



2014/2015

**MLM
DRAFT ANNUAL
REPORT

VOLUME IV**



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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

When the current ANC government took office in 2011, it took cognizance of the Municipality's changing socio-economic realities. What became clear is that it was necessary to make some fundamental changes to the way service delivery was discharged in Matjhabeng.

Since 2011 programmes have been devised and implemented towards the development of previously disadvantaged communities. This was done through the improvement of informal settlements, upgrading of basic services and the provision of free water and electricity to the indigent.

A fundamental aspect of our approach for the financial year 2014-2015, was that we engaged our communities more actively and robustly in planning and our service delivery performance. We made sure that the outcomes of these processes were carried through into the Integrated Development Plan of the Municipality.

Matjhabeng Local Municipality's Annual Report for the financial year 2014-2015 is therefore more than a legislated requirement – it is an opportunity to take a government reporting document and put it into language that is relevant to all citizens of our community. It is an opportunity to share not only our mandate but also our developmental objectives and aspirations for our communities we serve.

The Annual Report has some limitations in the sense that the template format provided to local government does not allow for analysis and comparison notes, but the performance reflected in the document is proof that we stayed on course with our commitment.

Against the backdrop of a world-wide economic downturn which has led to a tightening of the purse-strings, Council has succeeded to deliver on a number of key promises that impact on the day to day lives of citizens in infrastructure stricken areas. It is clear from the Annual Report that we as a Municipality has expanded the reach of water reticulation, sanitation, electricity, refuse collection and roads maintenance in our communities.

Given the age of our assets (water, sewer and roads infrastructure) in the established residential areas (suburbs) our deteriorating infrastructure is a key focus that demands a long-term solution. Much of the infrastructure in the suburbs were originally constructed more than 60 years ago. As a result many of our assets are reaching critical replacement age, but the costs will require critically needed funding.

As a Municipality we recognize that extending the life of our existing infrastructure is the first course of action. but we also need to have plans in place for the next ten years, twenty years, and in fact for generations to come; ensuring that our legacy is in compliance with good governance.

With external factors such as continued urbanization and migration on the one hand and the economy that globally experience a downturn on the other, Matjhabeng itself has changed, creating new and different needs. We will have to adapt to the economic realities that will remain with us for many years. As we do so we will draw on our strengths together with sectors and across communities.

Thank you

CLLR S NGANGELIZWE
EXECUTIVE MAYOR

T 1.0.1



COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW



Adv. Mothusi Frank Lepheana

This 2014/15 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.

Essentially an Annual Report provides an account of events and activities that respond to a planned Municipal programme as outlined through an Integrated Development Plan. The draft as presented gives account of events for the 2013/2014 approved IDP. The process that was followed in consolidating the business plan was consultative in nature and a planned consultation process was followed of which evidence was already audited through the Municipal performance audit conducted by the Office of the Auditor General.

It is evident from the audited performance report that the Municipality has made some progress towards the delivery of services to our communities, whilst also acceding to the fact that challenges still abound. It has come to my conscience that, in order to strengthen and improve the institution's capacity to delivery services to the residents of Matjhabeng Local municipality, the following interventions/actions will be prioritized in the year ahead:

- (a) Improved call centre approach to enable quicker and more targeted responses to community's needs and complaints.
- (b) Commitment to existing IGR Fora to strengthen intergovernmental relations.
- (c) Strengthening the Ward Committee System by providing administrative support.
- (d) Prioritise areas identified disclaimer areas from the Auditor-General in order to receive a better audit opinion through increased internal compliance mechanisms.
- (e) Instil a culture of performance within the institution.
- (f) Promoting financial discipline and management.



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 2014/15 financial year. With continued and improved working relationship, we anticipate getting a better audit in the near future.

Thank you

ADV. MF LEPHEANA
MUNICIPAL MANAGER

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 cemeteries, and eminently local development planning approvals. The following financial year will see the Municipality performing the role of Planning Tribunals as we are required to establish such a unit. 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	CENSUS 2001
POPULATION	406 461	408 170
HOUSEHOLDS	123 195	120 289

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	% CENSUS 2001
EMPLOYED	36.1%	34.4%
UNEMPLOYED	21.2%	29.9%
NOT ECONOMICALLY ACTIVE	42.8%	35.7%

Source: STATS SA 2011

T.1.2.4



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.1.2.5

HISTORICAL OVERVIEW OF TOWNS WITHIN MATJHABENG

The municipality is made of six towns, namely:

WELKOM (THABONG)

Welkom 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 sulphuric 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 63 743.

HENNINGMAN (PHOMOLONG)

Henningman 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 Henningman Station in 1927, after a prominent local farmer. The town began to grow in earnest after the discovery of gold between Henningman and Odendaalsrus in 1946 and was proclaimed a municipality in 1947.

Henningman and Phomolong have a population of approximately 25 000. Phomolong Township emerged from the forcefully removed old location near Henningman 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 1.2.6



OVERVIEW OF NEIGHBOURHOODS WITHIN MATJHABENG MUNICIPALITY		
SETTLEMENT TYPE	HOUSEHOLDS	POPULATION
TOWNS		
ALLANRIDGE	663	3 315
HENNENMAN	958	4 311
ODENDAALSRUS	2 213	9 959
RIEBEECKSTAD	3 092	15 460
VENTERSBURG	359	1 616
VIRGINIA	4 454	22 270
WELKOM	9 708	48 540
SUB-TOTAL	21 447	105 470
TOWNSHIPS		
BRONVILLE	2 159	12 306
KUTLWANONG	11 966	70 599
MELODING	10 482	60 796
MMAMAHABANE	2 345	14 070
NYAKALLONG	4 010	24 060
PHOMOLONG	4 871	29 226
THABONG	27 637	157 531
WHITES	55	314
SUB-TOTAL	36 573	211 130
RURAL SETTLEMENTS		
SUB-TOTAL	0	0
INFORMAL SETTLEMENTS		
NYAKALLONG	177	974
KUTLWANONG	359	8 278
THABONG / BRONVILLE	976	20 691
MELODING	584	4 516
PHOMOLONG	000	2 965
MMAMAHABANE	530	2 085
SUB-TOTAL	1 739	9 565
TOTAL	59 759	316 600

Source: Rapid Assessment Report of HDA (September 2013)

T.1.2.7

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.1.2.8



COMMENT ON BACKGROUND DATA:

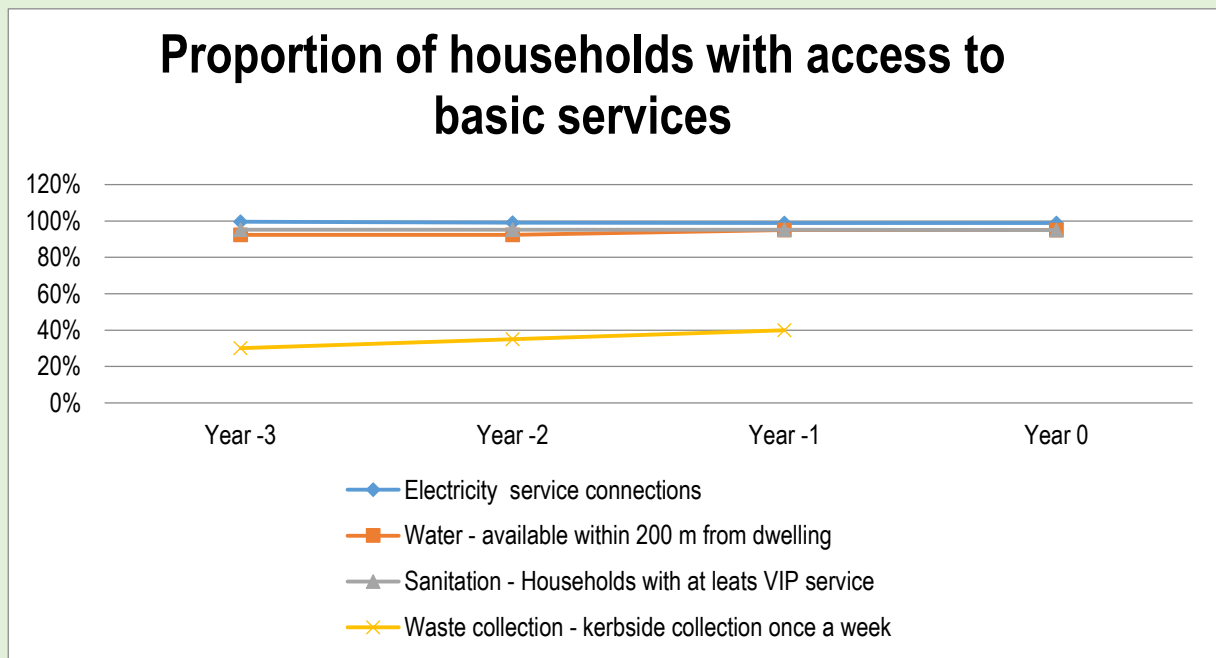
The data clearly shows the municipality faces a number of challenges such as high levels of unemployment and indigence and thus fostering dependency practices. It therefore means that the Municipality would have to create employment in big numbers in order to absorb these unemployed numbers to boost its revenue base. As it stands, the Municipality is under tremendous pressure to provide to its people with the likelihood of the indigent register expanding over the years.

T.1.2.9



1.3 SERVICE DELIVERY OVERVIEW

PROPORTION OF HOUSEHOLDS WITH MINIMUM LEVEL OF BASIC SERVICES				
	Year -3	Year -2	Year -1	Year 0
Electricity service connections	99%	99%	99%	100%
Water - available within 200 m from dwelling	93%	95%	95%	97%
Sanitation - Households with at least VIP service	70%	90%	90%	92%
Waste collection - kerbside collection once a week	30%	35%	40%	



T.1.3.2

COMMENT ON ACCESS TO BASIC SERVICES:

Matjhabeng Municipality is committed to deliver at least basic level of services as required by legislation. To deliver serves to all communities as required deliver some challenges. Due to poor payment rates of the community the municipality struggle to deliver the services on the standards required. Even with the support though grant funding from national and provincial governments the municipality struggle to attend to all community requests and challenges. This is mainly due to 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 financial years of which the major qualifications were on property plant and equipment, service charges, trade and other payables, consumer debtor, non-current debtors. 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 2014/2015 financial year was R 1 932 071 637 and capital budget R 166 246 000. The revenue as per the statement of financial performance was R 1 876 769 435 and the expenditure at R 2 163 033 739, which recorded an operating deficit of R 286 264 304.

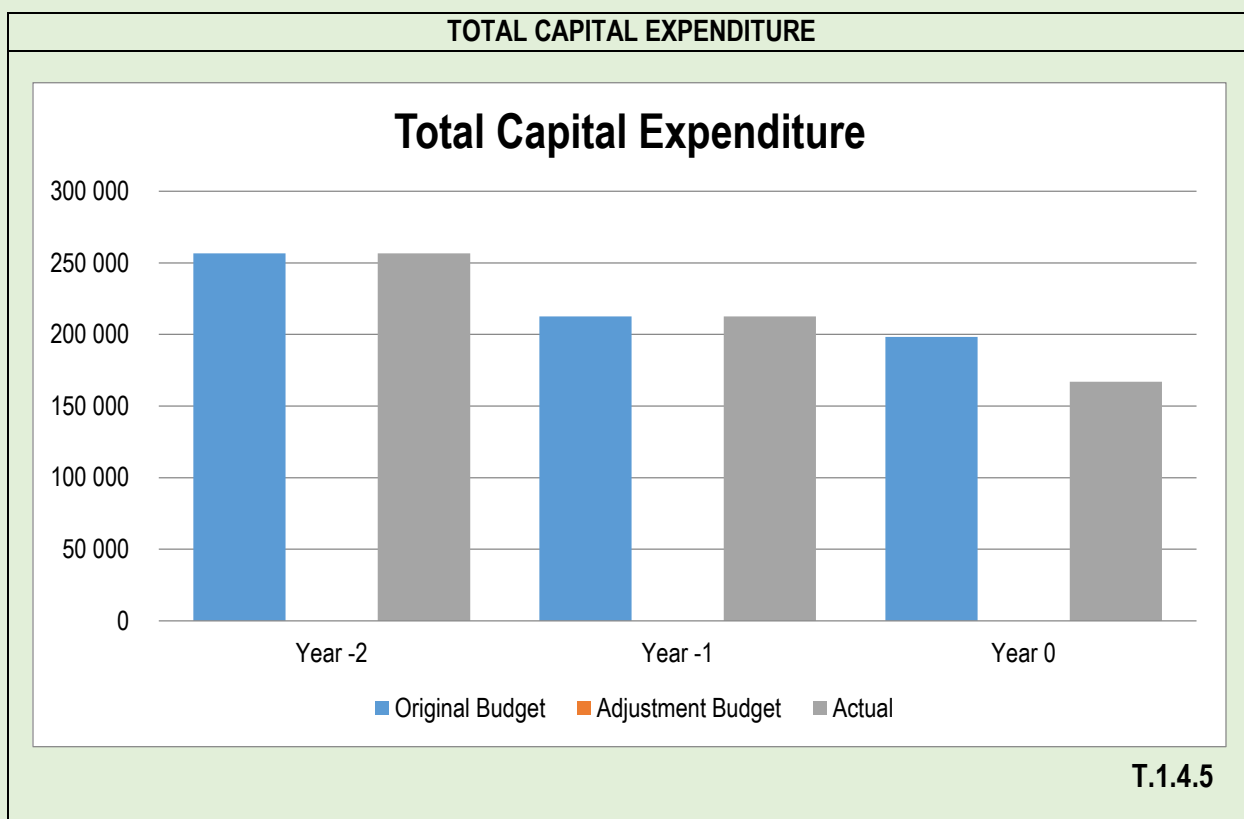
T.1.4.1

Financial Overview: Year 0			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	574 177	0	586 347
Taxes, Levies and tariffs	1 221 725	0	1 135 126
Other	148 169	0	155 296
Sub Total	1 944 071	0	1 876 769
Less: Expenditure	1 944 071	0	2 163 034
Net Total*	0	0	-286 265
* Note: surplus/(deficit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	28%
Repairs & Maintenance	9%
Finance Charges & Impairment	19%
T 1.4.3	



Total Capital Expenditure: Year -2 to Year 0			
Detail	Year -2	Year -1	Year 0
Original Budget	256 627	212 482	198 246
Adjustment Budget	0	0	0
Actual	256 627	212 482	167 088
T 1.4.4			



COMMENT ON CAPITAL EXPENDITURE OUTSTANDING

The capital expenditure and sources of funds for the 14/15 financial year consist of grand funding (MIG) and internally funds generated. The MIG allocation for 14/15 financial year is R 156 246 000 and internally generated funds is R 10 000 000. The total capital budget for the 14/15 financial year was R 166 246 000. The total amount allocated for Contribution to Capital for 14/15 financial year was R 42 000 000 and was adjusted to R 32 000 000.

T.1.4.5.1



Report of the auditor-general to the Free State 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 ... to ..., which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as 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 the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (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 these financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, we were not able 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 regarding property, plant and equipment as the municipality did not provide me with evidence to support the cost prices of assets. This was also due to shortcomings noted in the adequacy of the fixed asset register which resulted in assets that could not be physically verified and that could not be traced to the fixed asset register. I was unable to confirm property, plant and equipment by other means as it was impracticable to do so. Consequently, I was unable to confirm whether any adjustment to property, plant and equipment, stated at R5 354 538 795 (2014: R5 483 902 378) in note 10, and the depreciation and

impairment stated at R260 345 609 (2014: R282 950 593) in note 27 to the financial statements, were necessary.

Unauthorised expenditure

5. The municipality did not disclose all unauthorised expenditure in the notes to the financial statements, as required by section 125(2)(d)(i) of the MFMA, as all overspending of the budget was not included in the amount disclosed. This resulted in unauthorised expenditure being understated by R175 639 689. I was unable to obtain sufficient appropriate audit evidence for the opening balance of unauthorised expenditure due to the lack of evidence to support the unauthorised expenditure incurred during the years preceding the 2012-13 financial year. I was unable to confirm the unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any further adjustments to unauthorised expenditure, stated at R4 141 432 582 (2014: R3 698 128 927) in note 44 to the financial statements, were necessary.

Trade and other payable

6. I was unable to obtain sufficient appropriate audit evidence that trade and other payables had been properly accounted for as the municipality could not provide supporting documentation, nor explanations, for debit transactions processed in the trade and other payables accounts. I was unable to confirm trade and other payables by other means as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to trade and other payables, stated at R2 192 632 825 (2014: R1 606 120 303) in note 12 to the financial statements, were necessary. In addition, the municipality did not recognise all outstanding amounts meeting the definition of a liability in accordance with SA Standards of GRAP, GRAP 1, *Presentation of financial statements*, as it did not maintain adequate records of goods and services received but not yet paid at year-end. Consequently, trade and other payables as well as expenditure were understated by R112 127 302. Additionally, there was a consequential impact on the deficit for the period and on the accumulated surplus.

Service charges

7. I was unable to obtain sufficient appropriate audit evidence that revenue from service charges had been properly accounted for, due to inadequate accounting records. I was unable to confirm the revenue from service charges by alternative means. Consequently, I was unable to determine whether any adjustment to revenue from service charges, stated at R942 577 378 (2014: R825 232 349) in note 24 to the financial statements, was necessary. In addition, the municipality recognised deferred estimates that did not meet the definition of revenue in accordance with SA Standards of GRAP, GRAP 9, *Revenue from exchange transactions*, and also did not measure revenue at the fair value of the consideration received or receivable, as required by the standard. Consequently, service charges revenue and consumer receivables were overstated by R212 758 667, respectively.

Irregular expenditure

8. I was unable to obtain sufficient appropriate audit evidence for the opening balance of irregular expenditure due to the lack of evidence to support the irregular expenditure transactions incurred during the years preceding 2012-13. I was unable to determine whether any further adjustments to irregular expenditure, stated at R710 713 834 (2014: R484 659 738) in note 46 to the financial statements, were necessary.



Fruitless and wasteful expenditure

9. I was unable to obtain sufficient appropriate audit evidence for the opening balance of fruitless and wasteful due to the lack of evidence to support the fruitless and wasteful expenditure transactions incurred during the years preceding 2012-13. I was unable to confirm fruitless and wasteful expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to fruitless and wasteful expenditure amounting to R489 527 242 (2014: R337 705 181) in note 45 to the financial statements was necessary.

Inventory

10. I was unable to obtain sufficient appropriate audit evidence regarding inventory as the municipality did not keep accurate records for consumables and RDP inventory. In addition, the municipality did not account for its inventory as outlined in terms of the requirements in SA standards of GRAP, GRAP 12, *Inventory*, as it did not value inventory items correctly, a provision was not made for obsolete stock and the counted inventory was not included in the inventory balance. I was unable to confirm inventory by alternative means. Consequently, I was unable to determine whether any adjustments to inventory, stated at R275 654 410 (2014: R275 225 450) in note 3 to the financial statements, were necessary.

General expenditure

11. I was unable to obtain sufficient appropriate audit evidence for general expenditure as supplier statements and support for the debit orders charged to the municipal bank account could not be provided. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustments relating to general expenditure, stated at R206 232 700 (2014: R178 906 990) in note 33 to the financial statements, were necessary.

Consumer receivables

12. The municipality did not account for consumer receivables, as required by SA Standards of GRAP, GRAP 104, *Financial instruments* and GRAP 1. The municipality charged services to invalid debtors. Consequently, consumer receivables from exchange transactions and service charges were overstated by R186 748 454 (2014: R167 275 010) and R212 758 667 (2014: R469 009 172), respectively. Additionally, there was a resultant impact on the deficit for the period and on the accumulated surplus. The municipality also did not distinguish between receivables from exchange and non-exchange transactions in the statement of financial position as required in terms of GRAP 1

Contracted services

13. I was unable to obtain sufficient appropriate audit evidence for contracted services due to the invoices that could not be submitted. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustments relating to contracted services, stated at R100 063 466 (2014: R120 425 649) in note 31 to the financial statements, were necessary.



Rental of facilities

14. I was unable to obtain sufficient appropriate audit evidence for revenue generated from the rental of facilities due to the municipality that could not provide application forms, rental agreements and adequate registers. I was unable to confirm the revenue from the rental of facilities by alternative means. Consequently, I was unable to determine whether any adjustments to revenue from the rental of facilities, stated at R11 203 009 (2014: R10 303 659) in note 23 to the financial statements, were necessary.

Cash flow statement

15. The municipality did not accurately disclose the cash flow movements for the year in accordance GRAP 2, *Cash flow statements*. Cash receipts from property rates and service charges were understated by R32 111 541. Cash payments to suppliers were overstated by R31 929 811.

Aggregation of immaterial uncorrected misstatements

16. The financial statements were materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following items included in the statement of financial position and the statement of financial performance:

- Repairs and maintenance disclosed as R26 882 267 was understated by R19 583 545
- Provisions disclosed as R50 144 032 was understated by R15 286 472.

In addition, I was unable to obtain sufficient appropriate audit evidence to confirm the following items by alternative means:

- Property rates of R17 115 478 as included in the disclosed total of R192 549 129 (2014:R192 976 982)
- Non-current consumer receivables of R17 598 390 was included in the disclosed balance of R21 059 890.

Consequently, I was unable to determine whether any further adjustment to these items was necessary.

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 these 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 37 to the financial statements, the corresponding figures for 2014 were restated as a result of an error discovered during 2014-15 in the financial statements of the Matjhabeng Local Municipality at, and for the year ended, 30 June 2014.

Material losses

20. As disclosed in note 48 to the financial statements, material losses to the amount of R125 272 583 (2014: R107 189 324) and R80 767 714 (2014: R91 916 893) were incurred as a result of water and electricity distribution losses, respectively.

Impairments and write offs

21. As disclosed in note 7 to the financial statements, material losses to the amount of R1 028 322 181 were incurred as a result of a write off of irrecoverable consumer receivables.
22. As disclosed in note 10 to the financial statements, material losses to the amount of R41 026 676 were incurred as a result of a disposal of property, plant and equipment.

Financial sustainability

23. Note 42 to the financial statements indicate that the Matjhabeng Local Municipality incurred a net loss of R323 331 190 during the year ended 30 June 2015. These and the other conditions disclosed indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to meet its financial obligations as they fall due and to achieve service delivery objectives as outlined in the service delivery business implementation plan.

Additional matter

24. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Additional disclosure

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

Report on other legal and regulatory requirements

26. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected key performance areas presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express



assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

27. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected key performance area (KPA) presented in the annual performance report of the municipality for the year ended 30 June 2015:
 - KPA1: Basic service delivery on pages xx to xx; xx to xx
28. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
29. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned KPA. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (FMPPi)*.
30. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
31. The material findings in respect of the selected KPA are as follows:

KPA1: Basic service delivery

Reliability of reported performance information

32. The FMPPi requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was because the auditee could not provide sufficient appropriate evidence in support of the reported performance.

Additional matters

33. I draw attention to the following matters:

Achievement of planned targets

34. Refer to the annual performance report on pages xx to xx; xx to xx for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information for the selected KPA in paragraph 32 of this report.



Adjustment of material misstatements

35. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for KPA1 – basic service delivery. As management subsequently corrected the misstatements, I did not identify material findings on the usefulness of the reported performance information.

Material inconsistencies in other information included in the annual report

36. I was not provided with the draft annual report. As a result, I could not confirm whether the details in the draft annual report were consistent with the information presented in the annual performance report.

Compliance with legislation

37. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows

Strategic planning and performance management

38. The annual performance report for the year under review did not include the performance of the municipality and each external services provider, a comparison of the performance with set targets, a comparison with the previous financial year and measures taken to improve performance, as required by section 46 (1)(a),(b) and (c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).
39. The KPAs set by the municipality did not include indicators on the percentage of households with access to basic level of water, sanitation, electricity and solid waste removal, as required by section 43(2) of the MSA and regulation 10(a) of the *Municipal planning and performance management regulations*.
40. The annual performance agreements for all senior managers were not linked to the measurable performance objectives approved with the budget and to the service delivery budget implementation plan, as required by section 53(1)(c)(iii) of the MFMA and section 57(1)(b) of the MSA.
41. The performance management system did not provide for policies and procedures to take steps of improvement where performance targets were not met, as required by section 41 (1)(d) of the MSA.
42. The municipality did not establish mechanisms to monitor and review its performance management system, as required by section 40 of the MSA.

Annual report and annual financial statements

43. 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, revenue, expenditure, disclosure items identified by the auditors in the submitted financial statements were subsequently



corrected and the supporting records were provided subsequently. However, the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer of audit opinion.

Audit committee

44. The audit committee did not advise the council 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.
45. The audit committee did not advise the council 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.
46. The audit committee did not advise the council on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.
47. 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.
48. The audit committee did not review the municipality's performance management system and make recommendations to the council, as required by municipal planning and performance management regulation 14(4)(a)(ii).
49. The audit committee did not review all the quarterly internal audit reports on performance measurement, as required by municipal planning and performance management regulation 14(4)(a)(i).
50. The audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by municipal planning and performance management regulation 14(4)(a)(iii).
51. The audit committee did not meet at least four times a year, as required by section 166(4)(b) of the MFMA.

Internal audit

52. The internal audit unit did not function as required by section 165(2) of the MFMA, in that, it did not report to the audit committee on the implementation of the internal audit plan. It also did not advise the accounting officer and report to the audit committee on matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management and loss control.
53. The internal audit unit did not advise the accounting officer and 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)(vii) of the MFMA.

Procurement and contract management

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



55. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
56. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
57. 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 approved by the accounting officer were only if it was impractical to invite competitive bids, as required by SCM regulation 19(a).
58. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were only awarded to providers whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.
59. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements and a procurement process which was fair, equitable, transparent and competitive, due to improper record keeping.
60. Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts were approved by a properly delegated official, as required by SCM regulation 5.
61. Awards were made to providers who were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, in contravention of SCM regulation 38(1).
62. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by the code of conduct for staff members issued in terms of the MSA.

Human resource management

63. Appointments were made in posts which were not provided for in the approved staff establishment of the municipality, in contravention of section 66(3) of the MSA.
64. Job descriptions were not established for all posts in which appointments were made in the year under review, in contravention of section 66(1)(b) of the MSA.
65. The municipality did not submit a report on compliance with prescribed competency levels to the National Treasury and relevant provincial treasury as required by the Municipal regulations on minimum competency levels 14(2)(a).
66. The senior managers directly accountable to the municipal manager did not sign performance agreements, as required by section 57(2)(a) of the MSA.



Expenditure management

- 67. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
- 68. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, and accounted for creditors, as required by section 65(2)(b) of the MFMA.
- 69. Reasonable steps were not taken to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Revenue management

- 70. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.
- 71. An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.

Asset management

- 72. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 96(2)(a) of the MFMA.
- 73. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Liability management

- 74. An effective system of internal control for liabilities (including a liability register) was not in place, as required by section 63(2)(c) of the MFMA.

Consequence management

- 75. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.



Internal control

76. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for disclaimer of opinion, the findings on the service delivery report and the findings on compliance with legislation included in this report.

Leadership

77. Although leadership partially addressed capacity constraints within the finance division by appointing skilled and competent personnel, these actions were not adequate to enable the municipality to improve its general control environment. The municipality did not always take timeous corrective action to address internal control weaknesses as well as to ensure compliance with legislation. This resulted in non-compliance with applicable legislation and gave rise to unauthorised, irregular and fruitless and wasteful expenditure.
78. The council did not approve an organisational structure that is aligned to the municipality's needs. As a result, personnel that needed to address the municipality's needs were employed outside the approved organisational structure.
79. The municipal manager was not consistently available to attend weekly steering committee meetings held during the course of the audit. This resulted in the corrective action not being timeously implemented to ensure the submission of appropriate audit evidence.

Financial and performance management

80. Inadequate communication and a lack of integration between the different directorates resulted in information in the asset registers relating to the physical location of the assets not being updated on a regular basis. There was a lack of reconciliations between the accounting system and the supporting documents for trade payables and inventory.
81. Inadequate record keeping at various directorates within the municipality resulted in findings on inventory, procurement and contract management, expenditure, consumer receivables and revenue. This resulted to a lack of accountability and commitment by staff, as well as corrective action not being taken.



Governance

82. The governance structures did not influence an improvement in the control environment of the local municipality which is mainly attributable to the fact that the audit committee was not entirely functional in the financial year and the internal audit division did not plan and execute risk-based audits.
83. The draft annual financial statements were not timeously reviewed by the audit committee as they were only submitted at a late stage. This thus resulted in numerous errors being identified in the annual financial statements submitted for auditing.
84. The implementation of recommendations made by the internal audit division based on findings raised on quarterly and mid-year performance reporting was not adequately monitored by the executive management. This resulted in the report on predetermined objectives being subject to material adjustments. This was also due to the fact that the internal audit did not have an audit committee to report to.

Auditor-General

Bloemfontein

30 November 2015



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

1.7 STATUTORY ANNUAL REPORT PROCESS

#	ACTIVITY	TIME FRAME	ACTUAL
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	It was developed and submitted to Council for approval
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting)		IDP and Budget were approved 30 days before the start of the new financial year
3	Finalize the 4 th quarter Report for previous financial year.		Done
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General.		Not done. The Municipality continues to submit a draft Annual Report to Council before the end of January of the succeeding second semester of the next financial year
5	Municipal entities submit draft Annual reports to MM.		Not relevant to MLM
6	Audit / Performance committee considers draft Annual Report of Municipality and entities (where relevant)	August	The Municipality did not have a functional Performance Audit Committee at the time
7	Mayor tables the unaudited Annual Report		Not done. Refer to point 4 above
8	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General		Partly done. Only Annual Financial Statements were submitted to the office of the Auditor General within August of the financial year
9	Annual Performance Report q submitted to Auditor General to be provided a input to the IDP Analysis Phase		Draft Performance Report was submitted to the office of the Auditor General before the end of August
10	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September – October	The audits of both submissions were done as expected
11	Municipalities receive and start to address the Auditor General's comments	November	Queries were issues and responses were provided
12	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor General's Report		The audited work was not tabled in November of that year
13	Audited Annual Report is made public and representation is invited		Audited Annual Report was made public only in January of the following year
14	Oversight Committee assesses Annual Report		The oversight committee assessed its work only after the audited report as made public
15	Council adopts Oversight Report	December	Council adopted the oversight report only in March of the following year



16	Oversight Report is made public		The oversight report was made public after adoption of the oversight report
17	Oversight Report is submitted to relevant Provincial Councils		The submission was done in April of the following year
18	Commencement of draft Budget/IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.	January	Inputs for finalization of the IDP/Budget were sourced from the final Annual Report only after adoption in March of the following year.
T.1.7.1			



CHAPTER 2: GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

POLITICAL STRUCTURE



EXECUTIVE MAYOR
Cllr Sebenzile Ngangelizwe



SPEAKER
Cllr C Stofile



CHIEF WHIP
Cllr M Twala

MAYORAL COMMITTEE / EXECUTIVE COMMITTEE



MMC COMMUNITY SERVICES
Cllr P Motshabi



MMC TECHNICAL SERVICES
Cllr MK Menyatso



MMC FINANCE
Cllr MA Mbana





MMC CORPORATE SERVICES
Cllr MSE Mfebe



MMC SPECIAL PROGRAMMES
Cllr ML Thlone



MMC SOCIAL SERVICES
Cllr ML Radebe



MMC POLICY DEVELOPMENT & MONITORING
Cllr FE Taliwe



MMC PUBLIC SAFETY & TRANSPORT
Cllr MJ Sephiri



MMC LED & PLANNING
Cllr L Rubulana



MMC HUMAN SETTLEMENTS
Cllr MH Ntsebeng

T.2.1.1



COUNCILLORS

PR COUNCILLORS



Cllr Menyatso



Cllr Ngangelizwe



Cllr Stofile



Cllr Motshabi



Cllr Badenhorst



Cllr Mafa



Cllr Vanga



Cllr Mafongosi



Cllr Banyane



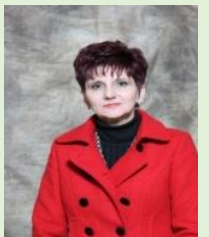
Cllr Styger



Cllr Mholo



Cllr Marais



Cllr Taljaard



Cllr Ntsebeng



Cllr Chaka



Cllr Matlebe





Cllr Kockera



Cllr Malefane



Cllr Mlangeni



Cllr Botha



Cllr Mokotedi



Cllr Radebe



Cllr Tsubane



Cllr Petleki



Cllr Pina



Cllr Fourie



Cllr Rubulana



Cllr Mbana



Cllr Fanie



Cllr Radebe



Cllr Thlone



Cllr Twala



Cllr Sephiri



Cllr Speelman



Cllr Van Rooyen



Cllr Kabi



WARD COUNCILLORS



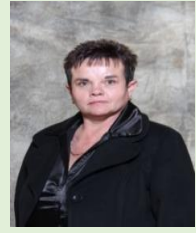
Cllr Van Rooyen



Cllr Naude



Cllr Madumise



Cllr De Villiers



Cllr Riet



Cllr Beneke



Cllr Van Schalkwyk



Cllr Mokhomo



Cllr Meli



Cllr Phetise



Cllr Monjovo



Cllr Mfebe



Cllr Thateng



Cllr Tsatsa



Cllr Qweshu



Cllr Mphikeleli





Cllr Dali



Cllr Makgowe



Cllr Mbambo



Cllr Molupe



Cllr Ntlele



Cllr Sifatya



Cllr Mosala



Cllr Thelingoane



Cllr Tlake



Cllr Morris



Cllr Smit



Cllr Taliwe



Cllr Molete



Cllr Mabote



Cllr Tsubella



Cllr Molelekoa



Cllr Khalipha



Cllr Molelekoa



Cllr Masienyane



Cllr Mothege

T.2.1.2



POLITICAL DECISION-MAKING 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-making process usually begins with the Administrative Wing of the municipality making submissions to the Section 80 Committees for further consideration.

The Heads of the s80 Committees then make recommendations towards an agenda that will be tabled before the Honourable Executive Mayor's advisory committee, namely, the Mayoral Committee, which will then submit its recommendations to Council for final decisions.

Depending on the nature of a Council decision, the general public will be consulted for inputs on the matters discussed by Council and then Council will finally ratify 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 or 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

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipality is governed administratively by the Accounting Officer: Advocate MF Lepheana, who assumed his position in November 2015. During the period, there were Executive Director Positions which were still vacant but officials worked on an acting capacity.

The recruitment process for filling the three vacant post began in 2014 and eventually all positions were filled by the beginning of May 2015. Therefore, the Municipality has a full complement of Section 56/57 managers.

As illustrated below, the Chief Executive Officer of the Municipality is Mr ET Tsoaeli, Executive Director Strategic Support Services: Mr TB Makofane, Executive Director LED & Planning: Mr X Msweli, Executive Director Community Services: Me M Mogopodi, Executive Director Infrastructure: Me B Thabani and Executive Director Corporate Services: Mr FF Wetes.

T.2.2.1

TOP ADMINISTRATIVE STRUCTURE



MUNICIPAL MANAGER
Adv. MF Lepheana



**EXECUTIVE DIRECTOR
STRATEGIC SUPPORT SERVICES**
Mr. TB Makofane



CFO
Mr. TF Tsoaeli

**EXECUTIVE DIRECTOR
LED & PLANNING**
Mr. X Msweli



**EXECUTIVE DIRECTOR
COMMUNITY SERVICES
& LAW ENFORCEMENT**
Me. M Mogopodi



**EXECUTIVE DIRECTOR
INFRASTRUCTURE**
Me. B Tlhabane



**EXECUTIVE DIRECTOR
CORPORATE SERVICES**
Mr. F Wetes



T.2.2.2

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

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 fora help with 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) and lately the Back to Basics concept as well as a similar fora spearheaded by the Provincial COGTA.

Needless to say, the municipality is an active participant in the District and Provincial Integrated Development Plan (IDP) fora 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



2.4 PUBLIC MEETINGS

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. Internal Departments continued to consult the community on the drafting and implementation of the policies. The Office of the Executive Mayor had a program of imbizos, which reinforce the system of ward committee participation.

In addition, with a view to enhancing accountability, the Municipality published important documents like the IDP, Budget and the annual report and also placed them 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 internal Departments were afforded an opportunity to input into the IDP and Budget development processes.

Municipal Planning on public participation remains a daunting task each financial year due to resources constraints. The staffing in the Office of the Speaker is grossly insufficient to deal with task relating to public participation. 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

COMMUNICATION, PARTICIPATION AND FORUMS

The municipality regularly advertised 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 direct communication with the community on development plans, progress and challenges. The Municipal publication, *Matjhabeng News* assisted in informing the public on Municipal Programmes for the financial year under review.

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 was charged with assessing performance of all wards in the Municipality.

T 2.4.2

PUBLIC MEETINGS

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Mayoral interaction with Ward Committees	11/11/2014	7	8	227	Service Delivery Issues	Feedback through ward constituency meetings.
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?	N
Does the IDP have priorities, objectives, KPIs, development strategies?	Y
Does the IDP have multi-year targets?	N
Are the above aligned and can they calculate into a score?	Y
Does the budget align directly to the KPIs in the strategic plan?	N
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?	N
T 2.5.1	



COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

In terms of the 2009 structure as approved by Council, the unit was non-existent. The Auditor General has identified quite a number issues that require the Municipality to establish a unit that would deal with such issues. We are currently working with an official who is only acting in the same position and therefore are awaiting the approval of the structure to be approved for the next financial year.

T 2.6.0



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 Enterprise Risk Management Framework aligned to Municipal Strategy (IDP). A reviewed risk management policy was approved during the Council sitting of March 2015.

The following are the responsibilities of Risk Management Unit of the Municipality.

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.

As the Framework, policy, strategy and plan were approved late, these responsibilities were not performed and as such risk management processes were not performed as required by legislation.

T 2.6.1



2.7 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. It effectively means that acceptable norms and standards of quality, expected service delivery and technical performance could not be relaxed or compromised, while ensuring the promotion of HDI's in the process.

It remained a fact that is clear that the local economy was declining. In order to salvage the situation, the Municipality incorporated a number of local economic development initiatives and projects in the Integrated Development Plan. The Municipality also realised that its supply chain management policy and practices could play an important role in stimulating local economic growth and development. Policy changes were designed to contribute to the achievement by the Municipality of its objectives regarding local economic growth and development.

In terms of the unit itself, it was boosted by appointment of SCM Manager and other staff members.

T 2.7.1



2.8 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
Cemeteries and Crematoria	2008	Yes		Yes	07/12/2012
Credit Control and Debt Collection	2015	Yes		Yes	07/12/2015
Culture and Recreation	2008	Yes		Yes	07/12/2012
Dumping and Littering	2008	Yes		Yes	07/12/2012
Health for home for the aged	2010	Yes		Yes	07/12/2012
Market	2010	Yes		Yes	07/12/2012
Parking meter	2008	Yes		Yes	07/12/2012
Property Rates	2015	Yes		Yes	07/12/2015
Public Amenities	2008	Yes		Yes	07/12/2012
Public Health	2008	Yes		Yes	07/12/2012
Public Roads and Miscellaneous	2008	Yes		Yes	07/12/2012
Refuse (Solid Waste) and Sanitary	2008	Yes		Yes	07/12/2012
Streets and Public Places	2008	Yes		Yes	07/12/2012
Street Trading	2008	Yes		Yes	07/12/2012
Waste Management	2010	Yes		Yes	07/12/2012
Water Services	2010	Yes		Yes	07/12/2012
*Note: See MSA section 13.					T 2.8.1



2.9 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 2015	
All current budget-related policies	Yes	October 2014 + September 2015	
The previous annual report (Year -1)	Yes	March 2014	
The annual report (Year 0) published/to be published	Yes	October 2014	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	No	N/A	Never provided by the relevant department.
All service delivery agreements (Year 0)	No	N/A	Never provided by the relevant department.
All long-term borrowing contracts (Year 0)	No	N/A	Never provided by the relevant department.
All supply chain management contracts above a prescribed value (give value) for Year 0	No	N/A	Never provided by the relevant department.
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	N/A	Never provided by the relevant department.
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	N/A	Never provided by the relevant department.
Public-private partnership agreements referred to in section 120 made in Year 0	No	N/A	Never provided by the relevant department.
All quarterly reports tabled in the council in terms of section 52 (d) during Year -1	Yes	July 2015	
			T 2.9.1

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The culture of legislative compliance should be promoted from the senior leadership so that new and relevant practices are ingrained to all staff members.

T.2.9.1.1



CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

COMPONENT A: BASIC SERVICES

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

INTRODUCTION TO BASIC SERVICES

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 previous year under review, the Municipality had approximately 8500 informal dwellings. In Tandanai/2010 area about 1400 households were formalised. It is unknown how many new informal dwellings were erected.

T 3.1.0



3.1 WATER PROVISION

INTRODUCTION TO WATER PROVISION

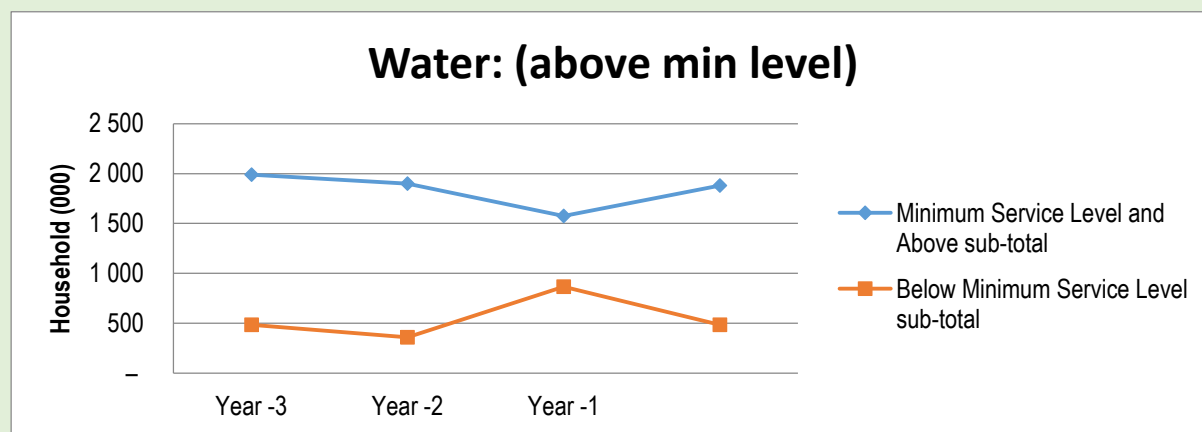
Matjhabeng Municipality is the Water Service Authority and Sedibeng Water the Water Service Provider. Due to the down scaling of the mines in the area, the current bulk water supply capacity is more than adequate in all the towns in the area of authority. Due to growth and bucket eradication in some areas some bulk lines capacities become challenging. Sedibeng water in the process of investigating and upgrading of such. 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 obtained Blue Drop status for 5 of the 6 towns in it's jurisdiction area. During 2012. We was assessed for Blue Drop Status again in 2013 and 2014. The outcome of these assessments is however still not available. 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

WATER USE BY SECTOR



T.3.1.2.1



COMMENT ON WATER USE BY SECTOR:

Due to excessive water losses, the Municipality embarked on a project to reduce water losses. Detail investigations on existing water meters were done to determine reason why meters are not functional and associated repair thereof. Faulty valves were identified and replaced to minimise water loss during maintenance actions. Indigent households with the highest water usage were identified and leakages of taps and toilet cisterns were repaired.

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.

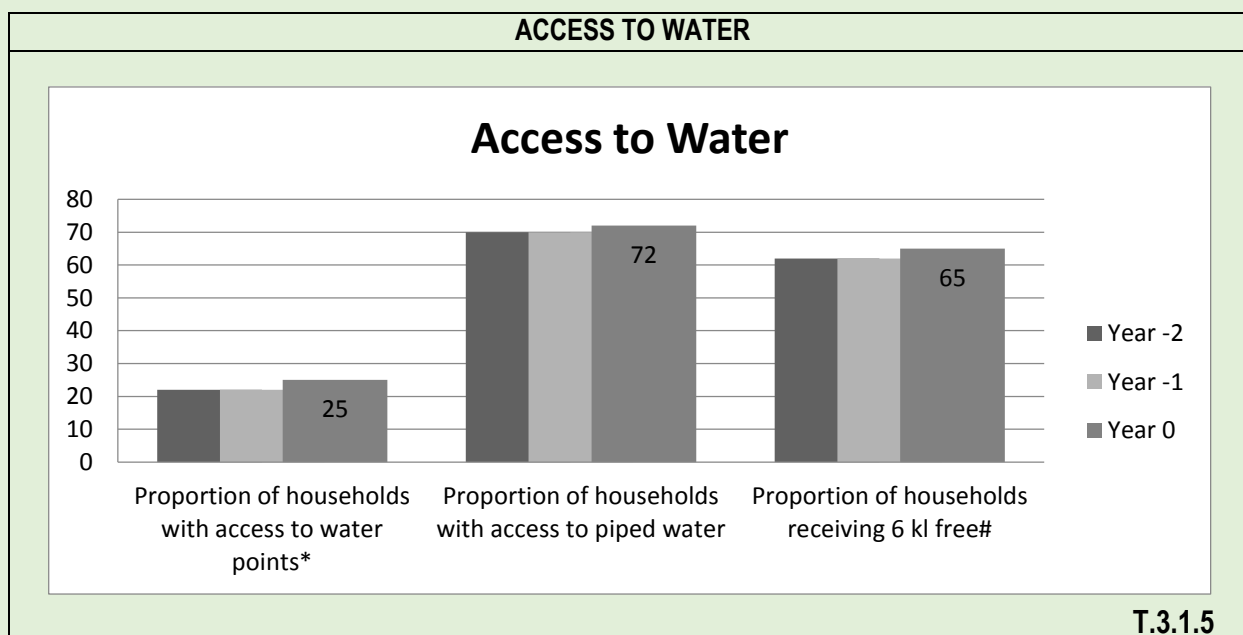
T 3.1.2.2

Water Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<u>Water: (above min level)</u>				
Piped water inside dwelling	49 315	49 315	49 315	50 742
Piped water inside yard (but not in dwelling)	46 997	46 997	46 997	46 997
Using public tap (within 200m from dwelling)	2 916	1 916	1 916	1 489
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	99 228	98 228	98 228	98 228
<i>Minimum Service Level and Above Percentage</i>	97%	96%	97%	96%
<u>Water: (below min level)</u>				
Using public tap (more than 200m from dwelling)	3 467	4 467	4 467	3 467
Other water supply (more than 200m from dwelling)				
No water supply				
<i>Below Minimum Service Level sub-total</i>	3 467	4 467	4 467	3 467
<i>Below Minimum Service Level Percentage</i>	3%	4%	3%	4%
Total number of households*	100 795	102 695	102 695	102 695
* - To include informal settlements				T 3.1.3



Households - Water Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original	Adjusted	Actual
	No.	No.	No.	Budget	Budget	No.
Formal Settlements						
Total households	84 972	84 855	86 284	87 711	87 711	87 711
Households below minimum service level	4 140	1 489	1 489	1 489	1 489	1 489
Proportion of households below minimum service level	5%	2%	2%	2%	2%	2%
Informal Settlements						
Total households	7 183	7 183	7 183	6 183	6 183	6 183
Households below minimum service level	4 467	4 387	4 387	3 960	3 960	3 960
Proportion of households below minimum service level	62%	61%	61%	64%	64%	64%
						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	22%	70%	62%
Year -1	22%	70%	62%
Year 0	25%	72%	65%
			T 3.1.5



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)
To replace 15% of worn out water pipelines in a five-year cycle.	Repair and maintenance of water related infrastructure	1,800	3,710	3500	2,000	5,607	4200	4200	4200
	Service all hydrants and Valves once a year	2,140	167	1500	130	271	190	190	190
	Implement the water meter repair program	15,700	6,518	6000	2,500	8,311	9800	9800	9800
T 3.1.6									



Employees: Water Services					
Job Level	Year -1 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1		1		#DIV/0!
4 - 6	1		1		#DIV/0!
7 - 9	18		17		#DIV/0!
10 - 12	18		16		#DIV/0!
13 - 15	3		4		#DIV/0!
16 - 18	42		106		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	83		145		#DIV/0!
					T3.1.7

Financial Performance Year 0: Water Services					
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%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.1.8



Capital Expenditure Year 0: Water 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
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
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 X21 (Hani Park)	R1,3m	2016
Thabong T6	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

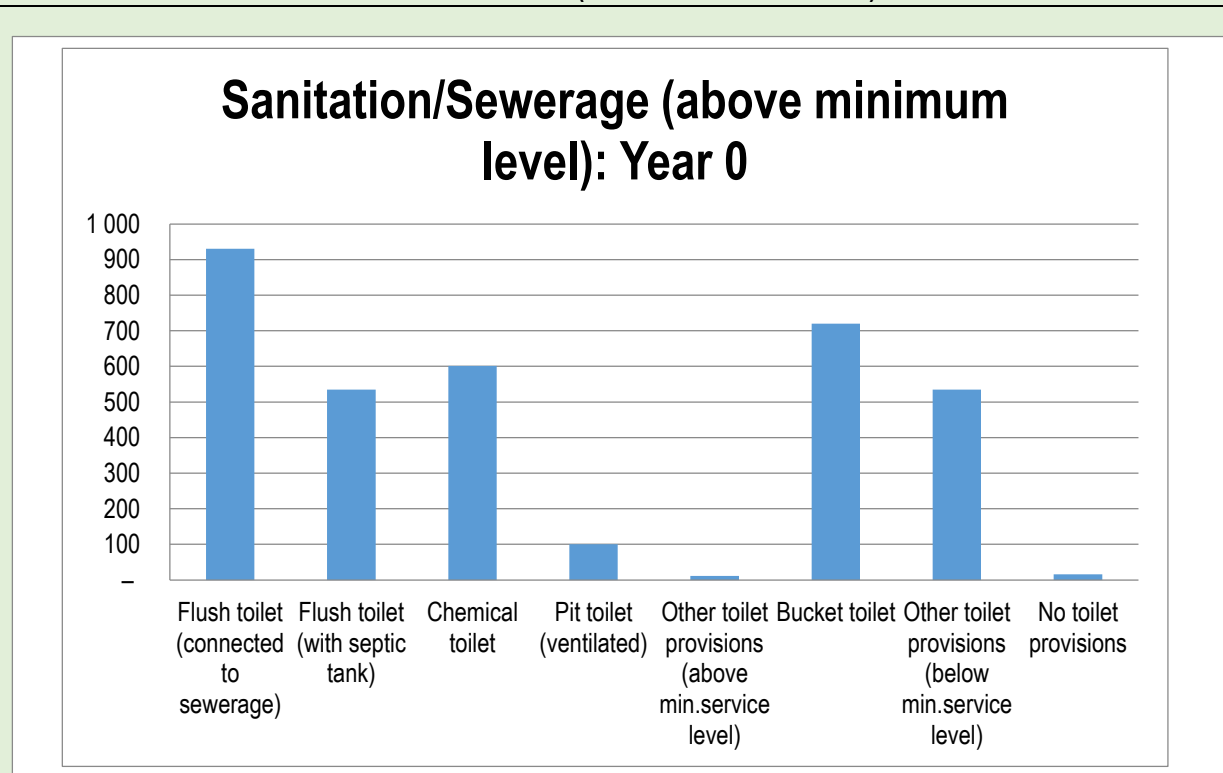
INTRODUCTION TO SANITATION PROVISION

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. According to EIA, new proclaimed areas, only new developments (new houses) can be allowed after upgrading of Thabong WWTW. Funding to upgrade this works should be a priority.

T.3.2.1

SANITATION / SEWERAGE (ABOVE MINIMUM LEVEL): YEAR 0



T.3.2.2

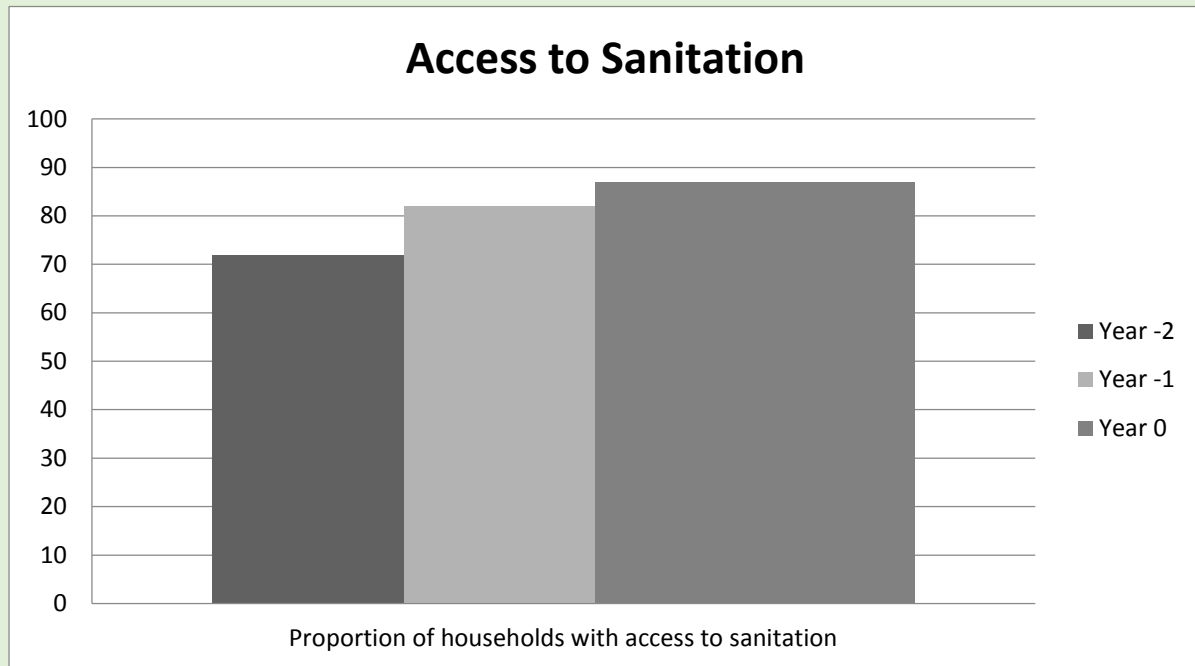


Sanitation Service Delivery Levels						
Description	*Households					
	Year -3	Year -2	Year -1	Year 0		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Sanitation/sewerage: (above minimum level)						
Flush toilet (connected to sewerage)	78,568	78,568	95,278	95,708	95,708	95,708
Flush toilet (with septic tank)	-	-	956	956	956	956
Chemical toilet	-	-	111	111	111	111
Pit toilet (ventilated)	-	-	512	512	512	512
Other toilet provisions (above min.service level)	-	-	-	0	0	
<i>Minimum Service Level and Above sub-total</i>	78,568	78,568	96,857	97,287	97,287	97,287
<i>Minimum Service Level and Above Percentage</i>	66.6%	70.2%	90.0%	90.4%	90.4%	90.4%
Sanitation/sewerage: (below minimum level)						
Bucket toilet	15,198	6,698	5,195	5,195	5,195	5,195
Other toilet provisions (below min.service level)	11,273	11,273	2,600	2,170	2,170	2,170
No toilet provisions	13,000	15,455	2,930	2,930	2,930	2,930
Below Minimum Service Level sub-total	39,471	33,426	10,725	10,295	10,295	10,295
Below Minimum Service Level Percentage	33.4%	29.8%	10.0%	9.6%	9.6%	9.6%
Total households	118,039.00	111,994.00	107,582.00	107,582.00	107,582.00	107,582.00
						T 3.2.3

Households - Sanitation Service Delivery Levels below the minimum						
Description	Households					
	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	107,582	107,582	107,582	107,582
Households below minimum service level	6,000	4,140	10,725	10,295	10,295	10,295
Proportion of households below minimum service level	7%	5%	10%	10%	10%	10%
Informal Settlements						
Total households	5,383	2,692	4,467	4,467	4,467	4,467
Households ts below minimum service level	4,467	4,467	4,313	4,313	4,313	4,313
Proportion of households ts below minimum service level	83%	166%	97%	97%	97%	97%
						T 3.2.4



ACCESS TO SANITATION



T.3.2.5



Waste Water (Sanitation) Service Policy Objectives Taken From IDP									
Service Objectives <									



Employees: Sanitation Services					
Job Level	Year -1 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0		0		#DIV/0!
4 - 6	2		2		#DIV/0!
7 - 9	8		7		#DIV/0!
10 - 12	6		6		#DIV/0!
13 - 15	12		12		#DIV/0!
16 - 18	87		79		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	115		106		#DIV/0!
					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	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%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.2.8



Capital Expenditure Year 0: Sanitation Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	108,762	1000%	
Kutlwanong: Upgrading of sewerage works phase 2			30,210	100%	30,210
Mmamahabane: Construction of 60 sewer house connections (MIS:208863)			798	100%	995
Meloding: Ext 10 Sewer network (MIS:208886)			797	100%	986
Phomolong: Construction of a new outfall sewer for 4871 stands (MIS:215125)			5,500	100%	10,143
Virginia: Upgrading of waste water treatment works (MIS:215450)			12,281	100%	41,656
Thabong T16: Provision of waterborne sanitation for 1300 stands (MIS:216509)			37,948	100%	37,948
Matjhabeng Fencing at Pump Stations and Treatment Plants			2,491	0	5.804
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.2.9

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Sewer networks were extended and maintained but due to shortage of funding and resources some major challenges exist. With the support of DWAS though Bloemwater old bucket eradication challenges are in the process to be addressed. The outfall sewer in Koppie Alleen Road is still a major concern.

Cognisance must also be taken on the increase in water usage due to developments and high living standards. This results in higher flows to WWTW.

T 3.2.10



3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

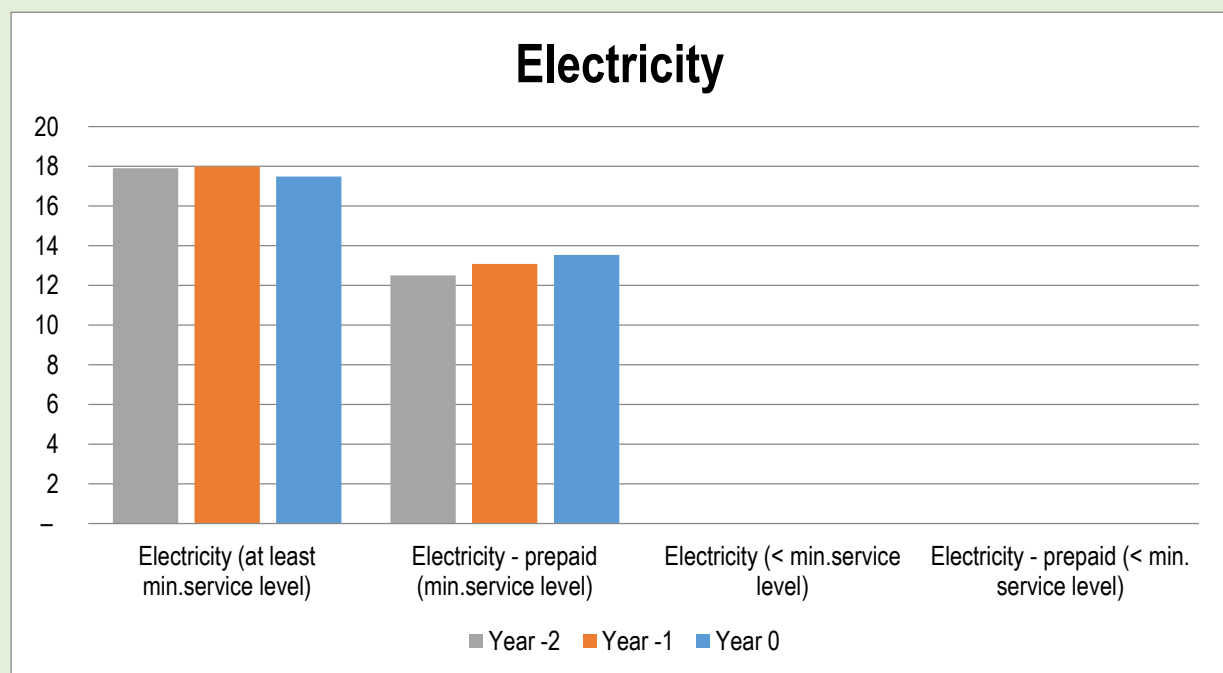
The Matjhabeng Municipality is the Electrical Distribution Authority in the following Municipal areas:

- Allanridge Unit
- Odendaalsrus Unit
- Welkom Unit
- Riebeeckstad Unit
- Bronville Unit
- Virginia Unit
- Hennenman Unit
- Ventersburg Unit

Therefore, the Electrical Department Engineering Services is responsible to provide an efficient, cost effective environment, that will provide a climate of positive growth, capital investment and social upliftment for the Matjhabeng Community at large.

T 3.3.1

ELECTRICITY



T.3.3.2



Electricity Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Energy: (above minimum level)				
Electricity (at least min.service level)	17 439	17 915	17 984	17 492
Electricity - prepaid (min.service level)	12 155	12 500	13 076	13 529
<i>Minimum Service Level and Above sub-total</i>	29 594	30 415	31 060	31 021
<i>Minimum Service Level and Above Percentage</i>	99%	99%	99%	100%
Energy: (below minimum level)				
Electricity (< min.service level)	0	0	0	0
Electricity - prepaid (< min. service level)	0	0	0	0
Other energy sources	320	584	872	0
<i>Below Minimum Service Level sub-total</i>	150	300	320	0
<i>Below Minimum Service Level Percentage</i>	0.5%	1.0%	1.0%	0.0%
Total number of households	29 744	30 715	31 380	31 021
				T 3.3.3

Households - Electricity Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Households Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	32 103	32 103	31 303	31 303	31 303	31 021
Households below minimum service level	155	285	0	0	0	0
Proportion of households below minimum service level	0%	1%	0%	0%	0%	0%
Informal Settlements						
Total households	155	285	285	285	285	285
Households ts below minimum service level	155	285	0	0	0	0
Proportion of households ts below minimum service level	100%	100%	0%	0%	0%	0%
						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)
Service Objective xxx									
Maintain distribution losses under 10%	% Losses	10%	8%	10%	10%	9%	10%	10%	10%
Annual maintenance of 808 substations	Substations maintained	564	596	564	564	605	564	564	564
Maintenance of 29558 street lights Annual maintenance ratio is 30%.	Streetlights repaired	8 674	1 710	8 674	8 674	1 501	8 674	8 674	8 674
Electrical breakdown responses	Reaction on break down situations	2 158	3 840	2 158	2 158	2 718	2 158	2 158	2 158
Scrutinizing of consumer accounts regarding tampering	500 theft cases handled annually	500	148	500	500	323	500	500	500
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									T 3.3.5



Employees: Electricity Services					
Job Level	Year -1 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts) %
0 - 3	1		1		#DIV/0!
4 - 6	6		5		#DIV/0!
7 - 9	22		20		#DIV/0!
10 - 12	8		7		#DIV/0!
13 - 15	1		2		#DIV/0!
16 - 18	43		47		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	81		82		#DIV/0!
					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	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%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.3.7



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	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
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.3.8

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

In the 2014/2015 Financial Year, the Electrical Department was able to successfully plan, construct and maintain the electrical distribution networks and infrastructures as to ensure a safe, effective and affordable electrical energy supply to the community of the Matjhabeng Municipality.

Therefore in the 2014/2015 Financial Year, the Electrical Department was able to successfully do the following:

- Distribute 446GWH to the 30907 electrical consumer base that is located in the Matjhabeng Municipality distribution area.
- Attend to 3695 electrical breakdown situations.
- Successfully maintain 1320 streetlights and 181 highmast lights of the Matjhabeng Public Lighting Infrastructure.
- Successfully maintain 100 MVA high voltage 132kV installations situated in the Welkom Unit.
- Execute 9121 Electrical Revenue Protection action that resulted in an income of R5,2m for Council.

T 3.3.9



3.4 WASTE MANAGEMENT

THIS SECTION TO INCLUDE REFUSE COLLECTIONS, WASTE DISPOSALS, 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)

T 3.4.1

Solid Waste Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week	121 024	121 024	121 024	121 024
<i>Minimum Service Level and Above sub-total</i>	121 024	121 024	121 024	121 024
<i>Minimum Service Level and Above percentage</i>	4,3%	3,9%	77,2%	77,2%
<u>Solid Waste Removal: (Below minimum level)</u>				
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	12	123	124	124
<i>Below Minimum Service Level sub-total</i>	2 690	3 015	2 678	2 755
<i>Below Minimum Service Level percentage</i>	95,7%	96,1%	95,7%	95,8%
Total number of households	2 811	3 136	2 799	2 876

T 3.4.2



Households - Solid Waste Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original	Adjusted	Actual
	No.	No.	No.	Budget No.	Budget No.	No.
Formal Settlements						
Total households	131 622	131 622	131 622	131 622	131 622	131 622
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	105 000	105 000	105 000	105 000	105 000	105 000
Households ts below minimum service level	20 000	20 000	20 000	20 000	20 000	20 000
Proportion of households ts below minimum service level	25%	25%	25%	25%	25%	25%
T 3.4.3						



Waste Management Service Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	 (iv)	*Previous Year (v)	*Current Year (vi)	 (vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Provision of weekly collection service per household (HH)	133 662 HOUSEHOLDS	5624 SERVICE POINTS	5749 SRVICES POINTS	5749 SERVICE POINTS	5749 SERVICE POINTS	5749 SERVICE POINTS	5749 SERVICE POINTS	5749 SERVICE POINTS	5749 SERVICE POINTS
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	20 years of unused landfill capacity available	15 years of unused landfill capacity available	15 years of unused landfill capacity available	10 years of unused landfill capacity available	15 years of unused landfill capacity available	10 years of unused landfill capacity available	10 years of unused landfill capacity available	10 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.	45% of year 2014/2015 waste recycled	40% of year 2014/2015 waste recycled	40% of year 2014/2015 waste recycled	40% of year 2014/2015 waste recycled	40% of year 2014/2015 waste recycled	45% of year 2014/2015 waste recycled	45% of year 2014/2015 waste recycled	50% of year 2015/2016 waste recycled
Proportion of landfill sites in compliance with the Environmental Conservation Act 1989.	2% of landfill sites by volume that are being managed in compliance with the Environmental Conservation Act 1989.	2% of sites compliant	2% of sites compliant	2% of sites compliant	2% of sites compliant	2% of sites compliant	2% of sites compliant	2% of sites compliant	2% of sites compliant
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; **Current Year' refers to the targets set in the Year 0 Budget/IDP round. **Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									
T 3.4.4									

T 3.4.4



Employees: Solid Waste Management Services					
Job Level	Year -1 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0		0		#DIV/0!
4 - 6	0		0		#DIV/0!
7 - 9	2		1		#DIV/0!
10 - 12	22		19		#DIV/0!
13 - 15	11		12		#DIV/0!
16 - 18	290		295		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	325		327		#DIV/0!
					T3.4.5

Employees: Waste Disposal and Other Services					
Job Level	Year -1 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0		0		#DIV/0!
4 - 6	0		0		#DIV/0!
7 - 9	0		0		#DIV/0!
10 - 12	0		0		#DIV/0!
13 - 15	0		0		#DIV/0!
16 - 18	0		0		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	0		0		#DIV/0!
					T3.4.6



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	-168 860%
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%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.4.7

Financial Performance Year 0: Waste Disposal and Other 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%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.4.8



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	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
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.4.9

COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL

The Directorate provides Waste Management Services to 5 749 service points of which constitute 133 622 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 Department's core mandate is to facilitate the provision of low and middle income housing to the qualifying members within the legal parameters (National, Provincial, Local Government).

Land Affairs

Responsible for the management, administration and acquisition of all categories of land.

Housing Development

Is responsible for the facilitation and provision / construction of houses for the low and middle income earners. The branch further facilitates intervention programmes as directed by both National and Provincial Departments.

Housing Administration

The branch is primarily responsible for ensuring effective administration especially at unit level. Transfer of houses and sites as well as acquisition and distribution of title deeds. The branch is also mandated to facilitate dispute resolutions as pertaining to property allocations and ownership.

Residential Rental Accommodation

The branch is responsible for the provision of residential rental accommodation for qualifying municipal employees as well as members of the community.

T 3.5.1

Percentage of households with access to basic housing

Year end	Total households (formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3	110 660	91 107	82,3%
Year -2	111 160	91 975	82,7%
Year -1	113 101	93 475	82,6%
Year 0	115 601	95 975	83,0%
T 3.5.2			



Housing Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Promotion of security of tenure	Additional houses provided during the year (Houses required at year end)	2 000	1 406	2 000	4 751	2 220	0	4 751	0
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									
T.3.5.3									

T.3.5.3



Employees: Housing Services					
Job Level	Year -1 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2		2		#DIV/0!
4 - 6	9		2		#DIV/0!
7 - 9	2		10		#DIV/0!
10 - 12	9		9		#DIV/0!
13 - 15	0		0		#DIV/0!
16 - 18	0		0		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	22		23		#DIV/0!
					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	-9794	-6464	0	-10433	38%
Expenditure:					
Employees	8170	8179	0	8814	7%
Repairs and Maintenance	509	3089	0	255	-1111%
Other	3474	3206	0	5575	42%
Total Operational Expenditure	12153	14474	0	14644	1%
Net Operational Expenditure	21947	20938	0	25077	17%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.5.5



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	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
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.5.6					

COMMENT ON THE PERFORMANCE OF HOUSING SERVICE OVERALL

During the period under review, the land Alienation Policy was amended and approved by Council. This will assist to fast track the disposal of all categories of land for economic injection (be it commercial, residential and community services).

In an endeavour to promote secure tenure (provision of Human Settlements) a partnership between CoGTA, HS and Housing Development Agency (HDA) continued to render support. To that effect, a document known as "project pipeline" has been generated as a tool for planning and management of housing backlog as well as motivation for external funding.

Within the 21 informal settlements identified during the previous financial year, 7000 residential sites are being formalised. Progress thereof is depicted on table 3.10.17.

The Provincial Department of HS and the HAD have assisted the department to do a scope analysis, in order for business plans to be developed for the provision of needed services. That will translate into housing provision.

With regard to houses built for the historically disadvantaged individuals, a reasonable amount of houses were built in Thandanani Ward 25, Hani Park as well as 160 re-developed old 2-roomed houses.

Additionally, three middle income Housing projects have been approved in Thabong and Welkom. LA's have been signed, preliminary plans as well as projects plans were submitted and subsequently approved.

T 3.5.7



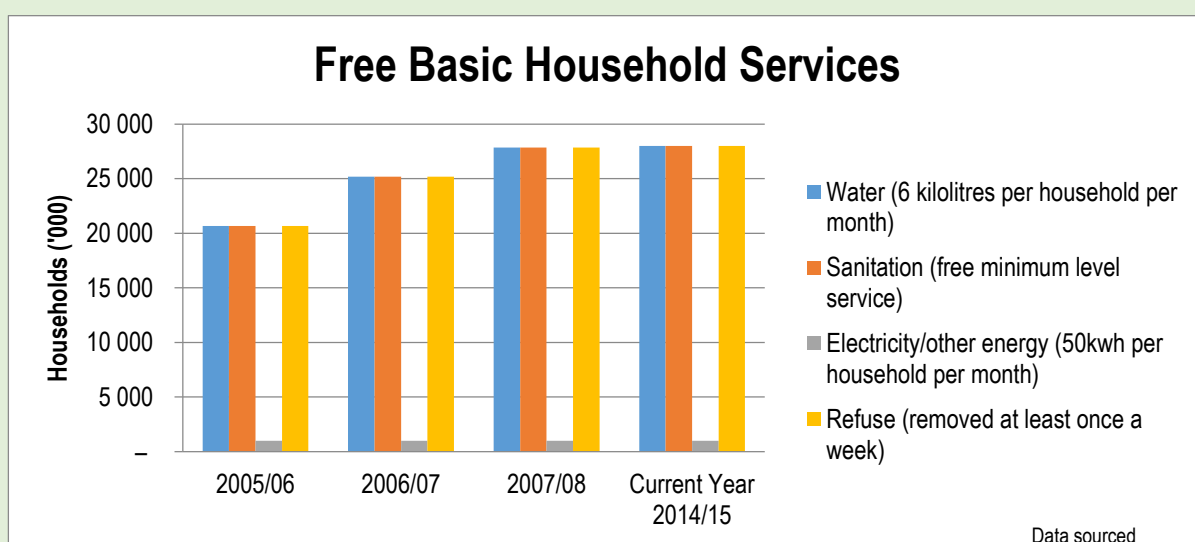
3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

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

FREE BASIC HOUSEHOLD SERVICES



T.3.6.2

Free Basic Services To Low Income Households

	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	23 045	23 045	23 045	23 045	23 045	23 045	23 045	23 045	23 045	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	248	244	250	310	21%
Waste Water (Sanitation)	245	240	250	280	14%
Electricity	135	120	130	160	25%
Waste Management (Solid Waste)	125	110	120	145	24%
Total	753	714	750	895	20%
					T 3.6.4



Free Basic Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Provision of alternative support to low income households that do not receive all Free Basic Services	Low income households (LIHs) who do not receive all the free basic services but <u>do</u> receive alternative support (Total number of LIHs not in receipt of free basic services)	xxxx LIHs receiving support (out of xxx LIHs in total)	xxxx LIHs receiving support (out of xxx LIHs in total)	xxxx LIHs receiving support (out of xxx LIHs in total)	xxxx LIHs receiving support (out of xxx LIHs in total)	xxxx LIHs receiving support (out of xxx LIHs in total)	xxxx LIHs receiving support (out of xxx LIHs in total)	xxxx LIHs receiving support (out of xxx LIHs in total)	xxxx LIHs receiving support (out of xxx LIHs in total)
To develop roads, water, sewerage, electricity and stormwater infrastructure	23045	Service 1000 new stands per year		Service 1000 new stands per year	Service 1000 new stands per year			Service 1000 new stands per year	
To replace 25% of worn out sewer pipelines in a five-year cycle.		Replace 450mm rising main line between Major pump station and Theronia sewerage works and enlarge sump of Major pump station		Replace 450mm rising main line between Major pump station and Theronia sewerage works and enlarge sump of Major pump station	Replace 5% of worn out sewer pipelines annually			Replace 5% of worn out sewer pipelines annually	
Construction and Extension of purified Water sewerage network		Use 50% of purified water sales to extend the purified sewer effluent network each year to reduce the usage of potable water for irrigation purposes		Use 50% of purified water sales to extend the purified sewer effluent network each year to reduce the usage of potable water for irrigation purposes	Use 50% of purified water sales to extend the purified sewer effluent network each year to reduce the usage of potable water for irrigation purposes			Use 50% of purified water sales to extend the purified sewer effluent network each year to reduce the usage of potable water for irrigation purposes	
To develop gravel roads		Construct sealed gravel roads at 15Km per annum		Construct sealed gravel roads at 15Km per annum	Construct un-designed Gravel roads to give residents access to stands in rainy season at 15Km per annum				
T.3.6.5									



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

12 km of new roads were constructed during the MTREF period but no major refurbishment were done on roads. Only road patching, which is done with internal personnel and operational budget funding were executed. A large backlog still exists on road maintenance, but due to financial constraints this could not be addressed.

T 3.7.1

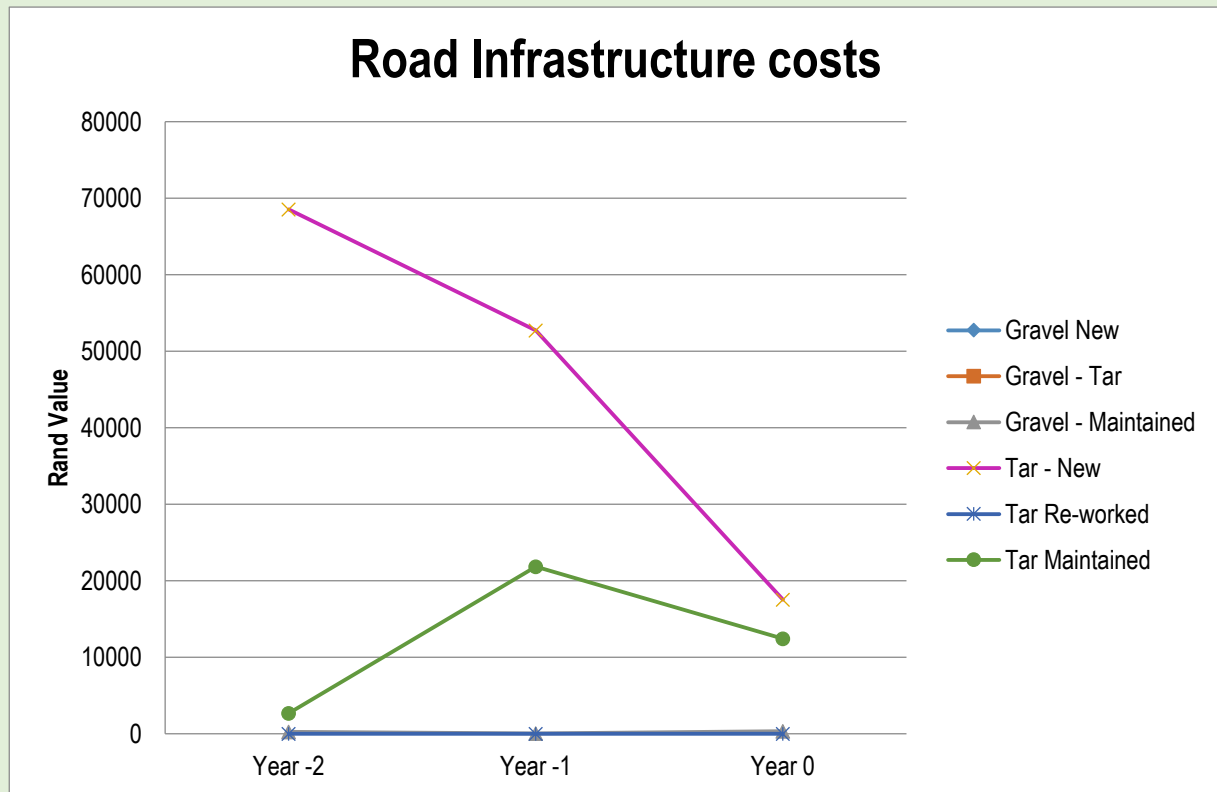
Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Kilometres Gravel roads graded/maintained
Year -2	573	0	15	245
Year -1	558	0	10	245
Year 0	558	0	0	66
				T 3.7.2

Tarred Road Infrastructure					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Kilometres Tar roads maintained
Year -2	1 210	18	27	0	0
Year -1	1 220	10	18	0	0
Year 0	1 232	12	0	0	0
					T 3.7.3

Cost of Construction/Maintenance						
R' 000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -2			272	68 571	0	2 705
Year -1			69	52 749	0	21 856
Year 0			345	17 540	0	12 441
						T 3.7.4



ROAD INFRASTRUCTURE COSTS



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)
Service Objective xxx									
To develop and maintain roads and storm water infrastructure	Construct 50km new distributor roads/ bus/ taxi roads to improve traffic flow and improve stormwater management.	18	10	10				10	10
To develop infrastructure – e.g. roads, water, sewerage, electricity, storm water	Clean, shape, prime, tar and compaction of pothole per m²	16800	17930	16000	19400	16968	19400	19400	19400
	Water, transport gravel, blade, water and roll gravel road per Km	195	195	190	60	66	60	60	60
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.7.6



Employees: Road Services					
Job Level	Year -1 (2013/14)	Year 0 (204/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0		0		#DIV/0!
4 - 6	2		1		#DIV/0!
7 - 9	10		9		#DIV/0!
10 - 12	8		5		#DIV/0!
13 - 15	1		1		#DIV/0!
16 - 18	12		93		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	33		109		#DIV/0!
					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	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%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.7.8



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	-	-	108,512	0	
Hani Park: Construction of 8.2km Road network and storm water drainage (MIS:159992)		0	3,272	0	22,435
Thabong: Construction of road 142 & 295		0	131	0	48,670
Thabong: Construction of road 300 and storm water in T14 & T16		0	57,243	0	57,286
Kutlwanong: Construction of 2.7km paved road with storm water drainage (MIS:208995)		0	9,749	0	18,668
Thabong: Construction of 3.6km paved road (MIS:209872)		0	20,106	0	23,499
Phomolong: Construction of 1.24km paved road (MIS:209821)		0	5,696	0	6,767
Bronville: Upgrading of 2.645km gravel roads to paved roads and provision of storm water (MIS:214141)		0	12,315	-0	12,873
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.7.9

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

Formalisation of roads in areas where formal houses are constructed, especially where storm water challenges exists, should also be considered. With the available resources and taking cognisance of the urgency of other critical services, the performance on the roads are 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 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0		0		#DIV/0!
4 - 6	0		0		#DIV/0!
7 - 9	8		8		#DIV/0!
10 - 12	4		4		#DIV/0!
13 - 15	7		0		#DIV/0!
16 - 18	1		7		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	20		19		#DIV/0!
T3.8.4					

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL

It is envisaged that within the Directorate Infrastructure Services a division will be established for Transport planning operations and management within the near future.

Nevertheless, 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. Kutlwanong, Phomolong Taxi Rank, Bronville and Melong Taxi Ranks were completed. New Taxi Ranks for Thabong, Mmamahabane and Nyakallong already planned. Welkom CBD taxi rank under investigation.

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 networks. 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.

Misuse of open storm water system by residents using it as dumping areas for their gardens and house refuse creates maintenance challenges. Residents should be educated on the dangers that are associated with this practice.

T.3.9.1

STORMWATER INFRASTRUCTURE

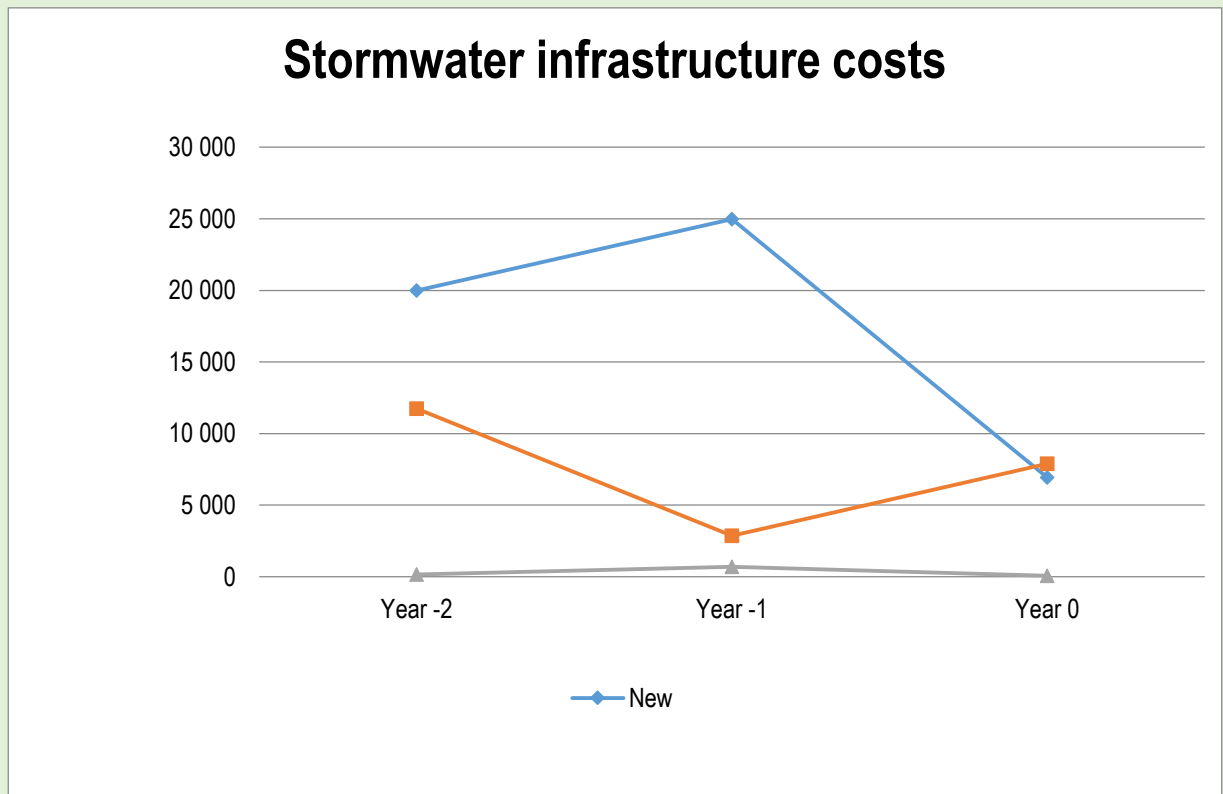
	Kilometres			
	Total Stormwater measures	New Stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
Year -2	495	11	0	13
Year -1	506	6	1	16
Year 0	590	0	1	8
T 3.9.2				

COST OF CONSTRUCTION/MAINTENANCE

	R' 000		
	Stormwater Measures		
	New	Upgraded	Maintained
Year -2	20 000	11 740	149
Year -1	24 969	2 858	696
Year 0	6 939	7 890	78
T 3.9.3			



STORMWATER INFRASTRUCTURE COSTS



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)
Service Objective xxx									
Construction, upgrade and maintenance of the storm water networks and ancillaries	Construct new Storm water canals in new developed or underdeveloped areas.	7	7	5	5	1.26	3	3	3
To compile and implement a maintenance and upgrading plan for storm water canals and networks	Cleaning of lined storm water canals in the whole of Matjhabeng once a year.	7.1	2.9	5.6	5.6	2.2	5.6	5.6	5.6
To compile and implement a maintenance and upgrading plan for storm water canals and networks	Cleaning of unlined storm water canals in Matjhabeng twice a year.	5.6	13.6	6.8	6.8	6.3	6.8	6.8	6.8
<i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i>									T 3.9.5



Employees: Stormwater Services					
Job Level	Year -1 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0		0		#DIV/0!
4 - 6	0		0		#DIV/0!
7 - 9	3		2		#DIV/0!
10 - 12	7		6		#DIV/0!
13 - 15	18		14		#DIV/0!
16 - 18	48		45		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	76		67		#DIV/0!
					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	0	0	0	0%
Expenditure:					
Employees	Included in Roads				0%
Repairs and Maintenance	696	6 632	6 632	78	-8377%
Other	Included in Roads		-		0%
Total Operational Expenditure	696	6632	6 632	78	-8377%
Net Operational Expenditure	696	6632	6 632	78	-8377%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.9.7



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	32,587	0	4068	.	
Mmamahabane Provision of 3.72km stormwater drainage	10,674	0	6,881	0	10,674
Kutlwanong: Construction of Stormwater and Pedestrian Bridges for section K2	14,506	0	9749	0	14,506
Thabong T14: Investigate runoff and upgrade existing storm water system	1,100	0	1,100	0	26,594
Thabong T14: Rehabilitation of the Lusaba 1.26km storm water channel (MIS:214241)	5,707	16,529	11,159	34%	16,529
Nyakallong: Construction of storm water system – phase 1 (MIS:219132)	600	0	521	0	11,403
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.9.8

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Some storm water challenges were addressed in three townships with a view of making a difference in their living conditions.

Maintenance of storm water, is however lacking and need more attention. This I hampered due to availability of personnel and equipment.

T.3.9.9



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.

T.3.10.1



3.10 PLANNING

Employees: Planning Services					
Job Level	Year -1 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1		1		#DIV/0!
4 - 6	1		1		#DIV/0!
7 - 9	1		1		#DIV/0!
10 - 12	2		2		#DIV/0!
13 - 15	0		0		#DIV/0!
16 - 18	2		2		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	7		7		#DIV/0!
					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	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%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.10.5



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	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
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.10.6					

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL

AREA DESCRIPTION	CONTRACTUAL PLANNING TARGET (ERVEN IN TOTAL TOWNSHIP ESTABLISHMENT)	ACTUAL NUMBER OF RESIDENTIAL ERVEN CREATED	TOTAL NUMBER OF ERVEN CREATED INCLUDING SCHOOL SITES, BUSINESS, PARKS ETC.	LAYOUT APPROVED BY COUNCIL	RECOMMENDED BY TOWNSHIPS BOARD AND APPROVAL OF LAYOUT BY THE MEC	PEGGING AND APPROVAL OF GENERAL PLAN BY SG	REGISTRATION IN DEEDS OFFICE AND OPENING OF TOWNSHIPS REGISTER
WARD 11: BRONVILLE PORTION OF HOMESTEAD 668	800	750	32	Finalised	Finalised	Pegging and registration with Surveyor General finalised.	Finalised
WARD 11: BRONVILLE Erf 32179, 32180 and 32371	500	267	2	Finalised	Finalised	Pegging and registration with Surveyor General Finalised	Finalised
WARD 16: PHOKENG - THABONG PORTION OF KAALVALLEY 61 INCLUDING A PORTION OF THE PUMLANI AREA	810	878	40	Finalised	Finalised	Pegging and registration with Surveyor General Finalised	Finalised
	2110	1895	74				
WARD 13 Thabong – Freedom Square Re-layout of:	390	390	9	Finalised	Finalised	Pegging and registration with Surveyor General Finalised	Finalised



AREA DESCRIPTION	CONTRACTUAL PLANNING TARGET (ERVEN IN TOTAL TOWNSHIP ESTABLISHMENT)	ACTUAL NUMBER OF RESIDENTIAL ERVEN CREATED	TOTAL NUMBER OF ERVEN CREATED INCLUDING SCHOOL SITES, BUSINESS, PARKS ETC.	LAYOUT APPROVED BY COUNCIL	RECOMMENDED BY TOWNSHIPS BOARD AND APPROVAL OF LAYOUT BY THE MEC	PEGGING AND APPROVAL OF GENERAL PLAN BY SG	REGISTRATION IN DEEDS OFFICE AND OPENING OF TOWNSHIPS REGISTER
Erf 14136, 15534, 28068, 28069							
	390	390	9				
WARD 36 NYAKKALONG Portion 8 of Uityky 256	300	94	6		Townships Board to consider application in June. Pegging to commence in June	Pegging and registration with SG in progress	Registration by June 2016
WARD 1 MAMMAHABANE Groenepunt 96	500	572	21	Finalised	Townships Board to consider application in June. Pegging to commence in June	Pegging and registration with SG in progress	Registration by June 2016
WARD 3 PHOMOLONG Ventervlakte 740	680	1654	57	Finalised	Townships Board to consider application in June	Pegging and registration with SG in progress	Registration by June 2016
WARD 22 KUTLWANONG Leeubosch 285	2900	2980	55	Finalised	Townships Board to consider application in June	Pegging and registration with SG in progress	Registration by June 2016
	4380	5300	139				
	6880	7585	222				

T3.10.7



3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

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 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 supposed 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
Govt, community and social services	23	25	25
Infrastructure services	34	38	41
Total	217	226.5	236.5

T 3.11.2



Economic Employment by Sector			
Sector	Year 1 No.	Year -1 No.	Jobs
			Year 0 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
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 No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
Year -2	30			Issuing of trading permits, informal businesses e.g. car wash
Year -1	10			
Year 0	15			
Initiative A (Year 0)				
Initiative B (Year 0)				
Initiative C (Year 0)				
T 3.11.5				

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
Year -2	40	2,000
Year -1	50	2,900
Year 0	17	624
* - Extended Public Works Programme		T 3.11.6



Local Economic Development Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
<i>Training of people in essential skills: x, y, z</i>	Number of people trained (including retrained upskilled)	x people trained	x people trained	x people trained	x people trained	x people trained	x people trained	x people trained	x people trained
	34 People trained by Bank Seta	35	34					0	0
	114 People trained by CIDB	100	114					0	00
	22 People trained by SALGA	20	22					0	0
	103 People trained by SEDA			50	50	53	53	0	0
	63 People trained by DETEA			50	63			0	0
	113 People trained by FILPRO			100	113			0	0
<i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i>									
T 3.11.7									

T 3.11.7



Employees: Local Economic Development Services					
Job Level	Year -1 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	8		10		#DIV/0!
4 - 6	6		8		#DIV/0!
7 - 9	13		16		#DIV/0!
10 - 12	9		9		#DIV/0!
13 - 15	0		0		#DIV/0!
16 - 18	0		1		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	36		44		#DIV/0!
					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	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%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.11.9



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	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 3.11.10

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

The Directorate provides the community with a wide range of facilities and services which enhance the quality of life of all the Municipality's residents through dynamic self-reliance, partnership and community participation.

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 ± 824 610 members. Welkom, Thabong 1 and Meloding libraries have the highest membership. All fifteen (15) libraries offers yearly programmes, spell check, toy library, puzzles, and kids drawing, tell your own story and world book day.

T.3.12.2



LIBRARIES; ARCHIVES; MUSEUMS; GALARIES; COMMUNITY FACILITIES; OTHER POLICY OBJECTIVES TAKEN FROM IDP									
SERVICE OBJECTIVES SERVICE INDICATORS	OUTLINE SERVICE TARGETS	YEAR -1		YEAR 0			YEAR 1	YEAR 3	
		TARGET	ACTUAL	TARGET		ACTUAL	TARGET		
		PREVIOUS YEAR		PREVIOUS YEAR	CURRENT YEAR		CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
SERVICE OBJECTIVE/S									
HOLIDAY PROGRAM	60	60	60	60	60	60	60	60	60
READERTHON PROGRAMS	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 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	19		19		
4 - 6	15		12		
7 - 9	42		37		
10 - 12	88		82		
13 - 15	16		16		
16 - 18	101		123		
19 - 20	0		0		
Total	281		289		
					T 3.12.4

FINANCIAL PERFORMANCE YEAR 0: LIBRARIES; ARCHIVES; COMMUNITY FACILITIES; OTHER					
					R'000
DETAILS	YEAR 1	YEAR 0			
	ACTUAL	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-30	-5	0	-9	44%
Expenditure:					
Employees	12790	15044	0	13884	-8%
Repairs and Maintenance	4	166	0	0	
Other	569	1666	0	795	-110%
Total Operational Expenditure	13363	16876	0	14679	-15%
Net Operational Expenditure	13393	16881	0	14688	-15%
					T3.12.5



Capital Expenditure Year 0: Libraries; 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

There are fifteen Libraries in Matjhabeng which are functioning well although Riebeeckstad Library is not the responsibility of Matjhabeng Municipality but it belongs to the department of Arts and Culture. The Libraries are open from Mondays to Fridays for 8 hours a week.

Highlights: Matjhabeng Libraries were Champions of a Spelling Bee competition.

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 3 475.

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		
		*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									
Provision of burial space to the community	Provision of graves	6400		6400	4000	3475	4000	4000	4000
Upgrading of cemeteries	Upgrading of 13 cemeteries	13	2	8	5	5	5	5	5
T 3.13.3									

T 3.13.3



Employees: Cemeteries and Crematoriums					
Job Level	Year -1 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0		0		#DIV/0!
4 - 6	0		0		#DIV/0!
7 - 9	1		1		#DIV/0!
10 - 12	0		0		#DIV/0!
13 - 15	3		3		#DIV/0!
16 - 18	17		15		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	21		19		#DIV/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	-1265	-1601		-1233	-30%
Expenditure:					
Employees	3063	3469	0	3188	-9%
Repairs and Maintenance	104	215	0	6	-3483%
Other	804	1284	0	328	-291%
Total Operational Expenditure	3971	4968	0	3522	-41%
Net Operational Expenditure	5236	6569	0	4755	-38%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.13.5



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	80277	0	41527	0	80277
Kutlwanong Creation and Upgrading of Cemeteries	16910	0	8450	0	8450
Meloding Creation and Upgrading of Cemeteries	16714	0	7844	0	7844
Phomolong Creation and Upgrading of Cemeteries	16910	0	7014	0	7014
Virginia Creation and Upgrading of Cemeteries	14466	0	7820	0	7820
Bronville Creation and Upgrading of Cemeteries	16277	0	10399	0	10399
					T 3.13.6



3.14 SOCIAL PROGRAMMES

Child Care; Aged Care; Social Programmes Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Workshops, seminars & campaigns	Developing and implementing 4 proactive Wellness programmes per quarter	24 (6 per unit)	13	6	9	6	2	6	7
	Conducting 1 HIV/AIDS road show presentation per quarter in line with the Mayor's program. (Provision of learning material on HIV/AIDS, 2000 pamphlets to employees	2000 pamphlets (400 per quarter)	0	400	0	400	0	400	2580 pamphlets 13730 condoms
Promoting Effective EAP at the Workplace	Implementing reactive/contingency Wellness Programmes when necessary	60	12	60	16	60	17	60	16
Pauper Burials	100% assisted	15	23	15	20	15	22	15	18
Other Community Counselling Programmes	100% assisted	521	544	521	324	521	455	521	363
Identifying qualifying beneficiaries for social grants for HIV/AIDS patients	Number of beneficiaries	125	131	125	112	125	157	125	130
T 3.14.3									



COMPONENT G: SECURITY AND SAFETY

3.20 POLICE (PUBLIC SAFETY TRAFFIC)

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

- 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 2014/2015 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 high volume of vandalism and copper cable theft.

The Municipality is doing well in its Traffic Training College. In the year under review we had:

- Eighty Nine (89) Students
- Thirty One (31) New Learners on Traffic Officer Course
- Forty Eight (48) learners were repeating subjects.
- Ten (10) Traffic Warden Courses learners from Moqhaka Local Municipality.

T 3.20



Employees: Traffic Officers / Public Safety					
Job Level	Year -1 (2013/14)	Year 0 (2014/15)			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
0 - 3	1		1		#DIV/0!
4 - 6	11		11		#DIV/0!
7 - 9	50		52		#DIV/0!
10 - 12	198		152		#DIV/0!
13 - 15	2		1		#DIV/0!
16 - 18	12		200		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	274		417		#DIV/0!
					T 3.20.4



3.21 FIRE

INTRODUCTION TO FIRE SERVICES

OVERVIEW

Matjhabeng Fire and Rescue Services is responsible for two primary functions to our citizens, namely: 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

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 – Paraffin Safety Awareness Campaign were conducted

During 2014/2015 – Municipality procured two (2) Fire Engines

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.

T 3.21.1



Metropolitan 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	638		653	
2	Total of other incidents attended in the year	374		369	
3	Average turnout time - urban areas	10-15 min		8 - 12 min	
4	Average turnout time - rural areas	20-35 min		25 - 35 min	
5	Fire fighters in post at year end	63		61	
6	Total fire appliances at year end	4		6	
7	Average number of appliance off the road during the year	3		2	
					T 3.21.2

Fire Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	 (iv)	*Previous Year (v)	*Current Year (vi)	 (vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Moderate	Fire calls	500	500	698	955	698	599	500	550
Moderate	Rescue calls	1000	600	556	556	556	575	600	589
Complied	Special calls	300	150	556	278	556	353	150	252
T 3.21.3									

Employees: Fire Services					
Job Level	Year -1 (2013/14)	Year 0 (2014/15)			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
0 - 3	0		0		#DIV/0!
4 - 6	4		4		#DIV/0!
7 - 9	15		15		#DIV/0!
10 - 12	71		66		#DIV/0!
13 - 15	0		0		#DIV/0!
16 - 18	1		2		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	91		87		#DIV/0!
					T 3.21.4



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	-430	-460,000	0	-608,534	24%
Expenditure:					
Fire fighters	21,699	22 149,373		23 488,582	
Other employees	0	0	0	0	0%
Repairs and Maintenance	509	2 126,161	0	950,895	-124%
Other	2,496	4 638,332	0	4 069,163	-14%
Total Operational Expenditure	3,005	6 764,493	0	5 020,059	-35%
Net Operational Expenditure	3,435	7 224,493	0	5 628,593	-28%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.21.5

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	17,000	0%	17,000
					T 3.21.6



3.22 OTHER (DISASTER MANAGEMENT, 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.

There was a Methane Gas Explosion on 21 March 2015 in Welkom and 1000 households were affected, no injuries nor fatalities were reported.

Matjhabeng Local Municipality assisted Harmony Gold Mines evaluators and assessors with 1 x Disaster Management Command Unit that provided 4 x Computers, Printers, Photo Copy Machines and a Conference Room. For five days, 5 Municipal officials were available for any sort of assistance needed in this regard.

Strong winds blew away roofing and twenty (20) incidents were reported. Matjhabeng Municipality provided the affected households with 20 x salvage sheet.

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



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) developed and undeveloped parks, and thirty two (32) recreational facilities. Thabong Indoor Sports Centre and Bronville Stadium were refurbished in the year under review. The Municipality refurbished (fencing, guard houses and toilets), at the following cemeteries:

- Kutlwanong
- Virginia
- Meloding
- Phomolong
- Bronville.

T 3.23.1



Sport and Recreation Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective									
To ensure that basic sport and recreation facilities are available to all communities	72	72	71	72	72	71	72	72	72
To ensure the existence of programs that develop human potential through sport and recreation	2	2	2	2	2	2	2	2	2
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									
T 3.23.5									

T 3.23.2



Employees: Sport and Recreation					
Job Level	Year -1 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1		1		#DIV/0!
4 - 6	6		6		#DIV/0!
7 - 9	12		12		#DIV/0!
10 - 12	23		21		#DIV/0!
13 - 15	52		44		#DIV/0!
16 - 18	266		360		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	360		444		#DIV/0!
					T 3.23.3

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	-33 867	0	0	-55	100%
Expenditure:					
Employees	2 737 388	5 792	0	4 492	29%
Repairs and Maintenance	5 092	783	0	11	-7018%
Other	2 125 942	209	0	67	
Total Operational Expenditure	4 868 422	6 784	0	4 570	-48%
Net Operational Expenditure	4 902 289	6 784	0	4 625	47%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.23.4



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	87,431	0.00	45,286	0	
Nyakallong / Mmamahabane / Phomolong: New sports and recreation facilities	7,772	0.00	6,171	0	34,281
Phase 3 Thabong Stadium, Zuka Baloi Stadium & Kopano indoor Centre	42,834	0	27,211	0	42,834
Phase 3 Bronville Stadium	8,680	0.00	8,656	0	8,680
Thabong Far East Sports Centre	24,145	0.00	2,457	0.00	24,145
Phase 3 Phomolong stadium	4000	0.00	791	0	7,766
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.23.5

COMMENT ON THE PERFORMANCE OF PARKS, SPORTS & RECREATION OVERALL

Parks

- Establishment of a park at Kutlwanong.
- Matjhabeng Municipality applied for funds from National Department of Environmental Affairs and approved a budget of R5m for the establishment of a park at site 50590 Madika Street, Ward 22, Block 7.
- Green Star status to be applied for Eco-Centre.
- It consists of Eco-Centre, Nursery and Recreational Centre.
- Fencing of Mimosa Picnic Area

Sports & Recreational

- Upgrading of Stadium successfully completed within 2014/2015 financial year, namely:
 1. Thabong – Phase 1
 2. Zuka Baloi – Completed
 3. Phomolong – Completed
 4. Bronville – Completed
- Construction of donated facilities by National and Provincial Sport, Arts, Culture and Recreation Department, namely:
 1. Sipho Mutsi Sport Precinct
 2. Outdoor Gym
 Both facilities were built in Kutlwanong.

Cemeteries successfully fenced and construction of guardhouses and ablution block Phase I

- Kutlwanong
- Bronville
- Virginia
- Meloding
- Phomolong

T 3.23.6



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; councillors; 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. It comprises of 72 councillors, 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 Front Plus (FF+)	1	1	0

The Council is the legislative authority of the municipality and also plays an 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 the 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									
To promote social cohesion and nation building	hosted MLM games for annual OR Tambo Games	1	1	1	1	1	1	1	1
	Elderly: Organise recreational games for senior citizens	1	1	1	1	1	1	1	1
	Organise recreational games for people with disability	1	1	1	1	1	1	1	1
To promote social cohesion and community building through Arts & Culture	Hosted MLM Arts & Culture Festival	1	0	1			1	1	1
To enhance gender participation and equity	Women's Day celebration held	1	1	1	1	1	1	1	1
To promote awareness on HIV/AIDS	A number of HIV/AIDS material distributed	5500	5500	5500	5000	6000	6000	6000	6000
To promote awareness on gender and child abuse	16 Days of Activism launched	1	1	1	1	1	1	1	1
To provide Mayoral bursary scheme to the deserving students	10 new bursaries provided	10	10	11	10	10	10	10	10
									T 3.24.3



Employees: The Executive and Council (all employees)					
Job Level	Year -1 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	43		50		#DIV/0!
4 - 6	78		67		#DIV/0!
7 - 9	256		257		#DIV/0!
10 - 12	584		509		#DIV/0!
13 - 15	132		116		#DIV/0!
16 - 18	938		1389		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	2031		2388		#DIV/0!
					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		125	0	95	-32%
Expenditure:					
Employees	125	65,594,970	0	68,068,553	4%
Repairs and Maintenance	25	4,195,243	0	1,793,039	-134%
Other	45	67,487,915	0	73,869,399	9%
Total Operational Expenditure	195	137,278,128	0	143,730,991	4%
Net Operational Expenditure	195	137,278,003	0	143,730,896	4%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.24.5

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
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.24.6



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 %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	192 976 982	55%	195 577 909	158 520 526	81,05%	171 202 168	80%
Electricity - B			0	0			
Electricity - C	371 495 247	85,12%	139 437 467	131 363 584	94,21%	141 872 671	80%
Water - B			0	0			
Water - C	226 233 381	97,47%	293 789 747	82 317 734	28,02%	88 903 153	80%
Sanitation	115 035 381	96,64%	125 371 953	52 184 615	41,62%	56 359 384	80%
Refuse	71 103 711	27,76%	79 318 431	25 596 832	32,27%	27 644 579	80%
Other	62 460 425	42,20%	139 437 467	131 363 584	94,21%	141 872 671	80%
B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.							
T 3.25.2							



Financial Service Policy Objectives Taken From IDP									
Service Objectives 									

T 3.25.3



Employees: Financial Services					
Job Level	Year -1 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4		9		#DIV/0!
4 - 6	6		4		#DIV/0!
7 - 9	25		23		#DIV/0!
10 - 12	82		78		#DIV/0!
13 - 15	3		4		#DIV/0!
16 - 18	12		9		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	132		127		#DIV/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	192 303	200 806		198 172	-1%
Expenditure:					
Employees	39 613	45 835	0	42 800	-7%
Repairs and Maintenance	796	705	0	0	0%
Other	20 557	64 939	0	10 204	-536%
Total Operational Expenditure	60 966	111 480	0	53 003	-110%
Net Operational Expenditure	131 337	89 326	0	145 169	38%
					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	0	0	0	0%	
Fencing of Fresh Produce Market	0	0	0	0%	0
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.25.6



3.26 HUMAN RESOURCES

Human Resource Services Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
To develop a performance management system for all employees	Signed Performance Contracts for all employees on post level o to 5/4	0	0	0	300	0	0	0	0
	Signed Quarterly Performance appraisals for all employees on post level 0 to 5/4	0	0	0	300	0	0	0	0
To improve the Administration of the Staff Establishment	Number of critical vacant positions filled	0	0	0	30	0	0	0	0
To review the Macro Organisational Structure	Approved revised Organisational Structure	0	0	0	1	10	0	0	0
To provide Task Compliant Job Descriptions	Number of posts with functional Job Descriptions	0	0	0	1 972	0	0	0	0
To develop an efficient and effective Human Resource Management	Existence of an approved Human Resource Plan	0	0	0	1	1	0	0	0
To ensure compliance with the Employment equity Act	Existence of an approved Human Resource Policy Manual	0	0	0	1	1	0	0	0
To capacitate the institution to enable it to provide efficient, effective and sustainable service delivery	Maximise the number of Senior Management & Finance Personnel to be competent via National Treasury requirements for Financial Officials as per the Government Gazette 29967	0	0	0	1	1	0	0	0
	Existence of an Equity Policy	0	0	0	50	83	0	0	0
T 3.26.3									



Employees: Human Resource Services					
Job Level	Year -1 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3		3		#DIV/0!
4 - 6	4		4		#DIV/0!
7 - 9	12		11		#DIV/0!
10 - 12	8		8		#DIV/0!
13 - 15	0		0		#DIV/0!
16 - 18	0		0		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	27		26		#DIV/0!
T.3.26.4					

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	0	0	0	0	
Expenditure:					
Employees	8,612,546	8,755,047	0	9,301,163	6%
Repairs and Maintenance	0	102,104	0	0	
Other	589,002	2,305,181	0	966,854	-138%
Total Operational Expenditure	9,201,549	11,162,332	0	10,268,017	-9%
Net Operational Expenditure	9,201,549	11,162,332	0	10,268,017	-9%
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

ICT is the backbone of service delivery and recordkeeping functions. Without this, the Municipal data could easily be lost. The unit is located in the Office of the Chief Financial Officer with a Manager and staff under him.

T.3.27.1

Employees: ICT Services					
Job Level	Year -1 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0		1		#DIV/0!
4 - 6	0		0		#DIV/0!
7 - 9	4		7		#DIV/0!
10 - 12	9		7		#DIV/0!
13 - 15	0		0		#DIV/0!
16 - 18	0		0		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	13		15		#DIV/0!
T3.27.4					

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	2,986,959	2,598,522	0	3,372,045	23%
Repairs and Maintenance	727,132	2,792,180	0	1,717,685	-63%
Other	5,344,290	10,827,532	250	4,890,476	-121%
Total Operational Expenditure	9,058,381	16,218,234	250	9,980,206	-63%
Net Operational Expenditure	9,058,381	16,218,234	250	9,980,206	-63%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.27.5					



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
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.27.6

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

The IDP shows that one of the objectives of ICT is to upgrade and maintain ICT Infrastructure. The report 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 been fully successful and additional efforts between the municipality and the Office of the Premier are being implemented to rectify the challenges.

The items below were procured:

1. 15 x Ingenico's (Pre-paid electricity machines) were procured in August 2013
2. 38 Laptops and 6 Personal Computers (PC's) were also procured for different users.

T.3.27.7



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 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2		1		#DIV/0!
4 - 6	5		6		#DIV/0!
7 - 9	8		8		#DIV/0!
10 - 12	12		12		#DIV/0!
13 - 15	3		3		#DIV/0!
16 - 18	4		5		#DIV/0!
19 - 20	0		0		#DIV/0!
Total	34		35		#DIV/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



4.1 EMPLOYEE TOTAL AND VACANCIES

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	148	144	145		#DIV/0!
Waste Water (Sanitation)	107	111	106		#DIV/0!
Electricity	83	82	82		#DIV/0!
Waste Management	309	306	327		#DIV/0!
Housing	23	23	23		#DIV/0!
Waste Water (Storm water Drainage)	68	63	67		#DIV/0!
Roads	101	95	109		#DIV/0!
Transport			19		#DIV/0!
Planning			7		#DIV/0!
Local Economic Development	31	41	44		#DIV/0!
Planning (Strategic & Regulatory)					#DIV/0!
Local Economic Development					#DIV/0!
Community & Social Services	16	14	308		#DIV/0!
Environmental Protection					#DIV/0!
Health					#DIV/0!
Security and Safety	460	453	504		#DIV/0!
Sport and Recreation	479	461	444		#DIV/0!
Corporate Policy Offices and Other	619	621	203		#DIV/0!
Totals	2 444	2 414	2388		#DIV/0!

Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.

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)	10	1	10,00
Other S57 Managers (Finance posts)	3	1	33,33
Police officers	12	3	25,00
Fire fighters	20	3	15,00
Senior management: Levels 13-15 (excluding Finance Posts)	25	5	20,00
Senior management: Levels 13-15 (Finance posts)	6	2	33,33
Highly skilled supervision: levels 9-12 (excluding Finance posts)	35	8	22,86
Highly skilled supervision: levels 9-12 (Finance posts)	8	1	12,50
Total	121	25	20,66
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*
Year -2	24	108	450%
Year -1	553	148	27%
Year 0	29	65	224%
Total	606	321	
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 14%. 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 FORCE

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 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 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 check-ups.

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	Absenteeism/Desertion	29-Jul-08		29-Jul-08
2	Affirmative Action			
3	Attraction and Retention			
4	Code of Conduct for employees	15-Nov-13		
5	Contract Management	25-Nov-14		25-Nov-14
6	Delegations, Authorisation & Responsibility			
7	Disciplinary Code and Procedures			
8	Essential Services			
9	Employee Assistance / Wellness			
10	Employment Equity	25-Nov-03		25-Nov-03
11	Exit Management			
12	Gender	31-May-10		31-May-10
13	Grievance Procedures			
14	HIV/Aids			
15	Human Resource and Development			
16	Induction	27-Feb-07		27-Feb-07
17	Information Technology	26-Nov-02	2004	26-Nov-02
18	Intervention on Administration	29-Nov-05		29-Nov-05
19	Job Evaluation/Description	29-Jul-08		29-Jul-08
20	Language	29-May-01	1-Jul-11	29-May-01
21	Learnership	27-Feb-07		27-Feb-07
22	Leave			
23	Motor Vehicle	29-Jan-08	2011	29-Jan-08
24	Occupational Health and Safety	10-Dec-02		10-Dec-02
25	Official Housing			
26	Official Journeys			
27	Official transport to attend Funerals			
28	Official Working Hours and Overtime			
29	Organisational Rights			
30	Pauper & Destitute	26-Sep-13		26-Sep-13
31	Payroll Deductions			
32	Performance Management and Development	16-Aug-05	2010	16-Aug-05
33	Placement	16-Jul-02		16-Jul-02
34	Promotion & Transfer	31-Jul-12		31-Jul-12
35	Records Management	23-Feb-10		23-Feb-10
36	Recruitment, Selection and Appointments	30-Apr-03	2006	30-Apr-03
37	Remuneration Scales and Allowances	25-Nov-03		25-Nov-03
38	Resettlement			
39	Sexual Harassment	29-Jul-08		29-Jul-08
40	Skills Development	30-Apr-02		30-Apr-02
41	Smoking			
42	Special Skills			
43	Study Assistance	29-Jan-08		29-Jan-08
44	Telecommunication Policy	30-Nov-04		To be circulated for comments



45	Travelling & Subsistence	28-Aug-07	2011	28-Aug-07
46	Work Organisation			
47	Uniforms and Protective Clothing			
48	Other:			
				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	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	105	44	42%	2	34002
Temporary total disablement	0	0		0	0
Permanent disablement	0	0		0	0
Fatal	0	3		0	0
Total	105	47	45%	21	34002

T 4.3.1

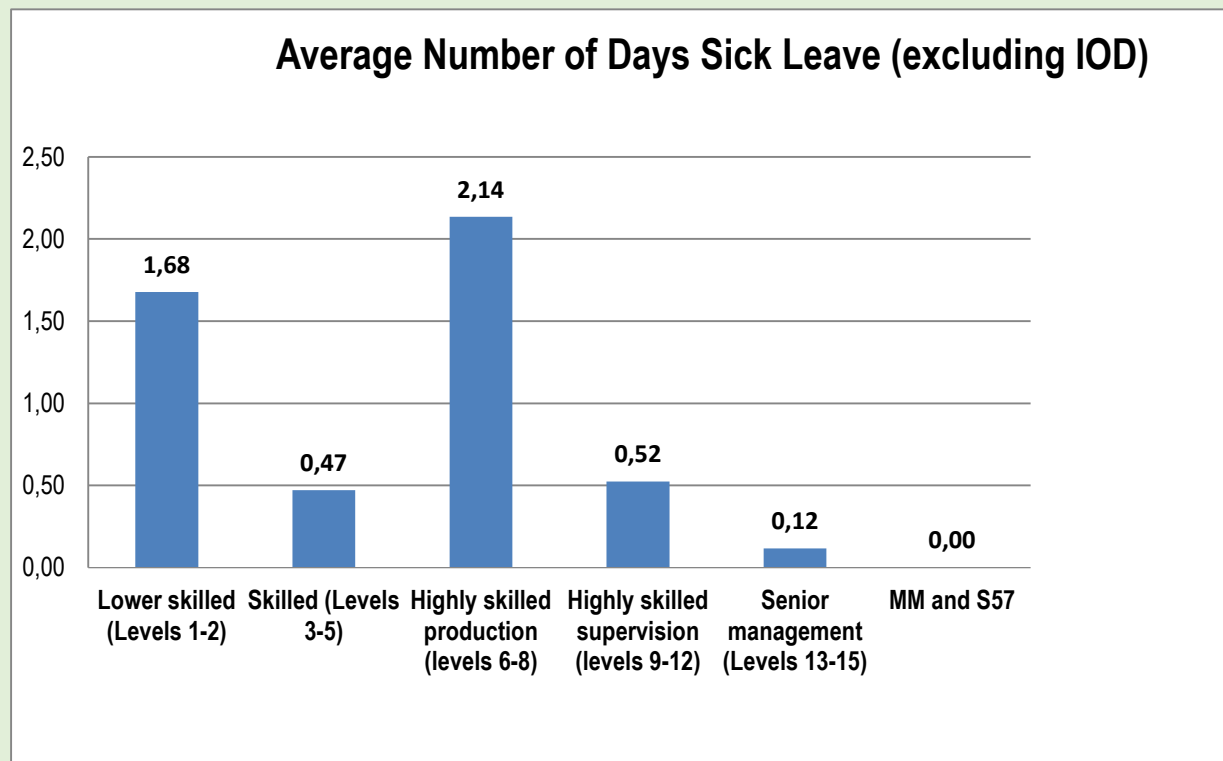
Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 16/14 - 18/17)	24	42%	10	1367	0,01	
Semi-Skilled (Levels 12/11 - 14/13)	40	13%	5	439	0,02	
Skilled (Levels 7 - 10/9)	40	0%		358	0,02	
Highly skilled supervision (levels 5/4 - 6)	6	33%	2	72	0,00	
Managers (levels 3)	6	33%	2	36	0,00	
Senior managers (Levels 1 - 2)	230	0%		16	0,10	
MM and S57	65	0%		7	0,03	
Political Office Bearers				72	0,00	
Total	411	17%	19	2367	0,17	0

* - Number of employees in post at the beginning of the year
 *Average is calculated by taking sick leave in column 2 divided by total employees in column 5

T 4.3.2



AVERAGE NUMBER OF DAYS SICK LEAVE (EXCLUDING IOD)



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 Finalised	Date Finalised
Admin Officer	Alleged assault towards Senior Manager Town Planning and Housing	21/4/2015	Matter partly heard. Was set down for 4/12 but parties failed to attend proceedings	New date to be set down
Foreman	Suspension - Failure to attend to burst pipe in Long Road Welkom on 13 April 2015	15/6/2015	Employee went on pension in terms of Par 9.1 of Disc Code and hearing did not proceed.	27/10/2015
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 Finalised
Cashier	Par: 2.7.10 Petty cash shortage of R96.15 Par: 2.7.5 Gross dishonesty by write the receipts and did not put the money through cash drawer system.	Disciplinary hearing held, case dismissed by Presiding Officer : Agreement was made in good faith between the employer and employee; employee was under the impression that the matter was closed; continuation of the matter will have a double jeopardy impact on employee; employee cannot be held responsible if employer did not follow right procedures	13/5/2015
General Worker	Alleged theft of electrical Transformer by assisting with its loading and offloading. No monetary value was indicated in the Accusation and Investigation Report	Case dismissed due to: Case based on circumstantial evidence; Prosecutor failed to discharge on a balance of probability that the employee was guilty	19/6/2015
Acting Street Light Attendant; Electrician, 3 x Artisan Aids	Alleged involvement of 6 streetlight fittings - no monetary value was indicated on the forms when the employees where charged	Case dismissed due to: Prosecutor could not even begin to formulate an opening statement; in presenting Management Case there was nothing concrete to base the case on; total lack of evidence	8/6/2015
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

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	20	9		45%
	Male	30	12		
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		50	21		
Has the statutory municipal calculator been used as part of the evaluation process?					Yes/No
T 4.4.1					

COMMENT ON PERFORMANCE REWARDS

No performance rewards were paid to employees or Section 56/57 Managers during the year under review.

T 4.4.1.1



COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

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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 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		5							0	1			1
	Male		5							1	2		1	2
Councillors, senior officials and managers	Female		2							3	3		3	3
	Male		3							4	4		4	4
Technicians and associate professionals*	Female		4							2	2		2	2
	Male		8							8	9		8	9
Professionals	Female		8							6	6		6	6
	Male		6							2	2		2	2
Sub total	Female		19							11	12		11	12
	Male		22							15	17		15	17
Total		0	82	0	0	0	0	0	0	52	58	0	52	58

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

T 4.5.1



Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting Officer</i>	1	0	1	1	0	0
<i>Directors</i>	2	0	2	2	0	0
<i>Chief Financial Officer</i>	1	0	1	1	0	0
<i>Senior Managers</i>	0	0	0	0	0	0
<i>Any other financial officials</i>	3	0	3	3	0	0
<i>Other Senior Managers</i>	5	0	5	2	0	0
<i>Other Managers</i>	13	0	13	10	0	0
<i>Other Officials</i>	6	0	6	4	0	0
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
<i>Other SCM Officials</i>	16	0	16	14	0	0
TOTAL	47	0	47	37	0	0

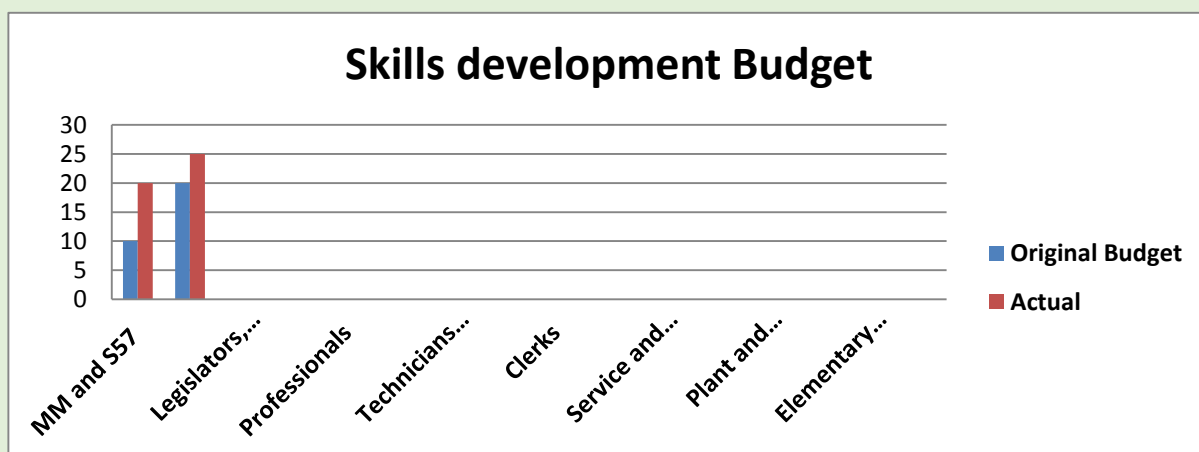
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

T 4.5.2



Skills Development Expenditure										
										R'000
Management level	Gender	Employee s 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						10	20	10	20
	Male						20	25	20	25
Legislators, senior officials and managers	Female									
	Male									
Professionals	Female									
	Male									
Technicians and associate professionals	Female									
	Male									
Clerks	Female									
	Male									
Service and sales workers	Female									
	Male									
Plant and machine operators and assemblers	Female									
	Male									
Elementary occupations	Female									
	Male									
Sub total	Female						10	20	10	20
	Male						20	25	20	25
Total		0	0	0	0	0	30	45	30	45

SKILLS DEVELOPMENT BUDGET



T.4.5.3



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 2014/15 financial year.

All other managers that control their respective budgets have been enrolled in the abovementioned training program

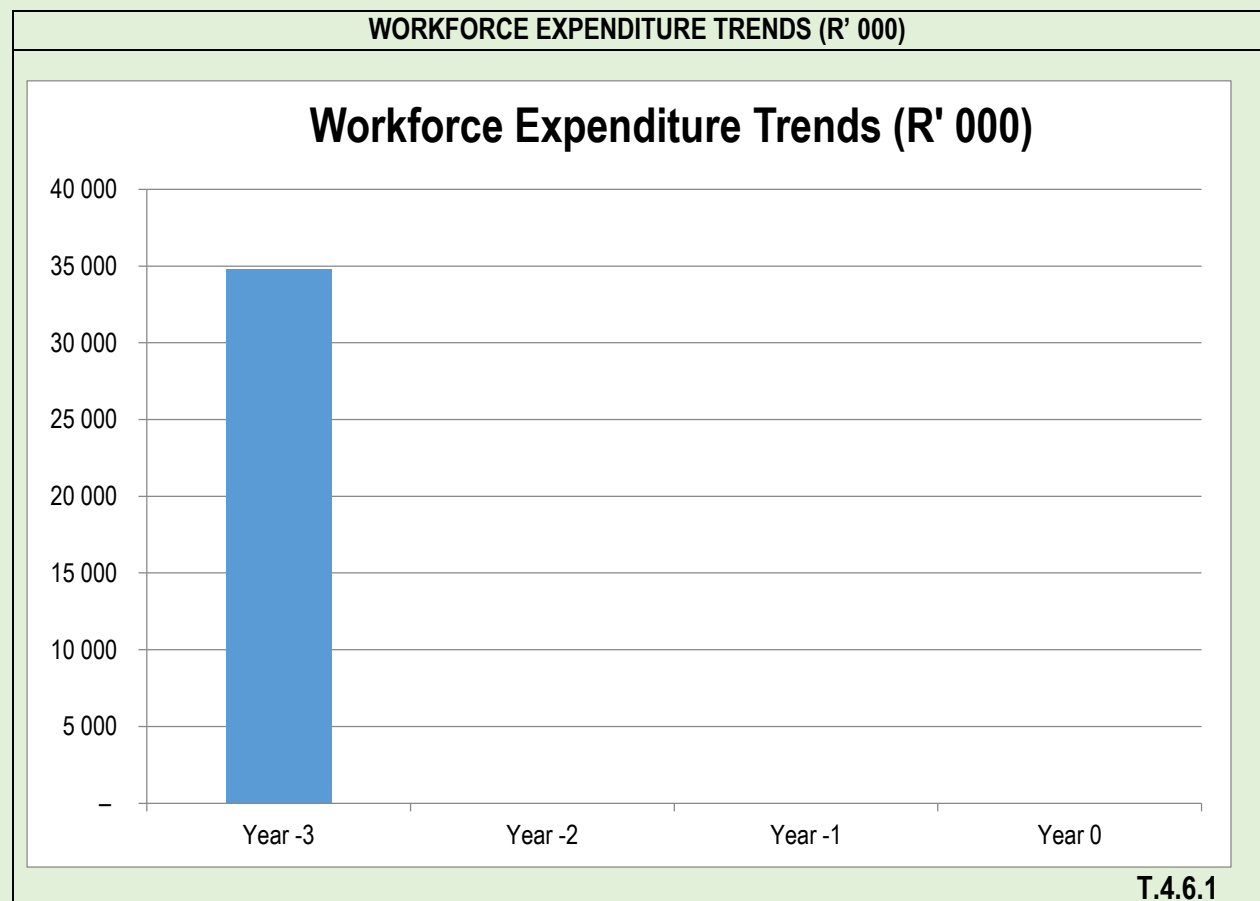
T.4.5.4

Designation	Status in terms of competency levels
Municipal Manager	Obtained credits towards being competent
Executive Director LED and Planning	Meets minimum competency levels
Executive Director Community Services	Meets minimum competency levels
Executive Director Infrastructure	Obtained credits towards being competent
Executive Director Strategic Support	Meets minimum competency levels
Executive Director Corporate Services	Obtained credits towards being competent
Manager PMU	Training was arranged for the financial year 2014/15
Manager SCM	Meets minimum competency levels
Senior Manager Budget	RPL (Recognition of Prior Learning)
Senior Manager Treasury	RPL (Recognition of Prior Learning)
CFO	Meets minimum competency levels
T 4.5.4 (continue)	



COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE



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	
	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 13-16)	Female	
	Male	
MM and S 57	Female	
	Male	
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
				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
				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:-

Councillors 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 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 TO FINANCIAL PERFORMANCE

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

5.1 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 2014/2015 financial year was prepared in compliance with section 122 of the Municipal Finance Management Act as well as GRAP.

The Financial Statements for 14/15 Financial Year were submitted to Treasury and Auditor General by the 30th of August 2015.

T.5.1.0

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	234 903	646 886	646 880	200 031	-223,39%	-223,39%
Waste Water (Sanitation)	35 913	167 768	167 637	49 438	-239,35%	-239,08%
Electricity	221 925	472 486	464 806	262 497	-80,00%	-77,07%
Waste Management	62 584	206 033	204 701	64 723	-218,33%	-216,27%
Housing	14 646	16 659	16 426	22 040	24,41%	25,47%
Component A: sub-total	569 971	1 509 833	1 500 450	598 729	-152,17%	-150,61%
Waste Water (Stormwater Drainage)	14 336	27 981	27 981	9 879	-183,23%	-183,23%
Roads	14 011	41 954	36 442	31 360	-33,78%	-16,21%
Transport	–	–	–	–	0,00%	0,00%
Component B: sub-total	28 346	69 935	8 624	9 554	-631,96%	9,73%
Planning	–	–	–	–	0,00%	0,00%
Local Economic Development	11 172	17 370	17 308	12 935	-34,29%	-33,81%
Component B: sub-total	11 172	17 370	17 308	12 935	-34,29%	-33,81%
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	4 713	11 014	11 009	6 608	-66,68%	-66,60%
Environmental Protection	–	–	–	6 405	0,00%	0,00%
Health	–	4 414	4 414	463	0,00%	0,00%
Security and Safety	96 308	109 081	111 047	132 849	17,89%	16,41%
Sport and Recreation	64 349	75 174	74 041	80 286	6,37%	7,78%
Corporate Policy Offices and Other	–	54 297	54 223	72 234	0,00%	0,00%
Component D: sub-total	165 370	253 980	254 734	298 845	15,01%	14,76%
Total Expenditure	774 860	1 851 118	1 781 116	920 063	-101,19%	-93,59%

T 5.1.2



COMMENT ON FINANCIAL PERFORMANCE

The variance of 40.34% 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	Adjustment s Budget	Actual	Original Budget (%)	Adjustment s Budget (%)
Operating Transfers and Grants						
National Government:	428 512	417 931	–	418 552		
Equitable share	426 072	415 397	–	416 018	-0,15%	(0)
Municipal Systems Improvement	890	934	–	934	0,00%	(0)
Finance Management	1 550	1 600	–	1 600		
Provincial Government:	–	–	–	–		
Health subsidy	–			–		
Housing	–			–		
Ambulance subsidy	–			–		
Sports and Recreation	–			–		
District Municipality:	–	–	–	–		
<i>[insert description]</i>						
Other grant providers:	–	–	–	–		
<i>[insert description]</i>						
Total Operating Transfers and Grants	428 512	417 931	–	418 552		
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i>						
T 5.2.1						

COMMENT ON OPERATING TRANSFERS AND GRANTS

The total amount of operating transfers and grants received by the Municipality was R 417 931 000 for the year under review. This was a decrease compared to the R 428 360 000 allocation for the 2013/2014 Financial Year. 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

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0					R1m
Asset 1					
Name	Road 300				
Description	Construction of Storm water & roads				
Asset Type	Road & Storm Water				
Key Staff Involved	PMU				
Staff Responsibilities	Project Management				
	Year -3	Year -2	Year -1	Year 0	
Asset Value		50 402	6 841	0	
Capital Implications					
Future Purpose of Asset					
Describe Key Issues					
Policies in Place to Manage Asset					
Asset 2					
Name	Kutlwanong WWTW				
Description	Upgrading of sewerage plant				
Asset Type	Sanitation				
Key Staff Involved	PMU				
Staff Responsibilities	Project Management				
	Year -3	Year -2	Year -1	Year 0	
Asset Value		30 210	4 039	1 498	
Capital Implications					
Future Purpose of Asset					
Describe Key Issues					
Policies in Place to Manage Asset					
					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	159,911	0	26,882	83%
T 5.3.4				

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

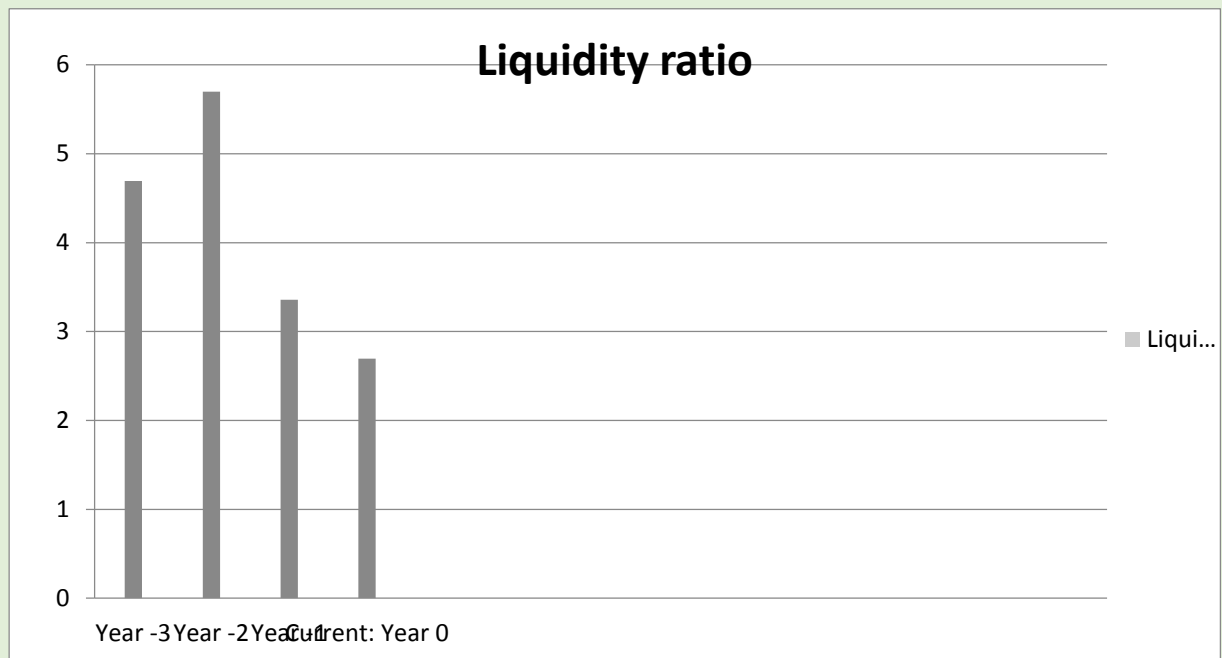
The budget for repair and maintenance for the year under review was R 164 910 521 and the actual expenditure for the year under review was at R 26 882 267 which is resulted into a variance of 83, 70%. The reason for the under-spending was as a result of the cash flow constraints experienced during the year under review

T 5.3.4.1



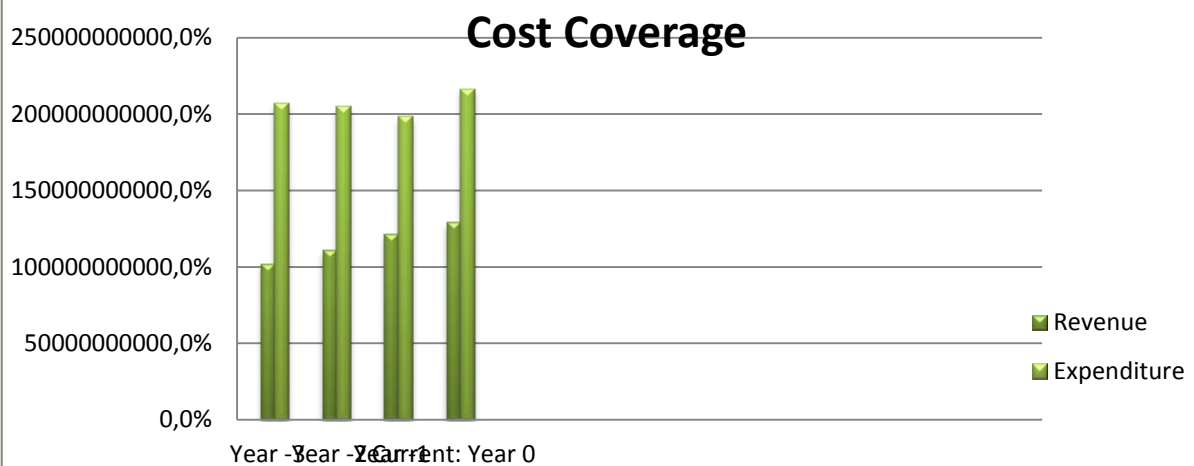
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

LIQUIDITY RATIO



T.5.4.1

COST COVERAGE

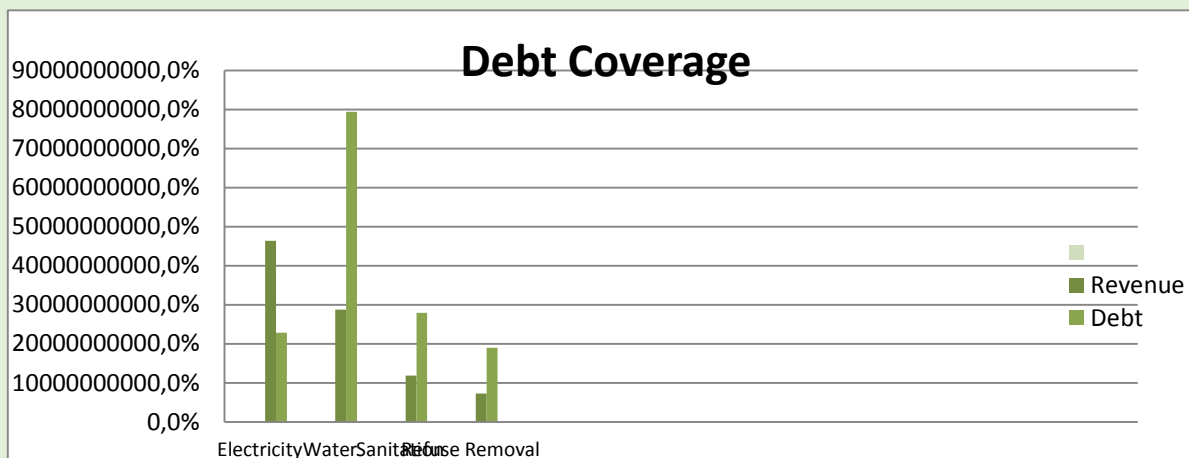


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated
Data used from MBRR SA8

T.5.4.2



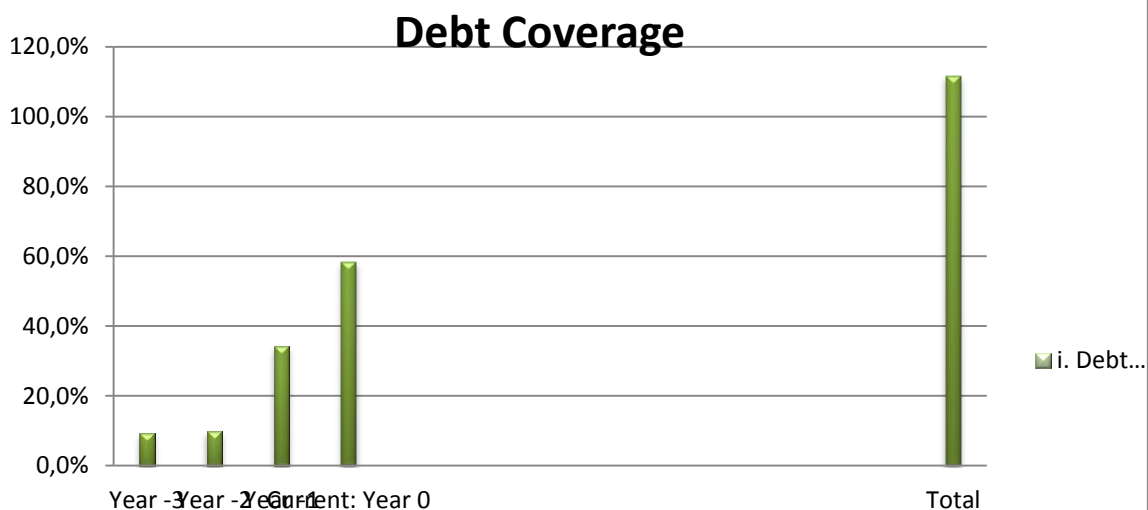
TOTAL OUTSTANDING SERVICE DEBTORS



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

T.5.4.3

DEBT COVERAGE



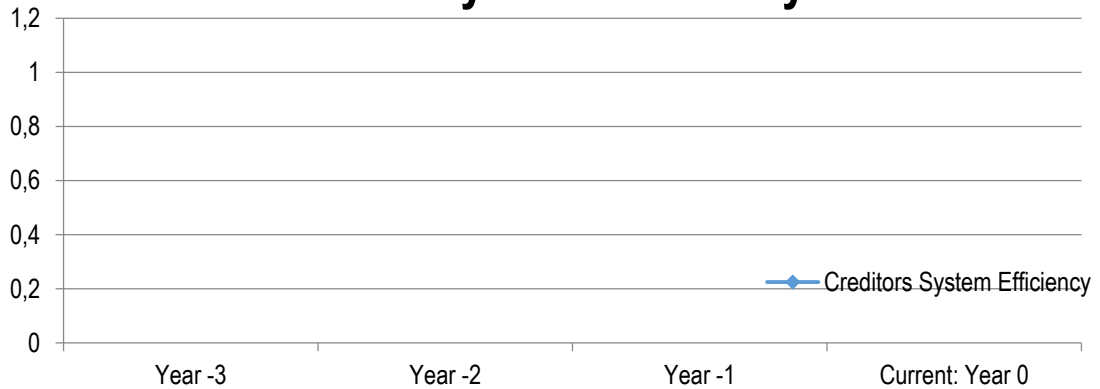
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality
Data used from MBRR SA8

T.5.4.4



CREDITORS SYSTEM EFFICIENCY

Creditors System Efficiency

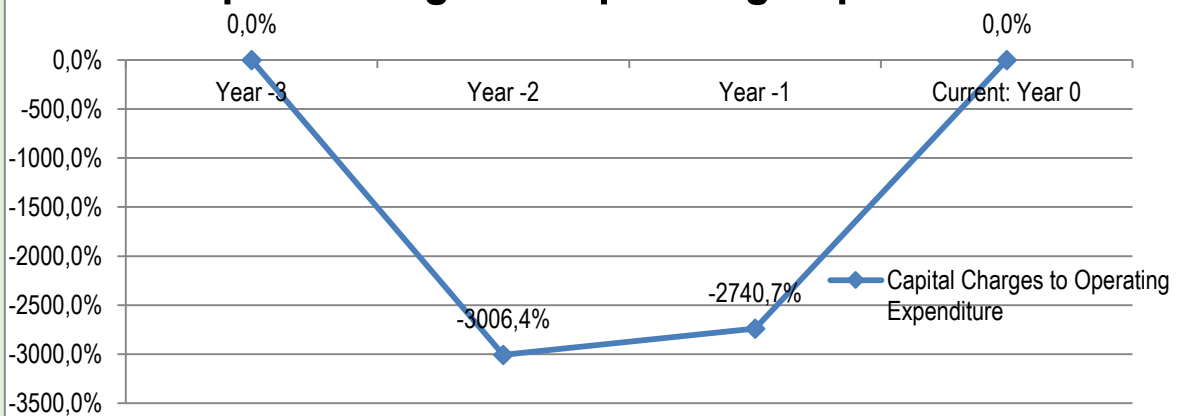


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days).
This ratio is calculated by outstanding trade creditors divided by credit purchases
Data used from MBRR SA8

T.5.4.5

CAPITAL CHARGES TO OPERATING EXPENDITURE

Capital Charges to Operating Expenditure

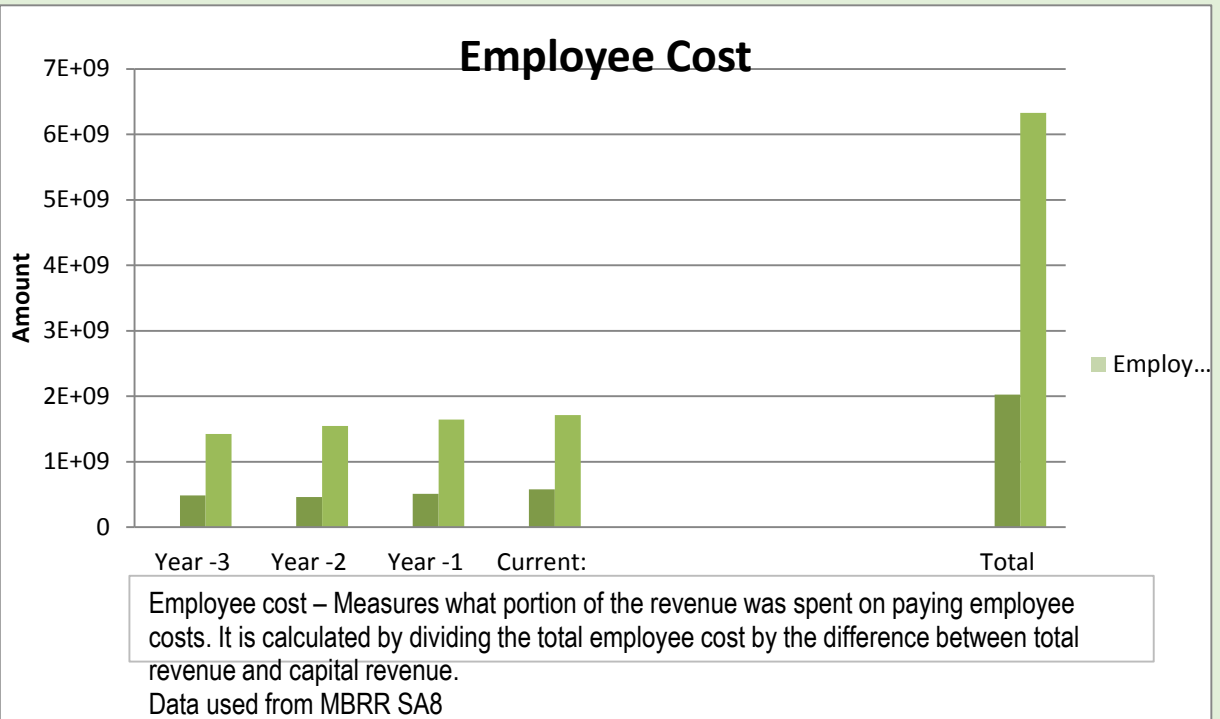


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.
Data used from MBRR SA8

T.5.4.6

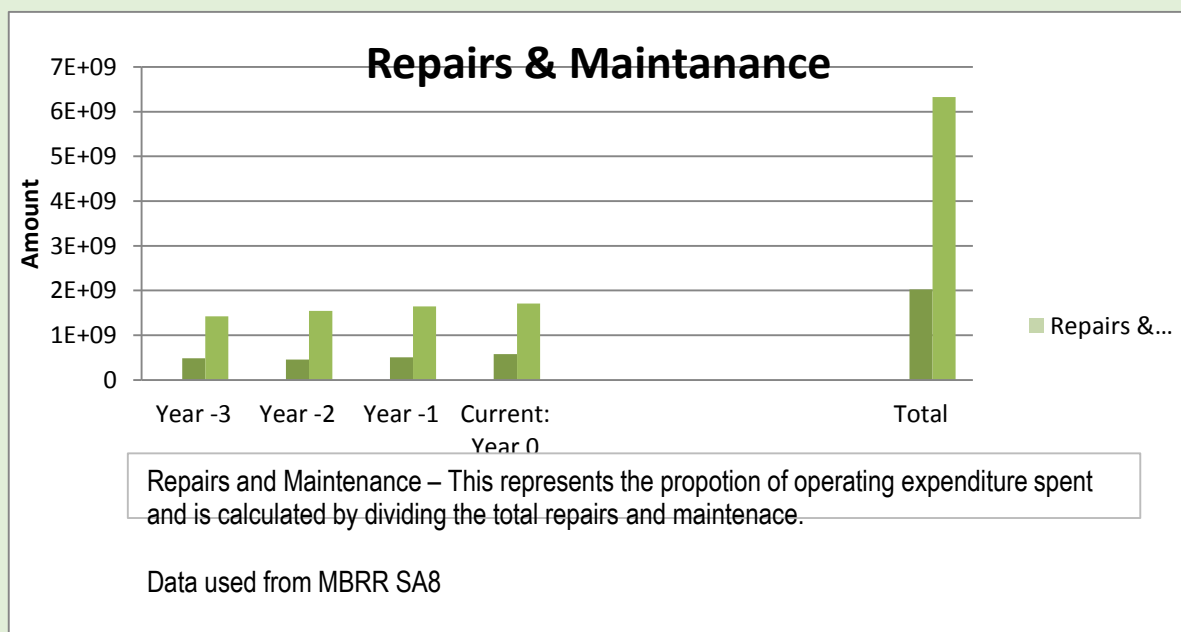


EMPLOYEE COSTS



T.5.4.7

REPAIRS & MAINTENANCE

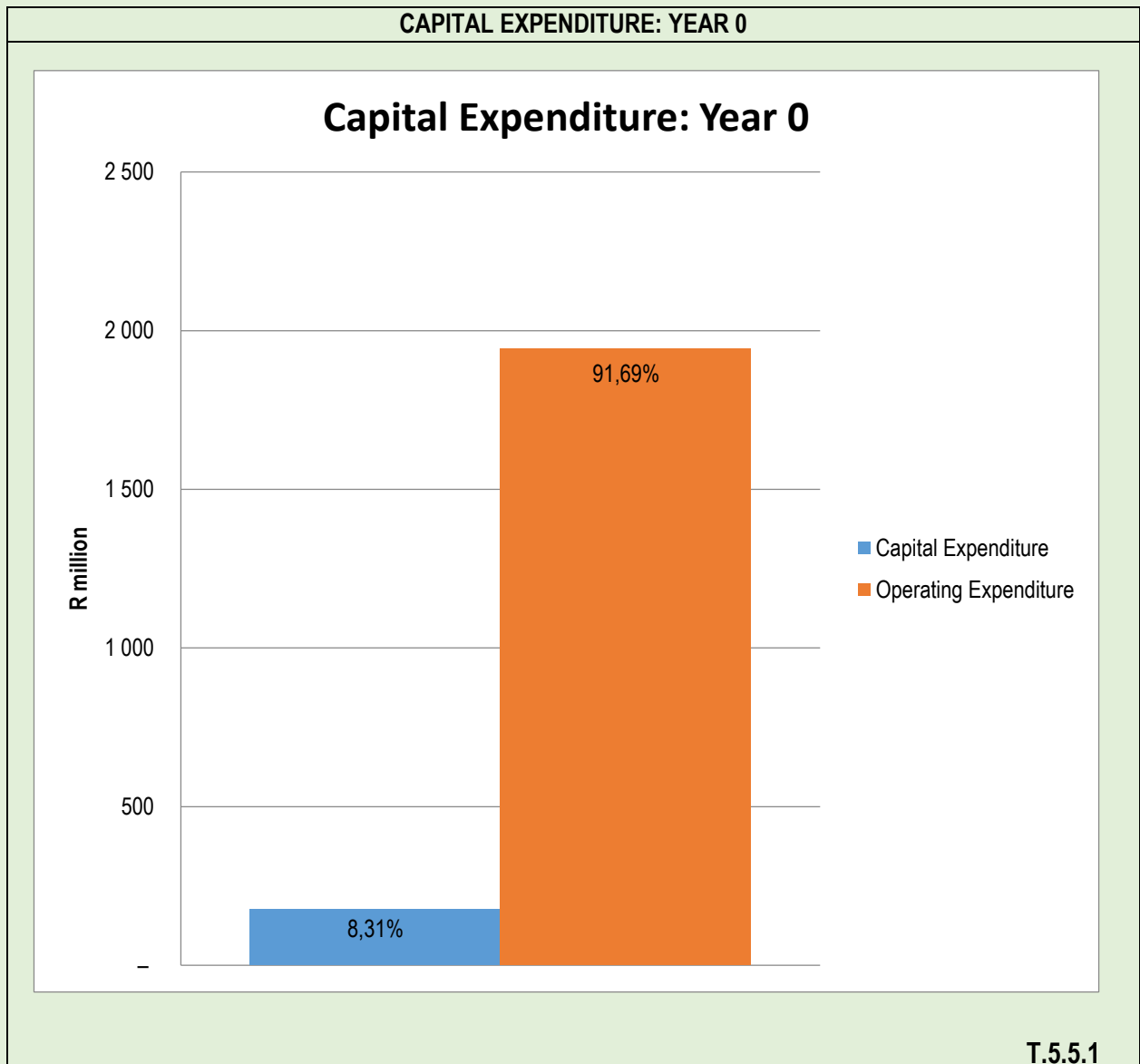


T.5.4.8



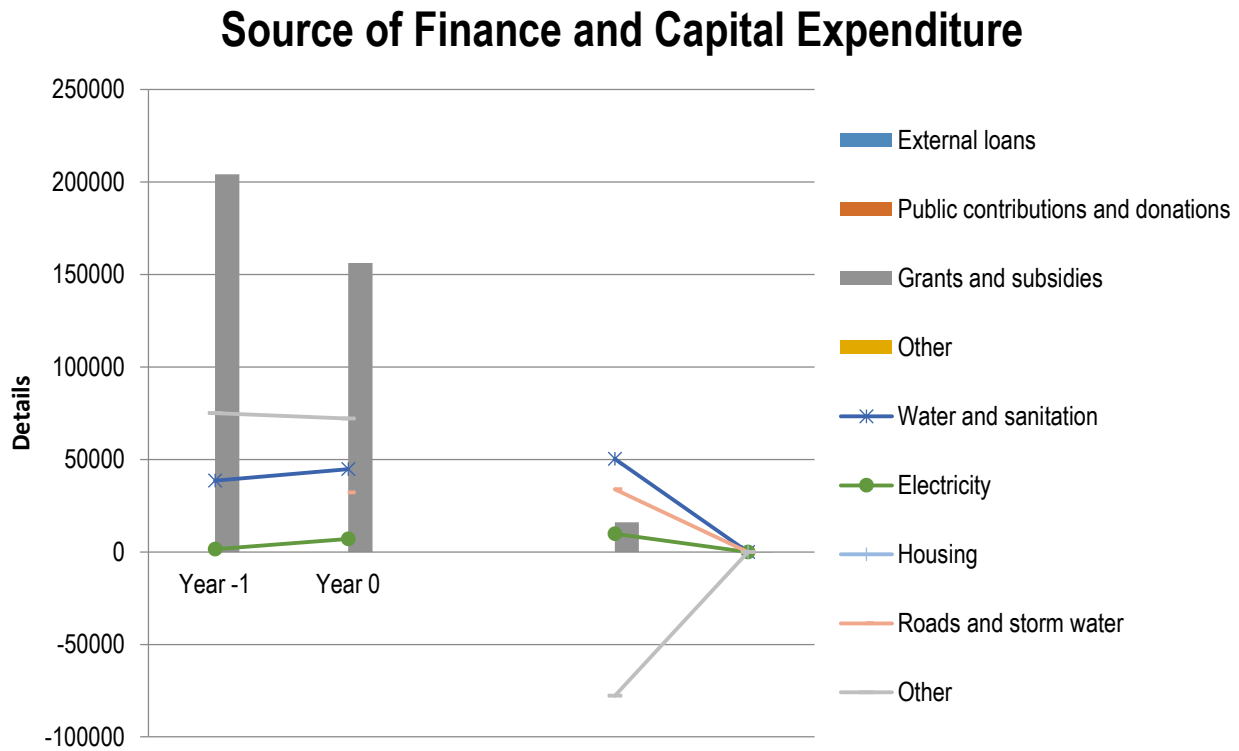
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE



5.6 SOURCES OF FINANCE

SOURCE OF FINANCE AND CAPITAL EXPENDITURE



T.5.6.1

Capital Expenditure - Funding Sources: Year -1 to Year 0

R' 000

Details		Year -1	Year 0			
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)
Source of finance						Actual to OB Variance (%)
	External loans	0	0	0	0	0,00%
	Public contributions and donations	0	0	0	0	0,00%
	Grants and subsidies	204129	156246	0	16088	-100,00%
	Other	0	0	0	0	0,00%
Total		204129	156246	0	16088	-100,00%
Percentage of finance						
	External loans	0,0%	0,0%	0,0%	0,0%	0,0%
	Public contributions and donations	0,0%	0,0%	0,0%	0,0%	0,0%
	Grants and subsidies	100,0%	100,0%	0,0%	100,0%	100,0%
	Other	0,0%	0,0%	0,0%	0,0%	0,0%
Capital expenditure						



	Water and sanitation	38565	44855		50324	-100,00%	12,19%
	Electricity	1575	7115		9781	-100,00%	37,47%
	Housing					0,00%	0,00%
	Roads and storm water		32215		33797	-100,00%	4,91%
	Other	75115	72061		-77814	-100,00%	-207,98%
Total		115255	156246	0	16088	-400,00%	-153,41%
<i>Percentage of expenditure</i>							
	Water and sanitation	33,5%	28,7%	0,0%	312,8%	25,0%	-7,9%
	Electricity	1,4%	4,6%	0,0%	60,8%	25,0%	-24,4%
	Housing	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Roads and storm water	0,0%	20,6%	0,0%	210,1%	25,0%	-3,2%
	Other	65,2%	46,1%	0,0%	-483,7%	25,0%	135,6%
T 5.6.1							



5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Name of Project	57 286 400,00	57 286 400,00	57 286 400,00	0%	0%
B - Name of Project	37 947 675,00	37 947 675,00	37 947 675,00	0%	0%
C - Name of Project	41 655 606,00	41 655 606,00	41 655 606,00	0%	0%
D - Name of Project	42 834 548,00	42 834 548,00	42 834 548,00	0%	0%
E - Name of Project	52 299 522,00	52 299 522,00	52 299 522,00	0%	0%
* Projects with the highest capital expenditure in Year 0					
Name of Project - A	ROAD 300 AND STORM WATER				
Objective of Project	STORM WATER MEASURES				
Delays	NONE				
Future Challenges	NONE				
Anticipated citizen benefits	WARD 17				
Name of Project - B	WELKOM (THABONG) T16: CONSTRUCTION WATERBORNE SANITATION FOR 1300 STANDS				
Objective of Project	INSTALLATION OF SEWER PIPES AND CONSTRUCTION OF TOILET STRUCTURES				
Delays	NONE				
Future Challenges	NONE				
Anticipated citizen benefits	WARD 17				
Name of Project - C	VIRGINIA: WWTP SLUDGE MANAGEMENT				
Objective of Project	UPGRADE AND WASTE WATER TREATMENT WORKS				
Delays	DESIGNS AND ADVERTISEMENT				
Future Challenges	NONE				
Anticipated citizen benefits	VIRGINIA AND MELODING				
Name of Project - D	UPGRADE AND CREATE NEW SPORTS AND RECREATIONAL FACILITIES PHASE 3 ZUKA BALOI STADIUM & KOPANO INDOOR CENTRE				
Objective of Project	UPGRADE AND GRANDSTAND, ABLUTION, GUARDHOUSE, HIGHMAST & SOCCER PITCH				
Delays	NONE				
Future Challenges	NONE				
Anticipated citizen benefits	THE COMMUNITY OF THABONG				
Name of Project - E	NYAKALLONG: WWTP UPGRADE				
Objective of Project	UPGRADE THE WASTE WATER TREATMENT WORKS				
Delays	DESIGN				
Future Challenges	SCOPE OF WORKS				
Anticipated citizen benefits	NYAKALLONG COMMUNITY				
					T 5.7.1



5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS - OVERVIEW

Service Backlogs as at 30 June Year 0				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	98,773	96%	4,002	4%
Sanitation	79,534	72%	30,906	28%
Electricity	30,415	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	Adjustments 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				
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	618 498	1 140 394		1 047 666
Government - operating		428 360		428 512
Government - capital		189 130		189 130
Interest	7	81 629		47 428
Dividends	0			0
Payments				
Suppliers and employees	(1 357)	(1 363 071)		(1 509 943)
Finance charges	(57)	(1 941)		(132 854)
Transfers and Grants		–		(29 426)
NET CASH FROM/(USED) OPERATING ACTIVITIES	617 091	474 500	–	40 514
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	–	5 000		–
Decrease (Increase) in non-current debtors	–			–
Decrease (increase) other non-current receivables	(97)			
Decrease (increase) in non-current investments	(5 524)			
Payments				
Capital assets	(173 316)	(20 000)		–
NET CASH FROM/(USED) INVESTING ACTIVITIES	(178 937)	(15 000)	–	–
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing	65 422	4 000		(59)
NET CASH FROM/(USED) FINANCING ACTIVITIES	65 422	4 000	–	(59)
NET INCREASE/ (DECREASE) IN CASH HELD	503 576	463 500	–	40 455
Cash/cash equivalents at the year begin:	44 665	(2 111)		44 665
Cash/cash equivalents at the year-end:	(2 111)	461 389	–	85 120
Source: MBRR A7				T 5.9.1

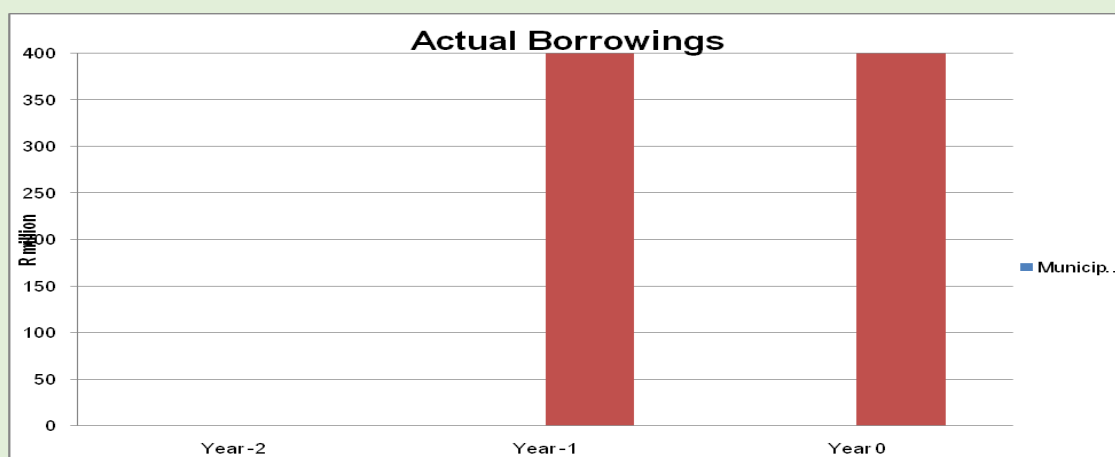


5.10 BORROWING AND INVESTMENTS

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			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	19 275	170 019	0
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0
			T 5.10.2



ACTUAL BORROWINGS



T.5.10.3

Municipal and Entity Investments			
	R' 000		
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			322
Deposits - Bank	38 789	30 320	10 580
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			15 777
Municipal Bonds			
Other			
Municipality sub-total		30320	26679744
<u>Municipal Entities</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Entities sub-total	0	0	0
Consolidated total:	0	30320	26679744
T 5.10.4			



CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR GENERAL OPINION YEAR -1 (PREVIOUS YEAR 2013/2014)

6.1 AUDITOR GENERAL REPORT YEAR -1 (PREVIOUS YEAR)

REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE 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 2014, the statements of financial performance, changes in net assets, cash flows and comparison of budget and actual amounts for the year then ended, as well as 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 the financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of 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 regarding property, plant and equipment, as the municipality did not provide me with documentation to support the values of some assets and evidence that all assets were accounted for as outlined in the requirements of SA Standards of GRAP, GRAP 17, *Property, plant and equipment* (GRAP 17). In addition, completed capital projects could not be physically verified due to inadequate descriptions and locations recorded in the asset register. I was unable to confirm the property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustments relating to property, plant and equipment stated at R5 286 392 330 (2013: R5 319 068 056), in note 10 to the financial statements was necessary. In addition, I could not determine the correctness of the impairment assessment, residual and useful lives of all municipal assets in accordance with SA Standards of GRAP, GRAP 26, *Impairment of cash-generating assets* or the accuracy of depreciation in accordance with GRAP 17 due to inadequate descriptions and locations recorded in the asset register to facilitate physical verification of the condition of the assets, therefore I was unable to determine the net carrying amount of property, plant and equipment as it was impracticable to do so.



Service charges

5. The municipality did not always use approved tariffs when billing for services and in some instances did not bill consumers for all the services rendered. I was unable to determine the full extent of the misstatement of service charges and consumer receivables from exchange transactions as it was impracticable to do so. Additionally, there is a consequential impact on the net deficit for the year, the accumulated surplus and the allowance for impairment. Furthermore, I was unable to obtain sufficient appropriate audit evidence regarding service charges income, as the municipality did not provide me with meter-reading records to substantiate consumption charged to the consumers. I was unable to confirm the service charges and consumer receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments relating to service charges stated at R854 689 371 (2013: R782 911 047) in note 27 and consumer receivables from exchange transactions stated at R453 373 537 (2013: R121 845 212) in note 7 to the financial statements were necessary.

Investment property

6. I was unable to obtain sufficient appropriate audit evidence regarding investment property, as the municipality did not provide me with sufficient evidence to substantiate the values recorded in the asset register for investment property acquired after the 2006-07 financial year as the values were recorded using deemed cost instead of actual cost and evidence that all assets were accounted for as outlined in the requirements of SA Standards of GRAP, GRAP 16, *Investment property* and GRAP 26, *Impairment of cash-generating assets*. 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 incorrect methodology that was used in the calculation of deemed costs. I was unable to confirm investment property by alternative means. Consequently, I was unable to determine whether any adjustments relating to investment property stated at R450 788 086 (2013: R458 976 540) in note 9 to the financial statements were necessary.

Inventory

7. The municipality did not account for its inventory in terms of the requirements outlined in SA Standards of GRAP, GRAP12, *Inventory*, as it did not value inventory items correctly, provision was not made for obsolete stock and vacant stands were not classified as inventory. I was unable to determine the full extent of the misstatement as it was impracticable to do so. In addition, I was unable to obtain sufficient appropriate audit evidence regarding inventory, as the municipality did not provide supporting documentation for journals on opening balances which have been restated in the current financial period and the municipality also did not keep record of inventory movement for consumables. I was unable to confirm inventory by alternative means. Consequently I was unable to determine whether any adjustments relating to inventory stated at R330 607 717 (2013: R327 118 945) in note 3 to the financial statements were necessary.

Consumer receivables from exchange transactions

8. I was unable to obtain sufficient appropriate audit evidence for consumer receivables from exchange transactions, as the municipality did not provide me with supportable meter-reading records for usage charged to the accounts. Furthermore the consumers were charged with incorrect approved tariffs. I was unable to confirm the consumer receivables account balances by alternative means. Consequently, I was unable to



determine whether any adjustments relating to consumer receivables balance stated at R1 973 211 172 (2013: R1 580 946 116) in note 7 to financial statements were necessary. Furthermore, based on the above I was unable to determine whether any adjustments relating to the provision for impairment of consumer receivables were necessary as required by SA Standard of GRAP, GRAP 104, *Financial instruments*.

Consumer receivables from non-exchange transactions

9. The municipality did not update the accounting system with valuation roll changes in market values of properties. Furthermore, the municipality charged accounts with tariffs which differ from the property usage codes according to the valuation roll, resulting in incorrect charges to the accounts of the consumers; accounts were identified that were not charged property rates and properties from the town plans could not be traced to the billing system for property rate charges. Consequently, receivables from non-exchange transactions are misstated and it was impractical to quantify the misstatement. In addition, I was unable to obtain sufficient audit evidence for gross receivables from non-exchange transactions since the accounting system was not updated for improvement listings resulting in unexplained differences on the valuation roll. I was unable to confirm the consumer receivables account balances by other alternative means. Consequently, I was unable to determine whether any adjustments relating to consumer receivables from non-exchange transactions amounting to R348 735 139 (2013: R297 958 639) in note 7 to the financial statements were necessary. Furthermore, based on the above I was unable to determine whether any adjustments relating to the provision for impairment of consumer receivables were necessary as required by SA Standard of GRAP, GRAP 104, *Financial instruments*.

Trade and other payables

10. The municipality did not recognise all outstanding amounts meeting the definition of a liability in accordance with SA Standards of GRAP, GRAP 1, *Presentation of financial statements* (GRAP 1), as it did not maintain adequate records of goods and services received but not yet paid for at year-end. I was unable to determine the full extent of the misstatement in trade and other payables as it was impractical to do so. In addition, I was unable to obtain sufficient and appropriate audit evidence regarding accrued leave pay as the municipality did not provide me with accurate leave records. I was unable to confirm trade and other payables by alternative means. Consequently, I was unable to determine whether any adjustments relating to trade and other payables stated at R1 605 969 763 (2013: R1 070 554 811) in note 14 to the financial statements were necessary.

Value-added tax receivable

11. I was unable to obtain sufficient appropriate audit evidence regarding value-added tax (VAT) receivables due to invoices and receipts not being provided to verify the input and output VAT. I was unable to confirm the VAT receivable by alternative means. Consequently, I was unable to determine whether any adjustments relating to VAT receivable stated at R18 342 751 in note 6 to the financial statements were necessary.

Depreciation and impairment

12. I was unable to obtain sufficient appropriate audit evidence regarding depreciation and impairment due to the limitation placed on my audit of property, plant and equipment. I was unable to confirm depreciation and impairment by alternative means. Consequently, I was unable to determine whether any adjustments relating to depreciation and



impairment, stated at R275 509 250 (2013: R272 701 803) in note 30 to the financial statements were necessary.

Property rates

13. The municipality did not update the accounting system with supplementary valuations and improvement listings and tariffs charged for property rates differed from the property usage codes as per the valuation roll. Consequently, property rates were overstated by R167 275 010. Additionally, there is a consequential impact on the net deficit for the year, the accumulated surplus and consumer receivables from non-exchange transactions. In addition, I was unable to obtain sufficient appropriate audit evidence regarding property rates as the valuation master file was not updated for improvement listings, some properties from the town plans could not be traced to the valuation roll and the billing system, and various consumer accounts were not charged for property rates. I was unable to confirm property rates by other alternative means. Consequently, I was unable to determine whether any further adjustments relating to property rates stated at R192 976 982 (2013: R176 827 344) in note 25 and consumer receivables from non-exchange transactions stated at R87 813 033 (2013: R29 434 970) in note 7 to the financial statements were necessary.

Government grants and subsidies

14. During 2013, I was unable to obtain sufficient appropriate audit evidence regarding revenue from government grants and subsidies, as the municipality did not provide me with sufficient evidence that the conditions of the grants had been met as required by SA Standards of GRAP, GRAP 23, *Revenue from non-exchange transactions*, (GRAP 23). I was unable to confirm government grants and subsidies by alternative means. Consequently, I was unable to determine whether any adjustments relating to government grants and subsidies stated at R209 747 507 in note 23 to the financial statements and unspent conditional grants stated at R38 849 316 in note 17 to the financial statements were necessary. My opinion on the financial statements for the period ended 30 June 2013 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

General expenses

15. The municipality did not recognise all goods and services received as expenditure in accordance with GRAP 1. Consequently, general expenses and trade and other payables are understated by R134 599 596 respectively. Additionally, there is a consequential impact on the net deficit for the year and the accumulated surplus. In addition, I was unable to obtain sufficient appropriate audit evidence regarding general expenses, as the municipality did not provide me with invoices. I was unable to confirm the general expenses by alternative means. Consequently, I was unable to determine whether any further adjustments relating to general expenses or the different classifications of general expenditure stated at R178 799 348 (2013: R136 141 288) in note 36 to the financial statements were necessary.

Rental of facilities

16. I was unable to obtain sufficient appropriate audit evidence regarding revenue generated from rental of facilities, as the municipality could not provide me with rental application forms, contractual agreements or proper rental registers to substantiate the revenue recognised. I was unable to confirm the revenue from rental of facilities by alternative means. Consequently, I was unable to determine whether any adjustments relating to



rental of facilities stated at R10 303 659 (2013: R11 234 091) in note 26 to the financial statements were necessary.

Fines

17. I was unable to obtain sufficient appropriate audit evidence that the municipality had properly charged and accounted for all revenue generated from traffic fines issued amounting as the municipality did have processes in place for the issuing and return of traffic books to ensure all fines are accounted for. I was not able to determine the correct amount of revenue from traffic fines by alternative means, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to revenue relating to traffic fines amounting to R3 915 269 in note 21 of the financial statements were necessary.

Unauthorised expenditure

18. I was unable to obtain sufficient appropriate audit evidence regarding the opening balance and consequently on the closing balance of unauthorised expenditure due to the lack of evidence to support the unauthorised expenditure transactions incurred during the years preceding the 2012-13 financial year. I was unable to confirm the unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustment relating to unauthorised expenditure stated at R3 696 128 927 (2013: R3 244 888 921) as disclosed in note 48 to the financial statements was necessary.

Irregular expenditure

19. The municipality did not disclose all irregular expenditure in the notes to the financial statements, as required by section 125(2)(d)(i) of the MFMA. The municipality incurred expenditure in contravention of supply chain management (SCM) in the prior which has not been recorded. I was not able to determine the correct amount of irregular expenditure incurred in the current year relating to prior years by alternative means, as it was impracticable to do so. I was unable to obtain sufficient appropriate audit evidence regarding the opening balance and consequently on the closing balance of irregular expenditure due to the lack of evidence to support the irregular expenditure transactions incurred during the years preceding the 2012-13 financial year. I was unable to confirm the irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustment relating to irregular expenditure amounting to R484 659 738 (2013: R399 533 588) in note 50 to the financial statements was necessary.

Fruitless and wasteful expenditure

20. I was unable to obtain sufficient appropriate audit evidence regarding the opening balance and consequently on the closing balance of unauthorised expenditure due to the lack of evidence to support the unauthorised expenditure transactions incurred during the years preceding the 2012-13 financial year. I was unable to confirm the unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustment relating to unauthorised expenditure stated at R337 268 865 (2013: R233 871 316) in note 49 to the financial statements was necessary.

Commitment

21. During 2013, I was unable to obtain sufficient appropriate audit evidence regarding capital commitments (*already contracted for but not provided and not yet contracted for and authorised by the accounting officer*) of R13 950 527 and R402 351 110



respectively, as disclosed in note 42 to the financial statements, as the municipality did not provide me with the supporting documentation and contracts for the commitments which have been authorised and contracted as listed in the register for capital commitments. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustments to commitments were necessary. My opinion on the financial statements for the period ended 30 June 2013 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Cash flow statement

22. I was unable to obtain sufficient appropriate audit evidence regarding the cash flow statement due to the limitations placed on my audit of various components of the financial statements. I was unable to confirm the cash flow statement by alternative means. Consequently, I was unable to determine whether any adjustments relating to the cash flow statement in the financial statements were necessary.

Disclaimer of opinion

23. 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

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

Restatement of corresponding figures

25. As disclosed in note 40 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of errors discovered during 2014 in the financial statements of the Matjhabeng Local Municipality at, and for the year ended, 30 June 2013.

Material losses

26. As disclosed in note 52 to the financial statements, material losses to the amount of R199 106 217 (2013: R143 157 018) were incurred as a result of distribution losses incurred during year.

Material impairments

27. As disclosed in note 32 to the financial statements, impairment losses to the amount of R38 941 330 (2013: R346 176 905) were incurred as a result of a write-off of irrecoverable trade debtors.

Financial sustainability

28. The financial statements indicates that Matjhabeng Local Municipality incurred a net deficit of R138 998 288 (2013: R362 656 499) as disclosed in the statement of financial performance during the year ended 30 June 2014. This condition, along with the other matters as set forth in note 46, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.



Additional matters

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

Unaudited supplementary schedules

30. The supplementary explanations of budget variances contained in note 53 do not form part of the financial statements. I have not audited these explanations and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

33. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2014:

- Development priority 8: Infrastructure, on pages x to x.

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

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

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

37. The material findings in respect of the selected development priority are as follows:



Development priority 8: Infrastructure

Usefulness of reported performance information

38. Section 41(c) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) requires the integrated development plan (IDP) to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. All (100%) of the reported objectives, indicators and targets were not consistent with those in the approved annual performance plan and service delivery agreement plan. This was due to the lack of the alignment between the IDP and the *Service delivery budget implementation plan* (SDBIP) resulting from inappropriate planning and lack of skills in performance management.
39. The FMPPi requires the following:
- Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 84% of the targets were not specific.
 - Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 39% of the indicators were not well defined.
 - Performance indicators must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator. A total of 29% of the indicators were not verifiable.

This was due to the lack of key controls in the relevant systems of collection, collation, verification, storage of actual performance.

Reliability of reported performance information

40. The FMPPi requires municipalities to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to limitations placed on the scope of my work due to the fact that the municipality could not provide sufficient appropriate evidence in support of the reported performance information.

Additional matter

41. I draw attention to the following matter:

Achievement of planned targets

42. Refer to the annual performance report on pages x to x and x to x for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected development priority reported in paragraphs xx to xx of this report.

Compliance with legislation

43. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:



Strategic planning and performance management

44. The adopted IDP did not reflect and identify the key performance indicators and targets, as required by sections 26 and 41 of the MSA.
45. Key performance indicators, including input, output and outcome indicators, in respect of each of the development priorities and objectives were not set in the IDP, as required by section 41(1)(a) of the MSA and regulations 1 and 9(1)(a) of the Municipal planning and performance management regulations (MPPMR).
46. Measurable performance targets for the financial year with regard to each of the development priorities and objectives and key performance indicators were not set in the IDP, as required by section 41(1)(b) of the MSA and regulation 12(1) and 12(2)(e) of the MPPMR.

Budgets

47. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

Annual financial statements

48. 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 and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer audit opinion.

Audit committee

49. The audit committee did not advise the council 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.
50. The audit committee did not advise the council on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.
51. The audit committee did not meet at least twice during the financial year, as required by regulation 14(3)(a) of the MPPMR.
52. The audit committee did not review the municipality's performance management system and make recommendations to the council, as required by regulation 14(4)(a)(ii) of the MPPMR.
53. The audit committee did not review the quarterly internal audit reports on performance measurement, as required by regulation 14(4)(a)(i) of the MPPMR.
54. The audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by regulation 14(4)(a)(iii) of the MPPMR.



Internal audit

- 55. The internal audit unit did not function as required by section 165(2) of the MFMA, in that it did not advise the accounting officer and report to the audit committee on matters relating to internal controls and loss control.
- 56. The internal audit unit did not advise the accounting officer and 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)(vii) of the MFMA.

Procurement and contract management

- 57. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
- 58. Contracts were extended without tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.
- 59. Contracts were extended or modified without the approval of a properly delegated official, as required by SCM regulation 5.
- 60. Contracts and quotations were awarded to bidders who had not 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).
- 61. Awards were made to providers who are in the service of the municipality and whose directors or principal shareholders are in the service of the municipality in contravention of section 112(j) of the MFMA and SCM regulation 44. Furthermore, the provider failed to declare that he/she was in the service of the municipality, as required by SCM regulation 13(c). Similar non-compliance was reported in the prior year and the municipality did not take disciplinary action against the suppliers or officials involved.
- 62. Awards were made to providers who are in the service of other state institutions or whose directors or principal shareholders are in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44. Similar awards were identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).
- 63. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the MSA.
- 64. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the MSA.



Human resource management

65. Sufficient appropriate audit evidence could not be obtained that job descriptions were established for all posts in which appointments were made in the current year, as required by section 66(1)(b) of the MSA.

Expenditure management

66. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
67. Payments were made from the municipality's bank account without the approval of the accounting officer, the chief financial officer or a properly authorised official, as required by section 11(1) of the MFMA.
68. An effective system of expenditure control, including procedures for the approval, authorisation and payment of funds, was not in place, as required by section 65(2)(a) of the MFMA.
69. Reasonable steps were not taken to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Conditional grants and transfers

70. The Municipal Infrastructure Grant and Municipal Systems Improvement Grant allocations were not spent in accordance with the applicable grant framework, in contravention of section 16(1) of DoRA.
71. The municipality did not evaluate its performance in respect of programmes or functions funded by the Municipal Infrastructure Grant, the Municipal Systems Improvement Grant and the Local Government Financial Management Grant allocations, as required by section 12(5) of DoRA.
72. Municipal Infrastructure Grant, Municipal Systems Improvement Grant and Local Government Financial Management Grant funds were retained or rolled over to the next financial year without seeking the approval of the National Treasury, as required by section 21(1) of DoRA.

Revenue management

73. An adequate management, accounting and information system which accounts for revenue, debtors, receipts of revenue was not adequately in place, as required by section 64(2)(e) of the MFMA.
74. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.
75. Revenue due to the municipality was not always calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.



76. Sufficient audit evidence could not be obtained that interest had been charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Asset management

77. 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.

Liability management

78. An adequate management, accounting and information system which accounts for liabilities was not in place, as required by section 63(2)(a) of the MFMA.
79. An effective system of internal control for liabilities (including a liability register) was not in place, as required by section 63(2)(c) of the MFMA.

Consequence management

80. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.
81. Unauthorised, irregular and fruitless and wasteful expenditure was not always recovered from the liable person, as required by section 32(2) of the MFMA.
82. Authorisation of unauthorised expenditure was not done through an adjustment budget, as required by section 32(2)(a)(i) of the MFMA.

Internal control

83. I considered internal control relevant to my audit of the financial statements, the service delivery performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the findings on the service delivery performance report and the findings on non-compliance with legislation included in this report.

Leadership

84. Although the municipality addressed capacity constraints in the finance division and approved the finance-related policies, these actions were not timeous enough to enable the municipality to improve its general control environment.
85. The municipality did not always take timeous corrective action to address weaknesses in the finance and performance reporting directorate as well as compliance with laws and regulations. This resulted in non-compliance with applicable legislation and gave rise to unauthorised, fruitless and wasteful and irregular expenditure.
86. The municipality did not entirely implement the recommendations from various external oversight reports that ought to improve the control environment and lead to an improvement in audit outcomes.



Financial and performance management

87. Controls relating to the asset registers and underlying records were not maintained throughout the year which contributed in the late preparation and submission of the asset registers. This resulted in insufficient time for adequate review processes to be performed by the finance division on the accuracy and completeness of the infrastructure asset registers and the financial statements. In addition, inadequate communication between the different directorates and the finance division resulted in information in the asset registers relating to the physical location of the assets not being updated on a regular basis.
88. Inadequate communication between the different directorates resulted in incomplete and inaccurate financial and performance reporting relating to future contractual commitments and capital projects in progress. The finance division also did not perform adequate review functions to substantiate the completeness and accuracy of the commitments register.
89. The recommendations made by the internal audit division were not implemented. This resulted in the material misstatements in the financial statements and the report on predetermined objectives as well as non-compliance to legislation being reported again.

Governance

90. The governance structures have not influenced an improvement in the control environment of the local municipality which is mainly attributable to the fact audit committee was not entirely functional in the financial year and the internal audit division did not plan and execute risk based audits.

Auditor-General
Bloemfontein

30 November 2014



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 “ <i>full and regular</i> ” 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 “ <i>what we do</i> ”.
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 “ <i>what we use to do the work</i> ”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development



	<ul style="list-style-type: none"> • 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:	<p>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.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p>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</p> <p>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</p>



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			%	%
Badenhorst MJ	PT	Finance/ Community Services	PR	69%	31%
Banyane ME	PT	Housing / Special Programmes	PR	77%	23%
Beneke R	PT	Technical Services	W	69%	31%
Botha PF	PT	Technical Services	PR	77%	23%
Chaka CP	PT	Finance / Special Programmes	PR	100%	0%
	PT	Corporate Services / Policy Development	W	62%	38%
Dali VN					
De Villiers MT	PT	Corporate Services / Social Services	W	69%	31%
Fanie D	PT	Social Services	PR	85%	15%
Fourie JJC	PT	Policy Development	PR	62%	38%
Kabi M	FT	Policy Development	PR	73%	27%
Khalipha TD	FT		W	85%	15%
Kockera SC	FT		PR	73%	27%
Mabote TL	PT	LED	W	92%	8%
Madumise MM	PT	Finance / LED	W	77%	23%
Mafa DM	PT	Policy Development	PR	85%	15%
Mafongosi ZV	PT	Finance	PR	92%	8%
Makgowe PV	PT	Policy Development	W	100%	0%
Marais JS	PT	Finance	PR	85%	15%
Masienyane MD	PT	Finance / Chairpersons	W	77%	23%
Matlebe MM	PT	Community Services / Special Programmes	PR	54%	46%
Mbambo AX	PT	Special Programmes / Technical Services	W	54%	46%
Mbana MA	FT	Finance	PR	100%	0%
Menyatso KJ	FT	PS&T / Technical Services	PR	38%	62%
Mfebe MSE	FT	Corporate Services	W	85%	15%
Mholo PP	PT	LED / Special Programmes	PR	54%	46%
Mlangeni MG	PT	Housing	PR	85%	15%
Meli S	PT	Technical Services	W		
Mokhomo HA	PT	Community Services / Social Services	W	85%	15%
Mokotedi TG	PT	PS&T	PR	92%	8%
Molelekoa PA	PT	LED / Technical Services	W	69%	31%
Molelekoa PMI	PT	Policy Development	W	100%	0%
Molete TN	PT	Corp Services / Policy Dev / Technical Service	W	62%	38%



Molupe RT	PT	LED	W	77%	23%
Monjovo NE	PT	Corp Serv / PS&T	W	69%	31%
Morris VR	PT	LED / Policy Dev	W	69%	31%
Mosala MS	PT	Housing	W	92%	8%
Mothege MA	PT	Housing	W	85%	15%
Motshabi MP	PT	Community Services	PR	100%	0%
Mphikeleli MA	PT	PS&T	W	100%	0%
Naude HJ	PT	Policy Development / PS&T	W	46%	54%
Ngangelizwe S	FT	Mayoral Committee (Executive Mayor)	PR	92%	8%
Nttele KI	PT	Community Services	W	69%	31%
Ntsebeng MH	PT	Housing	PR	85%	15%
Petleki KI	PT	Housing / Sp Programmes	PR	85%	15%
Phetise ME	PT	Community Services / Social Services	W	92%	8%
Qwesha GL	PT	PS&T	W	77%	23%
Radebe MC	PT	Finance / PS&T	PR	85%	15%
Radebe ML	FT	Social Services	PR	77%	23%
Riet MI	PT	Community Services	W	100%	0%
Sephiri MJ	FT	Chief Whip	PR	85%	15%
Sifatya Z	PT	Corp Services	W	85%	15%
Smit DC	PT	LED	W	69%	31%
Speelman NW	FT	Executive Mayor - Lejweleputswa DM	PR	31%	69%
Stofile B	FT	Council (Speaker)	PR	100%	0%
Styger A	PT	Finance	PR	92%	8%
Taliwe FE	FT	Policy Development	W	69%	31%
Taljaard TE	PT	LED / PS&T	PR	62%	38%
Thateng MJ	PT	Social Services	W	92%	8%
Thelingoane TJ	PT	Community Serv / Policy Dev	W	85%	15%
Tlake KR	PT		W	69%	31%
Tlhone ML	FT	Sp Programmes	PR	69%	31%
Tsatsa SJ	PT	Community Serv / Housing	W	100%	0%
Tsubane ME	PT	Social Services	PR	85%	15%
Tsubella KS	PT	Corp Serv / Social Services	W	100%	0%
Van Rooyen KV	PT	Social Services	PR	85%	15%
Van Rooyen MS	PT	Community Serv / Corp Serv	W	77%	23%
Van Schalkwyk HCT	PT	LED	W	85%	15%
Vanga NM	PT	Housing / Sp Programmes	PR	69%	31%
Rubulana L	FT	LED	PR	85%	15%
Malefane DE	PT		PR	92%	8%
Matlebe MM	PT		PR	62%	38%

*Note: * Councillors appointed on a proportional basis do not have wards allocated to them*

T A



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
Chairperson Committee	Co-ordination of Ward Councillors Affairs
Audit Committee	Performance Auditing of the Municipality
Municipal Public Accounts Committee (MPAC)	Oversight on financial activities of the Municipality
Rules Section 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
T. B	



APPENDIX C – THIRD TIER ADMINISTRATIVE STRUCTURE

THIRD TIER STRUCTURE	
DIRECTORATE	DIRECTOR/MANAGER (STATE TITLE AND NAME)
Municipal Manager	Municipal Manager – Adv. MF Lepheana
	Senior Manager Administration - Z Lingani
Strategic Support Services	Executive Director - Mr TB Makofane
Corporate Support Services	Executive Director - Mr. FF Wetes
	Senior Manager Council Administration – Mr. Atolo
	Senior Manager Human Resource – Mr. Nhlapo
	Senior Manager Legal Services – Adv. M Vanga
Infrastructure	Executive Director – Me B Tlhabani
	Senior Manager Electrical -Vacant (Acting position)
	Senior Manager Civil - Vacant (Acting position)
LED	Executive Director - Mr. XW Msweli
	Senior Manager LED – Vacant
	Senior Manager Housing - Me M Mothekge
Community Services	Executive Director - Me MRE Mogopodi
	Senior Manager Parks, Sports and Recreation - Me K Maloka
	Senior Manager Public Safety and Transport - Mr RT Mokhuoa
Finance	Chief Financial Officer: Mr ET Tsoaeli
	Senior Manager Budget - Mr LB De Bruyn
	Senior Manager Treasury - Me C Dingani
T. C	



APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

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



Street trading		
Street lighting	Y	
Traffic and parking	Y	
* If municipality: indicate (yes or No); * If entity: Provide name of entity		T. D



APPENDIX E – WARD REPORTING (FUNCTIONALITY OF WARD COMMITTEES)

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 stakeholder's 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.

T. E

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
1	Cllr TL Mabote	Yes	11	4	2
	Ramokolobeng Petrus Morake				
	Mamokete Angelina Sesing				
	Joseph Lebetsa				
	Motshehi Joseph Mohoje				
	Mojaki Eugene Ndambe				
	Rachel Phatlane				
	Paulina Mokhajoa				
	Paul Mohlomi				
	Kolisile James Bacela				
	Mojalefa Paul Mohlomi				
2	Cllr KS Tsubella	Yes	5	2	4
	Berries Mosidi Emily				
	Dikhang Tlaleng Paulina				
	Tsautse Salemane Daniel				
	Berries Ramohapelwa				



	Maboko Nteketeke Elizabeth				
	Nyambuza Muso Charles				
	Mahlatsi Kettleho				
	Sam Viyiswa Magdalena				
	Maleke Fosi Peter				
	Lelimo Makosana Joseph				
3	Cllr MA Mothege	Yes	2	2	2
	Mogoloa Rabrand Nathnael				
	Saule Maise Jeremia				
	L. Sebotsa				
	Ndayi Ntlanganiso Lawrence				
	Mboqa Dlalaphi Joseph				
	Sewe Mpho Martha				
	Takalo Thabang Lemound				
	Mosebi Tebello Moses				
	Pitso Moletsane Gerard				
	Litabe Moipone Sophia				
4	Cllr PA Molelekoa	Yes	3	3	0
	Hlabahlaba Mantwa				
	Masike Itumeleng Johannes				
	Tlhabang Sefaboriki Austin				
	Kolisang Mosele Sinnah				
	Molise Mmanku Sarah				
	Motapanyane Oupa Jonas				
	Tlhaole Daniel				
	Majodina Mathayi Jackson				
	Nkhatho Katse Afrika				
	Pokose Zamile				
5	Cllr PMI Molelekoa	Yes	7	5	1
	Nkoala Sambuti Patrick				
	Motsetse Tshepo Abram				
	Setai Neo Tabitha				
	Mohapi Pinkie Lucia				
	Mathebula Mamori Agnes				
	Makhobu Nombuyiselo Patricia				
	Nawane Augustina Dlmakatso				
	Sehloho Majoele Elizabeth				
	Khetsi mahapela Paul				
	Masobe Tau Archibald				
6	Cllr TN Moletse	Yes	3	1	1
	Mahloko Rameno John				
	Molai Mosuo Stephen				
	Hlatshwayo Likeleli Mary				
	Sebuelo Tochani William				
	Mabogolo Mabogolo Mothusi				
	Mofokeng Stuurman Radebe				



	Lesapo Champeni Jacob				
	Mapukutu Mongezi				
	Molahlehi Thandi Margaret				
	Khalise Mmasera Anna				
7	Cllr NE Monjovo	Yes	7	5	5
	Khomongoe Tahlelo Lucas				
	Mqwebedu Bongani Moses				
	Xaba Vusumzi Joseph				
	Mohapi Pinkie Lucia				
	Motsetse Tshepo Abram				
	Sehlabo Lineo Elisa				
	Simanga Iris Nosango				
	VACANT VACANT				
	Lehasa Sello Johannes				
	Khiba Dikeledi Cynthia				
8	Cllr MD Masienyane	Yes	7	9	3
	Makape Everitt Ntasi				
	Mboyiya Bongani Vincent				
	Litabe Makgomo Selina				
	Ngophe Dingiwe Pearl				
	Hlaole Lizeth Neo				
	Moeti Benjamin				
	Mfula Kholisile				
	Mokgoetsi Limakatso Josephina				
	Manukuza J				
9	Cllr DC Smit	Yes	1	1	0
	Van Wyk Oscar				
	Ranyane Lebohang Portia				
	Mohatlane Timothy Thabo				
	Mohale ntebohlang Addelite				
	Ledimo James Phello				
	Cambanis John Constantinou				
	Briel Jan Hendrik				
	Selikoe Teboho Samuel				
	Mazibuko Ntsoaki Cecilia				
	Lucas Jacques				
10	Cllr MSE Mfebe	Yes	11	11	6
	Koloti Moitsoi Magret				
	Khophochi Sebatli Edwin				
	Motaung Rebecca Madibereko				
	Masupa Tshungu Cecilia				
	Yona Msomboti Richard				
	Nthako Suzan Mosele				
	Ndlovu Lindiwe Maria				
	Sethuntsa Mantja Sarah				
	Potsane Molahluwa Magdalena				



	Makoti Thozamile Lucas				
11	Cllr VR Morris	Yes	0	0	0
	Botha June				
	Malefane Disema Edwin				
	Neniels Nicolaas				
	Mokutu Mathabo Merriam				
	Green Herold Denzil				
	Samson Hendrik Pieter				
	November Johanna				
	Mellen Constance				
	Douw Maurice				
	Davids Williams				
12	Cllr KR Flake	Yes	5	4	4
	Fokane Tsere Innocent				
	Tau Tshediso Ephraim				
	Moletsane Lekgowe Daniel				
	Nyengula Ndaba Sam				
	Chikoshana Thomas				
	Moss Nomandithini Selina				
	Mokhutle Mokudunyane Violet				
	Garekwe Morapeli Reginald				
	Khumalo Bongani Mzungu				
	Mholo Kehilwe Kereeditse				
13	Cllr TJ Thelingoane	Yes	2	1	2
	Maribe Motlalepule Gladys				
	Sennanyane moferefere David				
	Mokeretla Mantwa Selina				
	Moiloa Lineo Alfoncinah				
	Likoebe Motlaletsatsi Maria				
	Matshoba Sebuti Joseph				
	Mothabe Molefi Hendrik				
	Moleleki Mathabiso Eunice				
	Mokheseng Khoabane Gilbert				
	Makume Piet Sello				
14	Cllr MS Mosala	Yes	4	6	3
	Hoshola Maphoka Maria				
	Senoko Disebo Esther				
	Mothibeli Leponesa Abel				
	Modukanele Modiehi Imelda				
	Moeng Keremang Lydia				
	Mofokeng Stuurman Radebe				
	Khoza Ndekandeka Willie				
	Kompi Ramakhooa Jacob				
	Rabannye Tshediso				
	Letaba Lehlohonolo Joseph				
15	Cllr KI Ntlele	Yes	3	2	1



	Lento Thabo Joseph				
	Mokale Mokete Petrus				
	Lemoen Manaha Ida				
	Makolomba Lindiwe Evelyn				
	Mxhonywa Mmaseiso Maria				
	Radebe Mamatlakeng Esther				
	Zothwa Nontokaze Sinah				
	Mokoena Sello Peter				
	Khahleli Elizabeth Mamolulela				
	Kaka Njeje				
16	Cllr S Meli	Yes	6	7	5
	Tsotetsie Sello Michael				
	Khakhau Makhetha Simon				
	Yawa Nonzame Gladness				
	Mkhiza Nothuthuzelo Mothy				
	Pule Moeketsi Joseph				
	Marenana Nomapha				
	Mtumtum Vuyokazi Cornelia				
	Mofokeng Stuurman Radebe				
	Mokhoabane Godfrey Lebohang				
	Khalema Thuto Emsley				
17	Cllr TD Khalipha	Yes	1	1	1
	Kostile Mtetunzima Wiseman				
	Maloka Sebolelo Mameso				
	Maja Leomile Lucia				
	Dyse Siphokazi				
	Vundisa Patrick Mhlawuli				
	Ramokone Tshidiso John				
	Lesaoana Mphonyane Mariam				
	Mosia Mathinya Edwin				
18	Cllr PV Makgowe	Yes	8	7	5
	Masheqa Samson Minenzima				
	Tladi Mamothepane Jeanette				
	Marumo Moeti Christian				
	Moloja Nkale Joseph				
	Buang Janet Kethleen Fedile				
	Taaibosch Simon Mzwandile				
	Legalanyane Maseaetseng annastacia				
	Maruping Khonki Sam				
	Dhlamini Daniel Teboho				
	Mafika Masabata Rosina				
19	Cllr AX Mbambo	Yes	4	5	4
	Nkala Nomasonto Anna				
	Malise Phuka Jack				
	Majoro Mananki Elisa				
	Kapoko Tankiso Edward				



	Maga Majoro Petrus				
	Skosana Nthabiseng Sophie				
	Mancayi Lefu Petrus				
	Abrams Maleshoane Maria				
	Moshane Maseng Jacob				
	Thamae Mamokone Alinah				
20	Cllr RT Molupe	Yes	6	6	4
	Xaba Berlina Simangele				
	Leeuw Thabiso Stephen				
	Mphatseng Diphoko Peter				
	Kolobe Sebolelo Florinah				
	Mokotedi Mantoa Quinett Joyce				
	Thathe Saani Mamoroke Sophia				
	Ranthako Nkone Johannes				
	Chaka Pule Paul				
	Nkone Ntoko Jacob				
	Mohlapholi Sello Daniel				
21	Cllr ME Phetise	Yes	4	5	3
	Limema Tota Samuel				
	Mbele Thabo Ruben				
	Phofi Tshediso Abel				
	Ntoni Ncikazi Maria				
	Mone Thabo Edward				
	Dimema Josef Teboho				
	Sanda Buyiswa Cornellia				
	Pholo Sephiri Johannes				
	Pitso Moeketsi Shadrack				
	Radebe Mamoya Elisa				
22	Cllr Z Sifaty	Yes	2	4	1
	Matlabe Selloane Paulina				
	Bosiu Limakatso Jeanett				
	Martiens Cecilia Mafusi				
	Belekoane Nobayedwa Flora				
	Thipe Lehlohonolo Daniel				
	Mohlaphuli Maleshoane Anna				
	Mapisa Nomveliso				
	Molelekoa Ntefe Johannes				
	Nyamane Pricillia Dipuo				
	Mooki Molapo Samuel				
23	Cllr VN Dali	Yes	2	1	1
	Majake Adelinah Nthisane				
	Solwandle Zandisile Justice				
	Letsie Leloko Nicolaas				
	Pheko Mpoyakae Emily				
	Khimbili Welton				
	Pheko Molefi Jonas				



	Leaooa Tselane Hilda				
	Mkuzo Nontsusa Doris				
	Mtshisazwe Sandile				
	Thuse Nyenye David				
24	Cllr MA Mphikeleli	Yes	2	3	2
	Mvuyo Patrick Bheki				
	Macujana Unathi				
	Mthoniswa Bonginkosi				
	Veyi Edward Xohle				
	Pule Moeketsi Joseph				
	Sellane Phoka Adam				
	Mncedane Mzingisi Leonard				
	Limekaya Bonginkosi				
	Sigwaqa Hahlaza Petros				
	Nyabaza Zodwa				
25	Cllr GL Qweshu	Yes	1	1	1
	Likalaneng Maria Mpotseng				
	Moeketsi Tsiliso Hlomoane				
	Maloka Moloantso David				
	Nthako Tumelo David				
	Makhalemele Fathi Elias				
	Fobane Dillo Ishmael				
	Ramasilo Mamokhili Elizabeth				
	Sebetoane Anna Dimakatso				
	Radebe Nomkhosho Alina Potia				
	Mohlouuo Malebolu Anna				
26	Cllr SJ Tsatsa	Yes	6	3	3
	Khoabane Makholo Leah				
	Mojanaga Thabo British				
	Rafuku Mokadi Joseph				
	Mphuthi Pinky Matlakala				
	Mtyantombi Makosonke Hendrik				
	Mqokolo Zanele				
	Lelimo Noeleen Annah				
	Malinga Mohlouwa Jacob				
	Mojahi Kolisang Michael				
	Metula Ludidi Alexander				
27	Cllr MS Van Rooyen	Yes	10	10	0
	Mathakoana Kelebogile Sylvonia				
	Jonker Frans				
	Hlabahlaba Nozengazi Adelaide				
	Nkoane Vincent Selala				
	VACANT				
	Maphike Ponko Goodenough				
	Mafaisa Mamphothu Gladys				
	Kabi Tsehlo Alfred				



	Nyama Moeketsi Dawid				
	Somi Zukiswa Christina				
28	Cllr FE Taliwe	Yes	3	2	3
	Thomas Themba Mcedisi				
	Nconco Dungezlieni Joseph				
	Mawela Paqaza Mavis				
	Xhamfu Makatane Neria				
	Twala Khumbuzile Mabel				
	Kumalo Sechaba Eric				
	Raleting Mokoatsi Andrew				
	Mafongosi Sibongile Memory				
	Maselwa Mpangeli				
	Ndlovu/Naniso Florence Hleketani				
29	Cllr MM Madumise	Yes	3	3	0
	Makhathe Setholozo Suzan				
	Gumede Sibongile Belina				
	Ntlangwe Godfrey Mabusane				
	Maqekoane Thabiso James				
	Khoana Palesa Caroline				
	Mohlouoa Mpho				
	Malele Samuel Oupa				
	Modupe Moeketsi				
	Masheane Lelingoana Alexis				
	Mabula Lethusang Thabang				
30	Cllr MJ Thateng	Yes	4	3	2
	Mandlana Chuma				
	Mdluli Buyena Francina				
	Tshabalala Buick Mthunzi				
	Mokena Thabo Esaiiah				
	Dimo Tshidiso Peter				
	Moletsane Monyake Paulus				
	Molefi Moeti				
	Tiro Thulo Johannes				
	Beje Thobeka Patricia				
	Mokoena Pule				
31	Cllr HA Mokhomomo	Yes	2	3	1
	Ramatusa Nthofela Sylvia				
	Morake Lehlohonolo McDonald				
	Luthuli Doctor				
	Letele Malehloa Arciliah				
	Hlakoane Sebolelo Caroline				
	Mohlaping Mantoa Amelia				
	Gila Nkosekhaya				
	Semela Alfred Ramolo				
	Maboya Makopano Adelina				
	Lento Thabiso Joshua				



32	Cllr HCT Van Schalkwyk	Yes	11	8	4
	Mosesi Julia Matsietsi				
	Van Wyk Jan Adam				
	Zondo Motheane Petrus				
	Ntholeng Mosala Matthews				
	Monosi Mokhethi Benjamin				
	Van Der Westhuizen Nicolaas				
	Ellis Ryan Andre				
	Mofokeng Mantoapelo Junia				
	Koloko Palesa Aemy				
	Lekale Sarah Ekie				
33	Cllr R Beneke	Yes	1	0	0
	Mjonono Nomabheli				
	Tau Leobule Jostina				
	Hamer Johannes				
	Zietsman Helena Charlotta				
	Van Rensburg Daniel Hermanus				
	Nakedi Anthony Khelemethe				
	Doig Claudia Dorothy				
	Seleoana Karabo Grace				
	Harrison Jennifer Anne				
	Ritcher M				
34	Cllr ZHJ Naude'	Yes	2	2	0
	Tladi Dikeledi Olyvia				
	Nikelo Bekithemba				
	Mashaba Gezi				
	Van Loggerenberg Maritjie				
	Ndlondlo MZ				
	Sothoane Mathotha Rosina				
	Makhasi Ndumiso William				
35	Cllr MI Riet	Yes	4	6	4
	Nkobolo Mampho Anna				
	Mojakisane Refiloe				
	Ncaphayi Mbulelo				
	Marumo Patrick Lebohang				
	Olifant Jonas				
	Moleko Mathapelo Maria				
	Tau Pholo Isaac				
	Mokhobo Puseletso Elizabeth				
	Molongoana Kamohelo Raphael				
	Roets P				
36	Cllr MT De Villiers	Yes	2	3	0
	Qadi Mthandazo Alfred				
	Nkone Ishmael Letsatsi				
	Sedi Mpho Perseverance				
	Mokatsanyane Matseliso Eliza				



	Smit Erasmus Johannes				
	Sethabathaba Lindiwe Francina				
	Vorster Wilhelmien Frances				
	Potgieter Catharina Maria Johanna				
	Mayekiso Betty				
	Van Schalkwyk Sharon Ann				
					TE



APPENDIX F – WARD INFORMATION

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	Hani Park / Bronville: Public Transport Facilities Including Taxi Ranks	03/04/2014	15/07/2015	16 277, 00
2	Welkom (Thabong) T16: Construction Waterborne Sanitation for 1300 Stands	15/20/2014	30/10/2016	61 899, 00
3	Welkom: Industrial Park SMME Zone Fencing / Paving & Shelter	07/04/2015	30/06/2016	31 555, 00
4	Meloding: Taxi Centre	15/04/2014	30/11/2015	28 456, 00
5	Nyakallong: WWTP Upgrade	02/02/2016	02/02/2017	52 299, 00
6	Virginia: WWTP Sludge Management	02/02/2016	02/02/2017	41 655, 00
7	Upgrade and Create New Sports and Recreational Facilities Phase 3 Thabong Stadium, Zuka Baloi Stadium & Kopano Indoor Centre	02/04/2014	30/06/2016	42 834, 00
				T F.1



APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP

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
Khabokedi Waste Management	Operation Of Maintenance In Odendaalsrus And Welkom	01-Aug-14	31-Jul-16	CS	R426359.28 per month
Cubicle Trading	Design And Printing Of IDP And Annual Report	01-Aug-14	31-Jul-17	Infra	R187793.00 IDP R1387793.00 Annual report
WW Civils And Constructions	Connections And Disconnections Of Water Supply	01-Feb-15	31-Jan-18	Infra	billed monthly
Tunes Trading	Supply And Delivery Of Protective Clothing	06-Feb-15	05-Jan-18	CFO	per rates
Practicon	Supply And Delivery Of Protective Clothing	02-Feb-15	01-Jan-18	CFO	per rates
Sunday Kit	Supply And Delivery Of protective Clothing	02-Feb-15	01-Jan-18		per rates
Trading Enterprise	Supply And Delivery Of Protective Clothing	12-Feb-15	11-Jan-18	CFO	per rates
JVR Funerals	Rendering Of Pauper And Destitute Burials	18-Jul-14	18-Jun-17	CFO	per rates
Babuthing	Rendering Of Pauper And Destitute Burials	18-Jul-14	18-Jun-17	CFO	per rates
Lesole Agencies	Fencing, Paving And Shelter	21-May-15	21-Apr-18		R19772801.00
Lele And Tshidi Construction	Connections And Disconnections Of Water Supply	02-Feb-15	01-Jan-18		billed monthly
Fire Fighting Equipment	Supply And Delivery Of Fire Engines	24-May-15	24-Apr-18		R 12883187.54
Golden Mile Trading	Hosting And Management Of Matjhabeng Tourism				
Manna Holding	Compilation Of The Valuation Roll	01-Dec-14	30-Jun-18	CFO	R9500.000.00
Pumpshop Africa	Construction Of Inlet Works And Installation Of Pump Sets	21-May-15	21-Apr-16	Infra	R4027199.00
Metsi Chem	Supply And Delivery Of Chlorine Gas	09-Nov-15	01-Oct-18	Infra	per rates
Star Trading	Supply And Delivery Of Water Materials	18-Jul-14	17-Jun-17	Infra	R1800000.00
Lemontswa Trading	Supply And Delivery Of Water Materials	18-Jul-14	17-Jun-17	Infra	R5200000.00
Royalman Trading	Supply And Delivery Of Water Materials	18-Jul-14	17-Jun-17	Infra	R1000000.00
Down Touch Inv	Fencing At Construction Site Kutloanong	11-May-15	10-Apr-18	Infra	R 8 490 956,89
					T H.1



APPENDIX K.1 – 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	446 951	602 188	0	586 347	-3%	
Office of the Municipal Manager	96 922	58 712	0	107 156	45%	
Corporate Support Services	28	10 946	0		#DIV/0!	
Finance	201 587	238 759	0	217 942	-10%	
Community Services	69 614	64 912	0	72 527	10%	
Public Safety and Transport	3 055	2 256	0	11 549	80%	
Economic Development	116		0		#DIV/0!	
Engineering Services	156 450		0	119 017	100%	
Water	326 699	311 393	0	287 363	-8%	
Electricity	398 918	664 906	0	463 670	-43%	
Housing Services	11 150		0	11 203	100%	
Total Revenue by Vote	1 711	1 954	–	1 877	#DIV/0!	–
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i> <i>This table is aligned to MBRR table A3</i>						
T K.1						



APPENDIX K.2 – 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	176 827	180 514	–	192 549	-2%	100%
Property rates - penalties & collection charges	–		–			
Service Charges - electricity revenue	394 390	664 906	–	463 670	-69%	100%
Service Charges - water revenue	214 470	196 047	–	287 363	9%	100%
Service Charges - sanitation revenue	106 639	115 346	–	119 017	-8%	100%
Service Charges - refuse revenue	67 410	64 912	–	72 527	4%	100%
Service Charges - other	–		–			
Rentals of facilities and equipment	11 234	8 068	–	11 203	28%	100%
Interest earned - external investments	7 589		–	4 352	100%	100%
Interest earned - outstanding debtors	96 977	86 119	–	102 800	11%	100%
Dividends received	11		–	15	100%	100%
Fines	2 301	6 892	–	11 500	-200%	100%
Licences and permits	14		–	49	100%	100%
Agency services	–		–			
Transfers recognised - operational	603 407	417 931	–	419 259	31%	100%
Other revenue	21 147		–	25 378	100%	100%
Gains on disposal of PPE	–		–	167 088		
Environmental Protection	–		–			
Total Revenue (excluding capital transfers and contributions)	1 702 416	1 740 735	–	1 877	-92651,63%	100,00%
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						

T K.2



APPENDIX L – CONDITIONAL GRANTS: EXCLUDING MIG

Conditional Grants: excluding MIG						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant	0	0	0			
Public Transport Infrastructure and Systems Grant	0	0	0			
Other Specify:	0	0	0			
Total						
<p>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</p>						

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

APPENDIX M (I) – CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	F Y + 1	F Y + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	116 367	16 615		–	–	–	–
Infrastructure: Road transport - Total	76 227	–		–	–	–	–
Roads, Pavements & Bridges	62 933 250						
Storm water	13 293 344						
Infrastructure: Electricity - Total	1 575	–		–	–	–	–
Generation	1 575 000						
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	13 140	–		–	–	–	–
Dams & Reservoirs	13 140 000						
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	25 425	–		–	–	–	–
Reticulation							
Sewerage purification	25 425 000						
Infrastructure: Other - Total	–	16 615		–	–	–	–
Waste Management							
Transportation							
Gas							
Other		16 615 000					
Community - Total	75 115	–		–	–	–	–
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
	62 115 406						



Cemeteries	13 000 000						
Social rental housing							
Other							
Capital expenditure by Asset Class							
Heritage assets - Total	-	-		-	-	-	-
Buildings							
Other							
Investment properties - Total	-	-		-	-	-	-
Housing development							
Other							
Other assets	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Agricultural assets	-	-		-	-	-	-
List sub-class							
Biological assets	-	-		-	-	-	-
List sub-class							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
Total Capital Expenditure on new assets	191 482	16 615		-	-	-	-
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

T M.1



APPENDIX M (II) – CAPITAL EXPENDITURE – UPGRADE / RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjust ment Budget	Actual Expenditur e	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	–	76 373		93 902	76 373	82 506	89 933
Infrastructure: Road transport -Total	–	24 403		33 797	24 403	16 400	16 400
Roads, Pavements & Bridges		22 935 000		4 511 000	22 935 000	16 400 000	16 400 000
Storm water		1 468 000		29 286 000	1 468 000		
Infrastructure: Electricity - Total	–	7 115		9 781	7 115	10 189	9 000
Generation							
Transmission & Reticulation		115 000		115 000	115 000		
Street Lighting		7 000 000		9 666 000	7 000 000	10 189 000	9 000 000
Infrastructure: Water - Total	–	565		38 203	565	–	5 500
Dams & Reservoirs							
Water purification							
Reticulation		565 000		38 203 000	565 000		5 500 000
Infrastructure: Sanitation - Total	–	44 290		12 121	44 290	32 749	53 633
Reticulation							
Sewerage purification		44 290 000		12 121 000	44 290 000	32 749 000	53 633 000
Infrastructure: Other - Total	–	–		–	–	23 168	5 400
Waste Management							
Transportation							
Gas							
Other						23 168 000	5 400 000
Community	–	63 257		76 050	63 257	36 080	31 200
Parks & gardens							
Sportsfields & stadia		9 045 000		17 207 000	9 045 000		9 000 000
Swimming pools							
Community halls							
Libraries							
Recreational facilities		15 900 000		24 474 000	15 900 000		
Fire, safety & emergency		5 000 000		7 991 000	5 000 000		1 200 000
Security and policing							
Buses							
Clinics							



Museums & Art Galleries		22 962 000		17 725 000	22 962 000	15 000 000	21 000 000
Cemeteries							
Social rental housing							
Other		10 350 000		8 653 000	10 350 000	21 080 000	
Heritage assets	-	-		-	-	-	-
Buildings							
Other							
Capital expenditure by Asset Class							
Investment properties	-	-		-	-	-	-
Housing development							
Other							
Other assets	-	42 000		1 896	42 000	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)			10 000 000				
Other		42 000 000		1 896 000	42 000 000		
Agricultural assets	-	-		-	-	-	-
<i>List sub-class</i>							
Biological assets	-	-		-	-	-	-
<i>List sub-class</i>							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (<i>list sub-class</i>)							
Total Capital Expenditure on renewal of existing assets	-	181 630		171 848	181 630	118 586	121 133
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

T M.2



APPENDIX N – CAPITAL PROJECT BY PROGRAMME YEAR 0

Capital Programme by Project: Year 0					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
WATER					
Kutlwanoong: Stadion Area Water Network for 215 stands	6 098 064,00	0	6 098 064,00	100%	0%
Meloding X10 Water Network	350 063,00	0	350 063,00	100%	0%
SANITATION/SEWERAGE					
Kutlwanoong: Upgrading of Sewerage Works Phase 2	30 210 000,00	0	30 210 000,00	100%	0%
Nyakalong: WWTP Upgrade	52 299 522,00	0	52 299 522,00	100%	0%
Meloding X10 Sewer Network (34 Stands)	819 308,00	0	819 308,00	100%	0%
Phomolong: Construction of new outfall sewer for 4871 stands	10 142 554,00	0	10 142 554,00	100%	0%
Virginia: WWTP Sludge Management	41 655 606,00		6 000 000	74%	74%
Welkom (Thabong) T16: Construction Waterborne Sanitation for 1300 Stands	37 947 675,00	61 899 139,00	61 899 139,00	60%	60%
Matjhabeng Fencing at Pump Stations and Treatment Plants	5 803 700,00	0	5 803 700,00	100%	0%
ELECTRICITY					
Matjhabeng High Mast Lights Installation at Bronville and Meloding	5 787 701,22	0	5 787 701,22	100%	0%
HOUSING					
REFUSE REMOVAL					
STORMWATER					
Mmamahabane Provision of 3.72km Stormwater Drainage	3 792 572,97	0	3 792 572,97	100%	0
Kutlwanoong: Construction of Stormwater and Pedestrian Bridges for Section K2	9 749 212,44	0	9 749 212,44	100%	0
Thabong: Construction of Road 300 and Stormwater in T14 & T16	57 286 400,00	0	57 286 400,00	100%	0
ECONOMIC DEVELOPMENT					
Welkom: Industrial park SMME Zone Fencing/ Paving & Shelter	19 772 801,00	0	19 772 801,00	100%	0
Welkom: Upgrading & Provision of New Facilities for Streets Traders	2 161 240,00	0	2 161 240,00	100%	0
SPORTS, ARTS & CULTURE					



Upgrade and Create New Sports and Recreational Facilities Phase 3 Bronville Stadium	10 478 885,00	0	10 478 885,00	100%	0
Upgrade and Create New Sports and Recreational Facilities Phase 3 Thabong Stadium, Zuka Baloi Stadium & Kopano Indoor Centre	42 834 548,00	0	42 834 548,00	100%	0
Thabong: Upgrading of the far-east hall indoor sports and recreational facility (MIS:225205)	24 145 200,00	0	24 145 200,00	100%	0
ENVIRONMENT					
Kutlwanong: Creation and Upgrading of Cemeteries	8 449 918,32	0	8 449 918,32	100%	0
Meloding: Creation and Upgrading of Cemeteries	7 843 861,09	0	7 843 861,09	100%	0
Phomolong: Creation and Upgrading of Cemeteries	7 014 322,76	0	7 014 322,76	100%	0
Virginia: Creation and Upgrading of Cemeteries	7 820 182,82	0	7 820 182,82	100%	0
Bronville: Creation and Upgrading of Cemeteries	10 399 019,27	0	10 399 019,27	100%	0
HEALTH					
SAFETY AND SECURITY					
ICT AND OTHER					
					T. N

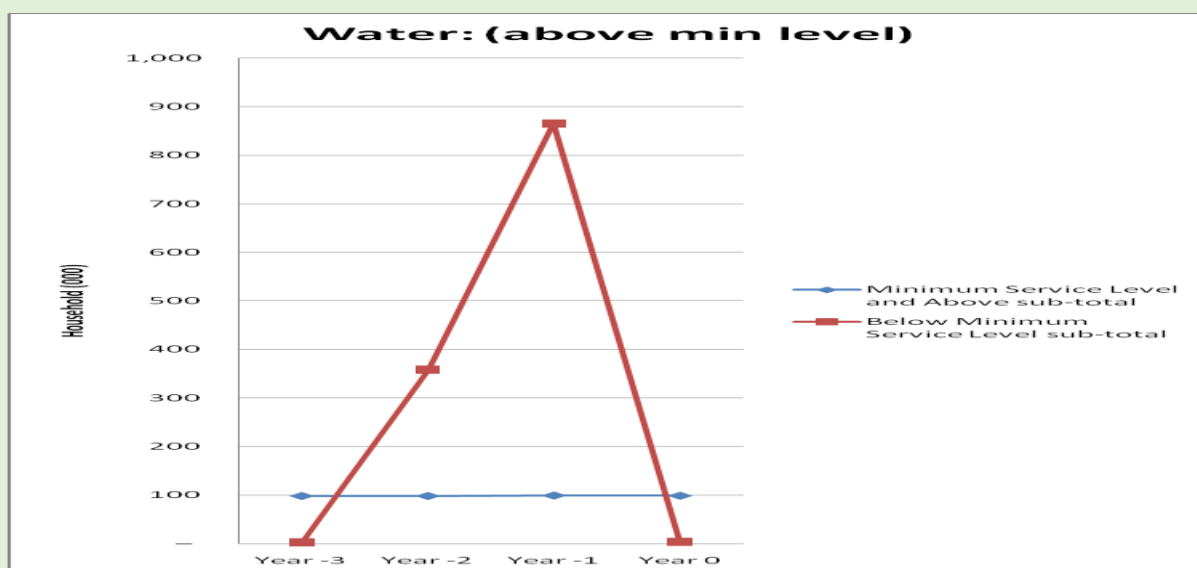


APPENDIX A10 -2 - SERVICES

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						
<i>Minimum Service Level and Above sub-total</i>		98	98	99	99	–	99
<i>Minimum Service Level and Above Percentage</i>		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							
<i>Below Minimum Service Level sub-total</i>		3	359	865	4	–	4
<i>Below Minimum Service Level Percentage</i>		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		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Actual
Household (000)							
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						
<u>Sanitation/sewerage: (above minimum level)</u>							
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)		–	–	–	–		–
<i>Minimum Service Level and Above sub-total</i>		79	87	94	79	–	79
<i>Minimum Service Level and Above Percentage</i>		64.7%	68.8%	73.7%	71.8%	#DIV/0!	71.8%
<u>Sanitation/sewerage: (below minimum level)</u>							
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
<i>Below Minimum Service Level sub-total</i>		43	39	33	31	–	31
<i>Below Minimum Service Level Percentage</i>		35.3%	31.2%	26.3%	28.2%	#DIV/0!	28.2%
Total number of households*	5	121	127	127	109	–	109

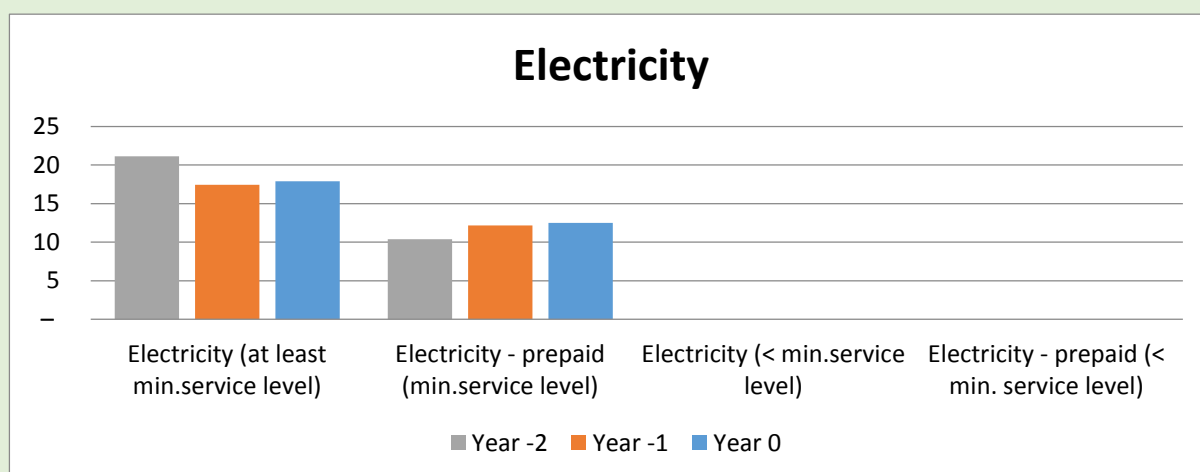
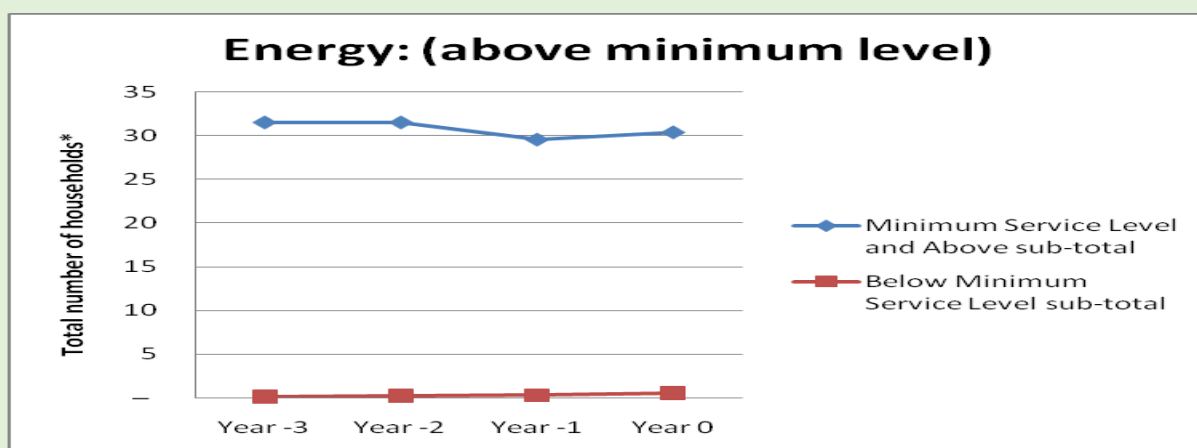


Households - Sanitation Service Delivery Levels below the minimum							
Description	Ref	2005/06	2006/07	2007/08	2008/09		
Household (000)		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Actual
Formal Settlements	1						
Total households		85	85	85	79	79	79
Households below minimum service level		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%





Matjhabeng Local Municipality
Financial statements
for the year ended 30 June 2015

Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

General Information

Legal form of entity	An organ of state within the local sphere of government exercising executive and legislative authority.
Nature of business and principal activities	Providing municipal services, infrastructure development and furthering the interest of the local community in the Matjhabeng area, Free State Province.
The following is included in the scope of operation	Area FS184, as a high capacity local municipality, as demarcated by the Demarcation Board and indicated in the demarcation map published for FS184.
Grading of local authority	Local high capacity municipality
Executive Mayor	Ngangelizwe S
Speaker	Stofile C
Council Whip	Twala M J
Members of the Mayoral Committee	<p>Ngangelizwe S - Executive Mayor</p> <p>Mbana M A - Finance</p> <p>Menyatso K J - Technical Services</p> <p>Mfebe M S E - Corporate Services</p> <p>Motshabi M P - Community Services</p> <p>Ntsobeng NH - Human Settlements</p> <p>Radebe M L - Social Services</p> <p>Rubulana L - Local Economic Development</p> <p>Sephiri M J - Public Safety</p> <p>Taliwe F E - Policy and Planning</p> <p>Tihone M L - Special Programmes</p>
Members of the Council	
Councillors	<p>Badenhorst M J M</p> <p>Banyane M E</p> <p>Beneke R</p> <p>Botha P F</p> <p>Chaka C P</p> <p>Dall V N</p> <p>De Villiers M T</p> <p>Fanie D S</p> <p>Fourie J J C</p> <p>Kabi M</p> <p>Kockera S C</p> <p>Mabote T L</p> <p>Madumise M M</p> <p>Mafa D</p> <p>Mafongosi Z V</p> <p>Makgowe P V</p> <p>Malefane D E</p> <p>Malefane D M</p>



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

General Information

Merais J S
Masienyane M D
Matlebe M M
Mbambo A X
Meli T S
Mholo P P
Mlangeni G
Mokhomu H A
Mokotedi T G
Molelekoa P A
Molelekoa P M I
Molete T N
Molupe R T
Monjovo N E
Morris V R
Mosala M S
Mothege M A
Motshabi M P
Mphikeleli M A
Naude Z H J
Ndele K I
Ntsebenz M H
Petleki K I
Phetse M E
Pina N J
Qwesha G L
Radebe M C
Riet M I
Sifatya Z
Smit D C
Speelman N W
Stoffie B
Styger A
Taljaard S D M
Thateng M J
Thelingoane T J
Tlake K R
Tsatsa S J
Tsubane M E
Tsubella K S
Twala M J
Twanana M
Van Rooyen K V
Van Rooyen M S
Van Schalkwyk H C T
Vanga N M



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

General Information

Municipal Manager	Lepheana M F
Chief Finance Officer	Tsoeli E T
Registered office	Civic Centre 319 Stateway Welkom Free State 9460
Postal address	PO Box 708 Welkom Free State 9460
Bankers	ABSA Bank Limited First National Bank
Auditors	Auditor-General of South Africa
Attorneys	Finger Phukubje Attorneys Kemi Akinbohun Attorneys Maree Gouws Attorneys Moroka Attorneys Podbielski Attorneys
Enabling legislation	Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) Municipal Finance Management Act, 2003 (Act No. 56 of 2003) Municipal Property Rates Act, 2004 (Act No. 6 of 2004) Municipal Structures Act, 1998 (Act No. 117 of 1998) Municipal Systems Act, 2000 (Act No. 32 of 2000)
Website	www.matjhabeng.fs.gov.za



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Index

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

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Abbreviations

ASB	Accounting Standards Board
CoGTA	Cooperative Governance and Traditional Affairs
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
PAYE	Pay as You Earn
SALGA	South African Local Government Association
SARS	South African Revenue Services
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
VAT	Value Added Tax



Matjhabeng Local Municipality

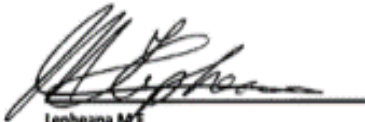
(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Accounting Officer's Responsibilities and Approval

In terms of section 126(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), I am responsible for the preparation of these annual financial statements set out on pages 6 to 90, which have been prepared on the going concern basis, were approved by the audit committee on 28 August 2015 and which I have signed on behalf of the municipality below.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, as disclosed in note 26 of these annual financial statements, are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with the Remuneration of Public Officer Bearers Act, 1998 (Act No. 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.



Lepheana M.F.
Municipal Manager
Welkom
31 August 2015



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2015.

1. Review of activities

Main business and operations

The municipality is engaged in providing municipal services, infrastructure development and furthering the interest of the local community in Matjhabeng and operates principally in the Lejweleputswa district, Free State Province.

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.

2. Financial sustainability

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 continues to source funding for the ongoing operations for the municipality.

Although certain financial ratios may appear unfavourable, the municipality 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, 2014 (Act No. 10 of 2014).

3. Events after the reporting date

The accounting officer is not aware of any significant matter or circumstance arising since the end of the financial 2 months.

4. Accounting Officer's interest in contracts

The Accounting Officer had no interest in contracts for the year under review.

5. Accounting policies

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with section 122(3) of the Municipal Finance Management Act, 2003 (Act No. 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	Changes
Lephane M F	South African	Appointed 14 November 2014



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

	Notes	2015	2014
Assets			
Current Assets			
Inventories	3	275 654 410	275 225 450
Investments	4	18 862 179	10 580 227
Other receivables	5	10 491 717	4 252 346
VAT receivable	6	47 089 117	18 362 769
Consumer receivables	7	939 869 118	539 574 792
Cash and cash equivalents	8	1 515 495	2 371 131
		1 293 482 036	850 366 715
Non-Current Assets			
Investment property	9	433 740 723	440 432 702
Property, plant and equipment	10	5 354 538 795	5 483 902 378
Heritage assets	11	7 104 349	7 104 349
Investments	4	339 207	16 099 517
Consumer receivables	7	350 382	1 611 777
		5 796 073 456	5 949 150 723
Total Assets		7 089 555 492	6 799 517 438
Liabilities			
Current Liabilities			
Trade and other payables	12	2 192 632 825	1 606 120 303
Consumer deposits	13	30 231 537	31 765 750
Unspent conditional grants	14	6 024 485	7 347 170
Provisions	15	1 118 490	780 973
Bank overdraft	8	1 569 372	-
		2 231 576 709	1 646 014 196
Non-Current Liabilities			
Employee benefits	16	349 773 364	322 410 090
Provisions	15	49 025 542	48 582 086
		398 798 906	370 992 176
Total Liabilities		2 630 375 615	2 017 006 372
Net Assets		4 459 179 877	4 782 511 066
Accumulated surplus		4 459 179 877	4 782 511 067



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

	Notes	2015	2014
Revenue			
Commission received	18	9 778 521	10 052 504
Dividends received	19	14 608	15 648
Fines	18	11 499 998	3 245 269
Government grants and subsidies	20	586 347 372	617 641 769
Interest received	19	107 151 515	129 041 338
Licences and permits	18	48 905	37 730
Other income	21	15 599 000	15 479 579
Property rates	22	192 549 129	192 976 982
Rental of facilities	23	11 203 009	10 303 659
Service charges	24	942 577 378	825 232 349
Total revenue		1 876 769 435	1 804 026 827
Expenditure			
Employee related costs	25	(550 428 676)	(482 974 006)
Remuneration of councillors	26	(25 449 281)	(24 682 338)
Depreciation and impairment	27	(260 345 609)	(282 950 593)
Finance costs	28	(174 860 381)	(132 854 072)
Debt impairment	29	(73 512 082)	(38 941 330)
Repairs and maintenance		(26 882 267)	(37 839 048)
Bulk purchases	30	(745 259 277)	(665 245 239)
Contracted services	31	(100 063 466)	(120 425 649)
General expenses	33	(206 232 700)	(178 906 990)
Total expenditure		(2 163 033 739)	(1 964 819 265)
Operating deficit		(286 264 304)	(160 792 438)
Fair value adjustments	34	17 125	19 482
(Loss) on disposal of assets	35	(40 423 875)	(3 322 618)
Actuarial gain on employee benefits		3 339 864	16 855 422
		(37 066 886)	13 552 286
Deficit for the year		(323 331 190)	(147 240 152)



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

	Accumulated surplus	Total net assets
Opening balance as previously reported	4 811 347 176	4 811 347 176
Adjustments		
Prior period errors - Note 37	118 404 043	118 404 043
Balance at 01 July 2012 as restated	4 929 751 219	4 929 751 219
Changes in net assets		
Deficit for the year	(147 240 152)	(147 240 152)
Total changes	(147 240 152)	(147 240 152)
Balance at 01 July 2013 as restated	4 782 511 067	4 782 511 067
Changes in net assets		
Surplus / (Deficit) for the year	(323 331 190)	(323 331 190)
Total changes	(323 331 190)	(323 331 190)
Balance at 30 June 2015	4 459 179 877	4 459 179 877



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Cash Flow Statement

	Notes	2015	2014
Cash flows from operating activities			
Receipts			
Property rates and service charges		693 292 228	618 818 636
Government grants and subsidies		587 670 057	649 143 915
Dividends received		14 608	15 648
		<u>1 280 976 893</u>	<u>1 267 978 199</u>
Payments			
Employee related costs		(542 593 643)	(474 599 204)
Remuneration of councillors		(25 449 281)	(24 682 338)
Suppliers		(506 701 234)	(515 886 624)
Other payments		(55 805 532)	201 703 602
		<u>(1 130 549 690)</u>	<u>(813 464 564)</u>
Net cash flows from operating activities	38	<u>150 427 203</u>	<u>454 513 635</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(164 713 922)	(444 415 554)
Proceeds from sale of investment property		-	1 496 475
Proceeds from sale of investments		7 510 091	6 620 798
Interest income - Investments		4 351 619	6 302 888
Net cash flows from investing activities		<u>(152 852 212)</u>	<u>(429 995 393)</u>
Cash flows from financing activities			
Finance cost - Borrowings		-	(1 388 598)
Repayment of borrowings		-	(18 537 334)
Finance lease obligation payments		-	(210 125)
Interest income		-	(12 374 617)
Net cash flows from financing activities		<u>-</u>	<u>(32 510 674)</u>



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Cash Flow Statement

	Notes	2015	2014
Net increase/(decrease) in cash and cash equivalents		(2 425 009)	(7 992 432)
Cash and cash equivalents at the beginning of the year		2 371 131	10 363 563
Cash and cash equivalents at the end of the year	8	(53 877)	2 371 131



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Statement of Financial Performance

Revenue

Revenue from exchange transactions

Commissions received	-	-	-	9 778 521	9 778 521	Note 49
Dividends received	-	-	-	14 608	14 608	Note 49
Interest received	86 118 515	-	86 118 515	107 151 515	21 033 000	Note 49
Licences and permits	-	-	-	48 905	48 905	Note 49
Other income	53 603 191	(10 657 128)	42 946 063	15 599 000	(27 347 063)	Note 49
Rental of facilities	6 907 591	-	6 907 591	11 203 009	4 295 418	Note 49
Service charges	1 041 240 723	-	1 041 240 723	942 577 378	(98 663 345)	Note 49

Total revenue from exchange transactions	1 187 870 020	(10 657 128)	1 177 212 892	1 086 372 936	(90 839 956)	
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Revenue from non-exchange transactions

Taxation revenue

Fines	8 000 000	-	8 000 000	11 499 998	3 499 998	Note 49
Government grants and subsidies	417 931 000	-	417 931 000	586 347 372	168 416 372	Note 49
Property rates	180 514 208	-	180 514 208	192 549 129	12 034 921	Note 49

Total revenue from non-exchange transactions	606 445 208	-	606 445 208	790 396 499	183 951 291	
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Total revenue	1 794 315 228	(10 657 128)	1 783 658 100	1 876 769 435	93 111 335	
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Expenditure

Employee related costs	(513 324 349)	-	(513 324 349)	(550 428 676)	(37 104 327)	Note 49
Remuneration of councillors	(24 257 907)	-	(24 257 907)	(25 449 281)	(1 191 374)	
Depreciation and amortisation	-	-	-	(260 345 609)	(260 345 609)	Note 49
Finance costs	(2 096 027)	-	(2 096 027)	(174 860 381)	(172 764 354)	Note 49
Debt impairment	(344 917 941)	-	(344 917 941)	(73 512 082)	271 405 859	Note 49
Repairs and maintenance	(160 547 009)	17 913 832	(142 633 177)	(26 882 267)	115 750 910	Note 49
Bulk purchases	(537 475 424)	8 005 553	(529 469 871)	(745 259 277)	(215 789 406)	Note 49
Contracted services	(49 077 699)	(16 770 119)	(65 847 818)	(100 063 466)	(34 215 648)	Note 49
General expenses	(165 818 872)	10 623 128	(155 195 744)	(206 232 700)	(51 036 956)	Note 49

Total expenditure	(1 797 515 228)	19 772 394	(1 777 742 834)	(2 163 033 739)	(385 290 905)	
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Operating deficit	(3 200 000)	9 115 266	5 915 266	(286 264 304)	(292 179 570)	
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Gain on disposal of assets	3 200 000	-	3 200 000	(40 423 875)	(43 623 875)	
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Actuarial gain on employee benefits	-	-	-	3 339 864	3 339 864	Note 49
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Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Fair value adjustments	-	-	-	17 125	17 125	Note 49
	3 200 000	-	3 200 000	(37 066 886)	(40 266 886)	
Deficit before taxation	-	9 115 266	9 115 266	(323 331 190)	(332 446 456)	
Actual Amount in the Statement of Financial Performance	-	9 115 266	9 115 266	(323 331 190)	(332 446 456)	



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds Virement (i.t.o. Final budget (i.t.o. s31 of the council approved policy) MFMA)		Actual outcome	Difference between final budget and actual	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2015										
Financial Performance										
Property rates	180 514 208	-	180 514 208	-	180 514 208	192 549 129		12 034 921	107 %	107 %
Service charges	1 041 240 723	-	1 041 240 723	-	1 041 240 723	942 577 378		(98 663 345)	91 %	91 %
Interest and dividends received	86 118 515	-	86 118 515	-	86 118 515	107 166 123		21 047 608	124 %	124 %
Government grant and subsidies - operational	417 931 000	-	417 931 000	-	417 931 000	419 259 170		1 328 170	100 %	100 %
Other revenue	71 710 782	(10 657 128)	61 053 654	-	61 053 654	51 486 422		(9 567 232)	84 %	72 %
Total revenue (excluding capital transfers and contributions)	1 797 515 228	(10 657 128)	1 786 858 100	-	1 786 858 100	1 713 038 222		(73 819 878)	96 %	95 %
Employee related costs	(513 324 349)	-	(513 324 349)	-	(513 324 349)	(550 428 676)	-	(37 104 327)	107 %	107 %
Remuneration of councillors	(24 257 907)	-	(24 257 907)	-	(24 257 907)	(25 449 281)	(687 961)	(1 191 374)	105 %	105 %
Debt impairment	(344 917 941)	-	(344 917 941)	-	(344 917 941)	(73 512 082)	-	271 405 859	21 %	21 %
Depreciation and impairment	-	-	-	-	-	(260 345 609)	(522 552)	(260 345 609)	-	-
Finance costs	(2 096 027)	-	(2 096 027)	-	(2 096 027)	(174 860 381)	(29 431 047)	(172 764 354)	8 342 %	8 342 %
Repairs and maintenance	-	-	-	-	-	(26 882 267)	-	(26 882 267)	DIV/0 %	DIV/0 %
Bulk purchases	(537 475 424)	8 005 553	(529 469 871)	-	(529 469 871)	(745 259 277)	-	(215 789 406)	141 %	139 %
Contracted services	(49 077 699)	(16 770 119)	(65 847 818)	-	(65 847 818)	(100 063 466)	-	(34 215 648)	152 %	204 %
Grants and subsidies paid	-	-	-	-	-	-	(285 026)	-	DIV/0 %	-
Other expenditure	(372 243 580)	2 617 575	(369 626 005)	-	(369 626 005)	(208 855 040)	-	160 770 965	57 %	56 %



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Appropriation Statement

	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
Total expenditure	(1 843 392 927)	(6 146 991)	(1 849 539 918)	-	-	(1 849 539 918)	(2 165 656 079)	(30 926 586)	(316 116 161)	117 %	117 %
Surplus/(Deficit)	45 877 699	(16 804 119)	(62 681 818)	-		(62 681 818)	(452 617 857)		(389 936 039)	(722)%	987 %
Government grants and subsidies - capital	-	-	-	-		-	167 088 202		167 088 202	DIV/0 %	DIV/0 %
Contributions recognised - capital and contributed assets	-	-	-	-		-	(167 964 917)		(167 964 917)	DIV/0 %	DIV/0 %
Surplus / (Deficit) after capital transfers and contributions	(45 877 699)	(16 804 119)	(62 681 818)	-		(62 681 818)	451 741 142		(389 059 324)	(721)%	(985)%
Fair value adjustments	-	-	-	-		-	17 125		17 125	DIV/0 %	DIV/0 %
Loss on disposal of assets	3 200 000	-	3 200 000	-		3 200 000	(40 423 875)		(43 623 875)	(1 263)%	(1 263)%
Actuarial gain on employee benefits	-	-	-	-		-	3 339 864		3 339 864	DIV/0 %	DIV/0 %
Deficit for the year	(49 077 699)	(16 804 119)	(65 881 818)	-		(59 481 818)	414 674 256		474 156 074	(697)%	(845)%



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds Virement (i.t.o. Final budget (i.t.o. s31 of the council MFMA) approved policy)	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources									
Total capital expenditure	-	-	-	-	231 747 756		231 747 756	DIV/0 %	DIV/0 %
Sources of capital funds									
Government grants and subsidies - capital	-	-	-	-	(189 129 592)		(189 129 592)	DIV/0 %	DIV/0 %
Cash flows									
Net cash from operating	-	-	-	-	150 427 203		150 427 203	DIV/0 %	DIV/0 %
Net cash (used) investing	-	-	-	-	(152 852 212)		(152 852 212)	DIV/0 %	DIV/0 %
Net (decrease) in cash and cash equivalents	-	-	-	-	(2 425 009)		(2 425 009)	DIV/0 %	DIV/0 %
Cash and cash equivalents at the beginning of the year	-	-	-	-	2 371 131		2 371 131	DIV/0 %	DIV/0 %
Cash and cash equivalents at year end	-	-	-	-	(53 878)		53 878	DIV/0 %	DIV/0 %
Accounting Policies									



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

1. Presentation of Financial Statements

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

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the municipality. All financial information has been rounded to the nearest Rand.

1.2 Going concern assumption

These financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 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:

Allowance for slow moving, damaged and obsolete inventory

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 surplus and deficit.

Receivables

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

The impairment for receivables is calculated identifying receivables individually. Receivables which could not be identified individually as being impaired were calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to balances in the portfolio and scaled to the estimated loss emergence period.

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 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. 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 tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.



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1.3 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of Property, plant and equipment

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

Employee benefit obligations

The present value of the employee benefit obligations 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 include the discount rate. Any changes in these assumptions will impact on the carrying amount of employee benefit 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 pension liability.

Other key assumptions for employee benefit obligations are based on current market conditions. Additional information is disclosed in note 16.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15.

Fair value estimation

The carrying value less impairment provision of 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.

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

Provision for impairment of receivables

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

1.4 Investment property

Initial recognition

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, for administrative purposes or property held to provide social services.

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.



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1.4 Investment property (continued)

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.

Subsequent measurement

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 instalments over the useful life of the property, which is as follows:

Item	Estimated useful life
Property - Land	Indefinite
Property - Buildings	5-30 years

Disposal

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.

1.5 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.

Initial recognition

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, its deemed cost is the carrying amount of the assets given up or received.

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.



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1.5 Property, plant and equipment (continued)

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent measurement

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

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

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

Item	Estimated average useful life
Land	Indefinite
Furniture and fixtures	5-7 years
Transport assets	4-15 years
Office equipment	5-7 years
IT equipment	3-10 years
Infrastructure	5-100 years
Other equipment	2-20 years
Landfill rehabilitation asset	8-20 years

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.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous 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.

Depreciation commences when the asset is ready for its intended use and ceases when the asset is derecognised.

Disposal

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.

1.6 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.



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1.6 Site restoration and dismantling cost (continued)

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.

1.7 Heritage assets

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.

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.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the 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.

1.8 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.



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1.8 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 in 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 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.

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.



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Accounting Policies

1.8 Financial instruments (continued)

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:

- 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:

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Class	Category
Other receivables	Financial asset measured at amortised cost
Consumer receivables from exchange transactions	Financial asset measured at amortised cost
Investments	Financial asset measured at fair value and amortised cost
Cash and cash equivalents	Financial asset measured at 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:

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Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Cash and cash equivalents	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

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.

The entity recognises financial assets using trade date accounting.

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.



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1.8 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, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

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

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

Financial assets measured at amortised cost:



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1.8 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.



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1.8 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 recognises 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 recognises 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 continues 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 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.



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1.8 Financial instruments (continued)

The difference between the carrying amount 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.

Distributions to holders of residual interests are debited by the entity directly to net assets, net of any related income tax benefit (where applicable). Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit (where applicable).

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.

1.9 Tax

Value added tax (VAT)

The municipality accounts for VAT on the cash basis. The municipality 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 municipality accounts for VAT on a monthly basis.

1.10 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.



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1.10 Leases (continued)

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.

Income for leases is disclosed under revenue in statement of financial performance.

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.

1.11 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 first-in, first-out (FIFO) 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.

1.12 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).



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1.12 Impairment of cash-generating assets (continued)

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.

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.



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Accounting Policies

1.12 Impairment of cash-generating assets (continued)

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.



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1.12 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.

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.

1.13 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.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.



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Accounting Policies

1.13 Impairment of non-cash-generating assets (continued)

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.

1.14 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:



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Accounting Policies

1.14 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.

Post-employment benefits

Post-employment benefits are employee benefits, other than termination benefits, which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.



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Accounting Policies

1.14 Employee benefits (continued)

Other long term employee benefit

The municipality has an obligation to provide long service benefits to all of its employees. According to the rules of the long service benefit scheme, which the municipality instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long benefits are accounted for through the statement of financial performance.

1.15 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.

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 finance cost.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is:

- a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.



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Accounting Policies

1.15 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.16 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.

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 services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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 surveys of work performed.

Interest and dividends

Revenue arising from the use by others of entity assets yielding interest and dividends are 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 are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.



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Accounting Policies

1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

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



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Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.18 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.19 Borrowing costs

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.

The comparative figures have been restated, additional disclosures are included in note 36.

1.21 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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.

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.



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Accounting Policies

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.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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.

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. 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 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.

Investments in securities

Investments in securities are recognised on a trade date basis and are initially measured at cost.

Investments are classified as held for trading and are measured subsequently at fair value, based on quoted market prices at the reporting date. Unrealised gains and losses for securities that are held for trading purposes are included in surplus and deficit for the period.

1.25 Consumer deposits

Consumer deposits are subsequently recorded in accordance with the accounting policy of Trade and other payables.

1.26 Unspent 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.



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Accounting Policies

1.27 Commitments

A capital commitment is an agreement to undertake capital expenditure in future, which has not yet become an actual liability. Capital commitments are not recognised but only disclosed. Capital commitments are disclosed in note 39.

1.28 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 local 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.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.29 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations, 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 an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2014-07-01 to 2015-06-30.

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.



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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014
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2. New standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

No new Standards of GRAP became effective for the first time for 30 June 2015 year-ends.

2.2 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 2015 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	Not yet determined	Unlikely that the standard will have a material impact but will result in additional disclosures.
• GRAP 105: Transfers of functions between entities under common control	1 April 2015	Unlikely that the standard will have a material impact but will result in additional disclosures.
• GRAP 106: Transfers of functions between entities not under common control	1 April 2015	Unlikely that the standard will have a material impact but will result in additional disclosures.
• GRAP 107: Mergers	1 April 2015	Unlikely that the standard will have a material impact but will result in additional disclosures.
• GRAP 20: Related parties	Not yet determined	Unlikely that the standard will have a material impact but will result in additional disclosures.
• GRAP32: Service Concession Arrangements: Grantor	Not yet determined	Unlikely that the standard will have a material impact but will result in additional disclosures.
• GRAP108: Statutory Receivables	Not yet determined	Unlikely that the standard will have a material impact but will result in additional disclosures.



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Notes to the Financial Statements

	2015	2014
3. Inventories		
Consumable stores - at cost	7 318 736	8 599 050
RDP inventory	266 240 156	266 240 156
Water in reservoirs and pipelines - at cost	2 095 518	386 244
	275 654 410	275 225 450
Refer to note 30 for water purchases recognised as an expense during the year and note 33 for consumables recognised as an expense during the year.		
Inventory pledged as security		
No inventory was pledged as security for any financial liability of the municipality.		
4. Investments		
Designated at fair value		
Unlisted shares	339 207	322 082
The unlisted shares consist of 17,238 (2014: 17,238) equity shares in Senwes Limited and 26,435 (2014: 26,435) equity shares in Senwesbel Limited.		
At amortised cost		
ABSA Fixed deposit account 20-5944-0982	-	10 580 227
The investment matured on 3 July 2014 and was closed on 4 September 2014. Interest was earned at a rate of 6.65% (2014: 5.85%) per annum.		
RMB Asset Management (Guaranteed Investment Trust)	18 862 179	15 777 435
The maturity date of the investment is 19 October 2015 with a guaranteed amount of R 19,191,692 (2014: R 19,191,692). The guaranteed amount is valued at purchase yield on the assumption that it is held to maturity. Interest is earned at a guaranteed rate of 15.6% (2014:15.6%) per annum.		
	18 862 179	26 357 662
Total Investments	19 201 386	26 679 744
Non-current assets		
Designated at fair value	339 207	322 082
At amortised cost	-	15 777 435
	339 207	16 099 517



Matjhabeng Local Municipality

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Notes to the Financial Statements

	2015	2014
4. Investments (continued)		
Current assets		
At amortised cost	18 862 179	10 580 227
Investments at fair value		
Fair value hierarchy of investments at fair value		
Fair values are determined annually at the Statement of Financial Position date from the quoted prices on the Senwes website.		
For investments 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 as prices or indirectly derived from prices.		
Level 3 applies inputs which are not based on observable market data.		
Level 1		
Class 1 Unlisted shares	339 207	322 082
Investments at amortised cost		
Investments at amortised cost past due but not impaired		
There are no investments past due but not impaired for the current or prior reporting period.		
Investments at amortised cost impaired		
There are no investments impaired for the current or prior reporting period.		
Credit quality of investments		
The credit quality of investments that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates.		
The carrying value of investments recorded at amortised cost approximate their fair values.		
The maximum exposure to credit risk at the reporting date is the carrying amount of investments.		
Renegotiated terms		
None of the investments that are fully performing have been renegotiated in the last year.		
Collateral		
Limited cession over the ABSA Fixed deposit account 20-5944-0982 for the ABSA primary account overdraft facility.	-	10 000 000



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Notes to the Financial Statements

	2015	2014
5. Other receivables		
Deposits	9 850	9 850
Traffic fines receivable	7 056 059	-
Other receivables	3 425 808	4 242 496
	10 491 717	4 252 346
Included in above is receivables from exchange transactions		
Other receivables	3 472 932	4 242 496
Included in above is receivables from non-exchange transactions		
Deposits	9 850	9 850
Traffic fines	7 056 059	-
	7 065 909	9 850

Other receivables pledged as security

No receivable was pledged as security for any financial liability of the municipality.

Renegotiated terms

None of the receivables that are fully performing have been renegotiated in the last year.

Fair value of other receivables

The carrying value of the receivables recorded at amortised cost approximate their fair values.

Other receivables impaired

There are no receivables impaired for in the current prior reporting period.

The maximum exposure to credit risk at the reporting date is the carrying amount of receivables.

Collateral

The municipality does not hold any collateral as security.

6. VAT receivable

Value added tax (VAT)	47 089 117	18 362 769
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The municipality is registered on the cash basis for VAT purposes. Thus output VAT is declared on receipts once cash is received and input VAT is claimed on payments when actual payment is made.



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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014
7. Consumer receivables		
Gross balances		
Rates	284 193 116	348 735 139
Electricity	228 538 495	224 084 481
Water	794 540 710	980 779 082
Sewerage	279 258 716	368 195 550
Refuse	189 906 711	256 177 079
Housing rental	-	928 927
Other	118 638 598	148 001 872
Less: Non-current consumer receivables (Arrangements)	(21 059 890)	(4 243 269)
Payments received in advance	(124 663 934)	(712 551)
	1 749 352 522	2 321 946 310
Less: Allowance for impairment		
Rates	(122 221 999)	(260 922 106)
Electricity	(71 564 408)	(123 122 770)
Water	(375 740 503)	(804 409 360)
Sewerage	(121 944 636)	(296 391 730)
Refuse	(84 502 983)	(208 745 342)
Housing rental	-	(928 927)
Other	(54 218 383)	(90 482 775)
Less: Non-current consumer receivables (Arrangements)	20 709 508	2 631 492
	(809 483 404)	(1 782 371 518)



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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014
7. Consumer receivables (continued)		
Net balance		
Rates	161 971 117	87 813 033
Electricity	156 974 087	100 961 711
Water	418 800 207	176 369 722
Sewerage	157 314 081	71 803 820
Refuse	105 403 727	47 431 737
Other	64 420 215	57 519 097
Less: Non-current consumer receivables (Arrangements)	(350 382)	(1 611 777)
Payments received in advance	(124 663 934)	(712 551)
	939 869 118	539 574 792
Current assets		
Consumer receivables	939 869 118	539 574 792
Non-Current assets		
Consumer receivables	350 382	1 611 777
Total Consumer receivables	940 219 500	541 186 569
Included in above is consumer receivables with arrangements		
Gross balance		
Arrangements - Non-current	21 059 890	4 243 269
Arrangements - Current	8 778 728	2 340 333
	29 838 618	6 583 602
Less: Allowance for impairment		
Arrangements - Non-current	(20 709 508)	(2 631 492)
Arrangements - Current	(8 455 365)	(1 345 677)
	(29 164 873)	(3 977 169)
Net balance		
Arrangements - Non-current	350 382	1 611 777
Arrangements - Current	323 363	994 655
	673 745	2 606 432



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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014
7. Consumer receivables (continued)		
Included in above is consumer receivables from exchange transactions		
Electricity	156 974 087	100 961 711
Water	418 800 207	176 969 722
Sewerage	157 314 081	71 803 820
Refuse	105 403 727	47 431 737
Other	64 420 215	57 519 097
Payments received in advance	(124 663 934)	(712 551)
	778 248 383	453 373 536
Included in above is consumer receivables from non-exchange transactions		
Rates	161 971 117	87 813 033
	940 219 500	541 186 569
Net balance		
Rates		
Current (0 -30 days)	13 788 969	15 936 399
31 - 60 days	8 156 426	8 352 355
61 - 90 days	7 184 257	7 480 149
91 days +	255 063 464	316 966 236
Less: Allowance for impairment	(122 221 999)	(260 922 106)
	161 971 117	87 813 033
Electricity		
Current (0 -30 days)	73 844 824	97 039 415
31 - 60 days	17 712 096	12 511 391
61 - 90 days	7 964 863	7 039 557
91 days +	129 016 712	134 112 360
Less: Allowance for impairment	(71 564 408)	(123 122 770)
	156 974 087	127 579 953



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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014
7. Consumer receivables (continued)		
Water		
Current (0 - 30 days)	66 546 240	72 901 957
31 - 60 days	36 332 623	23 280 390
61 - 90 days	22 257 429	21 758 819
91 days +	669 404 418	882 799 608
Less: Consumer deposits outstanding	-	(197 039)
Less: Allowance for impairment	(375 740 503)	(804 409 360)
	418 800 207	196 134 375
Sewerage		
Current (0 - 30 days)	10 725 313	11 081 690
31 - 60 days	9 053 253	8 743 842
61 - 90 days	7 831 605	8 418 667
91 days +	251 648 506	339 951 351
Less: Allowance for impairment	(121 944 636)	(296 391 730)
	157 314 041	71 803 820
Refuse		
Current (0 - 30 days)	6 487 255	6 650 239
31 - 60 days	5 050 179	5 253 408
61 - 90 days	4 690 941	4 944 188
91 days +	173 678 336	239 329 244
Less: Allowance for impairment	(84 502 983)	(208 745 342)
	105 403 728	47 431 737
Other		
Current (0 - 30 days)	2 580 121	2 001 816
31 - 60 days	3 087 982	1 784 114
61 - 90 days	3 251 404	1 791 019
91 days +	109 719 091	142 424 923
Less: Allowance for impairment	(54 218 383)	(90 482 775)
	64 420 215	57 519 097



Matjhabeng Local Municipality

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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014
7. Consumer receivables (continued)		
Summary of receivables by customer classification		
Consumers		
Current (0 - 30 days)	62 302 916	48 366 442
31 - 60 days	48 381 987	31 167 731
61 - 90 days	32 979 223	26 699 933
91 days +	1 020 813 715	1 100 793 214
Less: Allowance for impairment	(489 916 759)	(973 226 960)
	674 561 082	233 800 360
Business, industrial and commercial		
Current (0 - 30 days)	29 769 887	27 871 691
31 - 60 days	14 164 406	9 581 197
61 - 90 days	9 422 022	7 099 034
91 days +	252 184 480	204 582 988
Less: Allowance for impairment	(109 829 170)	(144 641 038)
	195 711 625	104 493 872
National and provincial government		
Current (0 - 30 days)	8 255 756	9 555 246
31 - 60 days	5 615 972	5 250 774
61 - 90 days	3 398 569	3 595 918
91 days +	142 851 229	118 324 049
Less: Allowance for impairment	(59 136 025)	(4 022 884)
	100 985 501	132 703 103
Indigents		
Current (0 - 30 days)	8 906 424	11 275 398
31 - 60 days	9 191 220	11 102 864
61 - 90 days	5 363 401	11 257 898
91 days +	123 933 496	582 319 420
Less: Allowance for impairment	(147 394 541)	(615 955 580)
	-	-
Housing debtors		
Current (0 - 30 days)	-	7 554
31 - 60 days	-	7 492
61 - 90 days	-	7 431
91 days +	-	906 450
Less: Allowance for impairment	-	(928 927)



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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014
7. Consumer receivables (continued)		
	-	-
Farms and agriculture		
Current (0 -30 days)	2 105 876	2 954 688
31 - 60 days	2 038 974	2 822 935
61 - 90 days	2 017 283	2 779 615
91 days +	48 747 647	49 564 050
Less: Allowance for impairment	(23 924 416)	(46 227 620)
	30 985 364	11 893 668
Total debtors by consumer classification		
Current (0 -30 days)	111 340 861	100 031 020
31 - 60 days	79 392 559	59 932 993
61 - 90 days	53 180 498	51 439 830
91 days +	1 588 530 566	2 056 490 172
Unmetered consumption for water and electricity	62 631 862	59 205 155
Payments received in advance	(124 663 934)	(712 550)
Less: Consumer deposits outstanding	-	(197 039)
Less: Allowance for impairment	(830 192 912)	(1 785 003 011)
	940 219 500	541 186 570

Consumer receivables pledged as security

No consumer receivable was pledged as security for any financial liability.

Credit quality of consumer receivables

The credit quality of consumer receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates.

Renegotiated terms

None of the receivables that are fully performing have been renegotiated in the last year.

Fair value of consumer receivables

The carrying value of the consumer receivables recorded at amortised cost approximate their fair values.



Matjhabeng Local Municipality

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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014
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7. Consumer receivables (continued)

Consumer receivables past due but not impaired

Consumer receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2015, - (2014: 421 994 475) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

31 - 60 days	40 879 048	22 869 263
61 - 90 days	27 542 242	15 017 420
91 days +	822 507 422	384 107 792

Consumer receivables impaired

As of 30 June 2015, consumer receivables of 890 910 712 (2014: 1 785 003 011) were impaired and provided for.

Reconciliation of provision for impairment of consumer receivables

Opening balance	(1 785 003 011)	(1 749 737 579)
Contributions to provision	(73 512 082)	(38 941 330)
Bad debt written off against provision	1 028 322 181	3 675 898
	<u>(830 192 912)</u>	<u>(1 785 003 011)</u>

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

Collateral

The municipality holds collateral over these balances in the form of consumer deposits, which are not covering the total outstanding debt. Refer to note 13.

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand and advances	9 474	8 874
Bank balances	-	940 326
Short-term deposits	720 445	720 205
Collections account	785 576	701 726
Bank overdraft	(1 569 372)	-
	<u>(53 877)</u>	<u>2 371 131</u>
Current assets	1 515 495	2 371 131
Current liabilities	(1 569 372)	-
	<u>(53 877)</u>	<u>2 371 131</u>



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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014
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8. Cash and cash equivalents (continued)

No restrictions have been imposed on the municipality in terms of the availability of its cash and cash equivalents for use.

The following undrawn facilities are available for future operating activities and commitments:

Bank overdraft facility	-	10 000 000
ACB mag tape debit facility	2 000 000	2 000 000
Housing guarantee	500 000	500 000
Fleet card	60 000	60 000

Collateral

Limited cession over the ABSA Fixed deposit account 20-5944-0982 for the ABSA overdraft facility. Refer to note 3.	-	10 000 000
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The municipality had the following bank accounts

Account description and number	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
ABSA Primary Cheque account 40-5370-5465	2 187 120	1 275 549	6 545 048	(775 550)	1 853 697	(6 156 365)
ABSA Market Cheque account 40-5644-3399	1 497 072	2 116 003	2 223 282	(793 822)	(913 370)	(30 944)
FNB Collections Cheque account 542-3117-3409	785 576	701 726	631 747	785 576	700 915	631 397
ABSA Savings account 90-9461-7107	1 000	1 000	26 879	1 000	1 000	26 941
ABSA Savings account 91-0668-4115	1 201	1 000	1 101 010	1 201	1 000	1 128 782
ABSA Savings account 91-1114-1338	1 011	1 000	9 121	1 011	1 000	9 148
ABSA Savings account 91-0668-4238	1 077	1 000	7 333	1 077	1 000	7 353
ABSA Savings account 91-0653-8138	-	50	238	-	50	238
ABSA Savings account 91-0668-4157	1 001	1 000	2 365	1 001	1 000	2 366
ABSA Savings account 91-2351-5666	1 002	1 002	11 103	1 002	1 002	11 103
FNB Call account 614-0400-1177	5 074	5 074	5 036	5 074	5 074	5 036
FNB Call account 620-0350-3019	709 079	709 079	692 654	709 079	709 079	692 654
Total	5 190 213	4 813 483	11 255 816	(63 351)	2 361 447	(3 672 291)



Matjhabeng Local Municipality

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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014
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9. Investment property

	2015			2014		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Investment property	502 979 732	(69 239 009)	433 740 723	502 979 732	(62 547 030)	440 432 702

Reconciliation of investment property - 2015

	Opening balance	Depreciation	Total
Investment property	440 432 702	(6 691 979)	433 740 723

Reconciliation of investment property - 2014

	Opening balance	Disposals	Depreciation	Total
Investment property	448 621 156	(1 496 475)	(6 691 979)	440 432 702

Pledged as security

No property was pledged as security for any financial liability.

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.

There are no contractual obligations on investment property.

10. Property, plant and equipment

	2015			2014		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Capital work in progress	534 913 669	-	534 913 669	524 675 579	-	524 675 579
Furniture and fixtures	11 543 891	(18 935 864)	(7 391 973)	12 942 990	-	12 942 990
IT equipment	10 495 649	(8 559 929)	1 935 720	5 194 815	-	5 194 815
Infrastructure	8 083 548 348	(3 592 639 485)	4 490 908 863	4 838 199 772	(257 768 575)	4 580 431 197
Land	223 069 176	-	223 069 176	223 069 176	-	223 069 176
Landfill rehabilitation asset	81 954 953	(14 186 510)	67 768 443	81 954 953	(7 093 255)	74 861 698
Transport assets	117 582 424	(70 125 366)	47 457 058	49 158 671	-	49 158 671
Office equipment	4 947 036	(6 006 503)	(1 059 467)	4 068 985	-	4 068 985
Other equipment	18 335 899	(21 398 593)	(3 062 694)	9 499 267	-	9 499 267
Total	9 086 391 045	(3 731 852 250)	5 354 538 795	5 748 764 208	(264 861 830)	5 483 902 378



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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Capital work in progress	524 675 579	167 276 132	-	(157 038 042)	-	534 913 669
Furniture and fixtures	12 942 990	(91 583)	(20 243 380)	-	-	(7 391 973)
IT equipment	5 194 815	(132 655)	(3 126 440)	-	-	1 935 720
Infrastructure	4 580 431 197	-	-	157 038 042	(246 560 376)	4 490 908 863
Land	223 069 176	-	-	-	-	223 069 176
Landfill rehabilitation asset	74 861 698	-	-	-	(7 093 255)	67 768 443
Transport assets	49 158 671	(1 405 396)	(296 217)	-	-	47 457 058
Office equipment	4 068 985	(48 805)	(5 079 647)	-	-	(1 059 467)
Other equipment	9 499 267	(280 969)	(12 280 992)	-	-	(3 062 694)
	5 483 902 378	165 316 724	(41 026 676)	-	(253 653 631)	5 354 538 795



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Notes to the Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Capital work in progress	463 079 247	219 481 713	-	(157 885 381)	-	524 675 579
Furniture and fixtures	17 006 034	260 819	-	-	(4 323 863)	12 942 990
IT equipment	6 183 797	1 159 777	-	-	(2 148 759)	5 194 815
Infrastructure	4 667 378 833	348 060	(2 886 705)	157 885 381	(242 294 372)	4 580 431 197
Land	223 069 176	-	-	-	-	223 069 176
Landfill rehabilitation asset	81 954 953	-	-	-	(7 093 255)	74 861 698
Transport assets	61 846 286	3 499 895	(537 901)	-	(15 649 609)	49 158 671
Office equipment	5 388 493	324 197	-	-	(1 643 705)	4 068 985
Other equipment	11 322 481	2 289 078	-	-	(4 112 292)	9 499 267
	5 537 229 300	227 363 539	(3 424 606)	-	(277 265 855)	5 483 902 378

Pledged as security

No property, plant and equipment was pledged as security for any financial liability. WIP consists of both infrastructure assets and community assets.



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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014
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11. Heritage assets

	2015		2014	
	Valuation	Carrying value	Valuation	Carrying value
Historical buildings	4 747 835		4 747 835	4 747 835
Mayoral chains	2 356 514	-	2 356 514	-
Total	7 104 349	-	7 104 349	-

Reconciliation of heritage assets 2015

	Opening balance	Total
Historical buildings	4 747 835	4 747 835
Mayoral chains	2 356 514	2 356 514
Total	7 104 349	7 104 349

Reconciliation of heritage assets 2014

	Opening balance	Total
Historical buildings	4 747 835	4 747 835
Mayoral chains	2 356 514	2 356 514
Total	7 104 349	7 104 349

Pledged as security

No heritage asset was pledged as security for any financial liability. A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

12. Trade and other payables

Accrued bonus	9 092 246	8 403 688
Accrued leave pay	57 768 433	53 935 191
Deposits received – Halls and facilities	20 463	31 654
Eskom	619 760 862	422 430 094
Payments received in advance from consumer receivables	31 562 545	24 192 572
Salary control accounts	24 472 852	21 159 619
Sedibeng Water Board	1 167 962 455	903 261 162
Trade payables	281 992 969	172 706 323
Total	2 192 632 825	1 606 120 303



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Notes to the Financial Statements

	2015	2014
12. Trade and other payables (continued)		
Included in above is payables from exchange transactions		
Accrued bonus	9 092 246	8 403 688
Accrued leave pay	57 768 433	53 935 191
Eskom	619 760 862	422 430 094
Payments received in advance from consumer receivables	31 562 545	24 192 572
Salary control accounts	24 472 852	21 159 619
Sedibeng Water Board	1 167 962 455	903 261 162
Trade payables	281 992 969	172 555 783
	2 192 612 362	1 605 938 109

Included in above is payables from non-exchange transactions

Deposits received	20 463	31 654
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13. Consumer deposits

Electricity and water	30 231 537	31 765 750
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Guarantees held in lieu of electricity and water deposits amounted to R 2,792,366 (2014: R 1,723,571).

Deposits are paid by consumers on application for new electricity and water connections. The deposits are repaid when the electricity and water connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account balance.

No interest is paid to consumers on deposits held.

The carrying value of consumer deposits approximate their fair values.

14. Unspent conditional grants

Unspent conditional grants comprises of:

Unspent conditional grants and receipts		
Integrated national electrification programme (INEP)	1 018 931	691 755
Municipal Infrastructure grant (MIG)	-	1 060 611
Sector Education and Training Authority (SETA)	2 324 817	1 749 189
Energy Efficiency and Demand Side Management Programme (EEDSM)	1 936 848	3 845 615
Extended Public Work Programme (EPWP)	743 889	-
	6 024 485	7 347 170

The balances will be recognised as revenue when the qualifying expenditure is incurred. Refer to note 20 for detail of grants recognised as revenue from other spheres of government.

Grants were withheld from equitable share in the prior reporting period due to unfulfilled conditions. Refer to note 20.



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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014
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15. Provisions

Reconciliation of provisions - 2015

	Opening Balance	Discounting	Total
Rehabilitation of landfill sites	49 363 059	780 973	50 144 032

Reconciliation of provisions - 2014

	Opening Balance	Discounting	Total
Rehabilitation of landfill sites	48 910 454	452 605	49 363 059

Non-current liabilities	49 025 542	48 582 086
Current liabilities	1 118 490	780 973
	<u>50 144 032</u>	<u>49 363 059</u>

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, 2002 (Act No. 28 of 2002).

Management has included the best estimated amount as the actual amount is uncertain. The payment of total closure and rehabilitation dates are uncertain.

The provision has been determined by an independent firm of consultants through investigation to determine the best estimated rehabilitation costs for the waste disposal sites at the end of its useful life.

The discount rate used for the landfill sites is based on a risk free rate which is in line with the useful life of the landfill sites.

The municipality has five active landfill sites, as per the asset register:

Landfill	Estimated useful life
Allanridge	10 years
Henneman (Phomolong)	13 years
Odendaalsrus	25 years
Virginia (Transfer Station)	13 years
Bronville (Welkom)	7 years

There were no landfill sites developed, planned, rehabilitated or closed during the current or prior year.



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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014
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16. Employee benefits

Post-retirement medical aid plan

The municipality has a post-employment medical aid fund for its pensioners. The post-retirement medical aid benefits are in accordance with Resolution 8 of the South African Local Government Bargaining Council (SALGBC), signed on 17 January 2003, which states that an employee who retires from employment with an employer and who immediately prior to his or her retirement, enjoyed the benefit of the subsidy of his or her medical aid contributions by his or her employer, will continue to receive a subsidy calculated as follows:

- If the employee is 55 years or older on 1 July 2003, his or her subsidy from the employer as at the date of retirement will be 60% to a maximum amount of the norm of the cost of his or her medical aid scheme contributions as at the day immediately prior to the date of his or her retirement;
- If the employee is 50 years or older on 1 July 2003, his or her subsidy will be 50% to a maximum amount of the norm of the cost of his or her medical scheme contributions as at the day immediately prior to the date of his or her retirement.

The members are made up out of in-service members 1,399 (2014: 1,320) and continuation members 218 (2014: 182).

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Discovery
- Hosmed
- Key-health
- LA Health
- Samwumed

Long service benefits

The municipality's liability for long-service benefits relating to vested leave benefits to which employees may become entitled upon completion of five years service and every five years thereafter. These leave benefits are in accordance paragraph 11 of the South African Local Government Bargaining Council (SALGBC) collective agreement on conditions of service for the Free State division of SALGBC which was signed on July 2010.

In accordance with South African Local Government Bargaining Council (SALGBC) is sued circular 1 of 2011 (issued 27 June 2011 with an effective date of 1 March 2011), specific bonuses is payable to employees for long service. Bonuses are payable in the following scales:

Years of service completed	Percentage of annual salary as bonus	Additional leave days
> 10 Years	3%	10 days
> 15 Years	4%	10 days
> 20 Years	5%	15 days
> 25 Years	6%	15 days
> 30 Years	6%	15 days
> 35 Years	6%	15 days

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the employee benefit obligations-wholly unfunded	(349 773 364)	(322 410 090)
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These obligations are not a funded arrangement, i.e. no separate assets have been set aside currently to meet these obligations.



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	2015	2014
16. Employee benefits (continued)		
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	322 410 090	305 077 529
Net expense recognised in the statement of financial performance	27 363 274	17 332 561
	349 773 364	322 410 090
Net expense recognised in the statement of financial performance		
Service cost	15 592 248	15 413 844
Interest cost	28 406 622	27 684 530
Actuarial gains	(3 339 864)	(16 855 422)
Expected benefits paid	(13 295 732)	(8 910 391)
	27 363 274	17 332 561
Calculation of actuarial gains and losses		
Actuarial gains – Obligation	(3 339 864)	(16 855 422)
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	9,00 %	9,00 %
Medical aid inflation rate	8,00 %	8,00 %
Net discount rate	0,93 %	0,93 %
Continuation percentage	90,00 %	90,00 %
Benefit levels, for active members the projected contributions were used at retirement for their current scheme option and for pensioner members their current scheme option as at 2015.		
Retirement age, it has been assumed that both male and female members retire at age 63. No allowance has been made for early retirement either due to ill health or at the option of the member.		
Continuation on medical aid at retirement, it was assumed that all surviving members to retirement will continue their medical aid membership in retirement.		
Pre-retirement, mortality of continuation members and withdrawal rates are in accordance with SA56-62 male and female tables.		
Post-retirement, mortality of continuation members and withdrawal rates are in accordance with PA(90) ultimate male and female tables with a 2 year reduction in age, assuming that there is a 4 year age difference between male and female spouse.		
The valuation is based on the Projected Unit Credit valuation method.		



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	2015	2014
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16. Employee benefits (continued)

Other assumptions

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
Employee benefit obligations	389 967 886	276 300 537
Service and interest costs	50 365 576	39 692 230

The municipality expects to pay benefits of R 8,297,692 towards post-retirement medical aid and R 4,998,040 towards long service benefits to its employee benefits in the next financial year.

Amounts for the current and previous three years are as follows:

	2015	2014	2013	2012
Employee benefit obligation	(349 773 364)	(322 410 090)	(305 077 529)	(245 392 906)

Defined contribution plans

The municipality makes provision for post-retirement benefits to all employees and councilors, who belong to different defined retirement contribution plans which are administered by various pension, provident and annuity funds.

These plans are subject to the Pension Fund Act, 1956 (Act No. 24 of 1956) and include defined contribution plans.

The municipality is under no obligation to cover any unfunded benefits. The only obligation of the municipality is to make the specified contributions.

The following plans are multi-employer funds and are defined contribution plans:

- South African Local Authorities Pension Fund (SALA)
- Free State Municipal Pension Fund (FSMPF)
- Municipal Councilors Pension Fund (MCPF)

Sufficient information was not available to use defined benefit accounting for the funds and it was accounted for as defined contribution plans due to the following reasons:

- The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers;
- One set of financial statements are compiled for all the funds and not for each participating employer; and
- The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

This is in line with the exemption in GRAP 25 paragraph 31 which states that where information required for proper defined benefit accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans.

The amount recognised as an expense for defined contribution plans is	27 363 274	17 332 561
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17. Financial instruments disclosure

Categories of financial instruments



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Notes to the Financial Statements

	2015	2014
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Financial instruments disclosure (continued)

2015

Financial assets

	At fair value	At amortised cost	Total
Investments	-	18 862 179	18 862 179
Other receivables	-	10 491 717	10 491 717
Consumer receivables	-	939 869 118	939 869 118
Cash and cash equivalents	-	1 515 495	1 515 495
Non-current investments	339 207	-	339 207
Non-current consumer receivables	-	350 382	350 382
	<u>339 207</u>	<u>971 088 891</u>	<u>971 428 098</u>

Financial liabilities

	At amortised cost	Total
Trade and other payables	2 213 683 427	2 213 683 427
Consumer deposits	30 231 537	30 231 537
Bank overdraft	1 559 372	1 559 372
	<u>2 245 474 336</u>	<u>2 245 474 336</u>

2014

Financial assets

	At fair value	At amortised cost	Total
Investments	-	10 580 227	10 580 227
Other receivables	-	4 252 346	4 252 346
Consumer receivables	-	539 574 792	539 574 792
Cash and cash equivalents	-	2 371 131	2 371 131
Non-current investments	322 082	15 777 435	16 099 517
Non-current consumer receivables	-	1 611 777	1 611 777
	<u>322 082</u>	<u>574 167 708</u>	<u>574 489 790</u>

Financial liabilities

	At amortised cost	Total
Trade and other payables	1 581 927 731	1 581 927 731
Consumer deposits	31 765 750	31 765 750



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	2015	2014
Financial instruments disclosure (continued)	1 613 693 481	1 613 693 481
18. Revenue		
Commissions received	9 778 521	10 052 504
Dividends received	14 608	15 648
Fines	11 499 998	3 245 269
Government grants and subsidies	586 347 372	617 641 769
Interest received	107 151 515	129 041 338
Licences and permits	48 905	37 730
Other income	15 599 000	15 479 579
Property rates	192 549 129	192 976 982
Rental of facilities and equipment	11 203 009	10 303 659
Service charges	942 577 378	825 232 349
	1 876 769 435	1 804 026 827
The amount included in revenue arising from exchanges of goods or services are as follows:		
Commissions received	9 778 521	10 052 504
Dividends received	14 608	15 648
Interest received - investment	107 151 515	129 041 338
Licences and permits	48 905	37 730
Other income	15 599 000	15 479 579
Rental of facilities and equipment	11 203 009	10 303 659
Service charges	942 577 378	825 232 349
	1 086 372 936	990 162 807
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	192 549 129	192 976 982
Transfer revenue		
Government grants and subsidies	586 347 372	617 641 769
Fines	11 499 998	3 245 269
	790 396 499	813 864 020



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Notes to the Financial Statements

	2015	2014
19. Investment revenue		
Dividend revenue		
Unlisted shares - Local	14 608	15 648
Interest revenue		
Bank and investments	4 351 619	6 302 888
Interest charged on consumer receivables	102 799 896	122 738 450
	107 151 515	129 041 338
	107 166 123	129 056 986



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Notes to the Financial Statements

	2015	2014
20. Government grants and subsidies		
Operating grants		
Equitable share	416 018 000	423 409 000
Finance Management Grant (FMG)	1 600 000	1 550 000
Municipal Systems Improvement Grant (MSIG)	934 000	890 000
Sector Education and Training Authority (SETA)	312 059	1 563 177
Expanded Public Works Program (EPWP)	395 111	1 000 000
National Treasury - Neighbourhood development programme	-	100 000
	419 259 170	428 512 177
Capital grants		
Energy Efficiency and Demand Side Management Programme (EEDSM)	5 908 767	2 312 385
Integrated National Electrification Program (INEP)	3 872 824	908 244
Municipal Infrastructure Grant (MIG)	157 306 611	185 908 963
	167 088 202	189 129 592
	586 347 372	617 641 769
Equitable Share		
In terms of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), this grant is used to subsidise the provision of basic and administrative services to indigent community members and to subsidise income.		
Finance Management Grant (FMG)		
Current-year receipts	1 600 000	1 550 000
Conditions met - transferred to revenue	(1 600 000)	(1 550 000)
	-	-
The purpose of this grant is to promote and support reforms to financial management and the implementation of the MFMA.		
Municipal systems improvement grant (MSIG)		
Current-year receipts	934 000	890 000
Conditions met - transferred to revenue	(934 000)	(890 000)
	-	-
The purpose of this grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government and the Municipal Systems Act, 2000 (Act No. 32 of 2000).		
Sector Education and Training Authority (SETA)		
Balance unspent at beginning of year	1 749 189	2 285 743



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Notes to the Financial Statements

	2015	2014
20. Government grants and subsidies (continued)		
Current-year receipts	887 687	1 026 623
Conditions met - transferred to revenue	(312 059)	(1 563 177)
	2 324 817	1 749 189

Conditions still to be met - remain liabilities (see note 14).

The purpose of this grant is to do skills development among employees and improve the auditing skills for municipalities.

Integrated national electrification program (INEP)

Balance unspent at beginning of year	691 755	1 099 999
Current-year receipts	4 200 000	1 600 000
Conditions met - transferred to revenue	(3 872 824)	(908 244)
Grants withheld by National Treasury through equitable share	-	(1 100 000)
	1 018 931	691 755

Conditions still to be met - remain liabilities (see note 14).

This grant is used to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure.

Energy Efficiency and Demand Side Management Programme (EEDSM)

Balance unspent at beginning of year	3 845 615	1 300 000
Current-year receipts	4 000 000	6 158 000
Conditions met - transferred to revenue	(5 908 767)	(2 312 385)
Grants withheld by National Treasury through equitable share	-	(1 300 000)
	1 936 848	3 845 615

Conditions still to be met - remain liabilities (see note 14).

The purpose of this grant is to assist the municipalities to reduce their energy consumption through deployment of electricity and other energy saving measures.

Municipal infrastructure grant (MIG)

Balance unspent at beginning of year	1 060 611	33 926 574
Current-year receipts - DoRA	156 246 000	189 907 000
Conditions met - transferred to revenue	(157 306 611)	(185 908 963)
Grants withheld by National Treasury through equitable share*	-	(36 864 000)
	-	1 060 611

Conditions still to be met - remain liabilities (see note 14).



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	2015	2014
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20. Government grants and subsidies (continued)

* In terms of the MFMA Circular No. 48, all conditional allocations (excluding interest earned thereon) that at year-end are not utilised must revert back to National Revenue Fund unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects.

This grant is used to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households.

National Treasury - Neighbourhood development programme

Current-year receipts	-	100 000
Conditions met - transferred to revenue	-	(100 000)
	-	-

The purpose of this grant is to fund a project manager for the neighbourhood development programme.

Expanded Public Works Programme (EPWP)

Current-year receipts	1 139 000	1 000 000
Conditions met - transferred to revenue	(395 111)	(1 000 000)
	743 889	-

The purpose of this grant is to subsidise municipalities to expand on work creation efforts through the use of labour intensive delivery methods in identified focus areas.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, 2014 (Act No. 10 of 2014), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

21. Other income

Connection fees	786 379	861 745
Disconnection fees	7 473 626	5 860 604
Meter fees	1 240 770	1 163 574
Monitoring fees	972 548	780 910
Services rendered	2 523 756	2 055 894
Sundry income	1 357 527	2 199 736
Sundry services	1 244 394	2 557 116
	15 599 000	15 479 579



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	2015	2014
22. Property rates		
Rates received		
Commercial	68 780 684	63 999 671
Residential	50 239 334	60 318 925
Small holdings and farms	43 773 341	33 907 352
State	29 755 770	34 751 034
	<u>192 549 129</u>	<u>192 976 982</u>

Included in property rates are income forgone. Income forgone can be defined as any income that the municipality is entitled to by law to levy, but which has subsequently been forgone by way of rebate or remission.

Valuations

Commercial	2 345 932 900	2 307 336 900
Residential	11 065 242 201	10 854 774 850
Small holdings and farms	2 904 799 620	2 905 199 620
State	1 362 493 600	1 352 942 600
Exempted	1 348 750 275	1 290 096 168
	<u>19 027 218 596</u>	<u>18 710 350 138</u>

Valuations on land and buildings are performed every four years. The last general valuation roll came into effect on 1 July 2011, and is based on market-related values. Supplementary valuations are processed when completed by the valuer annually, to take into account changes to individual property values due to alterations and subdivisions.

The next general valuation was performed in the 2014/15 financial year and was implemented on 01 July 2015.

The first R 75,000 of the valuation of residential property is exempted from rates.

23. Rental of facilities

Premises		
Premises	10 924 265	10 099 360
	<u>10 924 265</u>	<u>10 099 360</u>
Facilities		
Rental of facilities	278 744	204 299
	<u>11 203 009</u>	<u>10 303 659</u>



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	2015	2014
24. Service charges		
Sale of electricity	463 670 165	421 405 701
Sale of water	287 363 319	224 103 069
Sewerage and sanitation charges	119 016 747	111 070 534
Refuse removal	72 527 147	68 653 045
	942 577 378	825 232 349



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	2015	2014
25. Employee related costs		
Basic salaries	317 750 533	273 058 116
Bonuses	21 221 455	19 297 303
Pension	44 178 451	40 034 190
Other long term employee benefits	4 195 887	1 273 404
Employee benefits - Medical aid	9 511 550	6 503 453
Group life insurance	1 248 962	1 163 737
Housing allowances	5 581 889	4 622 820
Leave pay provision charge	13 099 591	11 685 612
Medical aid	34 415 811	36 566 876
Other allowance	17 141 638	15 847 395
Overtime payments	49 850 513	44 043 877
Transport allowance	29 055 401	26 048 795
UIF	3 176 995	2 828 428
	550 428 676	482 974 006
Remuneration of Municipal Manager - Ramathebane G		
Annual Remuneration	120 967	1 229 440
Contributions to UIF, Medical and Pension Funds	301 946	223 944
	422 913	1 453 384
Remuneration of Municipal Manager - Lepheana M F		
Annual Remuneration	812 843	-
Contributions to UIF, Medical and Pension Funds	14 450	-
	827 293	-
Remuneration of Chief Finance Officer - Tsoaeli E T		
Annual Remuneration	933 674	165 055
Car Allowance	363 894	60 649
Contributions to UIF, Medical and Pension Funds	173 475	17 041
	1 471 043	242 745
The Chief Financial Officer was appointed on 1 May 2014, thus the remuneration reflected in the prior year is for a period of 2 months.		
Remuneration of Director Infrastructure - Besani M F		
Annual Remuneration	-	788 050
Contributions to UIF, Medical and Pension Funds	-	1 069



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Notes to the Financial Statements

	2015	2014
25. Employee related costs (continued)		
	-	789 119
Remuneration of Director Infrastructure - Tihabane H B		
Annual Remuneration	148 336	-
Car Allowance	40 000	-
Contributions to UIF, Medical and Pension Funds	4 595	-
	<u>192 931</u>	<u>-</u>
The Director Infrastructure was appointed in May 2015, thus the remuneration reflected in the current year is for a period of 2 months.		
Remuneration of Director Corporate Services - Lepheana M F		
Annual Remuneration	782 534	1 189 015
Contributions to UIF, Medical and Pension Funds	1 041	1 785
	<u>783 575</u>	<u>1 190 800</u>
Remuneration of Director Corporate Services - Wetes		
Annual Remuneration	251 260	-
Contributions to UIF, Medical and Pension Funds	446	-
	<u>251 706</u>	<u>-</u>
The Director Corporate Services was appointed in April 2015, thus the remuneration reflected in the current year is for a period of 3 months.		
Remuneration Director Strategic Support Services - Makhubu S		
Annual Remuneration	702 486	1 133 307
Contributions to UIF, Medical and Pension Funds	892	1 785
	<u>703 378</u>	<u>1 135 092</u>
Remuneration Director Strategic Support Services - Makofane T B		
Annual Remuneration	475 174	-
Contributions to UIF, Medical and Pension Funds	7 153	-
	<u>482 327</u>	<u>-</u>



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	2015	2014
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25. Employee related costs (continued)

The Director Strategic Support Services was appointed in February 2015, thus the remuneration reflected in the current year is for a period of 5 months.

Remuneration Director Community Services - Mogopodi M R E

Annual Remuneration	889 492	915 894
Car Allowance	143 319	143 320
Contributions to UIF, Medical and Pension Funds	162 516	149 015
	1 195 327	1 208 229

Remuneration Director Local Economic Development - Msweli X F

Annual Remuneration	1 084 299	1 035 158
Car Allowance	132 000	132 000
Contributions to UIF, Medical and Pension Funds	45 201	42 610
	1 261 500	1 209 768

26. Remuneration of councillors

Councillors - Part time	15 758 045	15 507 075
Executive Mayor	901 590	866 207
Mayoral Committee Members	6 727 622	6 350 362
Speaker	2 062 024	1 958 694
	25 449 281	24 682 338

In-kind benefits

The Executive Mayor has use of a separate Council owned vehicle for official duties, one full-time driver and a bodyguard.

The Speaker has use of a separate vehicle for official duties and a part-time driver.

The Mayoral Committee Members are full-time employees of the municipality. Each is provided with an office and secretarial support at the cost of the Council.

Remuneration Executive Mayor - Ngangelizwe S

Annual Remuneration	650 135	566 677
Car Allowance	154 573	206 097
Contributions to UIF, Medical and Pension Funds	96 882	93 433
	901 590	866 207

Remuneration Speaker - Stofile C



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	2015	2014
26. Remuneration of councillors (continued)		
Annual Remuneration	472 086	417 173
Car Allowance	167 351	164 877
Contributions to UIF, Medical and Pension Funds	80 511	77 751
	719 948	659 801
Remuneration Council Whip - Semela M J		
Annual Remuneration	457 972	404 913
Car Allowance	156 891	154 572
Contributions to UIF, Medical and Pension Funds	61 392	58 805
	676 255	618 290
Remuneration Council Whip - Twala M J		
Annual Remuneration	457 972	-
Car Allowance	156 891	-
Contributions to UIF, Medical and Pension Funds	61 392	-
	676 255	-
Remuneration Executive Councillor Policy and Planning - Khalifa T D		
Annual Remuneration	-	389 887
Car Allowance	-	154 572
Contributions to UIF, Medical and Pension Funds	-	73 831
	-	618 290
Remuneration Executive Councillor Policy and Planning - Ntsebeni		
Annual Remuneration	402 688	-
Car Allowance	141 716	-
Contributions to UIF, Medical and Pension Funds	68 873	-
	613 277	-
Remuneration Executive Councillor Community Services - Kotzee D		



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	2015	2014
26. Remuneration of councillors (continued)		
Annual Remuneration	-	363 030
Car Allowance	-	141 691
Contributions to UIF, Medical and Pension Funds	-	67 538
	<u>-</u>	<u>572 259</u>
Remuneration Executive Councillor Finance - Mbana M A		
Annual Remuneration	442 946	389 887
Car Allowance	156 891	154 572
Contributions to UIF, Medical and Pension Funds	76 418	73 831
	<u>676 255</u>	<u>618 290</u>
Remuneration Executive Councillor Technical Services - Menyatso K J		
Annual Remuneration	442 946	389 887
Car Allowance	156 891	154 572
Contributions to UIF, Medical and Pension Funds	76 418	73 831
	<u>676 255</u>	<u>618 290</u>
Remuneration Executive Councillor Corporate Services - Mfebe M S E		
Annual Remuneration	442 946	389 887
Car Allowance	156 891	154 572
Contributions to UIF, Medical and Pension Funds	76 418	73 831
	<u>676 255</u>	<u>618 290</u>
Remuneration Executive Councillor Social Services - Radebe M L		
Annual Remuneration	442 946	389 887
Car Allowance	156 891	154 572
Contributions to UIF, Medical and Pension Funds	76 418	73 831
	<u>676 255</u>	<u>618 290</u>
Remuneration Executive Councillor Local Economic Development - Rubulana L		



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	2015	2014
26. Remuneration of councillors (continued)		
Annual Remuneration	457 972	404 913
Car Allowance	156 891	154 572
Contributions to UIF, Medical and Pension Funds	61 392	58 805
	676 255	618 290
Remuneration Executive Councillor Public Safety - Sephiri M J		
Annual Remuneration	442 946	389 887
Car Allowance	156 891	154 572
Contributions to UIF, Medical and Pension Funds	76 418	73 831
	676 255	618 290
Remuneration Executive Councillor Human Settlements - Taliwe F E		
Annual Remuneration	457 972	404 913
Car Allowance	156 891	154 572
Contributions to UIF, Medical and Pension Funds	61 392	58 805
	676 255	618 290
Remuneration Executive Councillor Special Programmes - Tihone M L		
Annual Remuneration	537 634	483 118
Car Allowance	48 000	48 000
Contributions to UIF, Medical and Pension Funds	90 621	87 172
	676 255	618 290
Remuneration Executive Councillor Public Accounts - Masienyane M D		
Annual Remuneration	-	30 110
Car Allowance	-	12 022
Contributions to UIF, Medical and Pension Funds	-	5 957
	-	48 089

The Councillor was appointed on 1 June 2014, thus the remuneration reflected in the prior year is for a period of 1 month.



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	2015	2014
27. Depreciation and impairment		
Property, plant and equipment	253 653 630	276 258 614
Investment property	6 691 979	6 691 979
	<u>260 345 609</u>	<u>282 950 593</u>
28. Finance costs		
Employee benefits	28 406 622	27 684 530
Borrowings	-	1 388 598
Trade and other payables	147 211 207	103 216 290
Cash and cash equivalents	(1 538 421)	112 049
Provisions	780 973	452 605
	<u>174 860 381</u>	<u>132 854 072</u>
29. Debt impairment		
Contributions to consumer receivables debt impairment provision	<u>73 512 082</u>	<u>38 941 330</u>
30. Bulk purchases		
Electricity	341 427 981	336 813 554
Water	403 831 296	328 431 685
	<u>745 259 277</u>	<u>665 245 239</u>
31. Contracted services		
Legal services	17 845 448	20 772 889
Meter reading services	17 683 977	22 693 330
Professional services	28 834 306	53 327 112
Security services	27 740 100	23 632 318
Valuation services	7 959 635	-
	<u>100 063 466</u>	<u>120 425 649</u>



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Notes to the Financial Statements

	2015	2014
32. Grants and subsidies paid		
33. General expenses		
Advertising	4 107 147	3 801 130
Assets expensed	506 924	140 204
Audit fees	5 564 863	7 277 976
Bank charges	2 857 784	4 002 975
Chemicals	204 962	162 566
Cleaning	841 354	603 455
Community development and training	4 022 238	1 509 331
Conferences and seminars	49 593	75 061
Donations	112 200	-
Entertainment	1 124 815	517 009
Insurance	29 050 115	27 618 378
License fees	2 706 817	4 650 936
Marketing	52 412	-
Medical expenses	44 336	-
Motor vehicle expenses	40 841 592	41 756 834
Operating cost of equipment	25 035 381	20 486 135
Pest control	102 807	158 154
Printing and stationery	2 039 439	1 781 236
Skills development levies	4 898 497	4 191 792
Subscriptions and membership fees	30 612 652	5 040 349
Sundry expenses	958 314	1 322 304
Telephone and fax	13 349 156	11 314 287
Training	2 108 892	9 733 718
Travel	3 360 053	2 947 291
Uniforms	1 514 415	1 907 058
Utilities	30 165 942	27 908 811
	206 232 700	178 906 990
34. Fair value adjustments		
Investments		
• Unlisted shares	17 125	19 482
35. Gain / (Loss) on disposal of assets		
Gain / (Loss) on disposal of assets	(40 423 875)	(3 322 618)
36. Comparative figures		

Certain comparative figures have been reclassified to disclose and provide information that is more relevant to the users of the financial statements and to show each material class of similar items separately in the financial statements all aimed at complying with GRAP disclosure requirements for Employee Benefits. Thus to present items of dissimilar nature or function separately in the financial statements.

The effects of the reclassification are as follows:



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	2015	2014
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36. Comparative figures (continued)

Statement of Financial Performance

(Decrease) in Fair value adjustments	-	16 855 422
Increase in Actuarial gain on employee benefits		(16 855 422)

37. Prior period errors

The following errors relating to prior year were identified in the current period and have been adjusted as indicated below:

-Traffic fines receivable accrual of 2013 was not reversed in the 2014 financial year and was incorrectly included under other receivables, overstating the balance by R 670,000.

- Sundry payments made after the cut-off date which related to the prior year were incorrectly omitted from the prior year ledger. Transactions were omitted from the trial balance as it was processed after the trial balance was soft locked for the annual financial statements preparation. Trade and other payables and VAT increased by R 150,540 and R 20,018 respectively.

- A new landfill provision has been determined by an independent firm of consultants through investigation to determine the best estimated rehabilitation costs for the waste disposal sites at the end of its useful life, which increased the provision by R 31,165,081.

- Management initiated a project to address the asset management challenges and appointed a consultant to recreate the asset registers to be GRAP compliant. Restatements were made due to omissions, duplications, incorrect classifications and the reconstruction of the capital work in progress schedule. Property, plant and equipment was restated and increased by R 197,510,048 and inventory was decreased by R 55,382,267.

Inidgent costs recognised in the prior year were derecognised against the relating service charge revenue in line with GRAP revenue requirements. The correction of the errors results in adjustments as follows:

Statement of Financial Position

Decrease in Inventory	(55 382 267)	(55 382 267)
Decrease in Other receivables	(670 000)	(670 000)
Increase in VAT receivables	20 018	20 018
Increase in Property, plant and equipment	187 154 664	187 154 664
Increase in Trade and other payables	(150 540)	(150 540)
Increase in Provisions	(31 165 081)	(31 165 081)
Increase in Accumulated surplus	(110 162 178)	(118 404 043)

Statement of Financial Performance

Decrease in Fines	-	670 000
Decrease in grants and subsidies paid	(30 710 734)	(29 457 023)
Decrease in revenue from service charges	30 710 734	29 457 023
Increase in Depreciation and amortisation	-	7 441 343
Increase in Repairs and maintenance	-	22 880
Increase in General expenses	-	107 642



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	2015	2014
38. Cash generated from operations		
Deficit	(323 331 190)	(147 240 152)
Adjustments for:		
(Gain) / loss on disposal of assets	40 423 875	3 322 618
Fair value adjustments	(17 125)	(19 482)
Debt impairment	73 512 082	38 941 330
Depreciation and amortisation	260 345 609	282 950 593
Dividends received	(14 608)	(15 648)
Non-cash movements in employee benefits	15 592 248	15 413 844
Actuarial gain on employee benefits	(3 339 864)	(16 855 422)
Correction of prior year errors	-	108 048 659
Finance costs	176 398 802	132 742 023
Interest received	(107 151 515)	(129 041 338)
Changes in working capital:		
Inventories	(428 960)	51 893 495
Other receivables	(6 239 371)	(658 073)
Consumer receivables	(399 032 931)	(335 566 290)
Trade and other payables	468 589 129	472 161 608
VAT	(28 726 348)	(25 081 008)
Consumer deposits	(1 534 213)	1 568 961
Unspent conditional grants	(1 322 685)	(31 502 146)
Employee benefits	(13 295 732)	(8 910 391)
Provisions	-	42 360 454
	150 427 203	454 513 635



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	2015	2014
39. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	52 774 117	75 866 302
This committed expenditure relates to infrastructure assets and will be financed by available bank facilities, existing cash resources, grants and funds internally generated.		
Operating expenditure		
Operating expenditure	30 383 408	29 694 695
Operating expenditure - open orders	6 817 170	3 085 553
Professional fees	2 541 887	8 376 370
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	138 279	402 864
- in second to fifth year inclusive	26 459	544 265
	164 738	947 129

The municipality has operating lease agreements for the following classes of assets:

- Motor vehicles
- Software licenses

Leases are negotiated for an average term of three years and rentals are fixed for the three years. There are no annual escalations in the contracts and no contingent rent is payable.



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	2015	2014
40. Contingencies		
The Municipality has the following contingent liabilities:		
Court proceedings:		
The following cases against the municipality have been recorded as contingent liabilities 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.		
Koth Properties		
Koth Properties was appointed to prepare general valuation to be executed and completed. The agreement was terminated by the municipality due to failure to meet time frame agreed upon and submission of report which is characterized by a lot of omissions, uncertainties and confusion. Koth Properties issued a combined summons against the municipality for breach of contract.	-	14 400 000
Fujitsu Services (Pty) Ltd		
The municipality was issued with a combined summons from Fujitsu Services (Pty) Ltd. Fujitsu Services (Pty) Ltd alleged that a contract was entered into for "customer improvement service framework agreement". In terms of the agreement the plaintiff undertook to design, implement and deliver customer care improvement services and same was alleged to have been performed and invoices were produced to the municipality for payment.	7 051 943	7 051 943
Chief Chunda & Associates		
On 28 June 2013, the municipality was served with summons from Chief Chunda & Associates. The service provider alleges that they were appointed for the implementation of a water conservation and demand management program in February 2011. They further alleged to have discharged their obligations as per the agreement and as a result of the municipality's unlawful conduct he had suffered damages.	6 710 263	6 710 263
Atribatho Design		
During October 2013, notice of proposed legal proceedings and letter of demand was issued by Messrs Symington & De Kok acting on behalf of the plaintiff. Subsequently a summons as served to the municipality on 22 November 2013 by the plaintiff claiming payment together with interests for professional services rendered in respect of the service agreement. The municipality is defending the main action and application for exception is scheduled for August 2014.	5 870 235	5 870 235
Tanker Project Solutions CC		
The municipality was issued with a combined summons from Tanker Project Solutions CC claiming payment. Tanker Project Solutions CC alleged that they entered into a written agreement wherein they would act as a 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.	3 000 000	3 000 000
MMS Collections (Pty) Ltd		
The municipality was issued with 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. The municipality is engaging with the plaintiff attorneys on settlement negotiations.	2 870 649	2 870 649
Ramabulana Investment Services (Pty) Ltd		



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	2015	2014
40. Contingencies (continued)		
The municipality was served with combined summons from Ramabulana Investment Municipality Services (Pty) Ltd. The plaintiff alleges that they have performed in terms of the contract and the defendants are refusing / reluctant to remunerate for service rendered. The municipality has opposed the application and in addition has also filed a counter application.	1 517 941	1 821 367
Mr. C G Jacobs Mr. Jacobs, an employee of Council, indicated in 2008 of his intention to resign from the municipality at the retirement age of 60 (sixty). A few days before his retirement, he was advised by a fellow colleague, to reserve his rights in the matter as there was a strong indication that the rules of the Free State Pension Fund were to change allowing employees to retire only at the age of 65. 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 1 October 2008 to vacate his office. The Municipality lost its arguments at arbitration. The matter was removed from the roll pending settlement negotiations. Facts and witnesses need to be prepared in order to rebut the plaintiff's allegations.	-	1 881 172
Mr. F S Sale & 82 Others 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.	1 579 966	1 579 966
Gain Industries CC & Craft Hydraulic Services On 23 April 2013, the municipality was served with summons by the plaintiff. Plaintiff alleges that he rendered professional services to the municipality during 2012 on the municipality's special request and instance. The matter has been set down for 28-29 October 2014.	360 628	360 628
Mr. T J Njilo On 20 August 2012, a notice was issued against Mr. Njilo for contravening with section 4 of the National Building Regulations and Building Standard Act 103 of 1977 in that he erected illegal structure made to the property on the ground that the buildings do not comply with the provisions of the National Building Regulations and Building Standard Act 103 of 1977. The application was dismissed on a point in limine that the municipal manager does not have the locus standi to launch such application. The matter was taken on appeal.	-	100 000
Mr. J J Human Mr. Human 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 R 11,855 for all sittings as well as travel costs however there are still amounts outstanding. On 29 April 2013 Mr. Human issued summons against the municipality.	19 422	19 422
Oppenheimer Golf Club		



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	2015	2014
40. Contingencies (continued)		
The municipality is being sued by the following plaintiffs:	34 575 702	-
Aurus Capital - R350 000		
Rescue Rod - R280 000		
Maria Tshabangu - R600 000		
Erf 7185 Properties (Pty) Ltd and Phidana Properties (Pty) Ltd - R640 000		
Maree van Wyk - R20 000 000		
Goldfields Radiators - R5 200 000		
Modisanyana - R3 200 000		
Phakama Security Services - R4 275 143		
Marius Heunis - R30 559		
Dumansi Trading		
Served with Summons demanding payment of R 209,247 (two hundred and nine thousand, two hundred and forty six rand and seventy one cents). The amount claimed is alleged to be for Cession Agreement entered into the Municipality and Patsa Civil Works.	209 247	-
De Bruin Trust		
On the 30th July 2014, Municipality was served with a letter of demand together with Summons ,claiming payment in the sum of R305,663 (three hundred and five thousand , six hundred and sixty two rand and fifty nine cents) alleged to be payment for Cession Agreement entered into.	305 663	-
Department of Labour		
The municipality has not submitted the 2012/13 financial information to the department. Thus the department hasn't assessed the municipality for the 2013/14 financial year's workmen's compensation insurance.	-	4 562 639
	64 071 659	50 228 284

Contingent assets

Remuneration of councillors

The municipality did not remunerate its political office bearers and members of its political structures within the framework of the Public Offices Bearers Act, 1998 (Act. No. 20 of 1998) due to differences 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.

Supply of bulk electricity - Eskom Holdings SOC LTD

The validity of the electricity supply agreement between the municipality and Eskom, the billing system used, tariffs applied and the charging of compound interest since 2000 are disputed. Resolution of this dispute may result in recovery/adjustment of amounts paid/billed.

Supply of bulk water - Sedibeng Water Board

Charges for the supply of water and arrear interest by Sedibeng Water Board, to the value of R 570,000,000 are disputed by the municipality. The attorneys have advised the municipality that the amount of R 570,000,000 in their view has prescribed. They further advised that should the matter finally reach the court, there are prospects of success that the court may rule in favour of the municipality. Furthermore, should judgement be in favour of the municipality the total amount owed to Sedibeng Water Board will be significantly reduced. Resolution of this dispute may result in recovery/adjustment of amounts paid/billed.



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	2015	2014
41. Related parties		
Related party relationships		
Members of key management	Refer to general info and note 25 - Employee related costs	
Members of the Council	Refer to general info and note 26 - Remuneration of councillors	
Related party balances		
No related party balances were identified for the current and prior reporting period.		
Related party transactions		
Key management and Councillors receive and pay for services on the same terms and conditions as other rate payers. These transactions are recorded at arm's length.		
42. Financial sustainability		
The municipality is experiencing financial difficulties, indicators are as follow:		
- Suppliers were not paid within the legislative 30 days;		
- There are a material increase in outstanding trade and other payables;		
- Unspent conditional grant liabilities are not backed up by available cash balances;		
- Employee benefit obligations are unfunded;		
- Slow collection and low recoverability of outstanding consumer receivables; and		
- Unfavourable financial ratio's.		
The municipality is exploring alternative options to improve its financial position.		
Although certain financial ratio's may appear unfavourable, the municipality 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, 2014 (Act No. 10 of 2014).		
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent liabilities 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 source funding for the ongoing operations for the municipality.		
43. Events after the reporting date		
No significant events occurred after the reporting date.		
44. Unauthorised expenditure		
Opening balances	3 698 128 927	3 244 888 921
Unauthorised expenditure - operating expenditure	443 303 655	453 240 006
	4 141 432 582	3 698 128 927
Unauthorised expenditure relate to expenditure incurred that were not budgeted for per department vote (budget overspending).		



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	2015	2014
44. Unauthorised expenditure (continued)		
The unauthorised expenditure are not recoverable and no criminal or disciplinary steps have been taken as a result of such unauthorised expenses.		
45. Fruitless and wasteful expenditure		
Opening balance	337 705 181	233 871 316
Fruitless and wasteful expenditure	151 822 061	103 833 865
	489 527 242	337 705 181

Fruitless and wasteful expenditure include interest charged for late payment to suppliers.

The fruitless and wasteful expenditure are not recoverable, no criminal or disciplinary steps were taken as a result of the expenditure and were written off in the year incurred.

46. Irregular expenditure

Opening balance	484 659 738	399 533 588
Irregular expenditure	226 054 096	85 126 150
	710 713 834	484 659 738

47. Risk management

Financial risk management

This note presents information about the municipality's exposure to each of the financial risks below and the municipality's objectives, policies and processes for measuring and managing financial risks. The Council has overall responsibility for the establishment and oversight of the municipality's risk management framework.

Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide municipal services and infrastructure development and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists out of debt, which includes borrowings in note , finance leases in note , cash and cash equivalents disclosed in note 8 and net assets as disclosed in the Statement of Financial Position.

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.

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.



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	2015	2014
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47. Risk management (continued)

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date 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 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	2 122 349 896	-	-	-
Consumer deposits	30 231 537	-	-	-
At 30 June 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	1 498 278 693	-	-	-
Consumer deposits	31 765 750	-	-	-

Credit risk

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.

Credit risk consists mainly of investments, cash deposits, cash equivalents, consumer and other receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The municipality limits its credit risk by only banking and investing with registered financial institutions, in terms of the Banks Act, 94 of 1990, operating in South Africa. Given the high credit rating of these financial institutions the municipality does not expect any counterparty to fail to meet its obligation.

Consumer receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Non-current consumer receivables and other receivables are individually evaluated annually at year end for impairment and discounting.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2015	2014
Current investments	18 862 179	10 580 227
Other receivables	10 491 717	4 252 346
Current consumer receivables	939 869 118	539 574 793
Cash and cash equivalents	1 515 495	2 371 131
Non-current investments	339 207	16 099 517
Non-current consumer receivables	350 382	1 611 776

Market risk



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	2015	2014
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47. Risk management (continued)

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 municipality's policy is to minimise interest rate cash flow risk exposures on long-term loans.

The municipality's interest rate risk arises from long-term borrowings and finance lease obligations. Instruments issued at variable rates expose the municipality to cash flow interest rate risk. Instruments issued at fixed rates expose the municipality to fair value interest rate risk.

The municipality had no long-term floating rate financial instruments at year end requiring an interest rate sensitivity analysis.

The municipality had no financial liabilities which expose the municipality to interest rate risk, as all finance lease obligations and borrowings were settled.

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Price risk

The municipality is exposed to equity securities price risk because of investments held by the municipality and classified on the statement of financial position 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 does not invest in more equity securities as it is prohibited by the MFMA.

Surplus and deficit for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through surplus or deficit.

48. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year membership fee	6 423 460	5 018 120
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Being the subscription fee to the South African Local Government Association (SALGA).

Material losses

Distribution losses - Electricity	80 767 714	91 916 893
Distribution losses - Water	125 272 583	107 189 324
	<u>206 040 297</u>	<u>199 106 217</u>

There were no material losses through criminal conduct.



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	2015	2014
48. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Audit fees		
Opening balance	5 091 182	2 842 959
Fees	7 657 003	7 354 734
Payments	(10 488 253)	(5 106 511)
	<u>2 259 932</u>	<u>5 091 182</u>
PAYE, UIF and SDL		
Opening balance	6 079 578	5 261 654
Current year payroll deductions and council contributions	77 431 139	67 264 469
Amount paid - current year	(70 914 692)	(61 184 891)
Amount paid - previous years	(6 079 578)	(5 261 654)
	<u>6 516 447</u>	<u>6 079 578</u>
Pension and medical aid deductions		
Opening balance	10 042 532	9 449 657
Current year payroll deductions and council contributions	132 993 960	118 608 372
Amount paid - current year	(121 720 063)	(108 565 840)
Amount paid - previous years	(10 042 532)	(9 449 657)
	<u>11 273 897</u>	<u>10 042 532</u>



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	2015	2014
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48. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had accounts outstanding at 30 June 2015:

30 June 2015	Outstanding more than 90 days R	Total R
Banyane M E	4 919	4 919
Kabi M	5 427	5 427
Kokera S C	134 362	134 362
Mabote T L	12 716	12 716
Madumise M M	6 974	6 974
Mholo P P	4 098	4 098
Mlangeni M G	6 337	6 337
Ntsele K I	22 931	22 931
Phetise M E	10 518	10 518
Pina M J	1 034	1 034
Qwesha S W	1 975	1 975
Speelman N W	34 044	34 044
Tsubane M E	55 330	55 330
	300 665	300 665

30 June 2014	Outstanding more than 90 days R	Total R
Badenhorst M J	8 779	8 779
Banyane M E	1 156	1 156
Fanie D S	2 746	2 746
Mabote T L	662	662
Mholo P P	7 915	7 915
Mlangeni M G	720	720
Molelekwa P M	1 005	1 005
Motshabi M P	3 265	3 265
Ntsele K I	20 455	20 455
Ntseben M H	16 289	16 289
Phetise M E	13 818	13 818
Qwesha S W	18 648	18 648
Semela M J	61 984	61 984
Speelman N W	34 810	34 810
Tihone M L	22 878	22 878
Tsubane M E	50 879	50 879
Twanana M	10 927	10 927
	276 936	276 936



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	2015	2014
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49. Budget differences

Material differences between budget and actual amounts

Variance Explanations

The budget is approved on an accrual basis by functional classification. The budget and the accounting bases are both on the accrual basis. The annual financial statements are prepared using the functional classification of expenses in the Statement of Financial Performance.

Basis for material differences between budget and actual amounts

It is general practice to deem a 10% deviation on operational revenue, operating expenditure and capital expenditure versus the final budget as material.

Explanations for material variances relating to the Statement of Financial Performance is set out as follows:

- Commission received: No commission was budgeted for.
- Dividends received: No dividends received were budgeted for.
- Interest received: The main reason for the variance is a result of the higher consumer receivable base.
- Licenses and permits: No licenses and permits were budgeted for.
- Other income: The main reason for the variance is excessive budgeting and the inclusion of surplus cash: contribution to capital in other income.
- Rental of facilities: The main reason for the variance is as a result of the under budgeting for rental facilities.
- Service charges: The main reason for the variance is dependent on consumption.
- Fines: The main reason for the variance is due to excessive budgeting.
- Government grants and subsidies: The main reason for the variance is that the format of the budget change, in the past the capital grants did not form part of the statement of the financial performance, however this year it was budgeted for.
- Property Rates: The main reason for the variance is as a result of the dispute being resolved between the National and Provincial government. The two departments paid their arrears during the financial year.
- Employee related costs: The variance is as a result of the filling of vacancies and the permanent appointment of contract workers.
- Depreciation and amortization: The municipality did not budget for depreciation.
- Finance cost: The reason for the variance is as a result of the interest due on overdue bulk purchase creditors.
- Debt Impairment: The budget made provision for debt write-off which did not materialized during the financial year. The write-off happened subsequent to year end.
- Repairs and maintenance: The reason for the variance is due to the under spending on the budget which resulted from the cash flow constraints experienced during the year.
- Bulk purchases: The main reason for the variance is due to the mismatch between payments and expenses.
- Contracted services: The main reason for the variance is due to under-budgeting.
- Grants and subsidies paid: The municipality did not budget for grants and subsidies paid.
- General expenses: The main reason for the variance is due to the mismatch between payments and expenses.
- Fair value adjustments: The municipality did not budget for fair value adjustments on shares.
- Actuarial gain on employee benefits: The municipality did not budget for actuarial adjustments on employee benefits.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters.



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	2015	2014
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50. 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	Emergency	Total
July 2014	-	335 878,43	335 878,43
August 2014	113 698,05	-	113 698,05
September 2014	35 394,15	199 500,00	234 894,15
October 2014	1 430 603,99	180 576,00	1 611 179,99
November 2014	1 971 022,83	2 437 631,89	4 408 654,72
December 2014	-	1 149 277,93	1 149 277,93
January 2015	-	676 893,33	676 893,33
February 2015	163 785,77	427 650,00	591 435,77
March 2015	609 084,50	1 521 242,95	2 130 327,45
April 2015	-	5 512 267,92	5 512 267,92
May 2015	247 515,20	3 359 412,19	3 606 927,39
June 2015	271 995,60	75 000,00	346 995,60
	<u>4 843 100,09</u>	<u>15 875 330,64</u>	<u>20 718 430,73</u>



THE END

