

57. The audit committee did not respond to the council on the issues raised in the audit reports of the Auditor-General, as required by section 166(2)(c) of the MFMA.

58. The audit committee did not meet at least four times a year, as required by section 166(4)(b) of the MFMA.

Internal audit

59. The internal audit unit did not function as required by section 165(2) of the MFMA, in that:

- it did not prepare a risk-based audit plan and an internal audit programme for the financial year under review.
- it did not report to the audit committee on the implementation of the internal audit plan.
- it did not advise the accounting officer and/or report to the audit committee on matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management and loss control.

60. The internal audit unit did not report to the audit committee on matters relating to compliance with the MFMA, DoRA and other applicable legislation, as required by section 165(2)(b) of the MFMA.

61. The internal audit unit did not audit the results of performance measurements, as required by section 45(1)(a) of the MSA and MPPMR 14(1)(a).

62. The internal audit unit did not assess the functionality of the performance management system, whether the performance management system complied with the requirements of

the MSA and the extent to which the performance measurements were reliable in measuring the performance of the municipality on key and general performance indicators, as required by MPPMR 14(1)(b)(i)-(iii).

63. The internal audit unit did not audit the performance measurements on a continuous basis and submit quarterly reports on their audits to the municipal manager and the performance audit committee, as required by MPPMR 14(1)(c).

Human resource management

64. Appointments were made in posts which were not provided for on the approved staff establishment of the municipality, in contravention of section 66(3) of MSA.

65. Job descriptions were not established for all posts in which appointments were made in the current year, in contravention of section 66(1)(b) of MSA.

66. The employment contract of the municipal manager could not be obtained to confirm that the duration of the contract does not exceed a period of five years, as required by section 57(6) of the MSA.

67. The municipal manager and senior managers directly accountable to the municipal manager did not sign performance agreements, as required by section 57(2)(a) of the MSA.

Procurement and contract management

68. Sufficient appropriate audit evidence could not be obtained that goods and services with a transaction value of below R200 000 were procured by means of obtaining the required price quotations, as required by SCM regulation 17(a) and (c).

69. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R500 000 were procured by means of inviting competitive bids and that deviations were approved by the accounting officer only if it was impractical to invite competitive bids, as required by SCM regulations 19(a) and 36(1).

70. Bid adjudication was not always done by committees which were composed in accordance with SCM regulation 29(2).

71. Sufficient appropriate audit evidence could not be obtained that bid specifications for procurement of goods and services through competitive bids were drafted in an unbiased manner that allowed all potential suppliers to offer their goods or services, as per required by SCM regulation 27(2)(a).

72. Sufficient appropriate audit evidence could not be obtained that bid specifications were drafted by bid specification committees which were composed of one or more officials of the municipality, as required by SCM regulation 27(3).

73. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to and quotations were accepted from bidders that scored the highest points in the evaluation process, as required by of section 2(1)(f) of Preferential Procurement Policy Framework Act.

74. The preference point system was not applied in all procurement of goods and services above R30 000, as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1)(a).

75. Contracts were awarded to and quotations accepted from providers that are listed on the National Treasury's database as persons prohibited from doing business with the public sector, in contravention of SCM regulation 38(1)(c).

76. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

77. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.

78. Sufficient appropriate audit evidence could not be obtained that contracts were only extended or modified after tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.

79. Sufficient appropriate audit evidence could not be obtained that all extension or modification to contracts were approved by a properly delegated official, as required by SCM Regulation 5.

80. Sufficient appropriate audit evidence could not be obtained that contracts were only awarded to and quotations accepted from bidders who had submitted a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

81. Contracts were awarded to and quotations accepted from providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.

82. Sufficient appropriate audit evidence could not be obtained that construction contracts were awarded to contractors that were registered with the Construction Industry Development Board (CIDB) and qualified for the contract in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A).

83. The prospective providers list for procuring goods and services through quotations was not updated at least quarterly to include new suppliers that qualify for listing, and prospective providers were not invited to apply for such listing at least once a year as per the requirements of SCM regulation 14(1)(a)(ii) and 14(2).

84. The accounting officer failed to implement measures to combat the abuse of the SCM system as per the requirements of SCM regulation 38(1) because awards were made to providers who, during the last five years, had failed to perform satisfactorily on a previous

contract with the municipality or municipal entity or other organ of state and abused the SCM system of the municipality.

Expenditure management

85. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by sections 65(2)(e) and 99(2)(b) of the MFMA.

86. An effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds, was not in place as required by section 65(2)(a) of the MFMA.

87. The accounting officer did not take effective steps to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

88. Unauthorised, irregular, fruitless and wasteful expenditure was not recovered from the liable person, as required by section 32(2) of the MFMA.

Revenue management

89. An adequate management, accounting and information system was not in place which recognised revenue when it was earned, accounted for debtors and accounted for receipts of revenue, as required by section 64(2)(e) of the MFMA.

90. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Asset management

91. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

92. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Internal control

93. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

94. The municipality continued to display a lack of stability in senior management positions with the result that positions of senior managers, including the position of the chief financial officer, have been vacant for a prolonged period (more than 24 months). Officials were appointed in acting capacities, which resulted in a breakdown in the implementation of basic daily/monthly disciplines due to lack of accountability.

95. The accounting officer, together with his management team, did not fully commit to the development, implementation and monitoring of a practical action plan to address internal control deficiencies indentified in preceding years so as to eliminate repeat audit findings.

96. Municipal structures delegated with the oversight responsibility did not fully enforce management accountability by implementing effective oversight and by demanding credible information.

97. Management did not implement effective human resource (HR) management practices such as effective recruitment to ensure that adequate and sufficiently skilled resources are in place. The municipality did not have a performance management system in place, which resulted in the absence of an effective performance management culture.

98. Management did not continuously establish, review and communicate policies and procedures to enable understanding and execution of internal control objectives, processes and responsibilities to mitigate the risks of the municipality.

Financial and performance management

99. Management did not implement proper record keeping in a timely manner to ensure that complete, reliable and accurate information is easily accessible to support financial and performance reporting.

100. Management did not implement controls over the preparation of daily/monthly disciplines of processing and reconciling of transactions due to a lack of sufficiently skilled staff and the lack of policies and procedures.

101. The municipal officials continue to disregard compliance with laws and regulations due to lack of management tools to review and monitor compliance and the lack of consequences for transgressors, resulting in a consistent increase in reported irregular as well as fruitless and wasteful expenditure without action being taken against the responsible officials.

Governance

102. Management did not prioritise the implementation of appropriate risk management activities to ensure that regular risk assessments, including consideration of information technology (IT) risks and fraud prevention, are conducted and that a risk strategy to mitigate the risks is developed and continuously monitored.

103. Management disregarded internal audit findings and therefore a significant number of repeat findings were reported, resulting in ineffectiveness of the internal audit function.

104. The internal audit function did not conduct internal audits/reviews of performance management systems that focused on compliance aspects as well as the usefulness and reliability of the reported performance information.

105. Internal audit did not review the financial and performance reports prior to its submission to the audit committee or external auditors due to management not making available these reports to the internal audit unit for such reviews.

106. The audit committee did not function throughout the year. Members were appointed five months into the current financial year. Consequently, the committee did not approve the internal audit plan and has not exercised any oversight of the implementation of the matters reported by the internal audit function.

OTHER REPORTS

Investigations

107. An independent consulting firm was appointed by the municipality during the 2010-11 financial year to conduct an investigation into various aspects at the municipality covering the financial years 2009-10 to 2010-11. Only a draft report was submitted to the municipality. No date for finalising this report has been provided.

Auditor - General

Bloemfontein

5 December 2012

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR 0

REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE PROVINCIAL LEGISLATURE ON THE MATJHABENG LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2013

REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE MATJHABENG LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the financial statements of the Matjhabeng Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2012, the statements of financial performance, changes in net assets and cash flows 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 financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on conducting the 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. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Property, plant and equipment

4. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment of R4 456 966 678 (2011: R4 586 902 161), as disclosed in note 8 to the financial statements, to substantiate the values recorded in the asset register. I have not determined the correct net carrying amount of property, plant and equipment or the accuracy of depreciation as it was impracticable to do so due to inadequate descriptions and locations recorded in the asset register to facilitate physical verification of the condition and existence of the assets. In addition, the asset register includes assets without values. I was unable to confirm by alternative means whether the municipality accurately had valued all its assets and conducted impairment assessment for all municipal assets at each reporting date in accordance with SA Standards of GRAP, GRAP 17, *Property, plant and equipment* and GRAP 21, *Impairment of non-cash-generating assets* and GRAP 26, *Impairment of cash-generated assets.* Consequently, I was unable to determine whether any adjustments were necessary to the amounts disclosed for property, plant and equipment.

Investment property

5. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment of R283 160 912 (2011: R314 042 068), as disclosed in note 50 to the financial statements, to substantiate the values recorded in the asset register. I have not determined

the correct net carrying amount of investment property or the accuracy of depreciation as it was impracticable to do so due to inadequate descriptions and locations recorded in the asset register to facilitate physical verification of the condition and existence of the assets. In addition, the asset register includes assets without values. I was unable to confirm by alternative means whether the municipality had accurately valued all its assets and conducted impairment assessment for all municipal assets at each reporting date in accordance with SA Standards of GRAP, GRAP 16, *Investment property* and GRAP 26, *Impairment of cash-generated assets*. Consequently, I was unable to determine whether any adjustments were necessary to the amounts disclosed for investment property.

Consumer debtors

6. I was unable to obtain sufficient appropriate audit evidence of consumer debtors with a balance of R1 493 489 369 (2011: R1 142 535 294), as disclosed in note 6 to the financial statements, due to consumers being billed using incorrect tariffs, accounts with credit balances totalling R21 128 890 and the lack of approval for debt written off. I was unable to confirm the balance for the consumer debtors by alternative means. In addition certain consumer accounts were not impaired in terms of International Accounting Standard, IAS 39, *Financial instruments: Recognition and measurement*. Consequently, I was unable to determine whether any adjustments were necessary to the amounts disclosed for consumer debtors.

Non-current consumer debtors

7. I was unable to obtain sufficient appropriate audit evidence for non-current consumer debtors with a balance of R23 057 044 (2011: R19 879 217), as disclosed in note 9 to the financial statements, due to the municipality being unable to provide signed service contracts with renegotiated payments terms. In the absence of payments after year-end, I was unable to confirm the existence, completeness and valuation of and the municipality's rights to non-current debtors and whether any adjustments were necessary to the amounts disclosed for non-current consumer debtors.

Inventory

8. The municipality did not record all inventories that met the recognition criteria set out in the SA Standards of GRAP, GRAP 12 *Inventory*. The municipality also did not perform an inventory count at year-end to verify the existence of inventory. I have not determined the correct amount of inventory as it was impracticable due to lack of inventory records.

Trade and other payables

9. The municipality did not have adequate systems in place to update and reconcile leave records, which resulted in the accrued leave pay as disclosed in note 14 and accumulated surplus being understated by R19 141 020, respectively. In addition, I was unable to obtain sufficient appropriate audit evidence for payables amounting to R48 900 163, representing retention monies and accruals, as disclosed in note 14 to the financial statements, due to contracts indicating the agreed-upon retention monies and a detailed breakdown of accruals not being provided for audit purposes. I was unable to confirm the accrued leave pay and accruals by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the amount disclosed for payables.

Provisions

10. I was unable to obtain sufficient appropriate audit evidence for provisions amounting to R86 063 718 (R58 483 608), as disclosed in note 18 to the financial statements, in respect of rehabilitation of landfill sites due to lack of evidence to support assumptions used in the calculation this provision; consequently, I was unable to confirm the completeness and valuation of provision for landfill sites by alternative means. I was unable to determine whether any adjustments were necessary to the amount disclosed for the provision.

Leases

11. SA Standards of GRAP, GRAP 13, *Leases* defines the criteria for the classification of leases as either a finance lease or an operating lease. I was unable to obtain sufficient appropriate audit evidence about leased assets of R7 073 268 (2011: R11 845 900), as disclosed in note 13 to the financial statements, and operating expenses of R38 367 078 disclosed in note 34, due to contracts entered into with the lessors not provided. I was unable to confirm the correct treatment of the leases in terms of GRAP 13 by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the amount disclosed for leases.

Expenditure

12. I was unable to obtain sufficient appropriate audit evidence for general expenditure of R39 356 034, as disclosed in note 34 to the financial statements. This is due to an inadequate system to account for expenditure and the management of the filing system not functioning effectively. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustments to this amount were necessary.

Employee related expenditure

13. I was unable to obtain sufficient appropriate audit evidence for overtime payments of R37 367 346. (2011: R 41 254 810), as disclosed in note 27 to the financial statements, due to supporting documentation that could not be obtained for payments made. The municipality's available records and information did not permit the application of alternative procedures. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustments to this amount and accumulated surplus were necessary.

Service charges

14. I was unable to obtain sufficient appropriate audit evidence for service charges income of R737 670 225 (2011: R657 988 460), as disclosed in note 23 to the financial statements, due to the municipality not providing supporting documents for adjustments made to revenue and evidence for water and electricity consumed by the customers. Furthermore, the municipality did not bill consumers for all the services delivered. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the amounts disclosed for service charges.

Revenue from rental of facilities and equipment

15. I was unable to obtain sufficient appropriate audit evidence for revenue generated from rental of facilities and equipment of R10 492 365 (2011: R10 084 902) as disclosed in note 37 to the financial statements. The municipality did not provide receipts and contract agreements supporting rental income that was earned. I was unable to confirm the revenue from rental facilities and equipment by alternative means. Consequently, I was unable to determine whether any adjustments to this amount are necessary.

Value-added tax (VAT) payable

16. The municipality made payments to suppliers who were not registered for VAT, resulting in understatement of VAT payable as disclosed in note 15 to the financial statements and understatement of trade and other receivables by R5 591 115 respectively.

Disclaimer of opinion

17. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matters

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

Restatement of corresponding figures

19. As disclosed in note 41 to the financial statements, the corresponding figures for 2010-11 have been restated as a result of errors discovered during 2011-12 in the financial statements of the Matjhabeng Local Municipality at, and for the year ended, 30 June 2011.

Funding of operations

20. During the financial year, the municipality was informed that section 20 of DoRA was invoked for the repayment of unspent conditional grants. Unspent conditional grants for the period 2005-06 to 2009-10 totalling R43 026 325, as disclosed in notes 17 and 24 to the financial statements, were offset against the equitable share allocation of the municipality in the current year.

Going concern

21. As disclosed in note 44 to the financial statements, the ability of the municipality to continue as a going concern is dependent on a number of factors, including obtaining funding on a continuous basis as well as compliance with the in-year reporting mechanism of the National Treasury in order to secure funding from the government to cover expenses and meet obligations. These conditions indicate the existence of a material uncertainty that may cast doubt on the municipality's ability to operate as a going concern and to fund its operations.

Unauthorised expenditure

22. As disclosed in note 45 to the financial statements, unauthorised expenditure to the amount of R1 075 758 597 (2011: R619 645 905) was incurred as a result of the municipality's failure to implement budgetary controls.

Fruitless and wasteful expenditure

23. As disclosed in note 46 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R76 391 793 (2011: R41 013 003) during the year under review due to the municipality's inability to pay its creditors on time.

Irregular expenditure

24. As disclosed in note 47 to the financial statements, the municipality incurred irregular expenditure of R160 377 149 (2011: R112 194 003) during the year under review due to inadequate procurement processes followed.

Additional matter

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

Supplementary explanations of budget variances presented outside the financial statements

26. The supplementary explanations of budget information contained in actual vs. budget (revenue and expenditure), as referred to in note 50, do not form part of the financial statements. I have not audited these explanations and, accordingly, I do not express an opinion thereon.

Unaudited supplementary schedules

27. 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 these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

28. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

29. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages … to … of the annual report.

30. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned development objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information* (FMPPI).

    The reliability of the information in respect of the selected development objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

31. The material findings are as follows:

Usefulness of information

Presentation

32. Improvement measures in the annual performance report for a total of 100% of the planned targets not achieved were not disclosed as required by section 46 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA). This was due to inadequate internal policies and procedures over the processes pertaining to the reporting of performance information.

Consistency

33. The MSA, section 41(c) requires that the integrated development plan (IDP) should form the basis for the annual report, therefore requiring the consistency of objectives, indicators and targets between planning and reporting documents. A total of 86% of the reported objectives, 92% of reported indicators and 99% of reported targets are not consistent with the objectives, indicators and targets as per the approved IDP. This was due to insufficient policies and procedures providing guidance on the requirements of the regulations and a lack of an adequate performance management system.

Measurability

34. The FMPPI requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 100% of the targets relevant to the infrastructure department's objectives were not specific in clearly identifying the nature and the required level of performance.

35. The FMPPI requires that performance targets be measurable. The required performance could not be measured for a total of 100% of the targets relevant to the infrastructure department's objectives. This was due to inadequate internal policies and procedures over the processes pertaining to the reporting of performance information.

36. The FMPPI requires that the time period or deadline for delivery be specified. A total of 100% of the targets relevant to the infrastructure department's objectives were not time bound in specifying a time period or deadline for delivery.

37. The FMPPI requires that indicators should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 100% of the indicators/measures relevant to the infrastructure department's objectives were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently.

38. The FMPPI requires that it must be possible to validate the processes and systems that produce the indicator. A total of 100% of the indicators relevant to the infrastructure department's objectives were not verifiable in that valid processes and systems that produce the information on actual performance did not exist.

39. All findings with regard to measurability of predetermined objectives occurred due to inadequate internal policies and procedures being implemented and monitored over the processes pertaining to the reporting of performance information.

Relevance

40. The FMPPI requires that the indicator should relate logically and directly to an aspect of the institution's objectives. A total of 100% of indicators did not relate logically and directly to an aspect of the municipality's objectives as per the IDP. This was due to the lack of development and implementation of proper performance planning and management practices to provide for the development of performance indicators and targets included in the IDP.

Reliability of information

Accuracy

41. The FMPPI requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. I was unable to obtain all the information and explanations I considered necessary to satisfy myself as to the accuracy of the actual

reported performance relevant to 100% of the infrastructure department's development objectives. Due to limitations of institution's records not permitting the application of alternative audit procedures, I was unable to perform such.

Compliance with laws and regulations

42. I performed procedures to obtain evidence that the entity had complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations, as set out in the *General Notice* issued in terms of the PAA, are as follows:

Strategic and planning management

43. The municipality did not give effect to its IDP and conduct its affairs in a manner which was consistent with its IDP, as required by section 36 of the MSA and Municipal planning and performance management regulation 6 (MPPMR).

44. The municipality did not establish mechanisms to monitor and review its performance management system, as required by section 40 of the MSA.

45. The municipality did not set measurable performance targets with regard to each development priority and objective as required by section 41 of the MSA.

46. The municipality did not monitor performance with regard to each of those development priorities and objectives and against the key performance indicators and targets set, as required by section 41 of the MSA.

Budget

47. Sufficient appropriate audit evidence could not be obtained that monthly budget statements were submitted to the mayor, relevant provincial treasury and the accounting officer of the municipality, as required by section 71(1) of the MFMA.

48. The accounting officer did not assess the municipality's performance for the first half of the financial year, as required by section 72(1) and 72(1)(a)(ii) of the MFMA.

Annual financial statements, performance and annual reports

49. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure, disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimed audit opinion.

50. The accounting officer did not make the 2010-11 annual report public immediately after the annual report was tabled in the council, as required by section 127(5)(a) of the MFMA.

51. The municipal council did not adopt an oversight report containing comments on the annual report within two months from the date on which the 2010-11 annual report was tabled, as required by section 129(1) of the MFMA.

52. The accounting officer did not make public the council's oversight report on the 2010-11 annual report within seven days of its adoption, as required by section 129(3) of the MFMA.

Audit Committee

53. The audit committee did not advise the council, political office bearers, accounting officer and management staff on matters relating to internal financial control and internal audits, risk management, accounting policies, effective governance, performance management and performance evaluation, as required by section 166(2)(a) of the MFMA.

54. The audit committee did not advise the council, political office bearers, accounting officer and the management staff on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.

55. The audit committee did not advise the council , political office bearers, accounting officer and the management staff on matters relating to compliance with the MFMA and DoRA, as required by section 166(2)(a)(vii) of the MFMA.

56. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with the MFMA and DoRA, as required by section 166(2)(b) of the MFMA.

57. The audit committee did not respond to the council on the issues raised in the audit reports of the Auditor-General, as required by section 166(2)(c) of the MFMA.

58. The audit committee did not meet at least four times a year, as required by section 166(4)(b) of the MFMA.

Internal audit

59. The internal audit unit did not function as required by section 165(2) of the MFMA, in that:

- it did not prepare a risk-based audit plan and an internal audit programme for the financial year under review.
- it did not report to the audit committee on the implementation of the internal audit plan.
- it did not advise the accounting officer and/or report to the audit committee on matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management and loss control.

60. The internal audit unit did not report to the audit committee on matters relating to compliance with the MFMA, DoRA and other applicable legislation, as required by section 165(2)(b) of the MFMA.

61. The internal audit unit did not audit the results of performance measurements, as required by section 45(1)(a) of the MSA and MPPMR 14(1)(a).

62. The internal audit unit did not assess the functionality of the performance management system, whether the performance management system complied with the requirements of

the MSA and the extent to which the performance measurements were reliable in measuring the performance of the municipality on key and general performance indicators, as required by MPPMR 14(1)(b)(i)-(iii).

63. The internal audit unit did not audit the performance measurements on a continuous basis and submit quarterly reports on their audits to the municipal manager and the performance audit committee, as required by MPPMR 14(1)(c).

Human resource management

64. Appointments were made in posts which were not provided for on the approved staff establishment of the municipality, in contravention of section 66(3) of MSA.

65. Job descriptions were not established for all posts in which appointments were made in the current year, in contravention of section 66(1)(b) of MSA.

66. The employment contract of the municipal manager could not be obtained to confirm that the duration of the contract does not exceed a period of five years, as required by section 57(6) of the MSA.

67. The municipal manager and senior managers directly accountable to the municipal manager did not sign performance agreements, as required by section 57(2)(a) of the MSA.

Procurement and contract management

68. Sufficient appropriate audit evidence could not be obtained that goods and services with a transaction value of below R200 000 were procured by means of obtaining the required price quotations, as required by SCM regulation 17(a) and (c).

69. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R500 000 were procured by means of inviting competitive bids and that deviations were approved by the accounting officer only if it was impractical to invite competitive bids, as required by SCM regulations 19(a) and 36(1).

70. Bid adjudication was not always done by committees which were composed in accordance with SCM regulation 29(2).

71. Sufficient appropriate audit evidence could not be obtained that bid specifications for procurement of goods and services through competitive bids were drafted in an unbiased manner that allowed all potential suppliers to offer their goods or services, as per required by SCM regulation 27(2)(a).

72. Sufficient appropriate audit evidence could not be obtained that bid specifications were drafted by bid specification committees which were composed of one or more officials of the municipality, as required by SCM regulation 27(3).

73. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to and quotations were accepted from bidders that scored the highest points in the evaluation process, as required by of section 2(1)(f) of Preferential Procurement Policy Framework Act.

74. The preference point system was not applied in all procurement of goods and services above R30 000, as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1)(a).

75. Contracts were awarded to and quotations accepted from providers that are listed on the National Treasury's database as persons prohibited from doing business with the public sector, in contravention of SCM regulation 38(1)(c).

76. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

77. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.

78. Sufficient appropriate audit evidence could not be obtained that contracts were only extended or modified after tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.

79. Sufficient appropriate audit evidence could not be obtained that all extension or modification to contracts were approved by a properly delegated official, as required by SCM Regulation 5.

80. Sufficient appropriate audit evidence could not be obtained that contracts were only awarded to and quotations accepted from bidders who had submitted a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

81. Contracts were awarded to and quotations accepted from providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.

82. Sufficient appropriate audit evidence could not be obtained that construction contracts were awarded to contractors that were registered with the Construction Industry Development Board (CIDB) and qualified for the contract in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A).

83. The prospective providers list for procuring goods and services through quotations was not updated at least quarterly to include new suppliers that qualify for listing, and prospective providers were not invited to apply for such listing at least once a year as per the requirements of SCM regulation 14(1)(a)(ii) and 14(2).

84. The accounting officer failed to implement measures to combat the abuse of the SCM system as per the requirements of SCM regulation 38(1) because awards were made to providers who, during the last five years, had failed to perform satisfactorily on a previous

contract with the municipality or municipal entity or other organ of state and abused the SCM system of the municipality.

Expenditure management

85. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by sections 65(2)(e) and 99(2)(b) of the MFMA.

86. An effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds, was not in place as required by section 65(2)(a) of the MFMA.

87. The accounting officer did not take effective steps to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

88. Unauthorised, irregular, fruitless and wasteful expenditure was not recovered from the liable person, as required by section 32(2) of the MFMA.

Revenue management

89. An adequate management, accounting and information system was not in place which recognised revenue when it was earned, accounted for debtors and accounted for receipts of revenue, as required by section 64(2)(e) of the MFMA.

90. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Asset management

91. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

92. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Internal control

93. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

94. The municipality continued to display a lack of stability in senior management positions with the result that positions of senior managers, including the position of the chief financial officer, have been vacant for a prolonged period (more than 24 months). Officials were appointed in acting capacities, which resulted in a breakdown in the implementation of basic daily/monthly disciplines due to lack of accountability.

95. The accounting officer, together with his management team, did not fully commit to the development, implementation and monitoring of a practical action plan to address internal control deficiencies indentified in preceding years so as to eliminate repeat audit findings.

96. Municipal structures delegated with the oversight responsibility did not fully enforce management accountability by implementing effective oversight and by demanding credible information.

97. Management did not implement effective human resource (HR) management practices such as effective recruitment to ensure that adequate and sufficiently skilled resources are in place. The municipality did not have a performance management system in place, which resulted in the absence of an effective performance management culture.

98. Management did not continuously establish, review and communicate policies and procedures to enable understanding and execution of internal control objectives, processes and responsibilities to mitigate the risks of the municipality.

Financial and performance management

99. Management did not implement proper record keeping in a timely manner to ensure that complete, reliable and accurate information is easily accessible to support financial and performance reporting.

100. Management did not implement controls over the preparation of daily/monthly disciplines of processing and reconciling of transactions due to a lack of sufficiently skilled staff and the lack of policies and procedures.

101. The municipal officials continue to disregard compliance with laws and regulations due to lack of management tools to review and monitor compliance and the lack of consequences for transgressors, resulting in a consistent increase in reported irregular as well as fruitless and wasteful expenditure without action being taken against the responsible officials.

Governance

102. Management did not prioritise the implementation of appropriate risk management activities to ensure that regular risk assessments, including consideration of information technology (IT) risks and fraud prevention, are conducted and that a risk strategy to mitigate the risks is developed and continuously monitored.

103. Management disregarded internal audit findings and therefore a significant number of repeat findings were reported, resulting in ineffectiveness of the internal audit function.

104. The internal audit function did not conduct internal audits/reviews of performance management systems that focused on compliance aspects as well as the usefulness and reliability of the reported performance information.

105. Internal audit did not review the financial and performance reports prior to its submission to the audit committee or external auditors due to management not making available these reports to the internal audit unit for such reviews.

106. The audit committee did not function throughout the year. Members were appointed five months into the current financial year. Consequently, the committee did not approve the internal audit plan and has not exercised any oversight of the implementation of the matters reported by the internal audit function.

OTHER REPORTS

Investigations

107. An independent consulting firm was appointed by the municipality during the 2010-11 financial year to conduct an investigation into various aspects at the municipality covering the financial years 2009-10 to 2010-11. Only a draft report was submitted to the municipality. No date for finalising this report has been provided.

Bloemfontein

5 December 2012

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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 Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key	• Service delivery & infrastructure

performance areas	• Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: *a) one of the main segments into which a budget of a municipality is divided for the*

	appropriation of money for the different departments or functional areas of the municipality; and *b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned*

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			%	%
Banyane ME	PY	Housing / Sp Programmes	PR	100%	
Beneke R	PT	Technical Services	W	76%	18%
Botha PF	PT	Technical Services	PR	76%	18%
Chaka CP	PT	Finance / Sp Programmes	PR	88%	6%
Dali VN	PT	Corporate Services / Policy Development	W	82%	6%
De Villiers MT	PT	Corporate Services / Social Services	W	41%	35%
Fanie D	PT	Social Services	PR	100%	
Fourie JJC	PT	Policy Development	PR	59%	41%
Khalipha TD	FT	Policy Development	W	82%	6%
Kotzee D	FT	Community Services	PR	41%	29%
Lande ME	FT	LED	PR	82%	18%
Mabote TL	PT	LED	W	88%	12%
Madumise MM	PT	Finance / LED	W	71%	24%
Mafa DM	PT	Policy Development	PR	88%	12%
Mafongosi ZV	PT	Finance	PR	88%	12%
Makgowe PV	PT	Policy Development	W	94%	
Marais JS	PT	Finance	PR	94%	6%
Masienyane MD	PT	Finance / Chairpersons	W	88%	12%
Matlebe MM	PT	Community Services / Sp Programmes	PR	76%	24%
May FG	PT	Corporate Services / Finance / PS&T	PR	88%	12%
Mbambo AX	PT	Sp Programmes / Technical Services	W	100%	
Mbana MA	FT	Finance	PR	88%	6%
Menyatso KJ	FT	PS&T / Technical Services	PR	82%	6%
Meyer KL	PT		W	50%	29%
Mfebe MSE	FT	Corporate Services	W	82%	18%
Mholo PP	PT	LED / Sp Programmes	PR	53%	29%
Mkhusane NC	PT	Technical Services	PR	88%	12%
Mlangeni KL	PT	Housing	PR	100%	
Mokausi LC	PT	Technical Services	W	76%	24%

Mokhomo HA	PT	Community Services / Social Services	W	94%	6%
Mokotedi TG	PT	PS&T	PR	76%	18%
Molefi MJ	PT	Housing / PS&T	PR	58%	30%
Molelekoa PA	PT	LED / Technical Services	W	94%	6%
Molelekoa PMI	PT	Policy Development	W	100%	
Molete TN	PT	Corp Serv / Policy Dev / Techn Serv	W	94%	6%
Molupe RT	PT	LED	W	82%	18%
Monjovo NE	PT	Corp Serv / PS&T	W	82%	18%
Morris VR	PT	LED / Policy Dev	W	88%	6%
Mosala MS	PT	Housing	W	82%	18%
Mothege MA	PT	Housing	W	100%	
Motshabi MP	PT		PR	59%	24%
Mphikeleli MA	PT	PS&T	W	88%	6%
Naude HJ	PT	Policy Development / PS&T	W	82%	6%
Ngangelizwe S	FT	Mayoral Committee (Executive Mayor)	PR	88%	6%
Ntlele KI	PT	Community Services	W	94%	
Ntsebeng MH	PT		PR	71%	24%
Petleki KI	PT	Housing / Sp Programmes	PR	88%	
Phetise ME	PT	Community Services / Social Services	W	94%	6%
Qwesha GL	PT	PS&T	W	65%	18%
Radebe MC	PT	Finance / PS&T	PR	88%	6%
Radebe ML	FT	Social Services	PR	65%	30%
Riet MI	PT	Community Services	W	82%	12%
Sephiri MJ	FT	Chief Whip	PR	94%	6%
Sifatya Z	PT	Corp Services	W	82%	12%
Smit DC	PT	LED	W	59%	24%
Speelman NW	FT	PS&T	PR	35%	51%
Stofile B	FT	Council (Speaker)	PR	100%	
Styger A	PT	Finance	PR	65%	12%
Taliwe FE	FT	Housing	W	76%	6%
Taljaard TE	PT	LED / PS&T	PR	100%	
Thateng MJ	PT	Social Services	W	53%	24%
Thembani PP	PT			25%	25%
Thelingoane TJ	PT	Community Serv / Policy Dev	W	100%	
Thoabala TE	PT	Housing / LED / Technical Serv	PR	100%	
Tlake KR	PT		W	88%	6%
Tlhone ML	FT	Sp Programmes	PR	71%	24%
Tsatsa SJ	PT	Community Serv / Housing	W	82%	12%
Tsubane ME	PT	Social Services	PR	82%	18%
Tsubella KS	PT	Corp Serv / Social Services	W	94%	
Twanana	PT		PR	57%	14%
Van Rooyen KV	PT		PR	100%	
Van Rooyen MS	PT	Community Serv / Corp Serv	W	94%	6%

Van Schalkwyk HCT	PT	LED	W	94%	
Vanga NM	PT	Housing / Sp Programmes	PR	88%	
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APPENDIX B – COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	**Purpose of Committee**
Chairpersons Committee	Coordination of Ward Councillors affairs
Audit Committee	Performance Auditing of the Municipality
Municipal Public Accounts Committee[MPAC]	Oversight on financial activities of the Municipality
Rules Sec 79 Committee	Monitor implementation of Rules
Municipal Demarcation Committee	Discuss and make recommendations to Council on determination of Municipal boundaries
Housing Dispute Resolution Committee	Handles community disputes over ownership and occupancy of sites
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APPENDIX E – WARD REPORTING

FUNCTIONALITY OF WARD COMMITTEES
BROAD COMMENTS ON PUBLIC PARTICIPATION

- The office has for development and a single public participation programme of the municipality; there has not been any response to that;
- The office remains grossly inadequate to satisfactorily respond to the expectations of meaningful public participation; there is literally only one car and one driver to service 36 wards;
- In recent years, there has been a proliferation of provincial and national departments as well as other public entities rolling out their outreach programmes to the municipality, which have further stretched our limited capacity;
- There is a need to improve communication and interaction between the Offices of the Speaker and the Mayor for monitoring and reporting on the IDP and Budget-related consultations. This also extends to Imbizos as they are led by the Office of the Executive Mayor;
- In the last financial year, the 'impromptu' meetings facilitated by the 'ad hoc' committee on the launching of projects disrupted a significant number of our the planned wards constituency meetings;
- The input in the annual report is done relying on the monthly reports of the ward councillors. Some wards do carry out their activities but do not report. This therefore means that in actual practice, the reality is better what is reported;
- In the last year, the Office of the Speaker also established the stakeholders forum within Matjhabeng, which seeks to broaden the space of public participation beyond the ward committees;
- Ward Constituency meetings constantly discuss service delivery issues. But they also include feedback on the latest developments and challenges.

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Functionality of Ward Committees					
Ward Name (Number)	**Name of Ward Councillor and elected Ward committee members**	**Committee established (Yes / No)**	**Number of monthly Committee meetings held during the year**	**Number of monthly reports submitted to Speakers Office on time**	**Number of quarterly public ward meetings held during year**
Ward 1	**Cllr TL Mabote**	Yes	2	2	1
	Ramokolobeng Petrus Morake				
	Me Mamokete Sesing				
	Mr Joseph Lebetsa				
	Mr Eugene Mojaki Mohoje				
	Me Moselantja Emily Ndame				
	Me Morogadi Rachel Phatlane				
	Me Tselane Paulina Mokhajoa				
	Mr. Kholisile James Bacela				
	Mr. Rosy Nohamba Ndayi				
	Mr Mojalefa Paul Mohlomi				
Ward 2	**Cllr KS Tsubella**	Yes	2	2	1
	Me Mosidi Emily Berries				
	Me Tlaleng Paulina Dikhang				
	Mr Salemone Daniel Tsautse				
	Mr Ramohapelwa Piet Berries				
	Me Nteketeke Elizabeth Maboko				
	Mr Muso Charles Nyambuza				
	Mr Katleho Mahlatsi				
	Mrs Vuyiswa Magdelina Sam				
	Mr Fosi Peter Maleke				
	Mr Makosana Joseph Lelimo				

Ward 3	**Cllr MA Mothege**	Yes	1	1	1
	Mr Ntlanganiso Lawrence Ndayi				
	Me Moipone Sophia Litabe				
	Mr Dlalaphi Joseph Mboqa				
	Mr Thabang Lemound Takalo				
	Mr Maise Jeremia Saule				
	Mr Tebello Moses Mosebi				
	Mr Moletsane Gerard Pitso				
	Mr Rabrand Nathnael Mogoloa				
	Me Mpho Martha. Sewe				
	Mr Tsietsi Abrahm Nyetenyane				
Ward 4	**Cllr PA Molelekoa**	Yes	2	4	2
	Me Sinnah Kodisang				
	Mr Oupa Motapanyane				
	Mr Itumeleng Masike				
	Mr Zamile Pokose				
	Me Manku Molise				
	Mr Katse Nkhatho				
	Mr MJ Majodina				
	Mr Austin Tlhabang				
	Me Mantwa Hlabahlaba				
	Mr Daniel Tlhaole				
Ward 5	**Cllr MPI Molelekoa**	Yes	1	2	None
	Me Nombuyiselo Patricia Makhobu				
	Me Mamori Agnes Mathebula				
	Mr Tshepo Abram Motsetse				
	Me Majoele Elizabeth Sehloho				
	Mr Sambuti Patrick Nkoala				
	Me Pinkie Lucia Mohapi				
	Me Pinkie Lucia Mohapi				
	Mr Chalala Ramasimong David Kutoane				
	Mr Tanki Daniel Leeu				
	Me Neo Tabitha Setai				
Ward 6	**Cllr TN Molete**	Yes	3	2	2
	Mr Mongezi Mapukata				
	Mr Champeni Jacob Lesapo				
	Mr Mosuoa Stephen Molai				
	Mr Stuurman Radebe Mofokeng				
	Mr. Tochani William Sebuelo				
	Mr Rameno John Mahloko				
	Me Mmasera Anna Khalise				
	Me. Likeleli Mary Hlatswayo				
	Mr. Mabogolo Mothusi Mabogolo				
	Me Thandi Margaret Molahlehi				
Ward 7	**Cllr NE Monjovo**	Yes	5	4	4
	Me Mathabang Tsitorina Motlalane				
	Me Iris Nosango Simanga				
	Me Sello Johannes Lehasa				
	Me Dikeledi Cynthia Khiba				
	Mr Tahlelo Lucas Khomongoe				
	Me Sophie Maki Motsetse				
	Mr Vusumzi Joseph Xaba				
	Mr Bongani Moses Mqwebedu				
	Mr Thabiso Elias Mohapi				
	Me Lineo Elisa Sehlabo				

Ward 8	**Cllr MD Masienyane**	Yes	2	3	2
	Mr Everitt Ntasi Makape				
	Me Makgomo Selina Litabe				
	Mr Bongani Vincent Mboyiya				
	Mr Benjamin Moeti				
	Mr O Malimabe				
	Mr Kholisile Mfula				
	Me. Dingiwe Pearl Ngophe				
	Me. Lizeth Neo Hlaole				
	Me. LJ Mokgoetsi				
	J Manukuza				
Ward 9	**Cllr DC Smit**	Yes	2	1	1
	Mr James Phello Ledimo				
	Me Lebohang Portia Ranyane				
	Mr Timothy Thabo Mohatlane				
	Me Nteboheleng Addelite Mohale				
	Mr Teboho Samuel Selikoe				
	Me Ntsoaki Cecelia Mazibuko				
	Mr John Constantinou Cambanis				
	Mr Oscar Van Wyk				
	Pastor Jan Hendrik Briel				
	Mr. Jacques Lucas				
Ward 10	**Cllr MSE Mfebe**	Yes	2	2	2
	Me Mantja Sarah Sethuntsa				
	Me Lindine Maria Ndlovu				
	Me Moitoi Magret Koloti				
	Mr Thozamile Lucas Makoti				
	Me Molahluwa Magdaline Potsane				
	Mr Sebatli Edwin Khopoche				
	Mr Msomboti Richard Yona				
	Me Suzan Mosele Nthako				
	Me Tshungu Cecilia Masupa				
	Me Rebecca Madibereko Motaung				
Ward 11	**Cllr VR Morris**	Yes	6	None	3
	William Davids				
	Maurice Douw				
	Constance Mellen				
	Hendrik Pieter Samson				
	June Botha				
	Johanna November				
	Mr. Nicolaas Neniels				
	Disema Edwin Malefane				
	Mr. Herold Denzil Green				
	Mr. Mathabo Merriam Mokutu				
Ward 12	**Cllr KR Tlake**	Yes	2	3	2
	Mr Ndaba Sam Nyengule				
	Mr Lekguwe Daniel Moletsane				
	Mr Thomas Chikoshana				
	Mr Tserre Innocent Fokane				
	Mr Morapedi Reginald Garekwe				
	Mr Bongani Mzungu Khumalo				
	Me KehilweKeeditse Mholo				
	Mr TshedisoEphraimTau				
	Me Nomandithini Selina Moss				
	Me Mokudunyane Violet Mokhutle				

Ward 13	**Cllr TJ Thelingoane**	Yes	3	2	4
	Me Mantwa Mokeretla				
	Mr Sello Makume				
	Mr Molefi Mothabe				
	Mr David Sennenyane				
	Me Eunice Moleleki				
	Mr Gilbert Mokheseng				
	Mr Joseph Matshoba				
	Me Lineo Moiloa				
	Me Motlaletsatsi Maria Likoebe				
	Me Motlalepule Gladys Maribe				
Ward 14	**Cllr MS Mosala**	Yes	2	2	1
	Me Matinni E Mofokeng				
	Mr Tshediso Rabannye				
	Me Esther Disebo Senoko				
	Me Imelda Modukanele				
	Me Lerato Hoshola				
	Me Lydia Moeng				
	Mr Willie Khoza				
	Mr Lehlohonolo Joseph Letaba				
	Mr Leponesa Abel Mothibeli				
	Mr Ramakhona Jacob Kompi				
Ward 15	**Cllr KI Ntlele**	Yes	1	2	1
	Me Lindiwe Makolomba				
	Mr Sello Mokoena				
	Me Sinah Zathwa				
	Mr Thabo Joseph Lento				
	Me Esther Mamatlakeng Radebe				
	Me Maria Maseiso Mxhonnywa				
	Me Elizabeth Mamolulela Kgahleli				
	Kaka Njeje				
	Mokale Petrus Mokete				
	Me Manaha Ida Lemoen				
Ward 16	**Cllr LC Mokausi**	Yes	2	2	2
	Me Vuyokazi Mtumtum				
	Mr Michael Sello Tsotetsi				
	Mr Ephraim Mofokeng				
	Mr Thuto Emsly Khalema				
	Mr Lebohang Godfrey Mokhoabane				
	Mr Nonzame Gladness Yawa				
	Mr Molefi Zacharia Mpeko				
	Mr Moeketsi Joseph Pule				
	Me Nothuthuzelo Mothy Mkhize				
	Mr Makhetha Simon Khakhau				
Ward 17	**Cllr TD Khalipha**	Yes	2	1	1
	Mr Tumelo John Botsane				
	Me Sebolelo Mameso Maloka				
	Me Leomile Lucia Maja				
	Mr Mbengeni Reckson Makhina				
	Mr Mamodibeng Elizabeth Jodina				
	Mr Siphokazi Dyse				
	Mr Patrick Mhlauli Vundisa				
	Mr Mathinya Edwin Mosia				
	Me Mphonyane Mariam Lesaoana				
	Mr Tshediso John Ramokone				

Ward 18	**Cllr PV Makgowe**	Yes	2	2	2
	Me Masabata Rosina Mafika				
	Mr Daniel Teboho Dlamini				
	Mr Moeti Christian Marumo				
	Mr Samson Minenzima Mashiqa				
	Me Mamothepane Jeanette Tladi				
	Mr Nkale Joseph Moloja				
	Me Maseaa tseng Annastacia Legalanyane				
	Me Janet Kethleen Fedile Buang				
	Mr Simon Mzwandile Taaibosch				
	Mr Khonki Sam Maruping				
Ward 19	**Cllr AX Mbambo**	Yes	2	2	2
	Mr Lefu Petrus Mancayi				
	Me Nomasondo Anna Nkala				
	Mr Vuyisile Dennis Manunza				
	Mr Mthejwa Speelman Thusi				
	Mr Tankiso Edward Kapoko				
	Mr Jack Malise				
	Me Mananki Elisa Majoro				
	Me Mamokona Alinah Thamae				
	Me Emily Nompi Makubalo				
	Me Mmanoroesi Maria Mohapi				
Ward 20	**Cllr RT Molupe**	Yes	2	2	2
	Mr Pule Paul Chaka				
	Mr Diphoko Peter Mphatseng				
	Mr Thabiso Stephen Leeuw				
	Me Sebolelo Florinah Kolobe				
	Me Mantoa Quinette Joyce Mokotedi				
	Mr Sello Edgar Moshe				
	Rev Nkone Johannes Ranthako				
	Me Saan i Mamoroke Thathe				
	Mr Sello Daniel Mohlapholi				
	Mr David Zenzo Xalaba				
Ward 21	**Cllr ME Phetise**	Yes	4	3	1
	Me Mamoya Elisa Radebe				
	Mr Moeketsi Shadrack Pitso				
	Me Ncikazi Maria Ntoni				
	Mr Tota Samuel Limema				
	Mr Thabo Edward Mone				
	Mr Josef Teboho Dimema				
	Me Buyiswa Cornelia Sanda				
	Mr Thabo Ruben Mbele				
	Mr Tshediso Abel Phofi				
	Mr Sephiri Johannes Pholo				
Ward 22	**Cllr Z Sifatya**	Yes	2	2	1
	Me Maleshoane Anna Mohlapuli				
	Mr Lehlohonolo Daniel Thipe				
	Me Cecelia Mafusi Martiens				
	Me Nomveliso Mapisa				
	Me Selloane Paulina Matlabe				
	Me Limakatso Jeanett Bosiu				
	Mr Ntefe Johannes Molelekoa				
	Me Nomayedwa Flora Belekoana				
	Me Pricilia Dipuo Nyamane				
	Mr Mooki Molapo Samuel				

Ward 23	**Cllr VN Dali**	Yes	2	2	1
	Mr Nyenye David Thuse				
	Mr Tselane Hilda Leaooa				
	Me Mpoyakae Emily Pheko				
	Mr Molefi Jonas Pheko				
	Me Adelinah Nthisane Majake				
	Me Nontsusa Doris Mkuzo				
	Mr Welton Khimbile				
	Mr Leloko Nicholas Letsie				
	Mr. Sandile Mtshisazwe				
	Mr. Zandisile Justice Solwandle				
Ward 24	**Cllr MA Mphikeleli**	Yes	4	1	1
	Mr Bonginkosi Mthoniswa				
	Mr Patrick Bheki Mvuyo				
	Mr Unathi Macujana				
	Me Zodwa Nyabaza				
	Mr Phoka Adam Sellane				
	Mr Edward Xohle Veyi				
	Mr Hahlaza Petros Sigwaqa				
	Mr Mzingisi Leonard Mncedane				
	Mr Bonginkosi Limekaya				
	Mr Sekonyela Jacob Pule				
Ward 25	**Cllr GL Qwesha**	Yes	2	1	1
	Mr Tumelo David Nthako				
	Mr Tsiliso Hlomoane Moeketsi				
	Me Maria Mpotseng Likalaneng				
	Mr Dillo Ishmael Fobane				
	Mr Anna Malebolu Mohlouoa				
	Me Nomkhosho Alina Portia Radebe				
	Mr Fathi Elias Makgalemele				
	Me Mamokhili Elizabeth Ramasilo				
	Me Anna Dimakatso Sebetoane				
	Mr Moloantoa David Maloka				
Ward 26	**Cllr SJ Tsatsa**	Yes	4	4	4
	Mr Kolisang Michael Mojahi				
	Mr Mohlouwa Jacob Malinga				
	MePinky Matlakala Mphuthi				
	Mr Mokadi Joseph Rafuku				
	Me Makholo LeahKhoabane				
	MrMakosonke Hendrik Mtyantombi				
	Me Zanele Mqokolo				
	Mr Thabo British Mojanaga				
	Mr Ludidi Alexander Metula				
	Me Noleen Anna Lelimo				
Ward 27	**Cllr MS Van Rooyen**	Yes	4	1	1
	Me Mamphothu Gladys Mafaisa				
	Mr Moeketsi Dawid Nyama				
	Mr Ponko Goodenough Maphike				
	Mr Frans Jonkor				
	Me Zukiswa Christina Somi				
	Mr Vincent Selala Nkoane				
	Me Kelebogile Sylvonia Matlhakoana				
	Mr Zukisane Ntshele				
	Me Nozenkazi Adelaide Hlabahlaba				
	Mr Tshehlo Alfred Kabi				

Ward 28	**Cllr FE Taliwe**	Yes	2	2	2
	Me Florence Hleketani Ndlovu				
	Mr Mokoatsi Andrew Raleting				
	Me Paqazana Mavis Mawela				
	Mr Sechaba Eric Khumalo				
	Mr Dungezlieni Joseph Nconco				
	Me Makatane Neria Xhamfu				
	Mr Mcendisi Thomas Themba				
	Me Khumbuzile Mabel Twala				
	Me Sibongile Memory Mafongosi				
	Mr Mpangeli Maselwa				
Ward 29	**Cllr MM Madumise**	Yes	4	4	4
	Me Setholo Suzan Makhathe				
	Mr Thabiso James Maqekoane				
	Me K Maleho				
	Me Palesa Caroline Khoana				
	Mr Samuel Oupa Malele				
	Mr Moeketsi Modupe				
	Mr Sibongile Belina Gumede				
	Mr Godfrey Mabusane Ntlangwe				
	Mr Lelingoana Masheane				
	Mr Lethusang Thabang Mabula				
Ward 30	**Cllr MJ Thateng**	Yes	1	1	1
	Mr Pule Mokoena				
	Me Buyena Francina Mdluli				
	Mr Monyake Paulos Moletsane				
	Mr Moeti Molefi				
	Me Chuma Mandlana				
	Mr Thabo Isaiah Mokena				
	Mr Buick Mthunzi Tshabalala				
	Mr Thulo Johannes Tiro				
	Mr Tshediso Peter Dimo				
	Me Thobeka Patricia Beje				
Ward 31	**Cllr HA Mokhomo**	Yes	2	2	2
	Mr Alfred Ramolo Semela				
	Me Makopano Adelina Mabuya				
	Mr Thabiso Joshua Lento				
	Me Malehloa Arciliah Letele				
	Me Nthofela Sylvia Ramatusa				
	Mr Doctor Luthile				
	Mr Lehlohonolo Macdonald Morake				
	Mr Nkosekhaya Gila				
	Me Mantoa Amelia Mohlaping				
	Me Sebolelo Caroline Hlakoane				
Ward 32	**Cllr HCT Van Schalkwyk**	Yes	4	4	4
	Mr Motheane Petrus Zondo				
	Me Julia Matsietsi Mosesi				
	Mr Thamsanqa Archie Jonas				
	Me Mantoa pelo Junior Mofokeng				
	Mr Mokhethi Benjamin Monosi				
	Dr. .Jan Adam Van Wyk				
	Me. Palesa Aemy. Koloko				
	Mr. Nicholaas Van der Westhuizen				
	Mr. Rayan.Andre Ellis				
	Mr. Jan.Hendrik Victor				

Ward 33	**Cllr R Beneke**	Yes	4	4	None
	Me Jenifer Anne Harrison				
	Me Helette Zietsman				
	Me Nomabelu Mjonono				
	Mr Anthony Khelemethe Nakedi				
	Mr Johannes Hamer				
	Me Leobule Jostina Tau				
	Me Dlaudia Dorothy Doig				
	Mr Daniel van Rensburg				
	Me Karabo Grace Seleoana				
	M Richter				
Ward 34	**Cllr ZHJ Naude'**	Yes	2	1	1
	Me Dikeledi OliviaTladi				
	Mr Gezi Mashaba				
	Me Mathota Rosina Sothoane				
	Me Nomvula Emily Elizabeth Zwane				
	Me Bekithemba Nikelo				
	Mr Ndumiso William Makhasi				
	Me Marjorie Zukiswa Ndlondlo				
	Mr Willem Dippenaar				
	Me Elaine van Eeden				
	Me Maria Susanna Saaiman				
Ward 35	**Cllr MI Riet**	Yes	3	3	3
	Mr Mbulelo Ncaphayi				
	Me Mampho Anna Nkobolo				
	Mr Kamohelo Raphael Molongoana				
	Mr Jonas Olifant				
	Me Refiloe Mojakisane				
	Mr Pholo Isaac Tau				
	Mrs Puseletso Elizabeth Mokhobo				
	Me Mathapelo Maria Moleko				
	Mr Patrick Lebohang Marumo				
	Mr P Roets				
Ward 36	**Cllr MT De Villiers**	Yes	2	1	1
	Me Mpho Perseverence Sedi				
	Mr Ishmael Letsatsi Nkone				
	Me Lindiwe Francina Sethabathaba				
	Me Betty Mayekiso				
	Mr Mthandozo Alred Qadi				
	Me Matsiliso Eliza Mokatsanyane				
	Me Sharon Ann van Schalkwyk				
	Me Weilhelmien FrancesVorster				
	Me Catharina Maria Johanna Potgieter				
	Mr Erasmus Johannes Smit				
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Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in Year 0 (Full List at Appendix O)				R' 000
No.	**Project Name and detail**	**Start Date**	**End Date**	**Total Value**
1	Road 300 Stormwater	13/05/2013	28/02/2014	R36 000 000
2	Nyakallong WWTW	Design Stage		R38 000 000
3	Sports Facilities	15/09/2013	31/03/2014	R32 000 000
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APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during Year 0)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Neotel	MOU to lay cables underground in order to provide high connectivity and improve clients service within Matjhabeng.	-	Indefinitely		none
Software Licensing Agreement //TCS	The agreement is for licensing the software of Matjhabeng's public Safety Dept.	1-Mar-2014	31-Mar-15	Public Safety	R 95,000
NISSAN	Bid No; 18/2012 SLA concluded for the purchase of Nissan Hardbody	ONCE OFF		SCM	R 277,666
Pro care contracting	Bid No: 18/2011 Upgrade of Sandriver Canal	18-Jan-2012	18-Sep-12	SCM	R 7 491, 459.45
Free State Provincial Department of Sport, Arts, Culture and Recreation & department of Public Works	MOU entered for the refurbishment of Sipho Mutsi Stadium	17-Aug-2012	1-Jun-14	EDCSS	R 29.6 M
Red Landscape Architects (Pty) Ltd	RFP: 01/02/2012 design and landscape of the Area between Thabong Community Centre and Constantia road	ONCE OFF		SCM	R 189,878,96
Tiger milling Hennenman	agreement for usage of private siding and access	month to month		Infrastructure	none
Fire Fighting Equipment	Bid no:02/2013 supply and delivery of two fire engines	24-May-2013	31 June 2016	SCM	R 12 883, 187.54
Kamohelo Electrical JV	Bid No: 29/2012 agreement for electrification of ext 15 and 9 Bronville	18-Apr-2013	18-Aug-13	SCM	R 2 897 109.93
De Villiers Boerdery dienste BK	Bid no: 19/2012 agreement for repair and Services of Tractors	22-Oct-2012	1-Nov-15	SCM	Per order
Lawnmower Sales and Services	Bid no:19/2012 Agreement for repair and Services of Lawnmowers	22-Oct-2012	1-Nov-15	SCM	Per order
Lezmin 2777 t/a lezmin computers	Bid no: 18/2012 supply and delivery of 100 computers	once off		ITC	R 641 599.98
Jones Mojaki Publishers t/a Free State Sun	Bid No 20/2011 agreement for design, print and distribution of Matjhabeng Newspaper	1-Jun-2012	31-May-15	SCM	R 256 100.00 per edition
Kwik fit	Bid No: 22/2012 agreement for supply of batteries and tyres	22-Oct-2012	August 2015	SCM	Per order
African Moon Trading	Bid no: 28/2011 agreement for supply and lay bond brick paving and building of retaining walls at Riebeeckstad park	ONCE OFF		SCM	R 2,934,767.63
MATJHABENG FILLING STATION	Supply, delivery and management of fuel	month to month		Fleet	Per order
MTN	Lease Agreement	1-Jun-2013	31-May-18		R 1500 per month
Sizwe Paints	Supply and delivery of road markings paint	ONCE OFF			R 600,744,66
Eskom	Funding Agreement for rendering of free basic electricity	1-Jul-2012	30-Jun-15	Finance	none
					T H.1

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						R' 000
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Council General	408,097	434,657		446,951	3%	
Ofiice of the Municipal Manager	23,339	52,750		96,922	46%	
Corporate Support Services	75	60		28	-114%	
Finance	192,327	192,303		201,587	5%	
Community Services	55,349	59,789		69,614	14%	
Public Safety and Transport	1,762	6,460		3,055	-111%	
Economic Development	0	340		116	-193%	
Engineering Services	0	370		156,450	100%	
Water	281,246	287,049		326,699	12%	
Electricity	518,737	577,074		398,918	-45%	
Housing Services	11,000	6,464		11,150	42%	
Total Revenue by Vote	**1,492**	**1,617**	**–**	**1,711**	**(0)**	**–**

T K.1

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						R '000
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	136,325	148,379	–	176,827	16%	100%
Property rates - penalties & collection charges	–	–	–	–		
Service Charges - electricity revenue	518,737	575,954	–	394,390	-46%	100%
Service Charges - water revenue	183,017	183,016	–	214,470	15%	100%
Service Charges - sanitation revenue	98	103,632	–	106,639	3%	100%
Service Charges - refuse revenue	55,280	59,319	–	67,410	12%	100%
Service Charges - other	–	–	–	–		
Rentals of facilities and equipment	0	7,024	–	11,234	37%	100%
Interest earned - external investments	–	–	–	7,589	100%	100%
Interest earned - outstanding debtors	73,340	77,373	–	96,977	20%	100%
Dividends received		–	–	11	100%	100%
Fines	1,763	6,000	–	2,301	-161%	100%
Licences and permits	–	–	–	14	100%	100%
Agency services	6,000	–	–	–		
Transfers recognized - operational	392,899	434,657	–	603,407	28%	100%
Other revenue	15,345	22,959	–	21,147	-9%	100%
Gains on disposal of PPE	–	–	–	–		
Environmental Protection	–	–	–	–		
Total Revenue (excluding capital transfers and contributions)	**1,382,803**	**1,618,313**	**–**	**1,702,416**	**4.94%**	**100.00%**

T K.2

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	**Budget**	**Adjustments Budget**	**Actual**	**Variance**		**Major conditions applied by donor (continue below if necessary)**
				Budget	**Adjustments Budget**	
Neighborhood Development Partnership Grant	5000000	0	500000	90%		
Public Transport Infrastructure and Systems Grant						
Other Specify:						
Finance Management Grant	1000000		1450000	-45%		
Municipal systems improvement grant	750000		790000	-5%		
Integrated National Electrification Programme Grant	2286000		1264581	45%		
DME			1396491			
EPWP	3335000					
Total	12371000		5401072	56%		
						T L

APPENDIX N: CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 0					R' 000
Capital Project	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance (Act - Adj) %**	**Variance (Act - OB) %**
Water					
Thabong T12 water network	1000000	0	1000000	100%	0%
Kutlwanong stadium area	300000	0	3000000	100%	90%
Klippan water pipe line	43000000	0	43000000	100%	0%
Sanitation/Sewerage					
Witpan WWTW	39,000,000	43000000	39,000,000	-10%	0%
Thabong T12 sewer network	2500000	0	2500000	100%	0%
Electricity					
high mast light phase III	3400000	2000000	3400000	41%	0%
electric panels at substations	800000	0	50000	100%	-1500%
Housing					
Refuse removal					
Stormwater					
Meloding stormwater	8000000	0	8000000	100%	0%
Phomolong stormwater	9000000	0	9000000	100%	0%
Economic development					
Welkom market stalls	700000	0	100000	100%	-600%
Virginia market stalls	450000	90	100000	100%	-350%
Sports, Arts & Culture					
Mmamahabane sport facility	8000000	0	8000000	100%	0%
Nyakalllong sport facility	9000000	0	9000000	100%	0%
Environment					
Health					
Safety and Security					
ICT and Other					

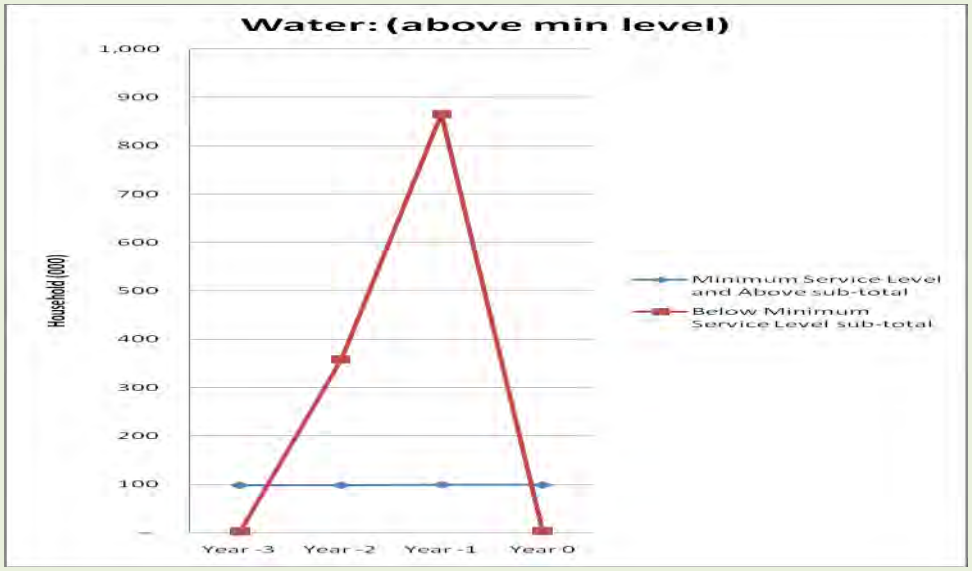
APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Capital Programme by Project by Ward: Year 0 R' 000		
Capital Project	**Ward(s) affected**	**Works completed (Yes/No)**
Water		
Thabong T12 water network	25	water pipelines installed awaiting meters
Kutlwanong stadium area	18	project on tender stage
Klippan water pipe line	32	project completed
Sanitation/Sewerage		
Witpan WWTW	32	structures in place pumps required
Thabong T12 sewer network	25	sewer pipelines installed
Electricity		
high mast light phase III	1, 2, 7, 10, 12, 17, 19, 21, 25, 26	poles erected awaiting connection
electric panels at substations	12	project on tender stage
Housing		
Refuse removal		
Stormwater		
Meloding stormwater	5, 6, 7	storm water canals completed
Phomolong stormwater	2, 3	storm water canals completed
Economic development		
Welkom market stalls	33	project on tender stage
Virginia market stalls	8	project on tender stage
Sports, Arts & Culture		
Mmamahabane sport facility	1	pavilion completed, need electricity
Nyakalllong sport facility	19	pavilion completed, need electricity
Environment		
Health		
Safety and Security		
ICT and Other		
Cemeteries	2, 3, 5, 9, 11, 21	Fence completed
		T O

APPENDIX A10 -2 - SERVICES

Water Service Delivery Levels							
Description	Ref	Year -3	Year -2	Year -1	Year 0		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Actual
Household (000)	1				**120**		
***Water:* (above min level)**							
Piped water inside dwelling		49	49	49	49		49
Piped water inside yard (but not in dwelling)		47	47	47	47		47
Using public tap (within 200m from dwelling)	2	2	2	3	2		2
Other water supply (within 200m)	4						
Minimum Service Level and Above sub-total		98	98	99	99	–	99
Minimum Service Level and Above Percentage		97%	21%	10%	96%	#DIV/0!	96%
***Water:* (below min level)**							
Using public tap (more than 200m from dwelling)	3						
Other water supply (more than 200m from dwelling	4	3	4	3	4		4
No water supply							
Below Minimum Service Level sub-total		3	359	865	4	–	4
Below Minimum Service Level Percentage		3%	79%	90%	4%	#DIV/0!	4%
Total number of households*	5	**101**	**457**	**965**	**103**	**–**	**103**
*** - To include informal settlements**							

Households - Water Service Delivery Levels below the minimum							
Description	Ref	Year -3	Year -2	Year -1	Year 0		
Household (000)		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Actual
Formal Settlements	1						
Total households		**85**	**85**	**85**	**85**	**100,000**	**100,000**
Households below minimum service level		**6**	**4**	**4**	**2**	**25,000**	**25,000**
Proportion of households below minimum service level		**7%**	**5%**	**5%**	**3%**	**25%**	**25%**
Informal Settlements							
Total households		**8**	**8**	**7**	**7**	**100,000**	**100,000**
Households ts below minimum service level		**25,000**	**25,000**	**25,000**	**4**	**25,000**	**25,000**
Proportion of households ts below minimum service level		**309598%**	**327697%**	**348044%**	**62%**	**25%**	**25%**



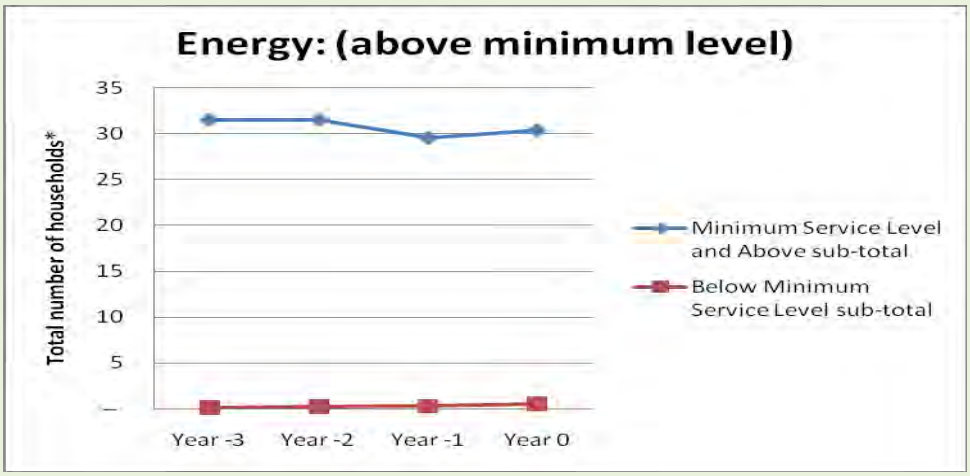
Sanitation Service Delivery Levels							
Description	Ref	Year -3	Year -2	Year -1	Year 0		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Actual
Household (000)	1						
***Sanitation/sewerage:* (above minimum level)**							
Flush toilet (connected to sewerage)		79	87	94	79		79
Flush toilet (with septic tank)		–	–	–	–		–
Chemical toilet		–	–	–	–		–
Pit toilet (ventilated)		–	–	–	–		–
Other toilet provisions (above mini-service level)		–	–	–	–		–
Minimum Service Level and Above sub-total		79	87	94	79	–	79
Minimum Service Level and Above Percentage		64.7%	68.8%	73.7%	71.8%	#DIV/0!	71.8%
***Sanitation/sewerage:* (below minimum level)**							
Bucket toilet		20	15	7	2		2
Other toilet provisions (below min.service level)		11	11	11	13		13
No toilet provisions		12	13	15	15		15
Below Minimum Service Level sub-total		43	39	33	31	–	31
Below Minimum Service Level Percentage		35.3%	31.2%	26.3%	28.2%	#DIV/0!	28.2%
Total number of households*	5	**121**	**127**	**127**	**109**	**–**	**109**

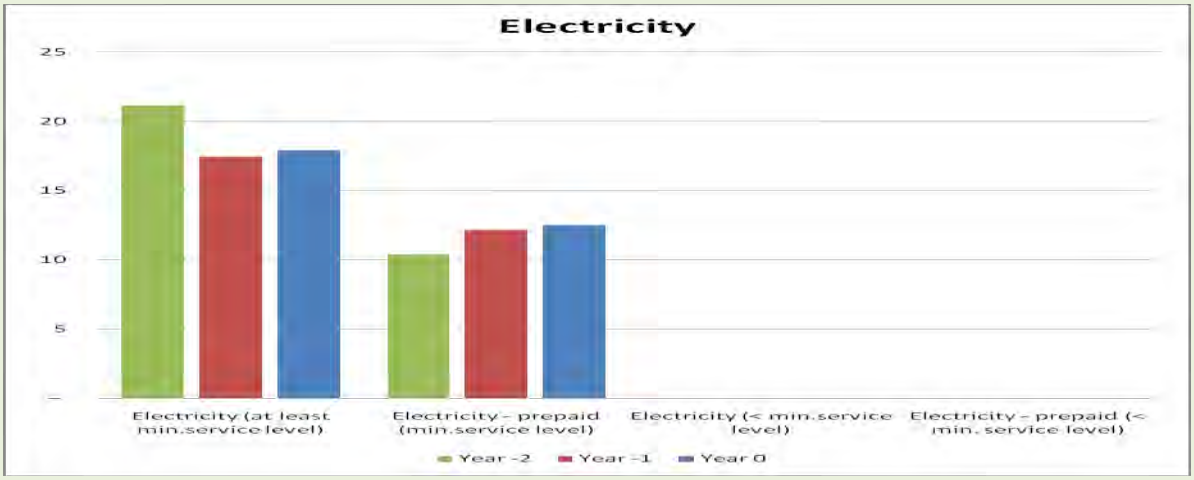
Refuse:										
Removed at least once a week		2,895	2,685	2,846			2,235	89	104	122
Minimum Service Level and Above sub-total		2,895	2,685	2,846	–	–	2,235	89	104	122
Removed less frequently than once a week		655	547	565			523	2	2	2
Using communal refuse dump		865	846	487			865	89	104	122
Using own refuse dump		655	547	565			523	0	0	0
Other rubbish disposal		502	952	938			720			
No rubbish disposal		112	123	124			124			
Below Minimum Service Level sub-total		2,790	3,015	2,678	–	–	2,755	91	106	124
Total number of households	1/5/00	**5,685**	**5,699**	**5,523**	**–**	**–**	**4,991**	**180.00**	**210.00**	**246.00**

Households - Sanitation Service Delivery Levels below the minimum							
Description	**Ref**	**2005/06**	**2006/07**	**2007/08**	**2008/09**		
Household (000)		**Outcome**	**Outcome**	**Outcome**	**Original Budget**	**Adjusted Budget**	**Actual**
Formal Settlements	1						
Total households		**85**	**85**	**85**	**79**	**79**	**79**
Households below minimum service level		**8**	**6**	**4**	**5**	**5**	**5**
Proportion of households below minimum service level		**9%**	**7%**	**5%**	**6%**	**6%**	**6%**
Informal Settlements							
Total households		**8**	**5**	**3**	**4**	**4**	**4**
Households ts below minimum service level		**4**	**4**	**4**	**4**	**4**	**4**
Proportion of households ts below minimum service level		**55%**	**83%**	**166%**	**100%**	**100%**	**100%**

Electricity Service Delivery Levels							
Description	**Ref**	**2005/06**	**2006/07**	**2007/08**	**2008/09**		
		Outcome	**Outcome**	**Outcome**	**Original Budget**	**Adjusted Budget**	**Actual**
Household (000)	1						
***Energy:* (above minimum level)**							
Electricity (at least min.service level)		22	21	17	18		18
Electricity - prepaid (min.service level)		9	10	12	13		13
Minimum Service Level and Above sub-total		32	32	30	30	–	30
Minimum Service Level and Above Percentage		99.5%	99.1%	98.9%	98.1%	#DIV/0!	98.1%
***Energy:* (below minimum level)**							
Electricity (< min.service level)		–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–
Other energy sources		0	0	0	1		1
Below Minimum Service Level sub-total		0	0	0	1	–	1
Below Minimum Service Level Percentage		0.5%	0.9%	1.1%	1.9%	#DIV/0!	1.9%
Total number of households*	5	32	32	30	31	–	31

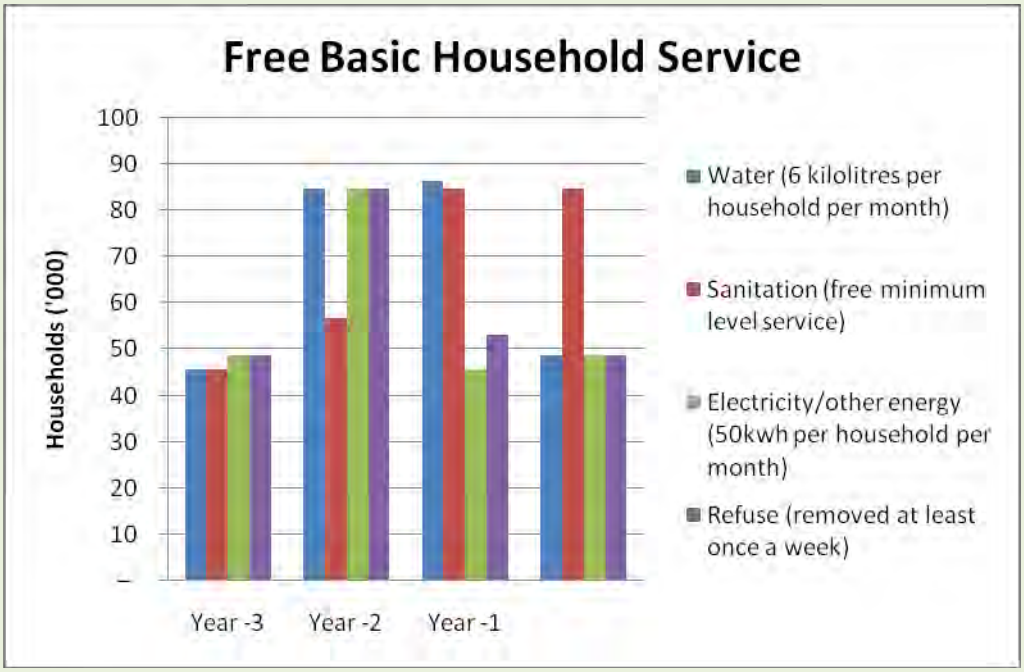
Households - Electricity Service Delivery Levels below the minimum							
Description	**Ref**	**2005/06**	**2006/07**	**2007/08**	**2008/09**		
Household (000)		**Outcome**	**Outcome**	**Outcome**	**Original Budget**	**Adjusted Budget**	**Actual**
Formal Settlements	1						
Total households		**32**	**32**	**32**	**32**	**32**	**32**
Households below minimum service level		**0**	**0**	**0**	**0**	**0**	**0**
Proportion of households below minimum service level		**0%**	**1%**	**0%**	**1%**	**1%**	**1%**
Informal Settlements							
Total households		**0**	**0**	**0**	**0**	**0**	**0**
Households ts below minimum service level		**0**	**0**	**0**	**0**	**0**	**0**
Proportion of households ts below minimum service level		**31%**	**75%**	**100%**	**100%**	**100%**	**100%**



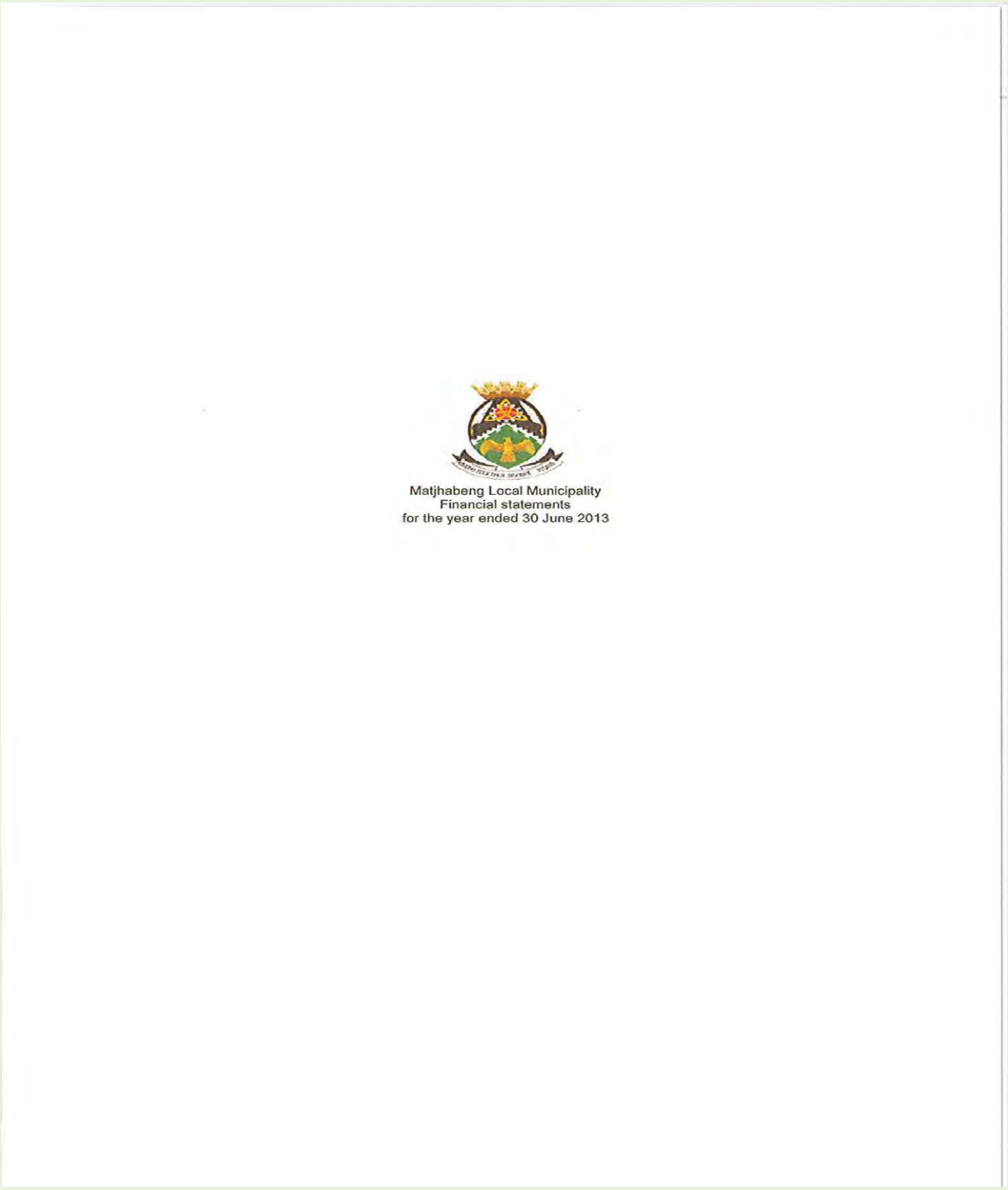


Refuse Removal Service Delivery Levels				
Description	2005/06	2006/07	2007/08	2008/09
	Outcome	Outcome	Outcome	Actual
Household (000)				
***Refuse Removal:* (Minimum level)**				
Removed at least once a week	2,895	2,685	2,846	2,235
Minimum Service Level and Above sub-total	2,895	2,685	2,846	2,235
Minimum Service Level and Above percentage	50.9%	47.1%	51.5%	44.8%
***Refuse Removal:* (Below minimum level)**				
Removed less frequently than once a week	655	547	565	523
Using communal refuse dump	865	846	487	865
Using own refuse dump	655	547	565	523
Other rubbish disposal	502	952	938	720
No rubbish disposal	112	123	124	124
Below Minimum Service Level sub-total	2,790	3,015	2,678	2,755
Below Minimum Service Level percentage	49.1%	52.9%	48.5%	55.2%
Total number of households*	**5,685**	**5,699**	**5,523**	**4,991**

Households receiving Free Basic Service				
Water (6 kilolitres per household per month)	46	85	86	49
Sanitation (free minimum level service)	46	57	85	85
Electricity/other energy (50kwh per household per month)	49	85	46	49
Refuse (removed at least once a week)	49	85	53	49



VOLUME II: ANNUAL FINANCIAL STATEMENTS



General Information

Legal form of entity	Municipality (MFMA)
Nature of business and principal activities	Providing municipal services and maintaining the best interest of the local community, mainly in the Matjhabeng area.
Grading of local authority	Local High Capacity
Mayoral committee	
Executive Mayor	S Ngangelizwe
Councillors	Speaker - C Stofile Chief Whip - MJ Semela MMC Policy & Monitoring - TD Khalipha MMC Community Services - D Kotzee MMC Finance - MA Mbana MMC Technical Services - KJ Menyatso MMC Corporate Services - MSE Mfebe MMC Social Services - ML Radebe MMC Public Safety - MS Sephiri MMC Human Settlements - FE Taliwe MMC Special Programmes - ML Thlone MMC LED - L Rubulana TL Mabote KS Tsubella MA Mothege PA Molelekoa PMI Molelekoa TN Molete NE Monjovo MD Masienyane DC Smit VR Morris KR Tlake TJ Thelingoane MS Mosala KI Ntlele LC Mokausi PV Makgowe AX Mbambo RT Molupe ME Phetise Z Sifatya VN Dali MA Mphikeleli GL Qwesha SJ Tsatsa MS van Rooyen

General Information

	MM Madumise MJ Thateng HA Mokhomo HCT van Schalkwyk R Beneke ZHJ Naude MI Riet MT de Villiers ME Banyane MJM Badenhorst PF Botha CP Chaka DS Fanie JJC Fourie DM Mafa DE Malefane JS Marais MM Matlebe NW Speelman
Mayoral committee (continued) **Councillors (continued)**	ZV Mafongosi PP Mholo FG May G Mlangeni TG Mokotedi MP Motshabi MH Ntsebeng KI Petleki MC Radebe A Styger SDM Taljaard TE Thoabala ME Tsubane M Twanana NM Vanga V van Rooyen
Accounting Officer	G Ramathebane
Registered office	Civic Centre Welkom 9460
Postal address	PO Box 708 Welkom 9460
Bankers	ABSA Bank Limited Welkom
Auditors	Auditor General of South Africa
Enabling legislation	Local Government: Municipal Finance Management Act (Act 56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (Act 6 of 2004) Division of Revenue Act (Act 5 of 2012)
Demarcation code	FS184

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

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
SALGA	South African Local Government Association

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

I am responsible for the preparation of these annual financial statements in terms of Section 126(1) of the Municipal Finance Management Act, and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 27 of these annual financial statements 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, except as disclosed in note 47 of these financial statements.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2014 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is dependent on the government for continued funding of operations to a large extent. The financial statements are prepared on the basis that the municipality is a going concern and that the government has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by COGTA and Treasury.

Accounting Officer's Responsibilities and Approval

The external auditors are responsible for independently reviewing and reporting on the municipality's financial statements. The financial statements have been examined by the municipality's external auditors and their report is presented on page 7.

The accounting officer is responsible for the preparation of these annual financial statements in terms of Section 126(1) of the Municipal Finance Management Act and which is signed by him on behalf of the Municipality.

The financial statements set out on page 10 to 89 which have been prepared on the going concern basis, were approved by the accounting officer on 13 December 2013:

G. Ramathebane
Municipal Manager

PRACTICE LOGO

Report of the Auditor General

To the Provincial Legislature of Matjhabeng Local Municipality

Report on the financial statements

The Auditor General of South Africa will insert his report here upon finalisation.

Auditor General of South Africa

13 December 2013

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2013.

1. Review of activities

Main business and operations

The municipality is engaged in providing municipal services and maintaining the best interest of the local community, mainly in the Matjhabeng area. and operates principally in the Republic of South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached financial statements and do not in our opinion require any further comment.

Net deficit of the municipality was R 398,260,168 (2012: deficit R 363,329,298).

2. Going concern

We draw attention to the fact that at 30 June 2013, the municipality had accumulated deficits of 5,392,563,345 and that the municipality's total liabilities exceed its assets by.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

The entity still has the power to levy rates and taxes and will continue to receive funding from government as evident from the equitable share allocation in terms of Division of Revenue Act (Act 5 of 2012).

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting Officer's interest in contracts

None.

5. Accounting policies

The financial statements prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board and in accordance with section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

6. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
G. Ramathebane	South African

Accounting Officer's Report

7. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting officer discuss the responsibilities of management in this respect, at Board meetings and monitor the municipality's compliance with the code on a three monthly basis.

The salient features of the municipality's adoption of the Code is outlined below:

Council

The Council

- retains full control over the municipality, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality;

Audit and risk committee

The Audit Committee was active for the financial year.

Internal audit

The municipality has an internal audit function.

Matjhabeng Local Municipality
Financial Statements for the year ended 30 June 2013

Statement of Financial Position as at 30 June 2013

Figures in Rand	Note(s)	2013	2012
Assets			
Current Assets			
Inventories	3	709,170,198	709,191,196
Other financial assets	4	19,308,161	10,106,151
Trade and other receivables	5	3,615,398	5,721,960
Consumer receivables from non-exchange transactions	6	29,434,970	43,878,679
Consumer receivables from exchange transactions	7	118,851,417	110,630,155
Cash and cash equivalents	8	4,176,254	44,664,502
		884,556,398	**924,192,643**
Non-Current Assets			
Investment property	47	377,914,769	400,806,550
Property, plant and equipment	9	5,611,204,496	5,675,460,745
Other financial assets	4	13,957,251	28,683,267
Consumer debtors	10	3,832,050	1,707,919
		6,006,908,566	**6,106,658,481**
Total Assets		**6,891,464,964**	**7,030,851,124**
Liabilities			
Current Liabilities			
Other financial liabilities	11	18,537,335	19,275,605
Finance lease obligation	12	210,125	5,878,219
Trade and other payables	13	1,069,984,795	912,832,591
VAT payable	14	7,013,476	29,175,051
Consumer deposits	15	29,396,890	27,936,787
Unspent conditional grants and receipts	16	78,536,689	13,546,547
Bank overdraft	8	6,187,309	-
		1,209,866,619	**1,008,644,800**
Non-Current Liabilities			
Finance lease obligation	12	-	1,195,048
Retirement benefit obligation	19	282,485,000	224,650,000
Provisions	17	6,550,000	5,100,000
		289,035,000	**230,945,048**
Total Liabilities		**1,498,901,619**	**1,239,589,848**
Net Assets		**5,392,563,345**	**5,791,261,276**
Net Assets			
Accumulated surplus		5,392,563,345	5,791,261,276

Matjhabeng Local Municipality
Financial Statements for the year ended 30 June 2013

Statement of Financial Performance

Figures in Rand	Note(s)	2013	2012
Revenue			
Commissions received	24	9,070,627	8,272,557
Dividends received	25	11,823	20,790
Fines		2,301,050	3,623,477
Government grants & subsidies	23	603,407,632	570,189,011
Interest received - trading		96,977,066	78,051,520
Interest received - investment		7,589,678	7,419,622
Licences and permits		14,410	7,575
Other revenue	24	21,147,744	19,348,875
Property rates	21	176,827,344	152,938,125
Rental of facilities and equipment	35	11,234,090	10,492,364
Service charges	22	782,911,047	735,231,694
Total revenue		**1,711,492,511**	**1,585,595,610**
Expenditure			
Bulk purchases	31	(596,165,158)	(523,814,094)
Contracted services	32	(104,460,085)	(106,760,644)
Depreciation and asset impairment	28	(260,463,571)	(290,533,912)
Employee related cost	26	(435,167,359)	(462,381,459)
Finance costs	30	(89,434,935)	(58,785,064)
General Expenses	33	(157,966,224)	(118,178,044)
Impairment loss/ Reversal of impairments	29	(346,176,905)	(335,465,176)
Remuneration of councillors	27	(22,702,751)	(19,998,688)
Repairs and maintenance	36	(39,394,974)	(36,287,754)
Total expenditure		**(2,051,931,962)**	**(1,952,204,835)**
Operating deficit		**(340,439,451)**	**(366,609,225)**
Loss on disposal of assets and liabilities		-	(290,408)
Fair value adjustments		(57,820,717)	3,570,335
		(57,820,717)	**3,279,927**
Deficit for the year		**(398,260,168)**	**(363,329,298)**
Attributable to:			
Owners of the controlling entity		(398,260,168)	(363,329,298)

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2011	**5,236,007,170**	**5,236,007,170**
Changes in net assets		
Deficit for the year	(363,329,298)	(363,329,298)
Prior period errors (Refer to Note 39)	918,583,404	918,583,404
Total changes	555,254,106	555,254,106
Balance at 01 July 2012	**5,790,823,513**	**5,790,823,513**
Changes in net assets		
Deficit for the year	(398,260,168)	(398,260,168)
Total changes	(398,260,168)	(398,260,168)
Balance at 30 June 2013	**5,392,563,345**	**5,392,563,345**

Note(s)

Matjhabeng Local Municipality
Financial Statements for the year ended 30 June 2013

Cash Flow Statement

Figures in Rand	Note(s)	2013	2012
Cash flows from operating activities			
Receipts			
Cash receipts from customers		1,781,927,744	1,547,231,414
Interest income		7,589,678	7,419,622
Dividends received		11,823	20,790
		1,789,529,245	1,554,671,826
Payments			
Cash paid to suppliers and employees		(1,513,556,205)	(1,357,354,062)
Finance costs		(89,434,934)	(56,817,810)
		(1,602,991,139)	(1,414,171,872)
Net cash flows from operating activities	34	**186,538,106**	**140,499,954**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(173,315,540)	(277,338,008)
Purchase of investment property	47	-	(96,663)
Net movement in financial assets		5,524,006	1,769,852
Transfer of work in progress to Infrastructure		-	150,055,541
Net cash flows from investing activities		**(167,791,534)**	**(125,609,278)**
Cash flows from financing activities			
Repayment of other financial liabilities		(58,558,987)	1,234,427
Finance lease payments		(6,863,142)	(6,739,887)
Net cash flows from financing activities		**(65,422,129)**	**(5,505,460)**
Net increase/(decrease) in cash and cash equivalents		**(46,675,557)**	**9,385,216**
Cash and cash equivalents at the beginning of the year		44,664,502	35,279,286
Cash and cash equivalents at the end of the year	8	**(2,011,055)**	**44,664,502**

Matjhabeng Local Municipality
Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	920,923,438	-	**920,923,438**	782,911,047	**(138,012,391)**	Dependent on consumption
Rental of facilities and equipment	7,024,089	-	**7,024,089**	11,234,090	**4,210,001**	Rentals less than budgeted for
Interest received (trading)	77,373,388	-	**77,373,388**	96,977,066	**19,603,678**	Higher debtor base
Licences and permits	-	-	**-**	14,410	**14,410**	Not material
Commissions received	-	-	**-**	9,070,627	**9,070,627**	Not budgeted for
Other income	22,879,999	-	**22,879,999**	21,147,744	**(1,732,255)**	Not material
Interest received - investment	-	-	**-**	7,589,678	**7,589,678**	Not budgeted for
Dividends received	-	-	**-**	11,823	**11,823**	Not material
Total revenue from exchange transactions	**1,028,200,914**	**-**	**1,028,200,914**	**928,956,485**	**(99,244,429)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	148,379,657	-	**148,379,657**	176,827,344	**28,447,687**	Billing more than initial budget
Government grants & subsidies	434,657,000	-	**434,657,000**	603,407,632	**168,750,632**	Dependent on allocation from treasury
Transfer revenue						
Fines	6,000,000	-	**6,000,000**	2,301,050	**(3,698,950)**	Excessive budget
Total revenue from non-exchange transactions	**589,036,657**	**-**	**589,036,657**	**782,536,026**	**193,499,369**	
Total revenue	**1,617,237,571**	**-**	**1,617,237,571**	**1,711,492,511**	**94,254,940**	
Expenditure						
Personnel	(442,575,690)	-	**(442,575,690)**	(435,167,359)	**7,408,331**	% Reasonable
Remuneration of councillors	(25,533,594)	-	**(25,533,594)**	(22,702,751)	**2,830,843**	% Reasonable
Depreciation and amortisation	-	-	**-**	(260,463,571)	**(260,463,571)**	Not budgeted for
Impairment loss/ Reversal of impairments	(325,122,239)	-	**(325,122,239)**	(346,176,905)	**(21,054,666)**	Higher debtor base
Finance costs	(11,901,350)	-	**(11,901,350)**	(89,434,935)	**(77,533,585)**	Mainly interest on bulk purchases
Repairs and maintenance	(163,388,495)	-	**(163,388,495)**	(39,394,974)	**123,993,521**	Mismatch between payment and expense

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Bulk purchases	(383,827,667)	-	**(383,827,667)**	(596,165,158)	**(212,337,491)**	Mismatch between payment and expense
Contracted Services	(93,301,645)	-	**(93,301,645)**	(104,460,085)	**(11,158,440)**	Mismatch between payment and expense
General Expenses	(132,998,739)	-	**(132,998,739)**	(157,966,224)	**(24,967,485)**	Mismatch between payment and expense
Total expenditure	**(1,578,649,419)**		**-(1,578,649,419)**	**(2,051,931,962)**	**(473,282,543)**	
Operating deficit	**37,763,152**	**(1,616,412,571)**	**(1,578,649,419)**	**(340,439,451)**	**1,238,209,968**	
Fair value adjustments	-	-	-	(57,820,717)	**(57,820,717)**	Actuarial fair value adjustment on post-employment benefits
Deficit before taxation	**37,763,152**	**(1,616,412,571)**	**(1,578,649,419)**	**(398,260,168)**	**1,180,389,251**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**37,763,152**	**(1,616,412,571)**	**(1,578,649,419)**	**(398,260,168)**	**1,180,389,251**	

Accounting Policies

1. Presentation of Financial Statements

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

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. The figures are rounded to the nearest rand.

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

These accounting policies are consistent with the previous period except for the changes set out in note 2 Standards and interpretations effective and adopted in the current year.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

Provisions

Provisions were raised for future rehabilitation costs of landfill sites and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related medical aid and pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 19.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Accounting Policies

1.2 Investment property (continued)

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	Indefinite
Community Facilities	7 - 50 years
Halls	5 - 50 years
Stadiums	5 - 50 years
Swimming Pools	7 - 50 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.3 Property, plant and equipment

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 period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured 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 management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Accounting Policies

1.3 Property, plant and equipment (continued)

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land and Buildings	
• Land	Indefinite life
• Cemeteries	7 - 50 years
• Community assets	5 - 50 years
• Heritage assets	Indefinite life
• Road reserve furniture	30 years
• Operational facilities	7 - 30 years
• Solid waste	7 - 50 years
• Buildings	5 - 50 years
Infrastructure	
• Roads	10 - 80 years
• Electricity	20 - 50 years
• Sanitation	1 - 50 years
• Water	Indefinite - 50 years
Other property, plant and equipment	
• Bins and Containers	5 - 10 Years
• Motor Vehicles	3 - 7 Years
• Furniture and Fittings	7 - 10 Years
• Specialist Vehicles	10 - 15 Years
• Office Equipment	3 - 7 Years
• IT Equipment	15 Years
• Other Equipment	2 - 5 Years
• Specialised equipment	10 - 15 Years

Accounting Policies

1.4 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.5 Intangible assets

An asset is identified as an intangible asset when it:

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

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

1.6 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Accounting Policies

1.6 Heritage assets (continued)

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Subsequent measurement

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

Accounting Policies

1.7 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Accounting Policies

1.7 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Consumer Debtors	Financial asset measured at amortised cost
Trade receivables	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at fair value and amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade payables	Financial liability measured at amortised cost
Other financial liability	Financial liability measured at fair value

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Accounting Policies

1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

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

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

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

Accounting Policies

1.7 Financial instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Accounting Policies

1.7 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

Accounting Policies

1.7 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.8 Tax

VAT

The entity accounts for VAT on the cash basis. The entity is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The entity accounts for VAT on a monthly basis.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Accounting Policies

1.9 Leases (continued)

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Identification

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. 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.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation 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 only occur when there is clear evidence that such a redesignation is appropriate.

1.12 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Accounting Policies

1.12 Impairment of non-cash-generating assets (continued)

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:
(a) the period of time over which an asset is expected to be used by the municipality; or
(b) the number of production or similar units expected to be obtained from the asset by the municipality.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating 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. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. 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.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

1.13 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:
- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

Accounting Policies

1.13 Employee benefits (continued)

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise 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 entity recognise 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.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Accounting Policies

1.13 Employee benefits (continued)

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- 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.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.14 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Accounting Policies

1.14 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- 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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

An entity assesses the probability of each transaction on an individual basis when it occurs. Entities shall not assess the probability on an overall level based on the payment history of recipients of the service in general when the probability of revenue is assessed at initial recognition.

The full amount of revenue will be recognised at initial recognition. Assessing impairment is an event that takes place subsequently to initial recognition. Such impairment is an expense. Revenue is not reduced by this expense the probability test on initial recognition of exchange revenue; it should not be applied by analogy to other types of transactions.

Sale of goods

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

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Accounting Policies

1.15 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Services rendered include electricity, water, waste collection, santiation and sewerage.

Interest and dividends

Revenue arising from the use by others of entity assets yielding interest and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

1.16 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.17 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.18 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

Accounting Policies

1.19 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.21 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Detailed disclosures were made in the notes to the financial statements as required by the Municipal Finance Management Act (Act No. 56 of 2003).

1.22 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Detailed disclosures were made in the notes to the financial statements as required by the Municipal Finance Management Act (Act No. 56 of 2003).

1.23 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

Municipal Finance Management Act (Act No.56 of 2003) Circular No. 68 was issued on 10 May 2013 to provide clarity on the procedures to be followed when dealing with irregular expenditure. This guideline is to be effective for all irregular expenditure from 1 July 2013, but was used as a guideline for irregular expenditure in the current year.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Accounting Policies

1.23 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy and has not been condoned. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 Use of estimates

The preparation of financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.25 Presentation of currency

These financial statements are presented in South African Rand.

1.26 Offsetting

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

1.27 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.28 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

1.29 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisation (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2012 to 30/06/2013.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Accounting Policies

1.29 Budget information (continued)

The financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the financial statements. Refer to note 6 & 39.

Comparative information is not required.

1.30 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Figures in Rand	2013	2012

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 23: Revenue from Non-exchange Transactions	01 April 2012	The standard will not have a material impact on the annual financial statements.
• GRAP 24: Presentation of Budget Information in the Financial Statements	01 April 2012	Additional disclosure is to be included in the financial statements. Please refer to the Statement of Comparison of Budget and Actual Amounts for disclosure.
• GRAP 103: Heritage Assets	01 April 2012	Due to the implementation of GRAP 103, certain heritage assets will reclassified to other assets (primarily Property, Plant and Equipment) as these assets no longer fit the definition of heritage assets
• GRAP 21: Impairment of non-cash-generating assets	01 April 2012	Significant impact due to valuation of assets.
• GRAP 26: Impairment of cash-generating assets	01 April 2012	Significant impact due to valuation of assets.
• GRAP 104: Financial Instruments	01 April 2012	There will be significant changes. This main changes relates to the classification of the different categories of financial instruments and the changes in provision for impairment.

2.2 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25: Employee benefits	01 April 2013	The most significant impact of the standard relates to actuarial gains and losses that may now only be recognised in full in the year that it arises (no more options).

Notes to the Financial Statements

2. New standards and interpretations (continued)

2.3 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2013 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 20: Related parties	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.
• IGRAP 11: Consolidation – Special purpose entities	01 April 2014	It is unlikely that the standard will have a material impact on the annual financial statements.
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2014	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2014	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 7 (as revised 2010): Investments in Associates	01 April 2014	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2014	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 1 (as revised 2012): Presentation of Financial Statements	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 7 (as revised 2012): Investments in Associates	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.

Notes to the Financial Statements

2. New standards and interpretations (continued)

• GRAP 9 (as revised 2012): Revenue from Exchange Transactions	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 12 (as revised 2012): Inventories	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 13 (as revised 2012): Leases	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 16 (as revised 2012): Investment Property	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 17 (as revised 2012): Property, Plant and Equipment	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.
• IGRAP16: Intangible assets website costs	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.
• IGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.

Notes to the Financial Statements

Figures in Rand	2013	2012
3. Inventories		
Consumable stores - at cost	5,274,373	3,907,677
Cufflinks - at cost	2,149	2,149
Farm land	75,910,456	75,910,456
Residential buildings for resale	3,051,000	3,051,000
Vacant stands	624,712,220	624,712,220
Water - at cost	220,000	1,607,694
	709,170,198	**709,191,196**

Refer to note 31 for the water purchases expensed during the year.

Inventory pledged as security

No inventory was pledged as security for any financial liability.

4. Other financial assets		
Designated at fair value		
Unlisted shares Shares in Senwes and Senwesbel.	302,600	287,317
At amortised cost		
RMB Asset Management (Guarantee Investment Trust) The maturity date of the investment is 2013/12/13 and interest is earned at a rate of 14.94% per annum.	18,695,481	16,115,865
RMB Asset Management (Guarantee Investment Trust) The maturity date of the investment is 2015/10/19 and interest is earned at a rate of 14.86% per annum.	13,654,651	11,779,877
ABSA Fixed Deposit (20-5944-0982) The maturity date of the investment is 2012/04/30 and interest is earned at a rate of 5.06% per annum.	85,493	10,106,151
ABSA Fixed Deposit (20-5935-9440) The maturity date of the investment is 2011/09/28 and interest is earned at a rate of 5.42% per annum.	527,187	500,208
	32,962,812	**38,502,101**
Total other financial assets	**33,265,412**	**38,789,418**
Non-current assets		
Designated at fair value	302,600	287,317
At amortised cost	13,654,651	28,395,950
	13,957,251	**28,683,267**
Current assets		
Designated at fair value	19,308,161	10,106,151

Notes to the Financial Statements

Figures in Rand	2013	2012

Financial assets at fair value

Fair value information:

Fair values are determined annually at statement of financial position date.

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 1		
Shares in Senwes and Senwesbel	302,600	287,317
Level 2		
ABSA Fixed Deposits	612,680	10,606,359
RMB Asset Management (Guaranteed Investment Trust)	32,350,132	27,895,742
	32,962,812	**38,502,101**
	33,265,412	**38,789,418**
Investments pledged as collateral		
Limited cession over ABSA investment account: 20-5944-0982	10,000,000	10,000,000

At year end above cession was utilised.

Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year.

5. Trade and other receivables

Deposits	9,850	9,850
Health Subsidies	85,714	85,715
Other Receivables	3,519,834	5,626,395
	3,615,398	**5,721,960**

Included in other receivables are irregular expenditure incurred during the year which will be recovered. Refer to note 44.

Included in other receivables are unspent conditional grants with favourable balances. Refer to note 16.

Notes to the Financial Statements

Figures in Rand	2013	2012

6. Consumer receivables from non-exchange transactions

Gross balances		
Rates	297,958,639	279,879,667
Rates - Impairment	(268,523,669)	(236,000,988)
	29,434,970	**43,878,679**
Rates - Ageing		
Current (0 - 30 days)	10,131,948	6,832,599
31 - 60 days	4,815,758	3,561,475
61 - 90 days	2,407,488	2,311,081
90 - 120 days	12,079,776	31,173,524
	29,434,970	**43,878,679**
Summary of rates debtors by classification		
Consumers		
Current (0 - 30 days)	7,120,455	-
31 - 60 days	4,521,799	-
61 - 90 days	3,804,594	-
90 - 120 days	167,725,187	-
	183,172,035	-
Less: Impairment	(183,172,035)	-
	-	-
Industrial / commercial		
Current (0 - 30 days)	4,450,395	-
31 - 60 days	3,159,990	-
61 - 90 days	1,419,942	-
90 - 120 days	62,052,823	-
	71,083,150	-
Less: Impairment	(53,286,283)	-
	17,796,867	**-**
National and provincial government		
Current (0 - 30 days)	1,495,424	-
31 - 60 days	782,519	-
61 - 90 days	559,896	-
90 - 120 days	8,800,264	-
	11,638,103	-
Less: Impairment	-	-
	11,638,103	**-**
Indigents		
Current (0 - 30 days)	321,690	-
31 - 60 days	297,555	-
61 - 90 days	293,951	-
90 - 120 days	31,152,155	-
	32,065,351	-
Less: Impairment	(32,065,351)	-
	-	-

Level of detail for 2011/2012 is not readily available and therefore this ageing per debtors classification is omitted.

Notes to the Financial Statements

Figures in Rand	2013	2012
7. Consumer receivables from exchange transactions		
Gross balances		
Electricity	192,488,833	181,836,310
Water	780,383,582	587,500,704
Sewerage	299,851,769	238,970,970
Refuse	209,292,684	164,397,996
Housing rental	844,585	769,145
Other (specify)	121,035,924	109,496,853
	1,603,897,377	**1,282,971,978**
Less: Non-Current Arrangements	(22,951,261)	(23,057,044)
Arrangements - Total	31,132,973	23,057,044
Arrangements - Current	(8,181,712)	-
	1,580,946,116	1,259,914,934
Less: Allowance for impairment		
Electricity	(127,468,041)	(123,338,241)
Water	(742,270,515)	(553,243,735)
Sewerage	(288,937,389)	(228,722,796)
Refuse	(203,668,259)	(159,287,168)
Housing rental	(844,390)	(762,891)
Other (specify)	(118,025,316)	(105,279,074)
	(1,481,213,910)	**(1,170,633,905)**
Less: Non-Current Arrangements	19,119,211	21,349,126
Arrangements - Total	25,659,973	21,349,126
Arrangements - Current	(6,540,762)	-
	(1,462,094,699)	(1,149,284,779)
Net balance		
Electricity	65,020,792	58,498,069
Water	38,113,067	34,256,969
Sewerage	10,914,380	10,248,174
Refuse	5,624,425	5,110,828
Housing rental	195	6,254
Other (specify)	3,010,608	4,217,780
	122,683,467	**112,338,074**
Less: Non-Current Arrangements	(3,832,050)	(1,707,919)
Arrangements - Total	5,473,000	1,707,919
Arrangements - Current	(1,640,950)	-
	118,851,417	110,630,155
Electricity		
Current (0 -30 days)	51,074,282	43,567,499
31 - 60 days	7,684,409	7,156,595
61 - 90 days	2,251,024	1,026,926
91 - 120 days	4,011,077	6,261,506
	65,020,792	**58,012,526**
Water		
Current (0 -30 days)	18,472,588	15,946,203
31 - 60 days	5,060,997	1,763,340
61 - 90 days	2,915,065	856,336
91 - 120 days	11,664,417	15,176,302
	38,113,067	**33,742,181**

Notes to the Financial Statements

Figures in Rand	2013	2012
7. Consumer receivables from exchange transactions (continued)		
Sewerage		
Current (0 -30 days)	4,958,731	3,005,977
31 - 60 days	2,395,095	1,059,000
61 - 90 days	1,276,174	440,519
91 - 120 days	2,284,380	5,604,464
	10,914,380	**10,109,960**
Refuse		
Current (0 -30 days)	2,626,694	1,512,237
31 - 60 days	1,133,291	438,555
61 - 90 days	701,002	193,922
91 - 120 days	1,163,438	2,882,885
	5,624,425	**5,027,599**
Housing rental		
Current (0 -30 days)	65	6,254
31 - 60 days	65	-
61 - 90 days	65	-
	195	**6,254**
Other		
Current (0 -30 days)	1,021,539	733,747
31 - 60 days	572,710	293,875
61 - 90 days	276,061	62,533
91 - 120 days	1,140,298	2,641,480
	3,010,608	**3,731,635**
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	70,013,106	85,438,007
31 - 60 days	29,779,921	34,447,461
61 - 90 days	27,419,324	29,056,588
91 - 120 days	895,294,102	916,449,977
	1,022,506,453	1,065,392,033
Less: Allowance for impairment	(951,771,302)	(995,171,583)
	70,735,151	**70,220,450**
Industrial/ commercial		
Current (0 -30 days)	38,515,680	43,654,096
31 - 60 days	8,538,383	19,315,033
61 - 90 days	4,895,953	5,095,250
91 - 120 days	102,131,490	112,141,948
	154,081,506	180,206,327
Less: Allowance for impairment	(120,270,045)	(137,045,723)
	33,811,461	**43,160,604**

Notes to the Financial Statements

Figures in Rand	2013	2012
7. Consumer receivables from exchange transactions (continued)		
National and provincial government		
Current (0 - 30 days)	6,204,226	7,873,609
31 - 60 days	2,636,159	3,347,884
61 - 90 days	392,809	1,998,065
91 - 120 days	8,909,642	29,402,893
	18,142,836	**42,622,451**
Indigents		
Current (0 - 30 days)	11,934,142	14,508,383
31 - 60 days	8,045,218	8,133,224
61 - 90 days	10,321,269	8,255,014
91 - 120 days	378,027,544	242,097,707
	408,328,173	**272,994,328**
Less: Allowances for impairment	(408,328,173)	(272,994,328)
	-	-
Housing debtors		
Current (0 - 30 days)	6,532	6,255
31 - 60 days	6,482	6,204
61 - 90 days	6,432	6,153
91 - 120 days	825,139	750,534
	844,585	**769,146**
Less: Allowances for impairment	(844,390)	(762,891)
	195	6,255
Total		
Current (0 - 30 days)	126,667,513	107,601,959
31 - 60 days	49,006,164	65,252,147
61 - 90 days	43,035,782	44,413,192
91 - 120 days	1,385,187,917	1,301,705,669
Less: Arrear accounts reflected as Non-Current consumers	(22,951,261)	(23,057,045)
	1,580,946,115	1,495,915,922
Less: Allowance for impairment	(1,462,094,698)	(1,385,285,767)
	118,851,417	**110,630,155**
Less: Provision for debt impairment		
Current (0 -30 days)	(48,489,786)	(79,873,165)
31 - 60 days	(32,014,723)	(50,801,924)
61 - 90 days	(35,386,532)	(39,310,921)
91 - 120 days	(1,365,322,869)	(979,298,769)
	(1,481,213,910)	**(1,149,284,779)**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(1,366,698,632)	(1,038,730,849)
Impairment	(341,866,850)	(333,539,314)
Debt impairment written off against allowance	3,075,010	5,571,531
Prior period adjustment to impairment	(18,587,135)	-
	(1,724,077,607)	**(1,366,698,632)**

Figures in Rand	2013	2012

7. Consumer receivables from exchange transactions (continued)

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

None of the financial assets that are fully performing have been renegotiated in the last year.

The creation and release of allowance for impaired receivables have been included in operating expenses in the statement of financial performance (note 29). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The municipality does not hold any collateral as security.

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	58,469	38,504
Bank balances	631,397	41,408,524
Short-term deposits	3,486,388	3,217,474
Bank overdraft	(6,187,309)	-
	(2,011,055)	**44,664,502**
Current assets	4,176,254	44,664,502
Current liabilities	(6,187,309)	-
	(2,011,055)	**44,664,502**

The total amount of undrawn facilities available for future operating activities and commitments:

Overdraft facility	10,000,000	10,000,000
Housing Guarantees facility	500,000	200,000
ACB Mag Tape Debit facility	2,000,000	1,500,000
AVAF facility	60,000	-
AVAF facility	67,000	-
Fleet card	60,000	60,000

Cash and cash equivalents pledged as collateral

Financial assets pledged as collateral for ABSA overdraft facilities: Limited cession of R900,000 over ABSA call account: 50-6438-8780	-	900,000

Notes to the Financial Statements

Figures in Rand	2013	2012

8. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2013	30 June 2012	30 June 2011	30 June 2013	30 June 2012	30 June 2011
Bank Balances						
ABSA (Welkom Branch) - Account Number 40 5370 5465 (Primary Bank Account)	6,545,048	38,037,201	14,748,544	(6,156,365)	39,575,541	15,950,357
ABSA (Welkom Branch) - Account Number 405 644 3399 (Market Account)	2,223,282	1,583,328	1,352,731	(30,944)	1,245,208	1,622,271
FNB (Welkom Branch) - Account Number 542 3117 3409 (Collection Account)	631,747	587,775	389,545	631,397	587,774	389,545
Short term deposits						
ABSA - Account Number 6054300806	951,669	922,346	904,048	951,774	922,447	904,048
ABSA - Account Number 9094617107	26,879	26,879	426,879	26,941	26,881	427,348
ABSA - Account Number 9106684115	1,101,010	403,253	6,046,088	1,128,782	404,402	6,113,223
ABSA - Account Number 5064388780	-	-	900,000	-	-	900,000
ABSA - Account Number 911141338	9,121	341,229	11,927	9,148	341,323	11,944
ABSA - Account Number 9106684238	7,333	137,214	6,802,282	7,353	182,153	6,817,290
ABSA - Account Number 9106538138	238	6,868	824,493	238	7,380	826,322
ABSA - Account Number 9106684157	2,365	2,364	2,334	2,366	2,364	2,337
ABSA - Account Number 9123515666	11,103	11,091	10,961	11,103	11,092	10,961
ABSA - Account Number 6301667719	-	19,633	19,357	-	19,644	19,400
ABSA - Account Number 6304159559	29	29	29	29	29	29
ABSA - Account Number 9085913568	60,442	57,523	54,549	60,680	57,523	54,785
ABSA - Account Number 9065014332	536,523	510,612	484,210	538,641	510,612	486,307
ABSA - Account Number 9086656806	51,438	48,954	46,423	51,642	48,954	46,624
FNB - Account Number 61404001177	5,036	4,986	4,936	5,036	4,986	4,936
FNB - Account Number 62003503019	692,654	677,685	659,933	692,654	677,685	659,933
Total	**12,855,917**	**43,378,970**	**33,689,269**	**(2,069,525)**	**44,625,998**	**35,247,660**

Bank accounts without a balance at year end is:
ABSA 6304284885
ABSA 6301667719 (Closed June 2103)
ABSA 5064388780 (Closed May 2012)

Notes to the Financial Statements

Figures in Rand	2013	2012

9. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	532,640,471	-	532,640,471	532,640,471	-	532,640,471
Infrastructure	5,735,120,884	1,301,651,974)	4,433,468,910	5,735,120,884	(1,080,924,591)	4,654,196,293
Furniture and fittings	28,513,831	(11,037,549)	17,476,282	27,681,504	(7,119,690)	20,561,814
Motor vehicles	94,955,818	(14,663,108)	80,292,710	93,971,657	(9,747,746)	84,223,911
Office equipment	5,849,720	(2,507,355)	3,342,365	5,235,078	(1,383,392)	3,851,686
Computer equipment	9,459,261	(4,258,119)	5,201,142	9,219,994	(2,252,313)	6,967,681
Other equipment	22,407,529	(10,642,297)	11,765,232	22,012,981	(6,474,829)	15,538,152
Specialised vehicles	19,588,707	(4,226,848)	15,361,859	19,588,706	(3,512,899)	16,075,807
Capital work in progress	511,655,525	-	511,655,525	341,404,930	-	341,404,930
Total	**6,960,191,746**	**(1,348,987,250)**	**5,611,204,496**	**6,786,876,205**	**(1,111,415,460)**	**5,675,460,745**

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Impairment loss	Total
Land	532,640,471	-	-	-	532,640,471
Infrastructure	4,654,196,293	-	(220,727,383)	-	4,433,468,910
Motor vehicles	84,223,911	984,161	(4,070,255)	(845,107)	80,292,710
Furniture and fittings	20,561,814	832,327	(3,886,840)	(31,019)	17,476,282
Office equipment	3,851,686	614,642	(1,071,965)	(51,998)	3,342,365
Other equipment	15,538,152	394,548	(2,957,428)	(1,210,040)	11,765,232
Computer equipment	6,967,681	239,267	(1,977,036)	(28,770)	5,201,142
Specialised vehicles	16,075,807	-	(713,948)	-	15,361,859
Capital work in progress	341,404,930	170,250,595	-	-	511,655,525
	5,675,460,745	**173,315,540**	**(235,404,855)**	**(2,166,934)**	**5,611,204,496**

Notes to the Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Movement in Retention	Depreciation	Impairment loss	Transfer to Infrastructure	Total
Land	532,640,471	-	-	-	-	-	532,640,471
Infrastructure	4,727,391,100	147,532,576	-	(220,727,383)	-	-	4,654,196,293
Motor vehicles	82,959,175	5,248,905	-	(3,984,169)	-	-	84,223,911
Furniture and fittings	23,011,342	989,712	-	(3,439,240)	-	-	20,561,814
Office equipment	4,327,260	245,697	-	(721,271)	-	-	3,851,686
Other equipment	17,235,547	918,417	-	(2,615,812)	-	-	15,538,152
Computer equipment	7,283,872	883,783	-	(1,199,974)	-	-	6,967,681
Specialised vehicles	16,789,756	-	-	(713,949)	-	-	16,075,807
Capital work in progress	333,864,290	181,601,023	(567,091)	-	(23,437,751)	(150,055,541)	341,404,930
	5,745,502,813	**337,420,113**	**(567,091)**	**(233,401,798)**	**(23,437,751)**	**(150,055,541)**	**5,675,460,745**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Assets subject to finance lease (Net carrying amount)

Office equipment	-	3,062,290

Finance leases expired during the year under review. Leased on a month to month contract and deemed operating of nature.

Figures in Rand	2013	2012

10. Consumer debtors

Consumer debtors with arrangements that is not payable within the next financial year.

Arrangements		
Arrangements	22,951,261	23,057,045
Less: Provision for impairment	(19,119,211)	(21,349,918)
Net arrangements	**3,832,050**	**1,707,127**
Reconciliation of debt impairment provision		
Balance at beginning of the year	(21,349,918)	(19,421,657)
Contributions to provision	(4,310,055)	(1,928,261)
Reclassification to Current	6,540,762	-
	(19,119,211)	**(21,349,918)**

11. Other financial liabilities

At amortised cost		
DBSA Consolidated Loan	18,390,856	17,379,807
Terms and conditions - Refer to Appendix A for detail.		
DBSA 08110/102	146,479	1,895,798
Terms and conditions - Refer to Appendix A for detail.		
	18,537,335	**19,275,605**
Total other financial liabilities	**18,537,335**	
Current liabilities		
At amortised cost	18,537,335	19,275,605
The Municipality defaulted on the redemption of the following loans:		
DBSA Consolidated Loan	18,390,856	17,379,807
DBSA 08110/102	146,479	1,895,798
	18,537,335	**19,275,605**

The loans are from the Development Bank of South Africa and the full amount of R18,537,335 was in arrears as at 30 June 2013 (30 June 2012: R19,275,605)

The loans bear interest at between 10% and 12.5% per year. Arrear balances bear interest between 10% and 14.5%.

Figures in Rand	2013	2012

12. Finance lease obligation

Minimum lease payments due		
- within one year	221,142	6,685,118
- in second to fifth year inclusive	-	1,267,877
	221,142	7,952,995
less: future finance charges	(11,017)	(879,727)
Present value of minimum lease payments	**210,125**	**7,073,268**
Present value of minimum lease payments due		
- within one year	210,125	5,878,219
- in second to fifth year inclusive	-	1,195,049
	210,125	**7,073,268**
Non-current liabilities	-	1,195,048
Current liabilities	210,125	5,878,219
	210,125	**7,073,267**

It is municipality policy to lease certain equipment under finance leases.

The average lease term was 5 years and the average effective borrowing rate was 13% (2012: 13%).

Interest rates are linked to prime at the contract date. Most of the leases escalate at 10% p.a and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 9.

13. Trade and other payables

Trade payables	957,829,541	808,830,080
Payments received in advance	37,063,833	30,840,052
Accrued leave pay	47,880,220	49,518,014
Accrued bonus	7,578,514	7,114,675
Straightlining of operating leases	-	(53,345)
Deposits received	32,314	32,303
Other payables	19,600,373	16,550,812
	1,069,984,795	**912,832,591**

14. VAT payable

Tax refunds payables	7,013,476	29,175,051

VAT is payable to SARS on the receipts/payments basis. Only when payment is received from debtors is output VAT paid to the South African Revenue Services.

Only when payment is made to creditors, input VAT is claimed from the South African Revenue Services.

Figures in Rand	2013	2012

15. Consumer deposits

Water and electricity	29,396,890	27,936,787
Guarantees		
Guarantees held in lieu of Electricity and Water Deposits	4,406,506	4,245,706

Fair value appropriates the carrying value of consumer deposits.

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
DWAF - Sewerage	1,606,942	-
Integrated National Electrification Programme	6,119,690	869,419
LED Grant	88,400	88,400
Municipal Infrastructure Grant	65,109,816	5,611,296
Municipal Infrastructure Grant - PMU	-	3,289,567
Neighbourhood Development - National Treasury	1,673,960	958,960
Operation Hlasela - Bopa Lesedi Development	1,417,417	1,417,417
Parks Lotto	71,587	71,587
SETA Grants	2,285,743	1,076,767
South African Youth Council	163,134	163,134
	78,536,689	**13,546,547**
Movement during the year		
Balance at the beginning of the year	13,546,547	45,477,647
Receipts during the year	235,830,693	171,639,160
Income regocnition during the year	(170,840,551)	(161,521,383)
Grant withheld by National Treasury through Equitable share	-	(43,026,325)
Grant derecognised	-	977,448
	78,536,689	**13,546,547**

See note 23 for reconciliation of grants from National/Provincial Government.

17. Provisions

Reconciliation of provisions - 2013

	Opening Balance	Change in estimate	Total
Environmental rehabilitation	5,100,000	1,450,000	6,550,000

Reconciliation of provisions - 2012

	Opening Balance	Change in estimate	Total
Environmental rehabilitation	4,850,000	250,000	5,100,000

Figures in Rand	2013	2012

17. Provisions (continued)

Rehabilitation of landfill sites

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, (Act, 28 of 2002). The provision approximates the discounted expected future cash flows using reasonable estimation techniques.

The discount rate used for all the landfill sites is based on a CPA rate that matures as close as possible to the future date of the rehabilitation, the rate is 1.50% for the circumstances of the entity.
Landfills consist of:
Welkom (20 years)
Odendaalsrus (12 years)
Allanridge (15 years)
Hennenman (Phomolong) (15 years)

The final restoration of landfill sites are expected to be over a period of 20 years, being estimated useful lives and landfill sites. These liabilities are uncertain and the amounts disclosed are the possible outflow amounts.

18. Financial instruments disclosure

Categories of financial instruments

2013

Financial assets

	At fair value	At amortised cost	Total
Other financial assets	-	19,308,161	19,308,161
Consumer receivables from non-exchange transactions	-	29,434,970	29,434,970
Consumer debtors	-	3,832,050	3,832,050
Cash and cash equivalents	4,176,254	-	4,176,254
	4,176,254	**52,575,181**	**56,751,435**

Financial liabilities

	At fair value	At amortised cost	Total
Finance lease obligation	-	210,125	210,125
Trade and other payables from exchange transactions	-	1,069,984,795	1,069,984,795
Consumer deposits	29,396,890	-	29,396,890
Bank overdraft	6,187,309	-	6,187,309
VAT payable	-	7,013,476	7,013,476
Borrowings	-	18,537,335	18,537,335
	35,584,199	**1,095,745,731**	**1,131,329,930**

Figures in Rand	2013	2012

2012

Financial assets

	At fair value	At amortised cost	Total
Other financial assets	-	10,106,151	10,106,151
Consumer receivables from non-exchange transactions	-	43,878,679	43,878,679
Consumer debtors	-	1,707,919	1,707,919
Cash and cash equivalents	44,664,502	-	44,664,502
	44,664,502	**55,692,749**	**100,357,251**

Financial liabilities

	At fair value	At amortised cost	Total
Consumer deposits	27,936,787	-	27,936,787
VAT payable	-	29,175,051	29,175,051
	27,936,787	**29,175,051**	**57,111,838**

19. Employee benefit obligations

Defined benefit plan

The defined benefit plan consists of a post retirement medical aid plan.

Post retirement medical aid plan

Various councillors and employees belong to various post- retirement healthcare benefits schemes.

The liability of the schemes was valued as at 30 June 2010, 30 June 2011, 30 June 2012 and 30 June 2013.

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

LA Healt Medical Scheme
Bonitas Medical Scheme
Hosmed Medical Scheme
Samwumed Medical Scheme
KeyHealth Medical Scheme

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service members (Employees) 1,360 (2012: 1,400)
Continuation Members (Retirees, widowers and orphans): 184 (2012: 180)

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(282,485,000)	(224,650,000)

Disclosure in terms of GRAP 25:

The results as at the previous valuation date are unaffected by the move from the IAS 19 accounting standard (used in the previous valuation) to GRAP 25.

Defined benefit obligation	(282,485,000)	(224,650,000)
Experience adjustments on plan liabilities	-	(1,843,400)

Figures in Rand	2013	2012

19. Employee benefit obligations (continued)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	(224,650,000)	(189,827,000)
Net movement	(57,836,000)	(34,823,000)
Closing balance	**(282,486,000)**	**(224,650,000)**

Net expense recognised in the statement of financial performance

Service cost	(10,465,000)	(8,432,000)
Interest cost	(20,409,000)	(17,385,000)
Actuarial (gains) losses	(33,351,000)	(14,808,000)
Expected Benefits paid	6,389,000	5,802,000
Total movement	**(57,836,000)**	**(34,823,000)**

Figures in Rand	2013	2012

19. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.10 %	9.00 %
Healthcare cost Inflation	8.30 %	7.50 %
Net discount rate	0.74 %	1.40 %
Maximum contribution increase	6.54 %	6.50 %
Continuation percentage (employees)	90.00 %	90.00 %
Continuation percentage (widows)	90.00 %	90.00 %

Rationale for economic assumptions:

Discount rate

GRAP 25 requires that the discount rate used in the valuation be determined by reference to market yields on government bonds as at the balance sheet date. In line with GRAP 25 and current market practice, government bond yields are therefore used when setting our best-estimate discount rate assumption.

The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.

The estimated discount rate was set equal to the yield on the BEASSA zero-coupon yield curve with a term of 18 years, the expected duration of the liability based on the current membership data, as at 30 June 2013.

Healthcare cost inflation

In the past, healthcare cost inflation has typically exceeded the Consumer Price Index ("CPI") by a margin of 1% to 2%.

The CPI inflation assumption used in the previous valuations was set as the difference between the R186 and R197 bonds, adjusted by an inflation risk premium of 0.35%. However, the Bond Exchange of South Africa recently fitted a real yield curve on index-linked bonds. This real yield curve is published together with the BEASSA yield curve on zero-coupon government bond yields, which is a nominal yield curve.

The inflation assumption methodology has been updated to reflect the use of the real and nominal yield curves to determine the inflation assumption as this provides more accurate information on the outlook on inflation at specific durations. Therefore, the best estimate inflation assumption is calculated as the difference between the nominal and real yield curves at the point corresponding to the duration of the liability, including a 0.5% inflation risk premium adjustment to make appropriate allowance for the current economic environment. A margin of 2% was added to this value to determine the healthcare cost inflation assumption.

The CPI inflation assumption using this methodology is 6.30% as at 30 June 2013. Thus, the healthcare cost inflation has been set as 8.30% at the valuation date, after allowing for a margin of 2% over CPI inflation.

Figures in Rand	2013	2012

19. Employee benefit obligations (continued)

Other assumptions and disclosures

Net discount rate

The relationship between the gross discount rate and healthcare cost inflation rate is more important than the individual values. The net discount rate is also a highly significant assumption in the respective valuations.

The future medical benefits are projected in line with the healthcare cost inflation rate and discounted at the gross discount rate. This is equivalent to discounting the benefits at their current level at the net discount rate.

The net discount rate therefore depends on the relationship between the gross discount rate and the healthcare cost inflation rate respectively. Using the gross discount and healthcare cost inflation rates as shown above, the resulting net discount rate is 0.74% (calculated as (1 + discount rate)/(1 + healthcare cost inflation rate) – 1) for the 30 June 2013 valuation

Other assumptions and disclosures

Expected retirement age (Males & Females) - 63 years (2012: 63 years)
Spouse and principal member age difference- Male 3 years older than female (2012: Male 3 years older than female)

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	**One percentage point decrease**
Defined benefit obligation	(339,503,000)	(237,766,000)
Service Cost	(16,810,000)	(10,501,000)
Interest Cost	(31,342,000)	(21,803,000)

Expected contributions to post-employment benefit plans for the year ending 30 June 2013 would be approximately R6,759,000 (2012: R6,759,000).

Amounts for the current and previous two years are as follows:

	2013	**2012**	**2011**
Defined benefit obligation	282,485,000	224,650,000	189,827,000

Defined contribution plan

All councillors and employees belong to defined retirement plans administered by various Pension, Provident and Annuity Funds. As these are multi-employer funds, sufficient information is not available to enable the municipality to account for the plan(s) as a defined benefit plan(s). These amounts are accounted for as defined contribution plans.

The municipality is under no obligation to cover any unfunded benefits.

The amount recognised as an expense for defined contribution plans is	38,448,608	36,603,192

Figures in Rand	2013	2012

20. Revenue

Service charges	782,911,047	735,231,694
Rental of facilities and equipment	11,234,090	10,492,364
Interest received (trading)	96,977,066	78,051,520
Licences and permits	14,410	7,575
Property rates	176,827,344	152,938,125
Government grants and subsidies	603,407,632	570,189,011
Fines	2,301,050	3,623,477
	1,673,672,639	**1,550,533,766**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	782,911,047	735,231,694
Rental of facilities and equipment	11,234,090	10,492,364
Interest received (trading)	96,977,066	78,051,520
Licences and permits	14,410	7,575
	891,136,613	**823,783,153**
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	176,827,344	152,938,125
Transfer revenue		
Agency fees income	603,407,632	570,189,011
Fines	2,301,050	3,623,477
	782,536,026	**726,750,613**

21. Property rates

Rates received

Residential	55,797,207	49,912,112
Commercial	82,233,720	71,953,447
State	33,999,099	31,057,503
Small holdings and farms	4,797,318	15,063
	176,827,344	**152,938,125**

Valuations

Residential	10,799,898,850	0,797,097,850
Commercial	3,121,777,900	3,083,758,900
State	1,415,855,600	1,414,145,600
Small holdings and farms	2,205,257,620	538,000
Exempted	1,284,242,168	3,524,206,768
	18,827,032,138	**8,819,747,118**

The new valuation roll was completed during the prior financial year and the new Property Rates Policy was implemented on 1 July 2012.

Figures in Rand	2013	2012

22. Service charges

Sale of electricity	394,390,015	390,076,445
Sale of water	214,470,451	180,166,047
Sewerage and sanitation charges	106,639,893	101,055,024
Refuse removal	67,410,688	63,934,178
	782,911,047	**735,231,694**

23. Government grants and subsidies

Operating grants		
Equitable Share	430,648,000	390,659,325
Financial Management Grant	1,500,000	1,450,000
Municipal Systems Improvement Act	800,000	522,704
Municipal Infrastructure Grant - Operating	2,626,707	2,649,675
Lejweleputswa District Municipality	1,900,000	9,244,302
SETA Grant	614,207	1,034,393
	438,088,914	405,560,399
Capital grants		
Municipal Infrastructure Grant	153,829,141	154,083,089
Department of Water and Environmental Affairs	5,352,848	9,741,449
Integrated National Electrification Programme	6,136,729	1,264,581
Department of Mineral and Energy Affairs	-	(460,507)
	165,318,718	164,628,612
	603,407,632	**570,189,011**

Equitable Share

Current-year receipts - DoRA	430,648,000	390,659,325
Conditions met - transferred to revenue	(430,648,000)	(390,659,325)
	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. This grant is disbursed bu National Treasury.

Financial Management Grant

Current-year receipts	1,500,000	1,450,000
Conditions met - transferred to revenue	(1,500,000)	(1,450,000)
	-	-

Conditions still to be met - remain liabilities (see note 16).

The Financial Management Grant serves to assist the Municipality to implement the financial reforms that are contained in the Municipal Finance Management Act. This grant has not been withheld.

Figures in Rand	2013	2012

23. Government grants and subsidies (continued)

Municipal Systems Improvement Grant

Balance unspent at beginning of year	-	1,423,960
Current-year receipts	800,000	790,000
Withheld	-	(1,691,256)
Grant derecognised	-	516,941
Conditions met - transferred to revenue	(800,000)	(1,039,645)
	-	-

Conditions still to be met - remain liabilities (see note 16).

The Municipality Systems Improvement Grant is to support the municipality and governance systems, planning and implementation, reviewing integrated development plans and implementing the Municipal Systems Act.

SETA Grants

Balance unspent at beginning of year	1,076,767	-
Current-year receipts	1,823,183	2,111,160
Conditions met - transferred to revenue	(614,207)	(1,034,393)
	2,285,743	**1,076,767**

This grant represents money transferred by the Sector Education and Training Authorities to improve the auditing skills for municipalities.

LED Grant

Balance unspent at beginning of year	88,400	88,400

Conditions still to be met - remain liabilities (see note 16).

This grant from the Provincial Government has been used to encourage local economic development through property development. This grant has been used in town.

South African Youth Council

Balance unspent at beginning of year	163,134	163,134

Conditions still to be met - remain liabilities (see note 16).

Money was granted to the Municipality to engage 1500 young people in community development activities that position young people as agents for service delivery in their respective communities. This grant has not been withheld.

Municipal Infrastructure Grant

Balance unspent at beginning of year	8,900,864	41,354,190
Grant withheld by National Treasury through Equitable Share	-	(40,616,562)
Current year reciepts - DoRA	200,300,000	164,896,000
Current year reciepts - Thambanani	12,634,800	-
Conditions met (operating expenditure) - transferred to revenue	(2,626,706)	(2,649,675)
Conditions met - transferred to revenue	(153,829,141)	(154,083,089)
	65,379,817	**8,900,864**

Conditions still to be met - remain liabilities (see note 16).

To finance the extension of services and to alleviate poverty. The purpose of this grant is also to stimulate local economic development and job recreation over the medium term..

Figures in Rand	2013	2012

23. Government grants and subsidies (continued)

Department of Water and Environmental Affairs

Transfer of balance (from) / to Sundry Debtors	(475,804)	(1,148,078)
Current-year receipts	7,435,594	10,413,724
Conditions met - transferred to revenue	(5,352,848)	(9,741,449)
Transfer of balance (from) / to Sundry Debtors	-	475,803
	1,606,942	**-**

Conditions still to be met - remain liabilities (see note 16).

This grant serves to aid development of water, run-off and sewerage control in the Matjhabeng area.

Integrated National Electrification Programme

Balance unspent at beginning of year	869,419	500,000
Current-year receipts	11,387,000	1,892,000
Grant withheld by National Treasury through Equitable Share	-	(258,000)
Conditions met - transferred to revenue	(6,136,729)	(1,264,581)
	6,119,690	**869,419**

Conditions still to be met - remain liabilities (see note 16).

This was money granted by the Department of Energy to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to approve quality of supply. Demand site grants included serve to manage electricity supply to aid load-situations. This grant has not been withheld.

Department of Mineral and Energy Affairs

Withheld	-	(460,507)
Grant derecognised	-	460,507
	-	**-**

Conditions still to be met - remain liabilities (see note 16).

The Municipality was granted a total of R550,000 for electrification of Thabong (ext. 15) and Bronville (ext. 9) - Phase 3 since the project started.

Neighbourhood Development - National Treasury

Balance unspent at beginning of year	1,417,417	1,417,417

Conditions still to be met - remain liabilities (see note 16).

The officer of the Premier has appointed Bopa Lesedi Development (Pty) Ltd as the Project Manager for the Matjhabeng ("the Operation Hlasela Project"), which provides for the immediate implementation of a number of variable projects in the Matjhabeng Local Municipality. 200 Workers were appointed (a directive from Premier Office) in order to help with necessary work in Phomolong. The payment for these workers are from the budget of Provincial Government.

Figures in Rand	2013	2012

23. Government grants and subsidies (continued)

Lotto Parks

Balance unspent at beginning of year	71,587	71,587

Conditions still to be met - remain liabilities (see note 16).

The Municipality was allocated an amount from Lotto to construct recreational facilities within the municipal areas. This grant has not been withheld.

24. Other revenue

Commissions received	9,070,627	8,272,557
Other income	21,147,744	19,348,875
	30,218,371	**27,621,432**
Other income		
Disconnection fees	3,351,311	4,295,550
Dumping fees	-	647,095
Hostel fees	4,641,831	3,511,548
Services rendered	1,766,412	1,994,229
Sundry Income	11,388,190	8,900,453
	21,147,744	**19,348,875**

25. Investment revenue

Dividend revenue		
Local Dividends	11,823	20,790
Interest revenue		
Financial Assets	7,589,678	7,419,622
	7,601,501	**7,440,412**

Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R7,585,384 (2012: R7,440,412).

26. Employee related costs

Basic	259,883,996	253,181,249
Bonus	17,887,863	17,120,804
Medical aid - company contributions	34,487,249	32,706,833
UIF	2,713,418	2,480,384
Leave pay provision charge	5,628,892	11,743,392
Post-employment benefits - Pension - Defined contribution plan	38,448,608	36,603,192
Overtime payments	35,796,050	37,367,346
Long-service awards	1,149,468	1,034,589
Transport allowance (bus coupons)	21,354,949	16,252,954
Housing benefits and allowances	3,334,732	2,330,125
Other allowances	13,381,850	11,923,020
Insurance group	1,100,284	4,814,571
Post-employment benefits - Medical Aid - Defined benefit plan	-	34,823,000
	435,167,359	**462,381,459**

Figures in Rand	2013	2012

26. Employee related costs (continued)

Remuneration of Municipal Manager

Annual Remuneration	1,234,225	1,281,500
Contributions to UIF, Medical and Pension Funds	219,063	1,389
	1,453,288	**1,282,889**

Remuneration of Chief Finance Officer

Annual Remuneration	-	-
Car Allowance	-	-
Contributions to UIF, Medical and Pension Funds	-	-
	-	-

The position of Chief Finance Officer is vacant from June 2010 and was not filled during the year.

Remuneration of Director: Strategic Support Services

Annual Remuneration	1,315,742	873,253
Travel Allowance	-	8,172
Contributions to UIF, Medical and Pension Funds	1,838	1,518
	1,317,580	**882,943**

The position of Chief Operating Officer was vacant from 1 April 2009 to 1 December 2009. The Director: Strategic Support Services was appointed on 1 December 2009 who replaced the position of the Chief Operating Officer.

Remuneration of Director: Community Services

Annual Remuneration	829,559	-
Car Allowance	143,319	-
Contributions to UIF, Medical and Pension Funds	143,234	-
	1,116,112	**-**

The position of director of community services is vacant and has not yet been filled.

Remuneration of Director: Corporate Services

Annual Remuneration	167,347	74,159
Car Allowance	-	16,521
Contributions to UIF, Medical and Pension Funds	149	19,136
	167,496	**109,816**

The position Chief Operating Officer was vacant during the year and has not yet been filled.

Remuneration of Directors: Infrastructure

Annual Remuneration	824,500	868,471
Car Allowance	274,957	2,104
Contributions to UIF, Medical and Pension Funds	1,689	1,518
	1,101,146	**872,093**

The position Chief Operating Officer was vacant during the year and has not yet been filled.

Figures in Rand	2013	2012

27. Remuneration of councillors

Executive Major	734,795	681,838
Mayoral Committee Members	5,207,490	4,854,890
Council Members	13,106,961	12,037,560
Speaker	1,156,107	539,690
Councillors' pension contribution	1,977,503	1,863,587
Other	(818)	(507,298)
Medical aid contribution	520,713	528,421
	22,702,751	**19,998,688**

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. Councillors may utilise official Council transportation when engaged in Council activities.

The Executive Mayor has use of a Council owned vehicle for official duties.

The Executive Mayor has two full-time bodyguards . The Speaker has a full-time messenger.

28. Depreciation and impairment

Property, plant and equipment	235,404,855	233,401,798
Depreciation on Inventory (Residential buildings)	-	30,241
Investment property	22,891,780	22,891,780
Impairment on movable assets	2,166,936	-
Impairment on immovable assets	-	34,210,093
	260,463,571	**290,533,912**

29. Impairment loss/ Reversal of impairments

Impairments		
Trade and other receivables	346,176,905	335,465,176
Provision for doubtful debt on consumer accounts.		

30. Finance costs

Non-current borrowings	2,961,731	2,794,331
Trade and other payables	69,322,764	53,934,315
Finance leases	777,777	1,967,254
Bank	88,685	89,164
Reversal of deemed interest on creditors	16,283,978	-
	89,434,935	**58,785,064**

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R89,434,935 (2012: R61,152,024).

31. Bulk purchases

Electricity	325,771,066	289,383,609
Water	270,394,092	234,430,485
	596,165,158	**523,814,094**

Figures in Rand	2013	2012
32. Contracted services		
Auditors remuneration	6,047,409	4,991,141
Consulting and professional fees	58,514,611	76,478,736
Meter Reading Services	21,160,310	9,497,424
Security (guarding of municipality)	18,737,755	15,793,343
	104,460,085	**106,760,644**
33. General expenses		
Advertising	2,904,870	1,175,199
Assets expensed	259,529	108,550
Bank charges	2,293,271	2,256,302
Chemicals	790,152	271,190
Cleaning	614,927	677,785
Community development and training	7,286	15,750
Conferences and seminars	108,940	247,690
Donations	173,684	29,572
Entertainment	960,483	476,151
Indigent Subsidy	27,271,345	21,007,853
Insurance	18,323,031	14,056,644
Magazines, books and periodicals	-	2,868
Marketing	64,137	512,200
Medical expenses	547,556	135,855
Municipal services	(2,411,058)	43,026
Operating cost of equipment	14,269,921	11,815,298
Operating cost of vehicles	40,925,673	26,551,780
Other expenses	15,019,207	2,065,479
Pest control	2,996	10,027
Printing and stationery	1,956,806	3,907,281
Rehabilitation of landfills	1,450,000	250,000
Royalties and license fees	4,065,520	4,119,279
Skills Development Levy	3,885,783	3,556,463
Subscriptions and membership fees	4,541,951	4,664,087
Telephone and fax	11,659,901	13,956,862
Training	1,232,258	590,041
Travel - local	3,296,092	3,215,756
Uniforms	3,751,963	2,459,056
	157,966,224	**118,178,044**

Figures in Rand	2013	2012

34. Cash generated from operations

Deficit **Adjustments for:**	(398,260,168)	(363,329,298)
Depreciation and amortisation	260,463,571	290,533,912
Gain on sale of assets and liabilities	-	290,408
Fair value adjustments	57,820,717	(3,570,335)
Finance costs - Finance leases	-	1,967,254
Impairment deficit	346,176,905	335,465,176
Movements in retirement benefit assets and liabilities	57,835,000	34,823,000
Movements in provisions	1,450,000	(53,383,608)
Changes in working capital:		
Inventories	20,998	(633,931)
Trade and other receivables	(344,508,107)	(328,920,650)
Other receivables from non-exchange transactions	14,443,709	(22,554,787)
Consumer debtors	(8,221,262)	(28,149,602)
Consumer debtors - non current	(2,124,131)	(1,250,356)
Trade and other payables	157,152,204	280,114,068
VAT	(22,161,575)	30,088,249
Unspent conditional grants and receipts	64,990,142	(31,931,100)
Consumer deposits	1,460,103	941,554
	186,538,106	**140,499,954**

35. Rental of facilities and equipment

Rentals - Living Quarters	7,490,647	7,121,790
Rentals - Sundry Properties	1,591,256	1,807,080
Rentals - Land	1,229,917	696,610
Rentals - Halls & Offices	314,010	323,560
Rentals - Other	608,260	543,324
	11,234,090	**10,492,364**

36. Operating deficit

Operating deficit for the year is stated after accounting for the following items but not limited thereto:

Repairs and Maintenance		
Building and Installation	1,337,229	2,697,755
Equipment	3,167,139	2,228,055
Land & Fences	560,415	1,002,227
Main Electricity: High Tension	387,552	6,645,586
Main Electricity: Low Tension	486,442	2,808,918
Main Sewerage: Blocked	986,809	732,572
Main Sewerage: Breakage	1,977,697	2,312,511
Main: Water	4,671,564	4,704,695
Meters and Connections	3,958,692	1,725,278
Pump Station: Civil	942,631	887,289
Pump Station: Electrical	1,351,117	1,312,139
Pump Station: Mechanical	1,024,432	1,067,456
Street name and traffic signs	33,575	1,340,861
Streetlights	589,167	1,891,891
Streets: Patching	1,152,836	1,215,950
Streets: Resealing	14,391,490	1,696,671
Other	2,376,189	2,017,900
	39,394,976	**36,287,754**

Figures in Rand	2013	2012

36. Operating deficit (continued)

Loss on sale of property, plant and equipment	-	(280,408)
Impairment on property, plant and equipment - work in progress written off	-	(30,241)
Impairment on Consumer Debtors	346,176,905	335,465,176
Depreciation on property, plant and equipment	260,463,571	259,667,532
Depreciation on investment property	-	30,866,380
Employee costs	457,870,110	482,380,147
Litigation settlement	-	16,350,982

37. Commitments

Capital and other expenditure

• Infrastructure	13,950,527	39,622,036
• Infrastructure - not yet contracted for	402,351,110	20,510,942
• Operating expenditure	8,155,451	-
• Professional fees	10,373,321	25,314,995
	434,830,409	**85,447,973**

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	-	754,952

Operating lease payments represent rentals payable by the municipality for certain of its office properties, equipment and fire trucks. No sublease payment expected to be received under non-cancelable sublease.

Figures in Rand	2013	2012

38. Contingencies

Housing Guarantees	-	182,315
MTM SP Guarantees facility	-	20,000

The following cases against the Municipality have been recorded as a contingent liability as there is uncertainty as to the outcome of the cases. The Municipality is defending the cases. The potential legal costs have not been included in the claims against the Municipality.

Contingencies

Odyssey Holdings versus Matjhabeng Local Municipality. Odyssey Holdings alleged that it was appointed in terms of Tender 22/2002 for the construction of Stormwater drainage in Kwutlwanong. Odyssey Holdings alleged that the tender did not reflect the true consensus and common intention between the parties (municipality and the contractor).	-	1,383,512
Mr. C.G. Jacobs versus Matjhabeng Local Municipality. Mr. C.G. Jacobs indicated in 2003 of his intention to resign from the Municipality at the retirement age of 60 (sixty). Mr Jacobs was allegedly advised to reserve his rights in the matter as there was a strong indication that the rules of the Free State Pension Fund would change increasing the retirement age up to 65 (sixty five) years. Although Mr. Jacobs wrote to Council informing it that he reserves his right not to retire pending the outcome of the decision of the Free State Pension Fund, he (Mr. Jacobs) filled out the application forms for his pension funds to be released which subsequently occurred. Council informed him on the 1st of October 2003 to vacate his office. Subsequently he referred his matter to the Bargaining Council. The Municipality lost its arguments at arbitration.	1,881,172	1,881,172
V&V Consulting Engineers versus Matjhabeng Local Municipality. Summons issued against the municipality, wherein the municipality was sued for failure to pay V&V Consulting Engineers for services rendered.	2,049,969	856,695
Mr. J.P. Wentzel versus Matjhabeng Local Municipality. Mr. J.P. Wenzel alleged that on or around 23 September 2008 a fire broke out within the Municipality's farm and spread to his farm. As a result thereof he suffered damages.	1,740,349	1,740,349
Koth Properties versus Matjhabeng Local Municipality. Appointed to prepare general valuations.The agreement was terminated by the municipality. Koth Properties issued a combined summons against the municipality for breach of contract.	14,400,000	14,400,000
State versus Matjhabeng Local Municipality. Following municipality's continued negligence to properly maintained numerous municipal sewer systems together with numerous complains lodged against the municipality regarding the problem herein a directive in terms of Section 53 (1) of the National Water Act, Act No 36 of 1998 was issued against the municipality for non-compliance in terms of the aforementioned Act. With the municipality not complying with the directive issued, a criminal case was instituted against the municipality, employees and former employees.	-	-
Fujitsi Services (Pty) Ltd versus Matjhabeng Local Municipality. The municipality was issued with a Combined Summons from Fujitsu Services (Pty) Ltd. Alleged that the municipality failed to make payments. Trial date has been applied and same is expected to be 2014.	7,051,943	7,051,941

Figures in Rand	2013	2012
38. Contingencies (continued)		
Oardweed Investments CC versus Matjhabeng Municipality The municipality was issued with Notice of Motion from Oardweed Investments CC for an order as follows: (i) That the Respondent (Municipality) be ordered to, within 30 days of the date of this order, cause a supplementary valuation to be made in respect of the fixed property known as Erf 1, Rheederpark, as is provided for in section 78 of Local Government: Municipal Property Rates Act, 2004. (ii) That the municipality be ordered to disclose to Oarweed, simultaneously with the disclosure of the result of the supplementary valuation, whether the new valuation of the property, if any, has been made in terms of the provisions of section 78 (1) (d) (e) and (f) of the Local Government: Municipal Property Rates Act, 2004. (iii) That Oarweed be ordered to pay all fees that may be payable in respect of the supplementary valuation referred to in paragraph 1 above.	-	-
MMS Collections versus Matjhabeng Local Municipality. The municipality was issued a Letter of Demand, claiming payment for an amount alleged to be agreed between the parties involved. The municipality has since instructed its attorneys to settle the matter out of court with Plaintiff. Municipality settlement was not accepted.	2,870,649	2,870,649
Ramabulana Investment Services versus Matjhabeng Local Municipality. The municipality was issued with a combined summons, claiming payment for services rendered.	1,821,367	1,821,367
R Pretorius versus Matjhabeng Local Municipality. On 24 January 2012 the municipality was served summons by the plaintiff claiming payment on the basis of fraudulent activities commited.	164,767	164,767
Tanker Project Solutions CC vs Matjhabeng Local Municipality. On the 30th March 2012 municipality was issued with combined summons claiming payment. The plaintiff alleged that he entered into a written agreement wherein he would act as consultant for the municipality in respect of the planning, design, supervision of infrastructure projects, development and implementation of technical assistance projects in terms of tender Notice 29/2009.	3,971,025	3,971,025
Mr. B.A. Murray versus Matjhabeng Local Municipality. On the 30th April 2012 municipality was issued with summons claiming payment. The plaintiff in the matter alleged that a collision occurred between a municipal vehicle driven by certain Mr Khomotsoana and the plaintiff's vehicle.	46,250	46,250
Sonja Wessels versus Matjhabeng Local Municipality. The Plaintiff herein instituted a civil proceeding against the Municipality for pain and suffering as result of an accident that occurred on 1 January 2011 at Valley Drive South, Virginia. Plaintiff alleges that on the day in question while driving on the aforementioned road, the motor cycle driven by one S Heydenreuch the Motorcycle hit a pothole in the said road, causing the aforementioned driver to lose control over the motorcycle which resulted in the motorcycle leaving the road and overturning. Memo requiring clarity was send to the line manager on receipt of unfavourable respond matter was been handed over to Maree & Gouws Attorneys to defend claim on behalf of the municipality and the Insurance have taken-over the matter and is now being handled by Honey Attorneys.	783,397	-

Figures in Rand	2013	2012
38. Contingencies (continued)		
Jan Bastian Reynders. The Plaintiff alleges that on or about 2nd August 2011 while travelling with his vehicle at Power road Virginia he approached a roadblock wherein he was stopped by Municipal traffic officer acting on their capacity as municipal employees. Traffic Officer become aggressive and demanded him to hand over his vehicle alleging that the vehicle is not road worthy as no front plate was displayed.The plaintiff alleges that in seizing the vehicle the defendant's employees had no reasonable cause to do so, as result of the above a claim in sum of R 300.000.00 for damages incurred. Memo requiring clarity was send to the line manager on receipt of unfavourable respond matter was been handed over to Maree & Gouws Attorneys to defend claim on behalf of the municipality and the Insurance have taken-over the matter and is now being handled by Honey Attorneys.	300,000	-
Prudence Dieketseng Nhlapo. On 11th January 2012 the Municipality was served with Ordinary Summons, wherein Plaintiff is instituting civil dispute arising from motor collision. As a result she instated a civil claim against the municipality for payment of R55 711, 98 (fifty five thousand, seven hundred and eleven rand and ninety eight cents). The matter have been lodged with the insurance.	55,712	-
Northern Spark Trading. On the 23rd July 2012 the municipality was served with a Warrant of Execution in respect of civil claim arising out of public liability claim. The judgement was rescinded and Messrs Maree Gouws was instructed by the Insurance to proceed in handling the matter further and the matter is on 13th June 2013.	84,516	-
Miss Byleveldt. Plaintiff alleges that during September 2011 she was driving at Fern Street, Virginia and an accident occurred as a result of pothole. As a result he suffered damages to the amount of R257 386, 60. The insurance have since appointed Messrs Honey Attorneys to handle the matter.	257,387	-
Vukuzimele Development Consultants CC t/a Vuka Academy. On the 27th December 2012 the Municipality was served with Combined Summons instituting a claim in sum of R195, 800.00 (One hundred and ninety five thousand, eight hundred rand) for an education for disabled people for 2011 Local Government Election.The matter herein was forwarded to erstwhile Acting Municipal Manager (now Senior Manager: LED) for his urgent attention. In preparation of Plea it has been established that the service provider (Plaintiff) indeed gave the municipality services and the municipality provided the voters with transport as well as the venue. Negotiations are taking place between the parties.	195,800	-
Ordinary Summons X83: Fanie Stephen Salean 82 others versus Matjhabeng Local Municipality The Plaintiffs in the matter herein alleges that they are entitled to certain amount of payment for work performed on Saturdays and Sundays since 2004. They further allege that notwithstanding their demands the municipality refuses and/or neglects to pay such services. A round table meeting has been arranged with respective departments on a way forward and in an attempt to establish the defence and also to discuss possibility of appointment of a legal representative , Messrs Maree Gouws was appointed. Notice of Intention to Defend was filed and in preparation of Plea.	-	-

Figures in Rand	2013	2012

38. Contingencies (continued)

Goldfields Tracing CC versus Matjhabeng Local Municipality During 2006 Goldfields Tracing CC was appointed as one of the four debt collectors selected by the municipality and following their appointments the difficulty arose when the debt collectors claimed commission on all amounts paid by the debtors directly without providing the necessary proof that the debt collector was the effective cause of the payment. Matjhabeng Local Municipality instituted action against Goldfields Tracing CC in that it was the only debt collector that failed to produce to the municipality all payments made to and on behalf of the municipality through its offices and as a result the judgment was granted in favour of the municipality by the Free State High Court. Messrs Maree Gouws Attorneys were appointed to act on behalf of the municipality. There have an exchange of Draft Forensic Report from Open Water Forensics and believe that it will highly unlikely that Messrs Steyn Attorney will proceed with legal action against the Municipality on behalf of Goldfields Tracing.	-	-
Kanono Jacobs Lento. On 1st February 2013 the Municipality was served with Combined Summons, wherein Plaintiff is instituting civil claim as a result of electric shock. The matter has since being referred to Council's insurance.	157,679	-
JJ Human versus Matjhabeng Municipality. During February 2013 Legal Services received correspondence from Mr JJ Human. In brief Mr Human states that he was appointed as an Audit Committee Member for the municipality. He further indicated that subsequent to his appointment he attended several meetings as scheduled. He was paid R11 855,00 for all the sittings as well as travelling costs though same was not paid timeously as there are amounts still outstanding. The above an item was prepared for Council deliberation on the matter and same was withdrawn no reasons furnished. On the 29th April 2013 Mr. JJ Human issued summons against the municipality for payment of R19 000, 00 and Messrs Maree Gouws have since being appointed to represent the municipality.	19,000	-
Gain Industries CC versus Matjhabeng Municipality. On the 23rd April 2013 Municipality was served with Summons by the abovementioned Plaintiff. Plaintiff alleges that he rendered professional services to the municipality during 2012 on the municipality's special request and instance and the services rendered amounts to R 360 628,15. Municipality has since appointed Messrs Maree Gouws Attorneys to represents the municipality whilst gathering information from relevant department.	360,628	-
Steven Heydenreich versus Matjhabeng Municipality. On 18 September 2012 the Municipality was served with a combined summons instituting claim in an amount of R 892 936.30 he suffered as result of an accident which occurred on the 1 January 2011 within the district of the Municipality, were in the Plaintiff drove into a pothole thus losing control of the motorcycle he was driving at the time and result in an accident. The claim herein been a public liability claim was referred to our Budget Control section to enable same to lodge the claim with the Municipal Insurer.	892,936	-
Sipho Mnisi versus Matjhabeng Municipality. On the 2nd May 2013 Municipality was served with Combined Summons from Sipho Mnisi. The plaintiff alleges that on the 4th May 2010 an incident occurred in Virginia, Leratong Street wherein the plaintiff's vehicle bumped into a pothole which resulted in defendant's vehicle damaged beyond economical repairs.The matter was been referred to municipal current Insurer and the latter repudiated the claim. the matter herein was thereafter referred to the previous insurance and in parallel appointed Messrs Maree Gouws to handle the matter as the dies was about to expire.	45,640	-

Figures in Rand	2013	2012
38. Contingencies (continued)		
Universal Pulse Trading 355 (Pty) Ltd versus Matjhabeng Municipality. On the 14th May 2008 the then Municipal Manager Mr. TH Pietersen appointed the service provider Universal Pulse for treatment of waste water in all municipal sewers. However it was later detected that the appointment of Universal Pulse and contract herein was in contravention with Municipal Finance Management Act as firstly the contractor was not appointed through supply chain process and secondly the terms agreed upon in their contract exceeded the required three year period. The service provider herein had already carried on with work and submitted and invoice to the amount of R 1 114 412.70 for work done.	1,114,413	-
Viljoen versus Matjhabeng Local Municipality. Plaintiff issued summons against Matjhabeng Local Minicipality for unlawful arrest and damages.	150,000	150,000
LGW Contractors versus Matjhabeng Local Municipality. Summons issued against the municipality for payment for alleged standing time. Since the matter was redundant an application for Absolution from the Instance was launched and granted in favour of the municipality on the 28th May 2013.	-	1,847,958
Tall Tree versus Matjhabeng Local Municipality. During 2002/03 the Municipality arranged for a Lekgotla at Qwa-Qwa. Tall Tree was appointed as a facilitator. It is alleged that the Company failed to submit its quotation as requested and also failed to produce and/or deliver in accordance with its appointment. Tall Tree subsequently issued summons for payment. The municipality does not accept offer of Tall Tree being R400 000 and that each party to pay its own legal costs. Consultation was arranged and the matter was settled out of court.	-	534,318
Oppenheimer Golf Course versus Matjhabeng Local Municipality. The municipality was served with Combined Summons for damage suffered as a result of an overflowing of Witpan Sewer Plant which resulted to the alleged damage of the golf course. Full and final settlement.	-	8,250,000
Big Bravo Construction CC versus Matjhabeng Local Municipality. The municipality was issued with a summons claiming payment. The Plaintiff allege that it rendered services to the municipality at its special instance and request during 2008 under project number 35/2006. The matter has since been referred to Finger Attorneys and Plaintiff has abandoned the claim.	-	65,000
	40,414,599	**47,035,003**

Wage curve agreement

Employee costs are subject to a wage curve agreement. The impact of this agreement is still to be determined.

Councilors Unemployment Insurance Fund contributions

Circular 1/2012 dated 26 January 2012 states that municipalities that have deducted UIF contributions from councillors after 1 April 2002 will have to take the necessary steps for the refund of such amounts from the Fund. The municipality have not yet submitted their claim to the Fund based on the following reasons:

- The information from 2002 to 2005 has not yet been collated.
- The municipality is awaiting the format in which the Fund requires the information to be summarized and then a payday report will have to be created in order to pull the information from the system.
- It is uncertain when the proposed format will be communicated.
- Councillors who resigned needs to be located.
- Family members of councillors who passed away needs to be located.

After the claim have been completed and submitted to the Fund, the refund will depend on the audit to be performed by the Fund on the claim and supporting information that was submitted to the Fund

38. Contingencies (continued)

Based on the uncertainty of the matter as described above, the matter is disclosed as a contingency:

Contingent Asset - the receipt of the contributions from the Fund. The existence of the asset 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 municipality.

Contingent Liability - the repayments of contributions deducted and subsequently recovered from the Fund. The existence of the liability will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent assets

Remuneration of council members:
The municipality did not remunerate its political office bearers and members of its political structures within the framework of the Public Office Bearers Act, 1998 (Act No. 20 of 1998) due to difference of opinion of the grading of the municipality. In terms of section 167(2) of the MFMA, the municipality must recover these overpayments.

These amounts have not been accounted for as a receivable at year-end as there is currently uncertainty surrounding the outcome of the dispute. The grading of the municipality will be finalised once a conclusion is reached based on the meeting to be held between the municipality, SALGA and CoGTA.

The above-mentioned amounts that have been overpaid is included in the note for irregular expenditure (note 43).

Supply of bulk electricity - Eskom
The validity of the electricity supply agreement between the municipality and Eskom, the billing system used, tariffs applied and the charging of compound interest charged since 2000 are disputed. Resolution of this dispute may result in recovery / adjustment of amounts paid / billed.

Supply of bulk water - Sedibeng
Charges for the supply of water and arrear interest by Sedibeng Water are disputed by the municipality. Resolution of this dispute may result in recovery / adjustment of amounts paid / billed.

Figures in Rand	2013	2012

39. Prior period errors

In terms of GRAP 3 - Accounting policies, Changes in Estimates and Errors:

39.1 Prior period error - Debtor payment disclosed as sundry income

Statement of financial position		
Refund control account (trade payables)	-	(1,511,526)
Statement of financial performance		
Sundry income	-	1,511,526

Correction of debtor payment received incorrectly disclosed as sundry income.

39.2 Prior period error - Sedibeng creditor cut-off correction

Statement of financial position		
Trade payables	-	(25,251,960)
VAT payable	-	2,647,634
	-	**(22,604,326)**
Statement of changes of net assets		
Accumulated surplus	-	18,245,991
	-	**18,245,991**
Statement of financial performance		
Interest paid to creditors	-	1,325,699
Bulk purchases water	-	3,032,637
	-	**4,358,336**

Correction of June 2011 Sedibeng Water invoices posted during the 2012 financial year and 2012 invoice posted during the 2013 financial year.

39.3 Prior period error - Debtor corrections

Statement of financial position		
Consumer receivables from exchange transactions	-	27,718,097
	-	**27,718,097**
Statement of changes in net assets		
Accumulated surplus	-	(30,156,628)
	-	**(30,156,628)**
Statement of financial performance		
Sales - electricity	-	632,065
Sales - water	-	1,806,466
	-	**2,438,531**

Correction of prior year consumer debtors understated.

39.4 Prior period error - Creditors

Statement of financial position		
Trade payables	-	(8,113,355)
VAT payable	-	523,198
	-	**(7,590,157)**

Figures in Rand	2013	2012
39. Prior period errors (continued)		
Statement of financial performance		
Building and installation	-	78,530
Contracted services	-	1,452,923
Laboratory analysis	-	610,242
Legal fees	-	3,550,340
Printing and stationary	-	378,480
Professional fees	-	1,429,642
Seminars and conferences	-	90,000
	-	**7,590,157**
Correction of prior year creditors understated.		
39.5 Prior period error - Correction of movable and immovable assets		
Statement of financial position		
Property, plant and equipment (Movable assets)	-	37,520,052
Property, plant and equipment (Infrastructure)	-	802,085,568
Property, plant and equipment (Land and buildings)	-	(3,431,828)
Investment property	-	117,496,199
Inventory (Residential buildings)	-	2,907,108
	-	**956,577,099**
Statement of changes in net assets		
Accumulated surplus (Movable assets)	-	(32,454,998)
Accumulated surplus (Infrastructure)	-	(711,587,292)
Accumulated surplus (Land and buildings)	-	3,431,828
Accumulated surplus (Investment property)	-	(109,521,599)
Accumulated surplus (Inventory)	-	(2,907,108)
	-	**(853,039,169)**
Statement of financial performance		
Depreciation and impairment	-	(103,537,929)
	-	**(103,537,929)**
Corrections due to taking on of Ducharme and IMESA fixed asset registers.		
39.6 Prior period error - Adjustment of Landfill sites		
Statement of financial position		
Provisions	-	80,963,718
Statement of change in net assets		
Accumulated surplus (Rehabilitaion of landfills)	-	(53,633,608)
Statement of financial performance		
General expenses (Rehabilitaion of landfills)	-	250,000
Discounting - Landfills	-	(27,580,110)
	-	**(27,330,110)**
Ajustment of Latitude adjustment.		

40. Risk management

Capital risk management

This note presents information about the municipality's exposure to each of the financial risks below and the entity's objectives, policies and processes for measuring and managing financial risks. Further quantitative disclosures are included throughout the Annual Financial Statements.

The Council has overall responsibility for the establishment and oversight of the municipality's risk management framework.

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for member and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The municipality monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. The municipality has exposure to the following financial risks from its use of financial instruments:
- credit risk
- liquidity risk; and
- market risk (including interest rate risk and price risk).

Themunicipality seeks to minimise the effects of these risks in accordance with the municipality's policies approved by the Council. The policies provide written principles on foreign exchange risk, interest rate risk, credit risk and in the investment of excess liquidity.

The capital structure of the municipality consists of debt, which includes the borrowings disclosed in notes 12, 11, 8, and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2013 and 2012 respectively were as follows:

Total borrowings			
Finance lease obligation	12	210,125	7,073,267
Other financial liabilities	11	18,537,335	19,275,605
		18,747,460	**26,348,872**
Less: Cash and cash equivalents	8	(2,011,055)	44,664,502
Net debt		20,758,515	(18,315,630)
Total equity		5,392,563,345	4,757,708,371
Total capital		**5,413,321,860**	**4,739,392,741**
Gearing Ratio %		0%	1%

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. The accounting officer provides written principles for overall risk management.

Figures in Rand	2013	2012

40. Risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	18,537,335	-	-	-
Financial lease obligation	210,125	-	-	-
Trade and other payables	1,069,987,789	-	-	-
Consumer deposits	29,396,890	-	-	-
VAT Payable	7,013,476	-	-	-
Bank Overdraft	6,187,309	-	-	-

At 30 June 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	19,275,605	-	-	-
Finance lease obligation	5,878,219	1,195,049	-	-
Trade and other payables	912,832,591	-	-	-
Consumer deposits	27,936,787	-	-	-
VAT Payable	29,175,051	-	-	-

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. During 2013 and 2012, the municipality's borrowings at variable rate were denominated in the Rand.

40. Risk management (continued)

Price risk

The municipality is exposed to equity securities price risk because of investments held by the municipality and classified on the consolidated statement of financial position either as available-for-sale or at fair value through surplus or deficit. The municipality is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the municipality diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the municipality.

Foreign Currency Risk

The entity does not enter into significant foreign currency transactions and has had very limited exposure to foreign currency risk.

Interest Rate Risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. The entity's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer term borrowings are therefore usually at fixed rates. The entity's exposures to interest rates on financial assets and financial liabilities are detailed below:

At year-end, financial instruments exposed to interest rate risk were as follows:
- Call, notice and fixed deposits
- Development Bank of South Africa loan

The entity's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the economic entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the entity to fair value interest rate risk. Entity policy is to make as far as possible use of fixed rate instruments. During 2013 and 2012, the economic entity's borrowings at variable rate were denominated in the Rand.

41. Going concern

The following principal conditions could indicate that there is a material uncertainty which may cast significant doubt on the municipality's ability to continue as a going concern:

1) The total current liabilities, including unspent conditional grants (Note 16), exceeded the total current assets, including cash and cash equivalents (Note 8) and other financial assets (Note 4) by R82,871,143 (2012: R82,871,143). The municipality does not have sufficient funds available to cover short term debt.

2) The net deficit of the municipality was R741,747,755 (2012: R2,340,290,632).

3) There was a net decrease in cash and cash equivalents (Note 8) of R46,675,557 for the current financial year.

4) The municipality experienced difficulty in collecting consumer debtors. Consumer debt before impairment amounted to R1,901,856,016 at 30 June 2013 (2012: R1,562,851,645).

5) The municipality experienced problems in billing all consumers correctly and timeously.

The municipality is committed to improving operational efficiencies and is in the process of implementing procedures to improve billing accuracy, debt collection and to develop skills in the finance department.

Although certain going concern ratios may appear unfavourable, the entity still has the power to levy rates and taxes and it will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue (Act 5 of 2012).

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Figures in Rand	2013	2012

41. Going concern (continued)

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality as well as the compliance with section 71 of the MFMA in order to secure future funding from the Government to cover expenses and meet obligations.

42. Unauthorised expenditure

Opening balance	2,534,989,019	1,459,230,422
Unauthorised expenditure current year - operating expenses	719,253,752	1,035,382,671
Unauthorised expenditure current year - capital expenses	110,840,600	40,375,926
Unauthorised expenditure current year - condoned	(120,194,450)	-
	3,244,888,921	**2,534,989,019**

The unauthorised expenditure in 2013 and 2012 relates to expenditure incurred that was not budgeted for those specific financial years per department vote.

The unauthorised expenditure are not recoverable and no criminal or disciplinary steps have been taken as a result of such unauthorised expenses.

43. Fruitless and wasteful expenditure

Opening balance	157,779,893	81,388,100
Fruitless and wasteful expenditure current year	23,998,087	76,391,793
	181,777,980	**157,779,893**

These expenditure includes interest paid for late payment to suppliers and payments toward unfulfilled contracted services.

The fruitless and wasteful expenditure are not recoverable, no criminal or disciplinary steps were taken as a result of fruitless and wasteful expenditures and all material losses as a result of the expenses were written off in the year incurred.

Interest charged by Sedibeng identified in 2013 is not included as fruitless and wasteful expenditure pending resolution of a dispute with regards to charges for bulk water and interest. Refer to note 38 (Contingencies).

44. Irregular expenditure

Opening balance	397,787,370	237,410,221
Add: Irregular Expenditure - current year	1,746,218	160,377,149
	399,533,588	**397,787,370**

Additional information

The irregular expenditure are not recoverable, no criminal or disciplinary steps were taken as a result of irregular expenditures and all material losses as a result of the expenses were written off in the year incurred.

The recoverability of the non compliance with remuneration of Public Office Bearers Act is in doubt and therefore a debtor has not been raised for the excess remuneration paid (refer to contingent asset, note 38).

Details of irregular expenditure – current year

Non Compliance with supply chain management - included on register	1,664,821
Possible non compliance with remuneration of Public Office Bearers Act (remuneration was based on a grading of 5, also refer to note 38, contingent assets)	81,397
	1,746,218

Figures in Rand	2013	2012

44. Irregular expenditure (continued)

Details of irregular expenditure - prior year

Non Compliance with supply chain management - included on register		9,268,095
Non Compliance with supply chain management - other		147,791,577
Possible non compliance with remuneration of Public Office Bearers Act (remuneration was based on a grading of 5, also refer to note 38, contingent assets)		2,971,751
Procurement transactions with employees and/or family members of employees (2011: R3,943,651)		345,726
		160,377,149

45. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	4,539,555	4,664,087

Material losses

Electricity Loss	45,607,808	34,510,277
Water loss	97,549,210	-
	143,157,018	**34,510,277**

Audit fees

Opening balance	157,391	319,664
Current year subscription / fee	6,047,409	5,689,901
Amount paid - current year	(3,204,450)	(5,532,509)
Amount paid - previous years	(157,391)	(319,665)
	2,842,959	**157,391**

PAYE and UIF

Opening balance	4,266,227	4,195,770
Current year subscription / fee	55,339,655	52,505,184
Amount paid - current year	(50,415,205)	(48,238,957)
Amount paid - previous years	(4,266,227)	(4,195,770)
	4,924,450	**4,266,227**

Pension and Medical Aid Deductions

Opening balance	8,713,489	8,204,137
Current year subscription / fee	109,427,968	102,957,919
Amount paid - current year	(99,978,311)	(94,244,430)
Amount paid - previous years	(8,713,489)	(8,204,137)
	9,449,657	**8,713,489**

Figures in Rand	2013	2012

45. Additional disclosure in terms of Municipal Finance Management Act (continued)

VAT

VAT payable	7,013,476	29,175,051

VAT output payables and VAT input receivables are disclosed in note 14.

All VAT returns have been submitted by the due date throughout the year.

45. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2013:

30 June 2013	Outstanding less than 90 days	Outstanding more than 90 days	Total
FE Taliwe	535	2,593	3,128
FG May	1,308	10,684	11,992
KI Ntlele	562	6,687	7,249
KJ Menyatso	1,184	500	1,684
M Kabi	293	500	793
ME Phetise	160	17,418	17,578
ME Tsubane	2,454	42,983	45,437
MH Ntsebeng	2,550	11,273	13,823
ML Ntsui	827	19,386	20,213
NW Speelman	8,421	21,525	29,946
PA Molelekoa	229	57	286
PP Mholo	762	300	1,062
SW Mokwena	444	16,772	17,216
TL Mabote	683	12,920	13,603
TD Khalipha	2,627	5,180	7,807
B Stofile	1,801	2,000	3,801
DS Fanie	1,031	831	1,862
J Fourie	6,950	3,397	10,347
MG Mlangeni	2,342	-	2,342
MJ Semela	3,549	63,377	66,926
MP Motshabi	998	1,030	2,028
	39,710	**239,413**	**279,123**

45. Additional disclosure in terms of Municipal Finance Management Act (continued)

30 June 2012	Outstanding less than 90 days	Outstanding more than 90 days	Total
AX Mbambo	192	-	192
B Stofile	5,869	-	5,869
D Kotzee	626	-	626
DC Smit	7,422	-	7,422
FE Taliwe	740	4,951	5,691
FG May	4,054	8,056	12,110
JJC Fourie	7,635	-	7,635
HM Molefi	337	-	337
KI Ntlele	1,003	15,025	16,028
KI Petleki	285	-	285
KJ Menyatso	5,576	12,637	18,213
MA Tlake	296	2,024	2,320
LC Mokausi	440	8,606	9,046
M Kabi	6,964	9,677	16,641
MA Mbana	1,119	-	1,119
MD Masienyane	2,137	-	2,137
ME Banyane	1,720	-	1,720
ME Phetise	2,418	16,747	19,165
ME Tsubane	3,182	34,447	37,629
MG Mlangeni	883	-	883
MH Ntsebeng	2,291	6,791	9,082
MI Riet	411	20,670	21,081
MJ Badenhorst	506	18,652	19,158
MJ Sephiri	151	-	151
ML Ntsiu	1,014	15,912	16,926
MP Motshabi	309	-	309
MS Mosala	287	-	287
MS van Rooyen	1,497	238	1,735
MSE Mfebe	841	-	841
MT de Villiers	1,916	-	1,916
NE Monjovo	197	-	197
BN Vanga	733	-	733
NW Speelman	7,873	25,905	33,778
PV Makgowe	203	-	203
PA Molelekoa	204	746	950
PP Mholo	1,572	10,999	12,571
R Beneke	1,582	-	1,582
S Ngangelizwe	1,235	-	1,235
SJ Tsatsa	287	-	287
SW Mokwena	997	14,471	15,468
TL Mabote	835	10,091	10,926
TD Khalipha	2,418	16,487	18,905
	80,257	**253,132**	**333,389**

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed in note 46 have been condoned.

Figures in Rand	2013	2012

46. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

Deviations	Sole Supplier	Pref Supplier	Emergency	Total (Vat Incl)
July 2012	501,508	16,238	372,794	890,540
August 2012	61,008	179,675	95,443	336,126
September 2012	170,336	309,459	167,351	647,146
October 2012	58,288	77,861	2,091,238	2,227,387
November 2012	178,052	451,401	1,893,904	2,523,357
December 2012	36,954	1,200	-	38,154
January 2013	1,392,117	31,422	522,189	1,945,728
February 2013	363,191	14,623	503,253	881,067
March 2013	45,896	-	958,412	1,004,308
April 2013	191,224	221,770	426,492	839,486
May 2013	653,538	10,500	-	664,038
June 2013	-	-	112,388	112,388
	3,652,112	**1,314,149**	**7,143,464**	**12,109,725**

47. Investment property

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	515,265,452	(137,350,683)	377,914,769	515,265,452	(114,458,902)	400,806,550

Reconciliation of investment property - 2013

	Opening balance	Depreciation	Total
Investment property	400,806,550	(22,891,781)	377,914,769

Reconciliation of investment property - 2012

	Opening balance	Additions	Depreciation	Total
Investment property	423,601,667	96,663	(22,891,780)	400,806,550
Net gains or losses from fair value adjustment			(22,891,781)	(22,891,780)

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Figures in Rand	2013	2012

48. Leases

Operating leases - as lessor (income)

Minimum lease payments due		
- within one year	46,585	46,585
- in second to fifth year inclusive	-	46,585
	46,585	**93,170**

Operating lease payments represent rentals payable to the municipality Warriors Club and Grill for premises situated at the Fire Department.

49. Related parties

Key management an councillors

No transactions took place between the entity and key management personnel or their close family members during the reporting period.

Details relating to remuneration are disclosed in note 26, for key management and note 27 for councillors.

Appendix A (Unaudited)

Schedule of external loans as at 30 June 2013

	Loan Number	Redeemable	Balance at 30 June 2012	Received during the period	Redeemed written off during the period	Balance at 30 June 2013	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			Rand	Rand	Rand	Rand	Rand	Rand
LONG-TERM LOANS								
DBSA @ 10%	08110/102	30/06/2013	1,895,799	-	1,395,196	500,603	-	-
DBSA @ 14.5%	102978	30/06/2012	17,379,806	-	860,910	16,518,896	-	-
			19,275,605	**-**	**2,256,106**	**17,019,499**	**-**	**-**
Total external loans			**19,275,605**	**-**	**2,256,106**	**17,019,499**	**-**	**-**

Appendix B (Unaudited)

Analysis of property, plant and equipment as at 30 June 2010

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	532,640,472	-	-	-	-	-	**532,640,472**	-	-	-	-	-	-	532,640,472
	532,640,472	-	-	-	-	-	532,640,472	-	-	-	-	-	-	**532,640,472**
Infrastructure														
Community assets	493,982,671	-	-	-	-	-	**493,982,671**	(107,586,386)	-	-	(21,517,277)	-	**(129,103,663)**	364,879,008
Electrical	872,250,734	-	-	-	-	-	**872,250,734**	(116,968,829)	-	-	(23,393,766)	-	**(140,362,595)**	731,888,139
Roads and stormwater	2,448,159,018	-	-	-	-	-	**2,448,159,018**	(570,383,459)	-	-	(118,619,156)	-	**(689,002,615)**	1,759,156,403
Sanitation	1,260,354,418	-	-	-	-	-	**1,260,354,418**	(210,203,607)	-	-	(42,040,721)	-	**(252,244,328)**	1,008,110,090
Water	660,374,042	-	-	-	-	-	**660,374,042**	(75,782,311)	-	-	(15,156,462)	-	**(90,938,773)**	569,435,269
	5,735,120,883	-	-	-	-	-	5,735,120,883	**1,080,924,592)**	-	-	**(220,727,382)**	-	**(1,301,651,974)**	**4,433,468,909**

Appendix B (Unaudited)

Analysis of property, plant and equipment as at 30 June 2010

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Specialised vehicles														
Specialised vehicles	19,588,706	-	-	-	-	-	**19,588,706**	(3,512,899)	-	-	(713,949)	-	**(4,226,848)**	15,361,858
	19,588,706	-	-	-	-	-	**19,588,706**	**(3,512,899)**	-	-	**(713,949)**	-	**(4,226,848)**	**15,361,858**
Other assets														
General vehicles	93,971,657	984,160	-	-	-	-	**94,955,817**	(9,747,746)	-	-	(4,070,255)	(845,107)	**(14,663,108)**	80,292,709
Computer Equipment	9,219,993	239,268	-	-	-	-	**9,459,261**	(2,252,313)	-	-	(1,977,036)	(28,770)	**(4,258,119)**	5,201,142
Furniture & Fittings	27,681,504	832,328	-	-	-	-	**28,513,832**	(7,119,690)	-	-	(3,886,840)	(31,019)	**(11,037,549)**	17,476,283
Office Equipment	5,235,078	614,642	-	-	-	-	**5,849,720**	(1,383,392)	-	-	(1,071,965)	(51,998)	**(2,507,355)**	3,342,365
Work in progress	341,404,931	-	-	170,250,595	-	-	**511,655,526**	-	-	-	-	-	-	511,655,526
Other	22,012,980	394,548	-	-	-	-	**22,407,528**	(6,474,828)	-	-	(2,957,428)	(1,210,040)	**(10,642,296)**	11,765,232
	499,526,143	**3,064,946**	-	**170,250,595**	-	-	**672,841,684**	**(26,977,969)**	-	-	**(13,963,524)**	**(2,166,934)**	**(43,108,427)**	**629,733,257**
Total property plant and equipment														
Land and buildings	532,640,472	-	-	-	-	-	**532,640,472**	-	-	-	-	-	-	532,640,472
Infrastructure	5,735,120,883	-	-	-	-	-	**5,735,120,883**	(1,080,924,592)	-	-	(220,727,382)	-	**1,301,651,974)**	4,433,468,909
Specialised vehicles	19,588,706	-	-	-	-	-	**19,588,706**	(3,512,899)	-	-	(713,949)	-	**(4,226,848)**	15,361,858
Other assets	499,526,143	3,064,946	-	170,250,595	-	-	**672,841,684**	(26,977,969)	-	-	(13,963,524)	(2,166,934)	**(43,108,427)**	629,733,257
	6,786,876,204	**3,064,946**	-	**170,250,595**	-	-	**6,960,191,745**	**1,111,415,460)**	-	-	**(235,404,855)**	**(2,166,934)**	**(1,348,987,249)**	**5,611,204,496**
Investment properties														
Investment property	515,265,452	-	-	-	-	-	**515,265,452**	(114,458,902)	-	-	(22,891,780)	-	**(137,350,682)**	377,914,770
	515,265,452	-	-	-	-	-	**515,265,452**	**(114,458,902)**	-	-	**(22,891,780)**	-	**(137,350,682)**	**377,914,770**
Total														
Land and buildings	532,640,472	-	-	-	-	-	**532,640,472**	-	-	-	-	-	-	532,640,472
Infrastructure	5,735,120,883	-	-	-	-	-	**5,735,120,883**	(1,080,924,592)	-	-	(220,727,382)	-	**1,301,651,974)**	4,433,468,909
Specialised vehicles	19,588,706	-	-	-	-	-	**19,588,706**	(3,512,899)	-	-	(713,949)	-	**(4,226,848)**	15,361,858
Other assets	499,526,143	3,064,946	-	170,250,595	-	-	**672,841,684**	(26,977,969)	-	-	(13,963,524)	(2,166,934)	**(43,108,427)**	629,733,257
Investment properties	515,265,452	-	-	-	-	-	**515,265,452**	(114,458,902)	-	-	(22,891,780)	-	**(137,350,682)**	377,914,770
	7,302,141,656	**3,064,946**	-	**170,250,595**	-	-	**7,475,457,197**	**1,225,874,362)**	-	-	**(258,296,635)**	**(2,166,934)**	**(1,486,337,931)**	**5,989,119,266**

Appendix D (Unaudited)

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
			Municipality			
(491,432,426)	501,880,185	(993,312,611)	Executive & Council/Mayor and Council	(543,873,919)	525,675,702	(1,069,549,621)
(173,270,813)	192,969,004	(366,239,817)	Finance & Admin/Finance	(201,616,211)	193,180,591	(394,796,802)
(80,776)	12,122,886	(12,203,662)	Planning and Development/Economic Development/Plan	(156,567,302)	69,133,558	(225,700,860)
(66,707,195)	127,712,899	(194,420,094)	Comm. & Social/Libraries and archives	(69,614,262)	140,687,520	(210,301,782)
(10,449,087)	12,954,421	(23,403,508)	Housing	(11,150,863)	14,151,626	(25,302,489)
(4,054,034)	91,872,096	(95,926,130)	Public Safety/Police	(3,055,143)	99,328,454	(102,383,597)
(287,269,883)	300,393,011	(587,662,894)	Water/Water Distribution	(326,699,736)	361,260,361	(687,960,097)
(556,260,664)	706,672,174	(1,262,932,838)	Electricity /Electricity Distribution	(398,918,534)	699,551,410	(1,098,469,944)
-	5,628,159	(5,628,159)	Other/Air Transport	-	6,798,740	(6,798,740)
(1,589,524,878)	**1,952,204,835**	**(3,541,729,713)**		**(1,711,495,970)**	**2,109,767,962**	**(3,821,263,932)**
			Municipal Owned Entities			
			Other charges			
(1,589,524,878)	1,952,204,835	(3,541,729,713)	Municipality	(1,711,495,970)	2,109,767,962	(3,821,263,932)
(1,589,524,878)	**1,952,204,835**	**(3,541,729,713)**	**Total**	**(1,711,495,970)**	**2,109,767,962**	**(3,821,263,932)**

Appendix E(1) (Unaudited)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2013

	Current year 2013 Act. Bal. Rand	Current year 2013 Act. Bal. Rand	Variance Rand	Var
Revenue				
Service charges	(782,911,047)	(920,923,438)	138,012,391	(15.0)
Rental of facilities and equipment	(11,234,090)	(7,024,089)	(4,210,001)	59.9
Dividends	(11,823)	-	(11,823)	-
Fines	(2,301,050)	(6,000,000)	3,698,950	(61.6)
Property Rates	(176,827,344)	(148,379,657)	(28,447,687)	19.2
Licences and permits	(14,410)	-	(14,410)	-
Government grants & subsidies	(603,407,632)	(434,657,000)	(168,750,632)	38.8
Agency fees	-	-	-	-
Commission received	(9,070,627)	-	(9,070,627)	-
Other income	(21,147,744)	(22,959,999)	1,812,255	(7.9)
Interest received - investment	(7,589,678)	-	(7,589,678)	-
Interest received (trading)	(96,977,066)	(77,373,388)	(19,603,678)	25.3
Dividends received	-	-	-	-
	(1,711,492,511)	(1,617,317,571)	(94,174,940)	5.8
Expenses				
Personnel	493,524,072	442,575,690	50,948,382	11.5
Post Employment Liability	-	-	-	-
Remuneration of councillors	22,182,037	25,533,594	(3,351,557)	(13.1)
Depreciation	260,463,571	-	260,463,571	-
Impairments	346,176,905	325,122,239	21,054,666	6.5
Finance costs	3,739,508	2,250,000	1,489,508	66.2
Repairs and maintenance	39,525,760	163,313,495	(123,787,735)	(75.8)
Bulk purchases	596,165,158	383,827,667	212,337,491	55.3
Contracted Services	21,160,310	19,700	21,140,610	107,312.7
General Expenses	326,830,642	237,425,186	89,405,456	37.7
	2,109,767,963	1,580,067,571	529,700,392	33.5
Other revenue and costs				
Gain or loss on disposal of assets and liabilities	-	-	-	-
Fair value adjustments	(57,820,717)	(57,820,717)	-	-
	(57,820,717)	(57,820,717)	-	-
Net surplus/ (deficit) for the year	340,454,735	(95,070,717)	435,525,452	(458.1)

Appendix F (Unaudited)
Disclosures of Grants and Subsidies in terms of Section 123 Municipal Finance Management Act, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act
		Sep	Dec	Mar	Jun	Yes/ No
Equitable share	National Government	180,149,000	142,410,000	108,089,000	-	Yes
MIG	National Government	88,031,000	67,745,000	44,254,000	-	Yes
Thandanani - COGTA	National Government	-	-	-	12,634,800	Yes
MSIG	National Government	800,000	-	-	-	Yes
Electricity Demand Side Management Grant	National Government	5,000,000	-	3,000,000	-	Yes
Integrated National Electrification Program Grant	National Government	-	2,000,000	-	-	Yes
National Electrical Program	National Government	857,000	-	530,000	-	Yes
DWAF	National Government	1,989,170	5,446,424	-	-	Yes
Neighbourhood Development	National Government	715,000	-	-	-	Yes
SETA	National Government	309,087	-	-	1,514,095	Yes
		277,850,257	217,601,424	155,873,000	14,148,895	

Appendix G1 (Unaudited)
Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2013

2013/2012

	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)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard										
Governance and administration	**679,710,045**	**-**	**679,710,045**	**-**	**679,710,045**	**745,461,193**		(	**110 %**	**110 %**
Executive and council	434,657,000	-	434,657,000	-	434,657,000	446,951,784		'	103 %	103 %
MM Office	52,750,000	-	52,750,000	-	52,750,000	96,922,135		4	184 %	184 %
Finance and administration	192,303,045	-	192,303,045	-	192,303,045	201,587,274			105 %	105 %
Community and public safety	**72,774,033**	**-**	**72,774,033**	**-**	**72,774,033**	**83,849,205**		'	**115 %**	**115 %**
Community and social services	59,789,944	-	59,789,944	-	59,789,944	69,614,262			116 %	116 %
Corporate support services	60,000	-	60,000	-	60,000	28,937			48 %	48 %
Public safety and transport	6,460,000	-	6,460,000	-	6,460,000	3,056,143			47 %	47 %
Housing	6,464,089	-	6,464,089	-	6,464,089	11,150,863			173 %	173 %
Economic and environmental services	**340,000**	**-**	**340,000**	**-**	**340,000**	**116,345**			**34 %**	**34 %**
Economic development	340,000	-	340,000	-	340,000	116,345			34 %	34 %
Trading services	**864,123,493**	**-**	**864,123,493**	**-**	**864,123,493**	**725,618,270**		**(1**	**84 %**	**84 %**
Electricity	577,074,206	-	577,074,206	-	577,074,206	398,918,534		(1	69 %	69 %
Water	287,049,287	-	287,049,287	-	287,049,287	326,699,736			114 %	114 %
Other	**370,000**	**-**	**370,000**	**-**	**370,000**	**156,447,498**		**1**	**42,283 %**	**42,283 %**
Engineering Services	370,000	-	370,000	-	370,000	156,447,498		1	42,283 %	42,283 %
Total Revenue - Standard	**1,617,317,571**	**-**	**1,617,317,571**	**-**	**1,617,317,571**	**1,711,492,511**		**94,174,940**	**106 %**	**106 %**

Appendix G1 (Unaudited)
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2013

	2013/2012									
	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)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard										
Governance and administration	**231,708,824**	**-**	**231,708,824**	**-**	**231,708,824**	**664,264,378**	**64,379,405**	**432,555,554**	**287 %**	**287 %**
Executive and council	67,339,190	-	67,339,190	-	67,339,190	461,755,637	64,379,405	394,416,447	686 %	686 %
MM Office	90,352,354	-	90,352,354	-	90,352,354	63,896,714	-	(26,455,640)	71 %	71 %
Finance and administration	74,017,280	-	74,017,280	-	74,017,280	138,612,027	-	64,594,747	187 %	187 %
Community and public safety	**381,757,662**	**-**	**381,757,662**	**-**	**381,757,662**	**308,735,332**	**8,717,482**	**(73,022,330)**	**81 %**	**81 %**
Community and social services	194,378,363	-	194,378,363	-	194,378,363	130,114,265	-	(64,264,098)	67 %	67 %
Corporate support services	49,222,295	-	49,222,295	-	49,222,295	54,567,732	8,717,482	5,345,437	111 %	111 %
Public safety and transport	104,791,195	-	104,791,195	-	104,791,195	99,328,454	-	(5,462,741)	95 %	95 %
Housing	22,203,477	-	22,203,477	-	22,203,477	14,151,626	-	(8,051,851)	64 %	64 %
Human Recources	11,162,332	-	11,162,332	-	11,162,332	10,573,255	-	(589,077)	95 %	95 %
Economic and environmental services	**14,929,933**	**-**	**14,929,933**	**-**	**14,929,933**	**10,972,333**	**-**	**(3,957,600)**	**73 %**	**73 %**
Economic Development	14,929,933	-	14,929,933	-	14,929,933	10,972,333	-	(3,957,600)	73 %	73 %
Trading services	**850,662,732**	**-**	**850,662,732**	**-**	**850,662,732**	**1,067,610,511**	**259,216,760**	**216,947,779**	**126 %**	**126 %**
Electricity	446,512,402	-	446,512,402	-	446,512,402	699,551,410	259,216,760	253,039,008	157 %	157 %
Water	396,059,316	-	396,059,316	-	396,059,316	361,260,361	-	(34,798,955)	91 %	91 %
Mechanical Workshop	8,091,014	-	8,091,014	-	8,091,014	6,798,740	-	(1,292,274)	84 %	84 %
Other	**101,008,420**	**-**	**101,008,420**	**-**	**101,008,420**	**58,125,013**	**-**	**(42,883,407)**	**58 %**	**58 %**
Engineering services	101,008,420	-	101,008,420	-	101,008,420	58,125,013	-	(42,883,407)	58 %	58 %
Total Expenditure - Standard	**1,580,067,571**	**-**	**1,580,067,571**	**-**	**1,580,067,571**	**2,109,707,567**	**332,313,647**	**529,639,996**	**134 %**	**134 %**
Surplus/(Deficit) for the year										

Appendix G2 (Unaudited)
Budgeted Financial Performance (revenue and expenditure by municipal vote) for the year ended 30 June 2013

2013/2012

	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)	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote									
Council General - Vote 1	434,657,000	-	434,657,000	-	434,657,000	446,951,784	12,294,784	103 %	103 %
Office of the Municipal Manager - Vote 4	52,750,000	-	52,750,000	-	52,750,000	96,922,135	44,172,135	184 %	184 %
Corporate Support Services - Vote 5	60,000	-	60,000	-	60,000	28,937	(31,063)	48 %	48 %
Finance - Vote 6	192,303,045	-	192,303,045	-	192,303,045	201,587,274	9,284,229	105 %	105 %
Community Services - Vote 8	59,789,944	-	59,789,944	-	59,789,944	69,614,262	9,824,318	116 %	116 %
Public Safety and Transport - Vote 9	6,460,000	-	6,460,000	-	6,460,000	3,055,143	(3,404,857)	47 %	47 %
Economic Development - Vote 10	340,000	-	340,000	-	340,000	116,345	(223,655)	34 %	34 %
Engeineering Services - Vote 11	370,000	-	370,000	-	370,000	156,450,957	156,080,957	42,284 %	42,284 %
Water - Vote 12	287,049,287	-	287,049,287	-	287,049,287	326,699,736	39,650,449	114 %	114 %
Electricity - Vote 13	577,074,206	-	577,074,206	-	577,074,206	398,918,534	(178,155,672)	69 %	69 %
Housing Services - Vote 15	6,464,089	-	6,464,089	-	6,464,089	11,150,863	4,686,774	173 %	173 %
Total Revenue by Vote	**1,617,317,571**	**-**	**1,617,317,571**	**-**	**1,617,317,571**	**1,711,495,970**	**94,178,399**	**106 %**	**106 %**
Expenditure by Vote to be appropriated									
Council General - Vote 1	35,094,511	-	35,094,511	-	35,094,511	429,806,992	394,712,481	1,225 %	1,225 %
Office of the Executive Mayor - Vote 2	15,424,055	-	15,424,055	-	15,424,055	15,935,203	511,148	103 %	103 %
Office of the Speaker - Vote 3	16,820,624	-	16,820,624	-	16,820,624	16,013,442	(807,182)	95 %	95 %
of the Municipal Manager - Vote 4	90,352,354	-	90,352,354	-	90,352,354	63,920,065	(26,432,289)	71 %	71 %
Corporate Support Services - Vote 5	49,222,295	-	49,222,295	-	49,222,295	54,567,732	5,345,437	111 %	111 %
Finance - Vote 6	72,967,180	-	72,967,180	-	72,967,180	138,612,859	65,645,679	190 %	190 %
Human Resources - Vote 7	11,162,332	-	11,162,332	-	11,162,332	10,573,255	(589,077)	95 %	95 %
Community Services - Vote 8	194,378,363	-	194,378,363	-	194,378,363	130,114,265	(64,264,098)	67 %	67 %
Public Safety and Transport - Vote 9	104,791,195	-	104,791,195	-	104,791,195	99,328,454	(5,462,741)	95 %	95 %
Economic Development - Vote 10	14,929,933	-	14,929,933	-	14,929,933	11,008,545	(3,921,388)	74 %	74 %
Engeineering Services - Vote 11	101,008,420	-	101,008,420	-	101,008,420	58,125,013	(42,883,407)	58 %	58 %
Water - Vote 12	396,059,316	-	396,059,316	-	396,059,316	361,260,361	(34,798,955)	91 %	91 %
Electricity - Vote 13	446,512,402	-	446,512,402	-	446,512,402	699,551,410	253,039,008	157 %	157 %
Mechanical Workshop - Vote 14	8,091,014	-	8,091,014	-	8,091,014	6,798,740	(1,292,274)	84 %	84 %
Housing Services - Vote 15	22,203,477	-	22,203,477	-	22,203,477	14,151,626	(8,051,851)	64 %	64 %
Total Expenditure by Vote	**1,579,017,471**	**-**	**1,579,017,471**	**-**	**1,579,017,471**	**2,109,767,962**	**530,750,491**	**134 %**	**134 %**
Surplus/(Deficit) for the year	**38,300,100**	**-**	**38,300,100**	**-**	**38,300,100**	**(398,271,992)**	**(436,572,092)**	**(1,040)%**	**(1,040)%**

Appendix G3 (Unaudited)
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2013

2013/2012

	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)	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source									
Property rates	(148,379,657)	-	(148,379,657)	-	(148,379,657)	(176,827,345)	(28,447,688)	119 %	119 %
Service charges - electricity revenue	(575,954,206)	-	(575,954,206)	-	(575,954,206)	(394,390,015)	181,564,191	68 %	68 %
Service charges - water revenue	(183,016,590)	-	(183,016,590)	-	(183,016,590)	(214,470,451)	(31,453,861)	117 %	117 %
Service charges - sanitation revenue	(103,632,698)	-	(103,632,698)	-	(103,632,698)	(106,639,893)	(3,007,195)	103 %	103 %
Service charges - refuse revenue	(58,319,944)	-	(58,319,944)	-	(58,319,944)	(67,410,688)	(9,090,744)	116 %	116 %
Rental of facilities and equipment	(7,024,089)	-	(7,024,089)	-	(7,024,089)	(11,234,091)	(4,210,002)	160 %	160 %
Interest earned - external investments	-	-	-	-	-	(7,589,678)	(7,589,678)	DIV/0 %	DIV/0 %
Interest earned - outstanding debtors	(77,373,388)	-	(77,373,388)	-	(77,373,388)	(96,977,066)	(19,603,678)	125 %	125 %
Dividends received	-	-	-	-	-	(11,823)	(11,823)	DIV/0 %	DIV/0 %
Fines	(6,000,000)	-	(6,000,000)	-	(6,000,000)	(2,301,050)	3,698,950	38 %	38 %
Licences and permits	-	-	-	-	-	(14,410)	(14,410)	DIV/0 %	DIV/0 %
Grants	(434,657,000)	-	(434,657,000)	-	(434,657,000)	(603,407,632)	(168,750,632)	139 %	139 %
Other revenue	(22,959,999)	-	(22,959,999)	-	(22,959,999)	(21,147,744)	1,812,255	92 %	92 %
Commission received	-	-	-	-	-	(9,070,627)	(9,070,627)	DIV/0 %	DIV/0 %
Total Revenue (excluding capital transfers and contributions)	**(1,617,317,571)**	**-**	**(1,617,317,571)**	**-**	**(1,617,317,571)**	**1,711,492,513)**	**(94,174,942)**	**106 %**	**106 %**

Appendix G3 (Unaudited)
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2013

2013/2012

	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)	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure By Type									
Employee related costs	442,575,690	-	442,575,690	-	442,575,690	493,003,359	50,427,669	111 %	111 %
Remuneration of councillors	25,533,594	-	25,533,594	-	25,533,594	22,702,750	(2,830,844)	89 %	89 %
Debt impairment	325,122,239	-	325,122,239		325,122,239	346,176,905	21,054,666	106 %	106 %
Depreciation & asset impairment	-	-	-		-	260,463,571	260,463,571	DIV/0 %	DIV/0 %
Finance charges	11,901,350	-	11,901,350	-	11,901,350	89,434,935	77,533,585	751 %	751 %
Bulk purchases	383,827,667	-	383,827,667	-	383,827,667	596,165,158	212,337,491	155 %	155 %
Contracted services	93,301,645	-	93,301,645	-	93,301,645	104,460,085	11,158,440	112 %	112 %
Other expenditure	134,416,891	-	134,416,891	-	134,416,891	157,968,225	23,549,334	118 %	118 %
Repairs and maintenance	163,388,495	-	163,388,495	-	163,388,495	39,394,974	(123,993,521)	24 %	24 %
Fair value adjustment	-	-	-	-	-	(15,283)	(15,283)	DIV/0 %	DIV/0 %
Total Expenditure	**1,580,067,571**	**-**	**1,580,067,571**	**-**	**1,580,067,571**	**2,109,752,679**	**529,685,108**	**134 %**	**134 %**
Surplus/(Deficit)	**3,197,385,142)**	**-**	**3,197,385,142)**	**-**	**3,197,385,142)**	**3,821,245,192)**	**(623,860,050)**	**120 %**	**120 %**
Surplus/(Deficit) after capital transfers & contributions									
Surplus/(Deficit) after taxation	**3,197,385,142)**	**-**	**3,197,385,142)**	**-**	**3,197,385,142)**	**3,821,245,192)**	**(623,860,050)**	**120 %**	**120 %**
Surplus/(Deficit) attributable to municipality									
Surplus/(Deficit) for the year									

Appendix G4 (Unaudited)
Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2013

2013/2012

	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
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote											
Multi-year expenditure											
Vote 5 - Corporate Support Services	40,777,827	-	40,777,827	-	-	40,777,827	19,453,234	-	(21,324,593)	48 %	48 %
Vote 8 - Community services	-	-	-	-	-	-	1,355,086	-	1,355,086	DIV/0 %	DIV/0 %
Vote 10 - Economic Development	4,616,488	-	4,616,488	-	-	4,616,488	-	-	(4,616,488)	- %	- %
Vote 11 - Engeeneering Services	130,730,790	-	130,730,790	-	-	130,730,790	117,066,997	-	(13,663,793)	90 %	90 %
Vote 12 - Water	30,431,828	-	30,431,828	-	-	30,431,828	17,376,289	-	(13,055,559)	57 %	57 %
Vote 13 - Electricity	-	-	-	-	-	-	7,645,185	-	7,645,185	DIV/0 %	DIV/0 %
Capital multi-year expenditure sub-total	**206,556,933**	**-**	**206,556,933**	**-**	**-**	**206,556,933**	**162,896,771**	**-**	**(43,660,162)**	**79 %**	**79 %**
Single-year expenditure											
Total Capital Expenditure - Vote	**206,556,934**	**-**	**206,556,934**	**-**	**-**	**206,556,934**	**162,896,771**	**-**	**(43,660,163)**	**79 %**	**79 %**

Appendix G4 (Unaudited)
Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2013

2013/2012

	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
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard											
Community and public safety	**40,203,201**	-	**40,203,201**	-	-	**40,203,201**	**20,684,625**	-	**(19,518,576)**	**51 %**	**51 %**
Community and social services	2,500,000	-	2,500,000	-	-	2,500,000	1,355,085	-	(1,144,915)	54 %	54 %
Sport and recreation	37,703,201	-	37,703,201	-	-	37,703,201	19,329,540	-	(18,373,661)	51 %	51 %
Economic and environmental services	**4,616,488**	-	**4,616,488**	-	-	**4,616,488**	**123,692**	-	**(4,492,796)**	**3 %**	**3 %**
Planning and development	4,616,488	-	4,616,488	-	-	4,616,488	123,692	-	(4,492,796)	3 %	3 %
Trading services	**31,912,450**	-	**31,912,450**	-	-	**31,912,450**	**25,021,455**	-	**(6,890,995)**	**78 %**	**78 %**
Electricity	-	-	-	-	-	-	7,645,185	-	7,645,185	DIV/0 %	DIV/0 %
Waste water management	28,022,371	-	28,022,371	-	-	28,022,371	775,525	-	(27,246,846)	3 %	3 %
Waste management	3,890,079	-	3,890,079	-	-	3,890,079	16,600,745	-	12,710,666	427 %	427 %
Other	**129,824,794**	-	**129,824,794**	-	-	**129,824,794**	**117,066,999**	-	**(12,757,795)**	**90 %**	**90 %**
Other	129,824,794	-	129,824,794	-	-	129,824,794	117,066,999	-	(12,757,795)	90 %	90 %
Total Capital Expenditure - Standard	**206,556,933**	-	**206,556,933**	-	-	**206,556,933**	**162,896,771**	-	**(43,660,162)**	**79 %**	**79 %**
Funded by:											
National Government	206,556,934	-	206,556,934				-		(206,556,934)	- %	- %
Transfers recognised - capital	**206,556,934**	-	**206,556,934**	-		**206,556,934**	-		**(206,556,934)**	- %	- %
Total Capital Funding	**206,556,934**	-	**206,556,934**	-		**206,556,934**	-		**(206,556,934)**	- %	- %