2015/2016

MATJHABENG LOCAL MUNICIPALITY FINAL 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

FOREWORD FOR THE ANNUAL REPORT BY HIS WORSHIP THE EXECUTIVE MAYOR, CLLR SEBENZILE NGANGELIZWE

The Municipality in compliance with chapter 12 (section 121) of the Municipal Finance Management Act 56 of 2003 is required to prepare annual report and table such a report to council within nine months after the end of the financial year, in this case the 2015/16 financial year. It is in this context that this report is prepared. The 2015/16 was a tough year for local government in general as this was the last year of the previous term of Council and the local government election were looming. One can only reflect on the accomplishment of the previous council and also commit to make improvements where they are needed.

The Municipality improved quite tremendously in terms of the audit outcome of the 2015/16 financial year. There are a number of achievements must be noted which occurred during the 2015/16 which indicate that the Municipality is indeed moving in the right direction. The Municipality was able to improve on the asset register which remained a headache for the better part of last audits. The municipality also continued with the Implementation of a number of projects such as the Upgrading of community halls, road upgrade and maintenance, upgrading the water infrastructure and sustaining of waste collection services.

The Municipality continued to align its operations to the Provincial Growth and Development Strategy, the State of the Province Address, the State of the Nation Address as well as the National Development. The Municipality has already prepared an action plan to address the concerns raised by the Auditor General. There must be a performance management system in place to ensure that employees deliver on the set strategic objectives and targets. Management must report against

planned targets on a monthly basis and these must be audited every quarter by our Internal Audit unit.

During the 2015/16 financial year, in order to provide progress on performance as well as to get inputs towards the 2016/17 budget and IDP, public participation meetings took place during the financial year and again in April 2016 to solicit inputs from communities. Stakeholders included, amongst others, Councillors, ward committee members and members of the community and provincial sector departments. These were very well attended indicating the commitment our people have towards the development of the city.

In the light of the improved audit outcome, I would like to thank all officials, councillors and members of the community who participated in the planning meetings where the Municipality invited them. We are in this together and therefore the positive audit outcome is for all of us. Let us hold hands and sustain this beautiful achievements as it is the first since the dawn of democracy. Let us, as the Municipality, utilize the status advantage to seek private funding to upgrade our Municipal infrastructure.

_____

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

All our annual reports, including for the 2015/2016 financial year, were compiled in line with the Local Government: Municipal Systems Act No. 32 of 2000, as amended, the Municipal Finance Management Act No:-56 of 2003, the National Treasury Circular No. 11, as well as the customized template and guidelines for Municipal annual reports.

In the same vein as had been highlighted in past annual reports, the essence of an annual report is to provide an account of projects and programs as depicted in the Service Delivery and Budget Implementation Plan as well as the Integrated Development Plan.

It is important to note that, in as much as the Municipality endeavoured to achieve all it set targets; there were challenges that impacted adversely on their realization. The challenges as indicated are summarized as follows:-

1) Cash-flow constraints;
2) Inability of the Municipality to optimally collect its Revenue;
3) The decline of economic growth, thus resulting in the escalation of poverty and unemployment;
4) Shortage of critical skills in the Service Delivery Departments;
5) Aging infrastructure resulting in the increase in distribution losses (Water & Electricity losses), etc.

Despite these challenges, the Municipality strived to provide basic services to its inhabitants. Certain measures were introduced to optimize revenue collection, and to this extend a debt collector was appointed to assist with the reduction of the huge debt book. Over and above that, the cost containment measures were also introduced to eliminate unnecessary expenditure and thus focusing on improving the quality of service delivery.

In an attempt to turn around the audit opinion, the Municipality during the 2015/2016 financial year instituted a process of effecting corrections to audit disclaimer issues raised during the 2014/2015 financial year. There was a strong push from management to improve the Municipality's audit opinion. Pursuant to this goal, Council appointed a section 32 committee to

investigate the UIF (Unauthorised, Irregular and Fruitless and Wasteful) expenditures and the following were recommended to and approved by Council as follows:

	Opening Balance	R' approved for write off/ authorisation	Balance
Irregular Expenditure	921 713 398,00	819 370 294,00	102 343 104,00
Fruitless and wasteful expenditure	501 630 941,00	489 621 687,00	12 009 254,00
Unauthorised Expenditure	4 037 085 798,00	3 794 127 169,00	242 958 629,00

The prior year audit disclaimer issues corrections were submitted to the office of the Auditor General South Africa for their evaluation, the final evaluation thereof will be included in the AG's management report to be issued upon completion of the 15/16 regularity audit.

We took upon ourselves, after noting lack of capacity on the critical skills as mentioned above, to address some of the Auditor General queries, and appointed service providers to help us address those queries. As a result, most of the prior year matters starting from 2007 until the 2014/2015 financial years have been addressed through their assistance. It is for the same reason that we are positive of an improved audit outcome.

Appreciation should therefore go to all the staff members who have given their all in terms of ensuring that we improve on the audit outcome for 2015/2016 financial year. The political environment was conducive for us all to improve performance and we hereby hope for a better Municipality geared towards service delivery excellence. Gesture of appreciation should also be extended to all service providers who have come and camped in the Municipality, the Provincial Treasury and staff members of Matjhabeng Local Municipality in putting our hands together to help improve the status of the Municipal audit outcome as it had always been the worst since the inception of local government.

As the 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 outcome in the near future.

I thank you

_____

ADV. MF LEPHEANA
MUNICIPAL MANAGER

T 1.1.1

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

BACKGROUND DATA

The Municipality provides a range of basic services which include amongst others, water, sanitation, electricity, refuse, housing, local economic development, roads, storm water drainage and cemeteries, and eminently local development planning approvals.

The Municipality has appointed Planning Tribunal, and the outgone Council approved such appointments. The Municipality does not have entities that assist it in the execution of these functions with the exception of water and electricity, where parastatal bodies 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	180 913	182 467	363 380
COLOURED	2 623	2 729	5 352
INDIAN / ASIAN	766	470	1 236
WHITE	17 613	17 451	35 064
TOTAL	**201 915**	**203 117**	**405 032**

Source: STATS SA 2011

T.1.2.3

NB: The above figures have since been corrected from those depicted in the IDP (Miscalculation)

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	381
MINING AND QUARRYING	30 581	11495
MANUFACTURING	4 133	1429
ELECTRICITY, GAS, WATER SUPPLY	465	556
CONSTRUCTION	2 778	549
WHOLESALE AND TRADE, REPAIRS, HOTELS AND RESTAURANTS	11 795	2793
TRANSPORT, STORAGE AND COMMUNICATION	3 262	1183
FINANCIAL INTERMEDIATION, INSURANCE, REAL ESTATE AND BUSINESS	4 793	2943
COMMUNITY, SOCIAL AND PERSONAL SERVICE	14 313	2852
GENERAL GOVERNMENT		2692

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.

HENNENMAN (PHOMOLONG)

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

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

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

ALLANRIDGE (NYAKALLONG)

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

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

T 1.2.6

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	29 064	165 665
WHITES	55	314
Sub-Total	**38 000**	**219 264**
INFORMAL SETTLEMENTS		
Nyakallong	177	974
Kutlwanong	1 505	8 278
Thabong/Bronville	2 262	12 441
Meloding	821	4 516
Phomolong	539	2 965
Mmamahabane	379	2 085
Sub-Total	**1 739**	**9 565**
Total	**61 186**	**324 734**
		T.1.2.6

Source: Rapid Assessment Report of HDA (September 2013)

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

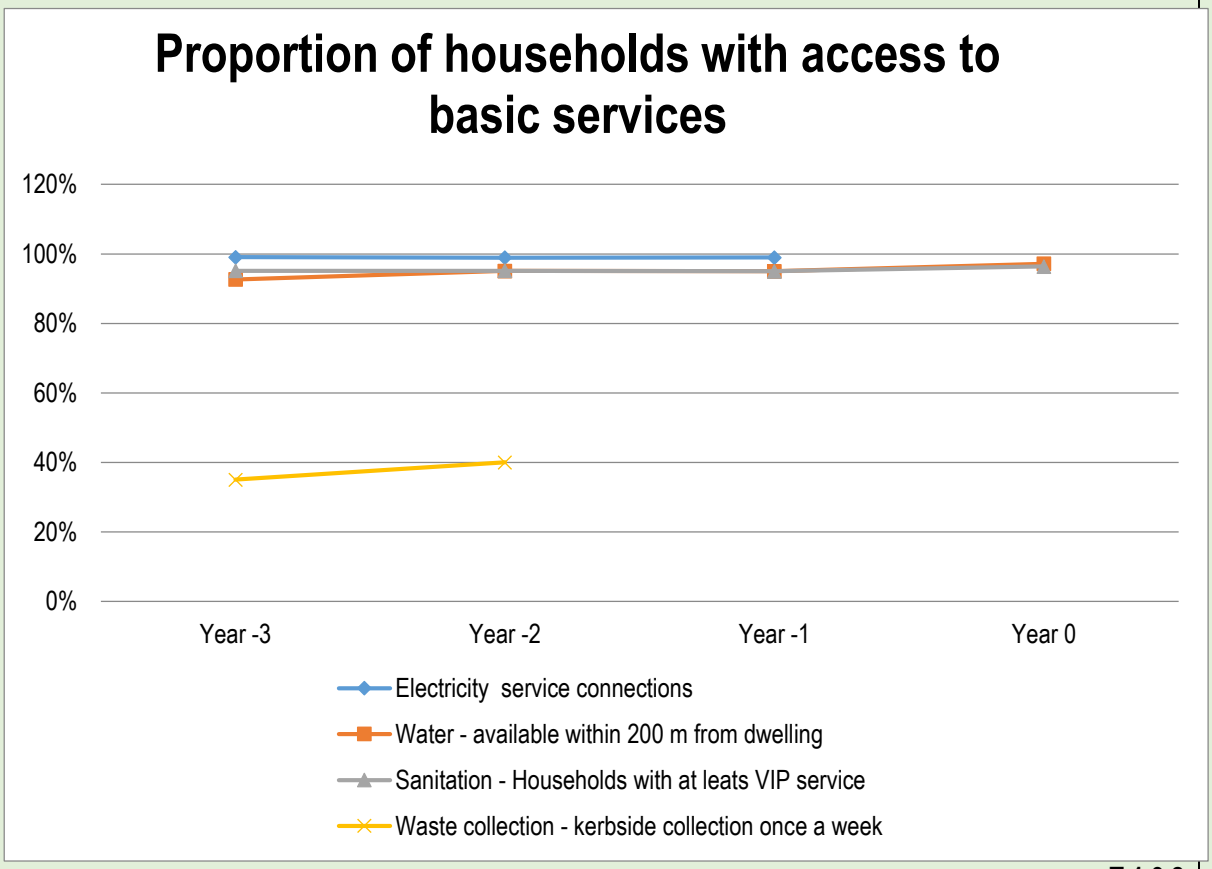
COMMENTS ON BACKGROUND DATA

As depicted by the background data of the Municipality the population has declined as the result of the down slope of the mining operations which has adversely affected the socio economic profile of our community. This state of affairs resulted in the increase of poverty and unemployment. The dependency practices are really brought about as a result of unemployment as well as the inability to create a conducive environment for small business to thrive and thus create employment. The data as depicted in the graphs thus portray the picture as prevalent in the Municipality. It should therefore become a priority for the Municipality to create opportunities for possible job creation in order to boost the economy which should effectively absorb some unemployed people.

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%	96.4%
Water - available within 200 m from dwelling	93%	95%	95%	97%
Sanitation - Households with at least VIP service	95%	95%	95%	96%
Waste collection - kerbside collection once a week	35%	40%		



T.1.3.2

COMMENT ON ACCESS TO BASIC SERVICES:

Matjhabeng Local Municipality is committed to deliver the required basic services as required by legislation. To this extent our allocation of the Municipal Infrastructure Grant over the last financial years prioritised the increase of access to basic services. It is therefore incumbent upon the Municipality to ensure that strategies are devised to sustain delivery of services. Due to low payment rates of services by the community, the Municipality struggles to deliver the services on the standards required. In the forthcoming financial years, measures will be intensified to source the requisite funding to refurbish our dilapidated water service infrastructure in order to mitigate distribution losses.

T.1.3.3

1.4 FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The Matjhabeng Local Municipality has received a disclaimer audit opinion for the past financials years of which the major qualifications areas 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 matters raised and received an improved 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 total budget for the 2015/2016 financial year was R 2 069 171 246 and capital budget R 146 451 000.

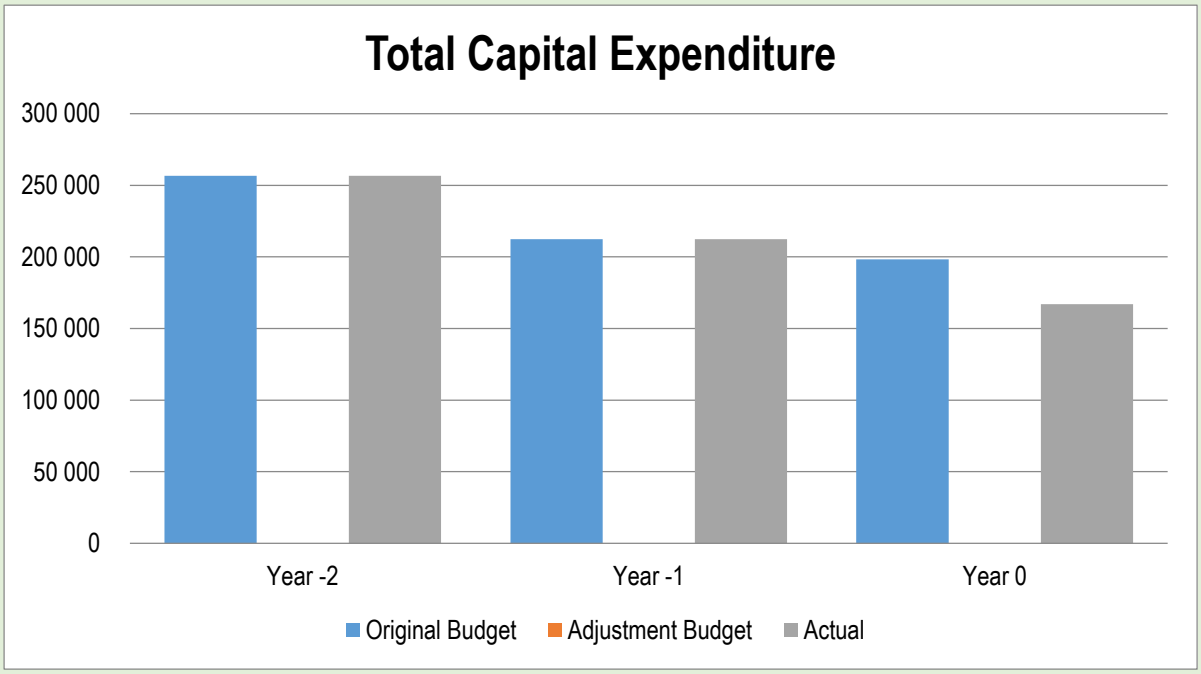
T.1.4.1

FINANCIAL OVERVIEW: YEAR 0			R' 000
DETAILS	**ORIGINAL BUDGET**	**ADJUSTMENT BUDGET**	**ACTUAL**
Income:			
Grants	523 037	523 037	523 037
Taxes, Levies and tariffs	1 328 002	1 305 002	1 305 002
Other	218 132	218 132	218 132
Sub Total	2 069 171	2 046 171	2 046 171
Less: Expenditure	2 068 072	2 045 072	2 045 072
Net Total*	**1 099 050**	**1 099 050**	**1 099 055**
** Note: surplus/(deficit)*			**T 1.4.2**

OPERATING RATIOS	
DETAIL	**%**
Employee Cost	31%
Repairs & Maintenance	10%
Finance Charges & Impairment	11%
	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

TOTAL CAPITAL EXPENDITURE



T.1.4.5

COMMENT ON CAPITAL EXPENDITURE OUTSTANDING

The capital expenditure and sources of funds for the 15/16 financial year consist of grand funding (MIG) and internal funds generated. The MIG allocation for 15/16 financial year was R 116 451 000 and internally generated funds was R 30 000 000. The total capital budget for the 15/16 financial year was R 146 451 000.

T.1.4.5.1

1.6 ANNUAL PERFORMANCE REPORT AND AUDITOR GENERAL REPORT YEAR 0

1.6.1. ANNUAL PERFORMANCE REPORT YEAR 0

Office of the Executive Mayor												
Objective	**Programme**	**KPI No.**	**KPI**	**Annual Target**	**Unit of Measure**	**Reviewed Performance Quarter 1**	**Reviewed Performance Quarter 2**	**Reviewed Performance Quarter 3**	**Reviewed Performance Quarter 4**	**Annual Performance**	**Achieved/ Not Achieved**	**Remedial action to correct underperformance**
KPI 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION												
To promote social cohesion and nation building through SPORT, ARTS AND CULTURE	Sports, Arts and Culture	1	Youth: Prepare and host MLM Games for annual OR Tambo Games	1	1 - MLM games for OR Tambo games held	-	OR Tambo games held	0	0	1 - MLM games for OR Tambo games held	Target Achieved	None required
	Sports, Arts and Culture	2	Elderly: Organize recreational games for senior citizens	1		-	-	0	0	0	Not Achieved	Budget Constraints. Will be reviewed in the 2015-2016 FY.
	Sports, Arts and Culture	3	People with Disabilities: Organize recreational games for people with disabilities	1	1 - MLM games for OR Tambo games held and expected number of participants met	-	Not held.	0	0	0	Not Achieved	Budget Constraints. Will be reviewed in the 2015-2016 FY.

	Sports, Arts and Culture	4	Host a MLM Arts & Culture Festival	1	Host a MLM Arts & Culture Festival	-	-	0	0	0	Not Achieved	Budget Constraints. Will be reviewed in the 2015-2016 FY.
To enhance gender participation and equity and promote awareness on gender and child abuse	Special programmes	5	A Women's Day celebration held in August 2014	1	Number of women's day celebrations	Women's day celebration held	-	0	0	Women's day celebration held	Target Achieved	None required
	Special programmes	6	Celebrate 16 Days of Activism	1	Number of 16 Days of Activism celebration events	1	1	0	0	1	Target Achieved	None required
To promote awareness on HIV/Aids	Special programmes	7	Distribution of HIV/Aids material once a quarter	4	Number of batches of material distributed	1	1	1	0	3	Not Achieved	Budget Constraints. Will be reviewed in the 2015-2016 FY.
To deepen democracy and promote government programs	Special programmes	8	4 Mayoral Imbizos	4	Number of Mayoral imbizos	1	1	1	1	4	Target Achieved	None required
To promote effective civic education & awareness programmes	Special programmes	9	A number of civic education and awareness programs held	8	Number of civic education awareness programs held	2	3 Civic Education Awareness held.	2	0	7	Not Achieved	Budget Constraints. Will be reviewed in the 2015-2016 FY.

	Special programmes	10	Annual Career Expo and Guidance between January and February 2015	1	Number of career expos held	-	-	0	0	0	Not Achieved	Budget Constraints. Will be reviewed in the 2015-2016 FY.
KPI 5: Local Economic Development												
To reduce unemployment and poverty among youth, women and people with disability.	Youth and local economic development	11	10 operational co-operatives in all 6 units of Matjhabeng established	10	Number of operational co-operatives established in compliance with the relevant guidelines	2	Ongoing in conjunction with LED	0	0	2	Not Achieved	Budget Constraints. Will be reviewed in the 2015-2016 FY.

Office of the Speaker												
Objective	**Programme**	**KPI No**	**KPI**	**Annual Target**	**Unit of Measure**	**Reviewed Performance Quarter 1**	**Reviewed Performance Quarter 2**	**Reviewed Performance Quarter 3**	**Reviewed Performance Quarter 4**	**Annual Performance**	**Achieved/ Not Achieved**	**Remedial action to correct underperformance**
KPI 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION												
To improve the optimal functionality of the Ward Committees	Ward committees	1	All 36 Ward Committees produce credible plans that can be aligned to the Integrated Development Plan	At all times 36 Ward Committees being fully constituted (36 Wards x 10 Members = 360 members)	Number of members of Ward committees	264	332	348	347	335	Not Achieved	There is a program in place to fill all vacancies by end of October 2015. See Programme attached.

	Ward committees	2	All 36 Ward Committees reporting monthly to the Office of the Speaker about programmes aimed at giving effect to the community needs.	432 Reports (36 Wards x 12 reports)	Number of ward committee reports	18	18	46	40	122	Not Achieved	Continuous engagements with the department to respond to issues raised in reports, while at the same time motivating ward committees to report regularly.
	Ward committees	3	All 36 Ward Committees being performance managed by the Speaker quarterly	144 Performance Reports (36 Wards x 4 Reports)	Number of ward committee performance reports	36	36	36	36	144	Achieved	None required
	Ward committees	4	Determine skills profile of Ward Committee Members and develop and implement the relevant capacity building programme	1 Skills Audit undertaken 3 Training programmes	Number of skills audits/ training programmes	1 Training programme	1 Training programme	-	0	2 Training Programs	Not Achieved	Training will take place during the first quarter of 2015/16 financial year. See program attached.
To improve public participation thereby eliminating public protests	Public participation	5	Communicate relevant Council resolutions to Ward Committees quarterly (in consultation with the Offices of the Executive Mayor, Council Whipery and Municipal Manager)	4 Reports	Report on Council resolutions to Ward Committees	1	1	1	1	4	Achieved	None required

	Public participation		Community meetings held at least once a quarter by the Ward Councillor supported by the Ward Committee in addressing community programmes/developmental matters.	144 Community Meetings	Number of Community meetings held in Wards	36	15	24	36	111	Not Achieved	Continuous engagements with the department to respond to issues raised in reports, while at the same time motivating ward committees to report regularly.
To ensure Council functions optimally, effectively and efficiently	Council efficiency	7	Council sits as per approved schedule	A minimum of 4 sittings per year (excluding special Council sittings)	Number of council meetings	1	1	1	1	4	Achieved	None required
	Council efficiency	8	Quorum achieved in all Council sittings	Quorum achieved in for each Council sitting	Number of times quorum is achieved	1	1	1	1	4	Achieved	None required

Office of the Municipal Manager												
Objective	**Programme**	**KPI No.**	**KPI**	**Annual Target**	**Unit of Measure**	**Reviewed Performance Quarter 1**	**Reviewed Performance Quarter 2**	**Reviewed Performance Quarter 3**	**Reviewed Performance Quarter 4**	**Annual Performance**	**Achieved/ Not Achieved**	**Remedial action to correct underperformance**
KPA 1: Basic Service Delivery												
To lay the basis for effective, efficient and planned service delivery and performance management system by 01.07.2014 and beyond	IDP	1	Council-approved IDP	1 IDP	Council approved / reviewed IDP	1	-	1 Reviewed IDP by December 2014	1 Council-approved IDP and SDBIPs for 2015/2016	1 IDP	Achieved	None required
	IDP	2	1 Council-approved IDP/Budget Process Plan	1 IDP/Budget Process Plan	IDP/Budget Process Plan	1	-	1 Reviewed IDP by December 2014	-	1 IDP Plan	Achieved	None required

	IDP	3	Functional IDP/Budget Steering Committee and Representative Forum	4 meetings (2 for IDP/Budget Steering Committee; 2 for the IDP/Budget Representative Forum)	IDP/ Budget steering com or representative forum meetings	-	-	2 IDP/Steering committee meetings held	1 IDP/Budget Steering Committee meeting by March 2015; 1 IDP/Budget Steering Forum meeting by March 2015	4 meetings (2 for IDP/Budget Steering Committee; 2 for the IDP/Budget Representative Forum)	Achieved	None required
	IDP	4	SDBIPs approved by the Executive Mayor;	8 Directorate-specific SDBIPs	Number of Directorate specific IDP	8	-	0	0	8	Achieved	None required
	IDP	5	Performance contracts signed by 01.07.2014;	7 performance contracts signed	Number of Signed performance contract	7	-	0	0	7	Achieved	None required
	IDP	6	Performance reviewed and reported on quarterly, half-yearly and annually; and an Annual Report produced	4 quarterly review reports	Number of Quarterly review report	1	1	0	0	2	Not Achieved	
		7		7 individual performance reviews undertaken (Sec 56 & 57)	Number of Individual performance review for S56 and S57 managers	7	-	-	0	0	Not Achieved	`
		8		1 Annual Report produced	Number of Annual Reports	-	1		0	1	Achieved	None required
To coordinate the development and review of legislated sector plans, policies and	SECTOR PLANS, POLICIES AND STRATEGIES DEVELOPMENT	9	Sector plans, policies and strategies subjected to public participation	8 sector plans 12 policies reviewed 4 new policies developed	Number of plans/ policies approved by council	-	-	0	0	0	Not Achieved	Approval of Organisational Stracture not yet finalised.

strategies by 30.06.2015			Sector plans, policies and strategies approved by Council									
To fill all critical vacant positions by September 2014 in the Directorate as per the proposed organogram	SECTOR PLANS, POLICIES AND STRATEGIES DEVELOPMENT	10	Proposed Directorate organogram approved; Critical posts filled	4 proposed posts filled	Number of posts filled	-		-	0	0	Not Achieved	Approval of Organisational Stracture not yet finalised.
KPA 3: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT												
To increase revenue collection to 75% by 30.06.2015	REVENUE COLLECTION	11	Revenue collection increased to 75%	Revenue collection increased to 75%	Ratio: Revenue/ Debtors	85%	Not reported	0	0	Not reported	Not Achieved	KPI has been transferred to finance
	REVENUE COLLECTION	12	Revenue enhancement strategy developed and approved by Council	Revenue enhancement strategy developed and approved by Council	Approved revenue enhancement strategy	-	-	-	0	Not reported	Not Achieved	KPI has been transferred to finance
	REVENUE COLLECTION	13	Water losses reduced by 50%; revenue increased	Water losses reduced by 50%; revenue increased	% reduction in water losses (2013/14 AFS amount used as base amount)	Not reported	Not reported	0	0	Not reported	Not Achieved	KPI has been transferred to finance

	REVENUE COLLECTION	14	Correct billing happening; municipal revenue collection increased	Information on all paying consumers 100% correct	Ratio: Revenue/ Debtors	85%	Not reported	0	0	Not reported	Not Achieved	KPI has been transferred to finance
	REVENUE COLLECTION	15	Increased footprint of Operation Patala (marketing);	12 Articles in Matjhabeng News	Number of articles in Matjhabeng news	-	-	0	0	Not reported	Not Achieved	KPI has been transferred to finance
	REVENUE COLLECTION	16	Municipal revenue increased	12 radio interviews	Number of radio interviews	-	-	0	0	Not reported	Not Achieved	KPI has been transferred to finance
	REVENUE COLLECTION	17	Income / expenditure reports being part of monthly EXCO agenda	12 reports	Number of Income and Expenditure reports	-	-	0	0	Not reported	Not Achieved	KPI has been transferred to finance
KPI 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION												
To ensure compliance with good ethics and governance principles by June 2015	Good Governance and Ethics	18	Cases of unethical behaviour and non-compliance reduced	All Managers	Target not verifiable	-	-	0%	0	Not reported	Not Achieved	KPI not well defined and corrected in 2015/16 SDBIP.
	Good Governance and Ethics	19	Good ethical practice and governance principles shared with middle management	2 workshops	Number of governance workshops	-	-	0	0	0	Not Achieved	KPI has been transferred to office of the Speaker

	Good Governance and Ethics	20	Attend 100% of all relevant and regulated IGR forum	Attend 100% of all relevant and regulated IGR forum	Target not verifiable	1	-	-	0	1	Not Achieved	
	Good Governance and Ethics	21	Comply 100% with the MTAS (Municipal Turn-Around Strategy) reporting	4 quarterly reports and meetings	4 MTAS reports	1	1	1	1	4	Achieved	None required
	Good Governance and Ethics	22	Ensure all service providers are correctly contracted and have SLAs	All service providers have SLAs	Target not verifiable	100%	-	-	0	Not reported	Not Achieved	This is reponsibilyt of Legal Department
To locate Council firmly in the public domain	Public Participation	23	Ward Committee members up to date with MAYCO and Council decisions	4 Consolidated Reports	Number of consolidated reports	1	1	-	0	2	Not Achieved	improve and resource Strategic Support Service
		24	Hold successful IDP/Budget consultative meetings with the general public	36 Ward based meetings	Number of ward based meetings	-	-	-	36	36	Achieved	None required

		25	Hold successful IDFP/Budget Representative Forum meetings	2 meetings of the IDP/Budget Representative Forum	Number of IDP/ Budget Forums	-	-	1	1	1	Achieved	None required
To create a new municipal brand image by June 2015	Communication services	26	A single integrated customer care fully operational and adequately resourced	1 integrated customer care	An operation customer care function	-	-	0	0	0	Not Achieved	Lack of budget
	Communication services	27	New brand image designed, approved and marketed	1 new municipal brand image	1 new municipal brand image	-	-	0	0	0	Not Achieved	Lack of budget
	Communication services	28	Matjhabeng News printed and distributed monthly	12 publications	12 publications	3	3	2 publications	2	10	Not Achieved	Lack of budget
To create an efficient, effective IT system by June 2015	Information communication technologies	29	ICT Manager appointed by September 2014	1 ICT Manager	Number of ICT managers appointed	-	1	0	0	1	Achieved	KPI has been transferred to finance
	Information communication technologies	30	ICT infrastructure refurbished and upgraded by June 2015	ICT infrastructure refurbished and upgraded by June 2015	Target not verifiable	-	-	0	0	Not reported	Not Achieved	KPI has been transferred to finance

	Information communication technologies	31	Website fully updated and functional by 30 September 2014	Website fully updated and functional by 30 September 2014	Fully functional website as per requirements of sec 21B of Municipal Structures Act	1	-	0	0	1	Achieved	KPI has been transferred to finance
	Information communication technologies	32	A policy for mobile and 3G and similar appliances approved by Council by September 2014	1 Policy		-	-	0	0	0	Not Achieved	KPI has been transferred to finance
To create an efficient, effective and accountable municipal administration by September 2014	Internal Audit	33	Whistle-blowing policy in place	1 policy	Approved Whistle-blowing policy	1	-	0	0	1	Achieved	None required
	Internal Audit	34	Anti-fraud policy in place	1 policy	Approved Anti-fraud policy	1	-	0	0	1	Achieved	None required
	Internal Audit	35	Performance audit happening	Performance audit happening	Target not verifiable	-	-	-	0	Not reported	Not Achieved	
	Internal Audit	36	Establish and resource risk management unit	Establish and resource risk management unit	Target not verifiable	-	-	-	0	Not reported	Not Achieved	
	Internal Audit	37	Appoint a risk management officer	1 Risk Management Officer	Appointment of Risk Management officer	-	-	0	0	0	Not Achieved	

To procure 70% of services and products from locally-based men and women fitting the Historically Disadvantaged description	Local economic development	38	70% of services and products procured from local HDIs	70% of services and products procured from local HDIs	% of goods and services procured from local HDIs	-	-	0	0	Not reported	Not Achieved	transferred to finance

PMU (PROJECT MANAGEMENT UNIT)												
Objective	**Programme**	**KPI No.**	**KPI**	**Annual Target**	**Unit of Measure**	**Reviewed Performance Quarter 1**	**Reviewed Performance Quarter 2**	**Reviewed Performance Quarter 3**	**Reviewed Performance Quarter 4**	**Annual Performance**	**Achieved/ Not Achieved**	**Remedial action to correct underperformance**
KPA 2: Municipal Transformation and Organizational Development												
To provide access to quality, affordable and reliable municipal services (e.g. water, sanitation, electricity, community facilities etc)	Project management	1	Paved roads	Construct of 9.76km of paved roads by 30September 2014 and 1.5km by 30 June 2015	Number of km's completed Project management activities completed	-	8,96km of paved roads complete	5	100%	Completed	Achieved	None required
	Project management	2	Lined and unlined storm water channels	Completion of 4.26 stormwater drainage system by 30 June 2015	Number of km's completed Project management activities completed	-	-	50%	100%	Completed	Achieved	None required
	Project management	3	Well established cemetaries	Establishment of cemeteries phase 2: construction of ablution block, guardhouses and store rooms	% Construction completed	-	all 100% complete	0	0	Completed	Achieved	None required

	Project management	4	Fully function waste water treatment works	Functional waste water treatment plants in Kutlwanong, Virginia, Nyakallong and Whites	% Construction completed Project management activities completed	-	25% Only Kutlwanong is complete	25%	0%	Only Kutlwanong completed	Not achieved	No Contractors were appointed for other sites
	Project management	5	Upgraded sports facilities	Refurbished Bronville stadium and newly built Thabong stadium	% Construction completed Project management activities completed	-	Bronville Stadium complete Thabong Stadium phase 2 at design and tender stage	25%	0%	Bronville stadium completed	Not achieved	No Contractors were appointed for other sites
	Project management	6	Water network installed	Installation of water networks in Kutlwanong stadium area to 215 stands	Number of Completion Kutlwanong Stadium Area water works for 215 stands	-	100% Complete	100%	0	Completed	Achieved	None required
	Project management	7	High mast lights installed	15 High Mast lights installed in Bronville and Meloding	% progress in installation of high mast lights	-	Phase 2 not complete, due to findings report attached.	Phase 2 not complete, due to findings report. Phase 3 on design and tender stage	0%	Phase 2 not complete, due to findings report. Phase 3 on design and tender stage	Not achieved	No Contractors were appointed
	Project management	8	Functional taxi ranks	Newly built Taxi facilities in Bronville and Meloding to 8098 and 12982 households respectively	% completion of taxi faclilities	-	Both Bronville and Melodin g Taxi ranks at snaglist	100% complete	100%	Completed	Achieved	None required

	Project management	9	Registered projects	To be have all four projects registered by 30 November 2014 namely: Mmamahabane water reticulation for 53 stands Thabong (far east) indoor sports centre Paving of sidewalks in next to schools in Matjhabeng Nyakallong provision of storm water drainage	Number of projects registered	-	One project registered: 1. Nyakallong provision of storm water drainage system	50%	100%	Completed	Achieved	None required
	Project management	10	Trained beneficiaries	410 trained beneficiaries by Construction CETA accredited service provider on the following disciplines: health & safety – 50 paving - 100 plumbing - 100 bricklaying - 100 painting & road marking - 60	Number of beneficiaries trained	-	197 Trained in various construction skills	-	30%	197 Trained in various construction skills	Not achieved	Due to lack of apointments on various projects

Office of the CFO												
Objective	**Programme**	**KPI No.**	**KPI**	**Annual Target**	**Unit of Measure**	**Reviewed Performance Quarter 1**	**Reviewed Performance Quarter 2**	**Reviewed Performance Quarter 3**	**Performance Quarter 4**	**Annual Performance**	**Achieved/ Not Achieved**	**Remedial action to correct underperformance**

KPA 2: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT												
To obtain a clean audit	Operation Clean Audit	1	Improved Audit outcome for 2013/14 with 8 qualifications areas or less Timeous submission of budget, Annual Financial Statements and audit report	Improved Audit outcome for 2013/14 with 8 qualifications areas or less Timeous submission of budget, Annual Financial Statements and audit report	Number of reduced qualification line items Timely submission of AFS	AFS submitted on 30 September 2014	3	0	0	3 Less qualifications in Audit report. AFS submitted on time	Not achieved	Audit actions plan and critical item plan developed and monitored weekly.
KPA 3: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT												
To practice sound financial management in terms of legislation and regulation,	Financial accounting and management	2	Approval of Budget/ IDP time table and Budget by Council	Approval by 30 Aug 2014 Approval by 31 May 2015	Date of tabling and approval of budget	IDP/Budget timetable tabled in Council on 26 August 2014 - Council resolution A37/2014	-	Budget to be tabled 30 March 2015	Budget approved 27 May 2015	Budget approved	Achieved	None required.
	Financial accounting and management	3	Number of reports submitted in terms of section 71, 72 and 52 of the MFMA	14 reports within the legislated timeline of 14 days after month end	Number of reports submitted in terms of section 71, 72 and 52 of the MFMA	4 Reports submitted, 3 Section 71 reports and 1 Quarterly report	4	5 Reports – 3 section 71 reports within 10 working days; Section 52 report within 30 days after month end	4	4 Reports submitted, 3 Section 71 reports and 1 Quarterly report	Achieved	None required.
	Financial accounting and management	4	Annual Financial Statements submitted timeously	AFS Submitted 31 Aug 2014	Date of submission of AFS	2014/08/31	-	0	0	2014/08/31	Achieved	None required.

	Financial accounting and management	5	Tabling date of Audit Report	Audit report tabled 31 Jan 2015 to Council	Date of tabling of audit report	-	-	Annual report tabled on 27 January 2015	0	Annual report tabled on 27 January 2015	Achieved	None required.
To ensure timely procurement of requested goods and services	Financial accounting and management	6	Number of days between receipt of a requisition and processing of an order,	7 days		Not reported	Not reported	Not reported	30 days	30 days	Not Achieved	Procurement plans to be submitted.
		7	Consolidated procurement plans (6)	8		0	0	0	0	0	Not achieved	Departmental procurement plans not submitted by departments. The template has been redistributed by departments for compilation of procurement plans.
KPA 4: Credit Control												
To improve the payment rate from 72% to 80%,	Credit control	8	8% increase of the payment rate	90 000 000	Amount of payments received from overdue debtors (debtors provided for in 2013/14 AFS)	76 249 996	81 031 658	0	64 232 352.25	221 514 006.47	Achieved	None required.
	Credit control/ Political office	9	Number of Operation Patala Meetings/Revenue Enhancement	12	Number of Operation Patala Meetings	1	-	0	0	1	Not achieved	KPI transferred to the Office of the Mayor
To maintain indigent registration	Credit control	10	Number of indigent registered	31 000 indigents	Number of indigents registered	16 183	18 448	0	19 039	53 670	Achieved	Registration of 27 000 indigents on the next financial year 2015-2016

To ensure effective and efficient creditors management	Expenditure	11	Number of creditors paid within 30 days	100% payment of all current creditors from 1 July 2014 (0-30 days due)	100%	-	Not reported	Unquantifiable	Unquantifiable	Not reported	Not Achieved	Bulk Services Payment Plan has been approved
	Expenditure	12	Payment plan on the outstanding creditors amounting to R1,2b	Payment of R1350 million	Amount of 2013/14 outstanding debt settled	Bulk services = R 142 million	628 161 239	121 626 787	Not reported	Not reported	Not achieved	

Directorate: Human Settlements												
KPA1:BASIC SERVICE DELIVERY												
Objective	**Programme**	**KPI No.**	**KPI**	**Annual Target**	**Unit of Measure**	**Reviewed performance Q1**	**Reviewed performance Q2**	**Reviewed Performance Quarter 3**	**Reviewed Performance Quarter 4**	**Annual Performance**	**Annual Target Achieved/ Not Achieved**	**Remedial action to correct underperformance**
To address housing backlog informed by allocation from Province and Land readiness from Matjhabeng Municipality.	BNG FLISP AND SPECIAL PROGRAMMES	1	Number of Units built in Matjhabeng Units.	2000 houses	Number of Units built in Matjhabeng Units.	71	-	58	1 277	1 406	Not Achieved	Slow Payment by PDHS allocation to the appointed contractors results to non performance on construction.
	BNG FLISP AND SPECIAL PROGRAMMES	2	No of old two roomed houses to be re-developed	160	No of old two roomed houses to be re-developed		-	225	287	512	Achieved	None required
To release serviced land by June 2015.	PROGRAMME: DEREGISTRATION, FORMALIZATION AND RELOCATION	3	3 000 serviced sites released in Matjhabeng units.	3000 sites	Number of sites released	-	-	25	268	293	Not Achieved	None required

	PROGRAMME: DEREGISTRATION, FORMALIZATION AND RELOCATION	4	1500 abandoned sites repossessed	1500 sites	Number of abandoned sites repossessed	-	-	0	0	0	Not Achieved	CFO to approve appointed Coveyancers' schedule of the fee and disbursement tarrifs. See Schedule of fee and disbursement tariff attached.
To promote security of tenure by end of March 2015	EEDBS,CONVERSION CERTAIN RIGHTS ACT 81 OF 1988	5	1000 sites and houses transferred to qualifying occupants in all Matjhabeng units.	1000 sites	10000	282	-	0	0	282	Not Achieved	
KPA2:MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT												
To obtain Accreditation by end of June 2015.	HOUSING SUBSIDY SYSTEM(HSS) AND ACCREDITATION	6	Level 1 and 2 accreditation achieved.	1 Completed and approved business plan	Number of approved business plans	-	-	0	0	0	Not Achieved	Level one business plan to be developed and submitted to PDHS by June 2016.
	HOUSING SUBSIDY SYSTEM(HSS) AND ACCREDITATION	7	Timeous and adequate response to audit queries	Timeous and adequate response to audit queries	% audit queries responded to	-	-	0	0	Not reported	Not Achieved	Attend all audit queries and submitt to the relevenat Directorate for further action by 30 June 2016.
To operationalize Presidential package for intervention in distressed	PRESIDENTIAL / NATIONAL INTERVENTION FOR MINING TOWNS	8	Compliance in accordance with the developed National	Three projects approved & Financed	Number of projects approved	2 progress reports	-	Implemented approved projects	0	Three projects approved & Financed	Achieved	None required

communities by end of March 2015.			Template.									
To formalize 21 informal settlements by end of June 2015	FORMALIZATION OF INFORMAL SETTLEMENTS	9	21 Informal Settlements formalized	21 informal settlements	% progress in formalising informal settlements	-	-	Township register opened by the surveyor general.	0	Not reported	Not Achieved	Awaiting SG plans in other units of Matjhabeng Local Municipality.
KPA3:MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT												
To alienate 500 serviced sites for all categories of land. By end of March 2015 .	LAND ALIENATION	10	Number of Serviced sites alienated.	500	Number of Serviced sites alienated.	Not reported	-	0	26	26	Not Achieved	Disposal of 2014 advertised sites to be evaluated and qualifying applications selected. See advertisement attached.
To manage, administer and monitor all rental stock by March 2015	AUDITING, MAINTENANCE & UPDATING DATA SYSTEM	11	4815 units to be audited and updated annually	4815 Units	Number of units audited and updated	306	-	0	1 697	2 003	Not Achieved	Out of 4815 units, only 3515 belongs to the Municipality and could be audited. 3515 could not be audited as a result of being understaff, only one official managed rental accommodation.
KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION												
To promote Security of Tenure	PUBLIC PARTICIPATION AND DISPUTE RESOLUTION	12	-1000 Title Deeds distributed to members of community in Matjha	1000	Number of title deeds distributed to community members	255	-	0	1 521	1 776	Achieved	None required

			beng Units .									
KPA 5: LOCAL ECONOMIC DEVELOPMENT												
To convert Mine Hostels into Family Units	HOSTEL CONVERSION	13	No. of unit to be converted (400 units)	1 hostels	Merriespruit Hostel by End of March 2015	-	-	-	1	In progress	Not Achieved	Mediator has been appointed by PDHS to resolve the dispute. To date the Mediator has not submitted his Final report or program to PDHS and MLM.
	HOSTEL RE-DEVELOPMENT	14	No. of unit to be redeveloped (Phase 1 units)	Redevelopment of 788 (G Hostel)	788 Units to be completed by Janauary 2016	-	Not reported	0	Site Hand over date 14 August 2014, Contract in progress	Site Hand over date 14 August 2014, Contract in progress	Not Achieved	
	HOSTEL CONVERSION	15	Masimong Community Residential Units handed over to Matjhabeng by June 2015.	Masimong 461 units handed over to MLM	% progress in handing over the residential units	-	Not reported	0	0	0	Not Achieved	Awaiting PDS to finalise the process of intervention with Masimong tenants by 30 September 2015.

Objective	**Programme**	**KPI No.**	**KPI**	**Annual Target**	**Unit of Measure**	**Reviewed performance Q1**	**Reviewed performance Q2**	**Reviewed performance Q3**	**Performance Q4**	**Annual Performance**	**Target Achieved / Not achieved**	**Remedial action to correct underperformance**
KPA 5: LOCAL ECONOMIC DEVELOPMENT												
To create a suitable environment for sustainable agriculture	AGRICULTURAL DEVELOPMENT	1	Number of agricultural land to be acquired and leased to	5	Number of agricultural land to be acquired and leased to emerging farmers	-	-	19	15	34	Achieved	None required

production			emerging farmers									
	AGRICULTURAL DEVELOPMENT	2	Number of agricultural land (commonages)to be disposed	10	Number of agricultural land (commonages)to be disposed	-	1	19	9	29	Achieved	None required
	AGRICULTURAL DEVELOPMENT	3	Farm infrastructure (ablution facilities ,fencing, kraal,water provision for livestock) for leased farms upgraded.	1	Target not verifiable	-	-	0	0	Not reported	Not Achieved	Triamic Construction (PTY) LTD has approached the municipality to request usage of borehole water at municipal farm Dorpsgronden 354 in Ventersburg for a period of 16 months. The company will be using the water for suppression dust in the quarry while they are making crusher. The municipality will in return be paid a lump sum of R60 000.00 and the pump installed at the borehole will be left for benefeciaries to use when their work is

												complete d in 16 months. Triamic Constructi on (PTY) LTD has requested that the Municipal ity to lease an additional 11 heactares of land to them for a period of 42 months for temporar y stockpilin g of material for contract: NRA N. 001-170-2014/4 : Provision for crushed aggregate from the Ventersb urg (Dorpsgro nden Farm 354) quarry. The municipali ty has approved such with the following condition s: • Scrubbing and filling gravel on access roads to the total of 30km in the following Commona ge farms:- PIETERSR UST 91 FARM (1), PIETERSR UST 91 FARM (2), BLAAUWB

												ANK 116 FARM AND KRANSVOGELSVLEI 366 FARM all in Ventersburg. Triamic Construction (PTY) LTD requested that the permission to use the land be separated from the condition attached to the request.
	AGRICULTURAL DEVELOPMENT	4	Number of commonages management forum established an capacitated.	12	Number of commonages management forum established an capacitated.	-	-	3	4	7	Not Achieved	A Commonage Committee has been established in Leeuwbosch Farm 285 RD situated in Odendaalsrus. Destea was requested to assist with facilitation of registration of a cooperative. **(see minutes of the meeting and letter of request for assistance sent to Destea)**

To ensure that revenue due is fully collected from all leased municipal farms including common age farms	AGRICULTURAL DEVELOPMENT	5	Percentage of revenue to be collected	100%	Percentage of revenue to be collected	11%	-	19%	0	8%	Not Achieved	A combined total of R86726.50 has been made. The beneficiaries who have not yet responded or made payments were written to and only a few did not respond. **(see proof of payments)**
To facilitate the establishment of a fruit and vegetable drying and inlay factory in Matjhabeng LM by June 2015	PROMOTING AGRO PROCESSING AND VALUE ADDING INITIATIVES	6	Fruit and vegetable drying and inlay factory established	1	Fruit and vegetable drying and inlay factory established	-	-	-	-	-	Not Achieved	
To facilitate the establishment of a dairy factory in Matjhabeng by 2015	PROMOTING AGRO PROCESSING AND VALUE ADDING INITIATIVES	7	The dairy factory established	1	The dairy factory established	-	-	-	-	-	Not Achieved	
To facilitate the establishment of a Tannery and leather processing factory in Matjhabeng LM by 2015	PROMOTING AGRO PROCESSING AND VALUE ADDING INITIATIVES	8	Tannery and Leather processing factory established	1	Tannery and Leather processing factory established	-	-	-	-	-	Not Achieved	

To facilitate the establishment of two (2)Farm construction services and maintenance cooperatives in all Matjhabeng LM towns by June 2015	PROMOTING INFRASTRUCTURAL INITIATIVES	9	No of construction services and maintenance cooperatives to be formed	5	No of construction services and maintenance cooperatives to be formed	-	-	-	-	-	Not Achieved	
To establish Livestock Trading Centre and pound by June 2015	PROMOTING INFRASTRUCTURAL INITIATIVES	10	Livestock trading Centre and pound established	8	Livestock trading Centre and pound established	-	-	-	-	-	Not Achieved	**Appointment of Quantity Surveyors** Still awaiting the decision of the Bid Evaluation Committee.
To facilitate the contribution of mining companies towards LED infrastructural and enterprise development through Social Labour Plan in Matjhabeng Lm by June 2015	REGISTRATION OF COOPERATIVES	11	No. of learners trained	15	No. of learners trained	30	-	-	-	30	Achieved	**SIBANYE ABET Training programme:** The first intake learners have progressed to Level 4.
To facilitate the contribution of mining companies towards LED infrastructure and enterpris	ESTABLISHMENT OF LIVESTOCK AUCTION CENTER	12	Number of ablution facilities	1	Number of ablution facilities	-	-	-	-	-	Not Achieved	The establishment of the Livestock Auction Centre is inter-related to the establishement of the

e development through social Labour Plan in Matjhabeng Lm by 2015												Livestock Pound. (KPI: Livestock trading centre and pound establishment)
To facilitate the contribution of mining companies towards LED infrastructural and enterprise development through Social Labour Plan in Matjhabeng LM by 2015. (Anglo Allied, sand van Heerden)	IMPLEMENTATION OF SLP	13	Number of ablution facilities	1	Number of ablution facilities	-	-	-	-	-	Not Achieved	
To facilitate planning and implementation of Mining Social Labour Plan (Molopo SA) in Matjhabeng LM by 2015	IMPLEMENTATION OF SLP	14	No of beneficiaries	2	No of beneficiaries	-	-	-	1	1	Not Achieved	Council has resolved to give Molopo SA permission to go ahead with the purchasing of the building in Virginia. Subsiquent to that Molopo SA is awaiting approval by PRASA in order to finally conclude the purchasing process. **(see council**

												resolution)
To provide support and assistance to small scale miners in Matjhabeng LM by 2015	IMPLEMENTATION OF SLP	15	No of small scale miners assisted	8	No of small scale miners assisted	-	-	4	0	4	Not Achieved	
To Position Matjhabeng as a destination of choice	TOURISM DIVISION	16	The Tourism Strategy Implementation Plan developed and rolled out by December 2014	1	Progress in rolling out plan	Adoption / Approval by council	Draft implementation plan submitted to the Municipal manager for budgeting		0		Not Achieved	**Sand River Route**1. Refer to Q1 file for support. **Destination Branding and Marketing Strategy**1 .Request for funding and specifications have been submitted to the ILO (International Labour Organisation).2. Logo has been developed. 3. Service provider could not be appointed due to change of management at the ILO. **Tourism awareness and education campaign**. Delay in procurement process and appointment letter. Refer to Q2 file for support on

												Technical report attached.
To strengthen partnerships with relevant stakeholders	TOURISM DIVISION	17	Partnerships agreement signed by The Municipal Manager by March 2015	4	number of Partnership agreements signed	No partnership agreement signed	Terms of reference to be presented to MM and Mayoral committee.	No partnership agreement signed	No partnership agreement signed	Terms of reference to be presented to MM and Mayoral committee.	Not Achieved	1. Draft not produced due to failure of appointment with stakeholders.2. Terms of reference to be presented to the Municipal Manager and the Mayoral Committee.
To Stimulate and enhance economic growth in our region	TOURISM DIVISION	18	LED Strategy developed and approved by Council by March 2015	1	Progress in rolling out plan	-	50%	-	0	Draft in progress	Not Achieved	Status Quo analysis is in process then the final draft will be presented to Council
To optimize efficient and effective utilization of Municipal facilities to enhance revenue collection	FACILITIES	19	Refurbished facilities to meet the required compliance and standards Feasibility Study and Business plan	Refurbished facilities to meet the required compliance and standards; Feasibility Study and Business plan; Refurbishment of Municipal business Facilities	Target not verifiable	-	-	-	0	Not reported	Not Achieved	A letter was drafted by the department of LED and signed by the Executive Mayor in April 2015 to source the funds from the MEC for transport in the Free State, there has not been any response.

To position Matjhabeng at a competitive investment attraction destination	SMME, TRADE AND INVESTMENT	20	Conduct research on mechanism for retaining existing investors and attracting new investors, benchmark with other municipality and develop strategy	1	Number of strategies to be developed	Terms of reference for the research & profiling	First draft has been completed	Strategy developed	Strategy developed	Strategy developed	Achieved	None required
	SMME, TRADE AND INVESTMENT	21	Appoint service provider to revise current incentives	100%	Appointment of service provider conducted	-	-	0%	0		Not Achieved	Budget constrains funds to be released as budget are approved
To create a conducive environment for the SMME sector towards job creation by 2015	SMME, TRADE AND INVESTMENT	22	Informal Trading Policy approved by council and By-laws promulgated into one controlled document	100%	Informal policy and By-law pormulgated	-	Draft submitted to Council	0	By-laws promulgated	By-laws promulgated	Achieved	None required
	SMME, TRADE AND INVESTMENT	23	Number of business seminars/expo to be conducted	3	Number of business seminars conducted	Partnership with ABSA and SEDA has been concluded and first seminar was held	1	-	1	1	Not Achieved	Budget constraints,if no funding support from partners, we are not able to conduct Seminars and EXPO.(Management and Politicians to support the initiative as this will position Matjhabeng as a competitive

												Municipality and boost economy.
	SMME, TRADE AND INVESTMENT	24	Number of SMME's to be incubated	20	Funding for incubation programme secured	-	-	-	0		Not achieved	Still no Funding received from SEDA and DTI for incubation programme(DTI funding require counter funding from Municipality,at least 10% funding of the total Budget to be considered by the Municipality)
To strengthen partnerships with CUT, ABSA and SEDA	SMME, TRADE AND INVESTMENT	25	Partnership agreements made and MoU signed where it's necessary	3	Number of partnership /agreements made and MOU signed	-	0	0	0	0	Not Achieved	There are partnerss hips concluded though thre are no paper trail to show, both SEDA and ABSA no need for signing of agreements
To establish proper administrative system for management of informal trading sector	SMME, TRADE AND INVESTMENT	26	Procure required advanced technology	1	Number of smart card machines procured	-	1	0	0	1	Achieved	
To create a conducive trading environment for the informal sector	SMME, TRADE AND INVESTMENT	27	Plan and facilitate 60 hawkers stalls to be constructed by June 2015	60	Number of stalls constructed	32	44	-	48	124	Achieved	

To capacitate and empower SMME's in all sectors	SMME, TRADE AND INVESTMENT	28	Facilitation of skills development trainings by June 2015	16	Number of trainings conducted	4	2	-	7	14	Not Achieved	Budget constrains
To ensure the development and Implementation of development strategies as proposed in the SDF Implementation Plan to ensure effective spatial development of Matjhabeng:	DEVELOPMENT PLANNING	29	a) Redevelopment strategy developed for following vacant residential areas: • Allanridge X2 • Allanridge X3 • Flamingo Park X2 • Naudeville X2 • Riebeeckstad X1 • Rheederpark X2 • Virginia X10 • Ventersburg X6 • Odendaalsrus X13 • Hennenman X12	5	Progress in rolling out plan	-	Data on vacant sites all areas available (See attached Excel data base in Portfolio of Evidence)	-	Data list of all areas finalised Evaluation of available bulk services in progress Land availability agreements finalised with developers in Naudeville, Rheeder Park, Thabong T6, Kitty - Virginia and Flamingo Park,	Evaluation of bulk services for areas in progress	Not Achieved	

To ensure the development and Implementation of development strategies as proposed in the SDF Implementation Plan to ensure effective spatial development of Matjhabeng:	Development Planning		To **facilitate** the development of Precinct development plans (SDF's) for the following high potential development areas: **(EXTERNAL PREOJECT - DEPARTMENT OF RURAL DEVELOPMENT AND LAND AFFAIRS) Approved SDF Precinct Plan for: Phomolong – Ventersvlakte Groenepunt – Mamahabane Leeubosch – Kutlwanong Thabong/Welkom Integration – Bongani Hospital area Virginia central hostel conversion area**			-	Department of Rural Development postponed appointment of Consultants since the Free State Regulations on SPLUMA (Land Use Planning and Management Act) was delayed. Internally no funding was provided on Budget. Draft SDF		None		Not Achieved	External project - Department of Rural Development and Land Affairs - Department awaiting approval of Free State Regulations before consultants are appointed

Township establishment in order to create new residential areas in Matjhabeng and to address the housing backlog.			Finalised township establishment in the selected areas:	2500		-	-	-	No funding available		Not Achieved	Department of Human Settlements approached for funding HDA approached for funding
			• Phomelong – Hlasela project – 100 erven and deregistration	100		-	-	-			Not Achieved	Department of Human Settlements approached for funding HDA approached for funding
			• Facilitation of Outcomes Based Project (Planning and pegging of 7000 erven in following areas)- Existing project: (EXTERNAL PROJECT FUNDED BY DEPARTMENT OF HUMAN SETTLEMENTS)	7000		-	-	-	Dept of Human Settlements project - planning and pegging funded			
			• Kutlwanong – 2900	2900		-	-	-	Awaiting approval Townships Board	Pegging in progress	Not Achieved	
			• Nyakallong - 300	300		-	-	-	Awaiting approval Towns	Pegging in progress	Not Achieved	

									hips Board			
			Thabong/Bronville:			-	-	-	Layout approved by MEC, surveyed and registration with Surveyor General in progress	Registration in Deeds office	Not Achieved	
Township establishment in order to create new residential areas in Matjhabeng and to address the housing backlog.	DEVELOPMENT PLANNING	30	• Phokeng – 680	680		-	-	-	Awaiting approval Townships Board	Registration in Deeds office	Not Achieved	
			• Thabong T15 – 180	180		-	-	-	Layout approved by MEC, surveyed and registration with Surveyor General in progress	Registration in Deeds office	Not Achieved	
			• Freedom Square – 210	210		-	-	-	Layout approved by MEC, surveyed and registration with Surveyor General in progress	Registration in Deeds office	Not Achieved	
			• Thabong X15(E) – 800	800		-	-	-	Layout approved by MEC, surveyed and registration with Survey	Registration in Deeds office	Not Achieved	

									or General in progress			
			• Bronville – 500	500		-	-	-	Layout approved by MEC, surveyed and registration with Surveyor General in progress	Registration in Deeds office	Not Achieved	
			• Phomolong (Venters vlakte) – 800	800		-	-	-	Awaiting approval Townships Board	Pegging in progress	Achieved	
			• Mmamahabane – 434	434		-	-	-	Pegging in progress	Pegging in progress	Achieved	
To ensure the implementation of the Spatial Planning and Land Use Management Act in Matjhabeng inclusive of the establishment of a Planning Tribunal.	DEVELOPMENT PLANNING	31	Operational and functional Planning Tribunal	1	Number of functional planning tribunals	-	-	-	0	-	Not Achieved	Advertisement to request names to be placed in April. Council appointment in May 2015

To facilitate the implementation of the Neighbourhood Grant in Matjhabeng as stipulated in the agreement with National Treasury	NEIGHBORHOOD GRANT	32	Facilitation OF AN INVESTMENT POTENTIAL STUDY AND FORMULATION OF AN IMPLEMENTATION PLAN FOR Thabong, Hani Park and Bronville (EXTERNAL PROJECT BY THE DEPARTMENT OF NATIONAL TREASURY)	1	Number of investment studies approved by national treasury	-	10%	0%	0	-	Not Achieved	Project temporarily stopped. Await instruction from the Department. Consultation with the Department finalised.
To ensure the compilation of a Land Use management Plan Matjhabeng	DEVELOPMENT CONTROL	33	To replace the old town Planning Schemes of the different towns in Matjhabeng into one control document	1	Number of consolidated town planning schemes	-	-	-	0	-	Not Achieved	New Land Use Management Plan(LUMP) to be advertised by Department of Rural Development and Land Reform to appoint a consultant to compile a new LUMP
To ensure that street names be allocated to all streets without names in Matjhabeng	DEVELOPMENT CONTROL	34	To allocate new street names to all streets without names in Matjhabeng	200	Number of new street names allocated	-	-	0	0	-	Not Achieved	Propsals for new street names still to be submitted by Ward Councillors

Directorate: Community Services											
Objective	**Programme**	**KPI**	**Annual Target**	**Unit of Measure**	**Reviewed performance Q1**	**Reviewed performance Q2**	**Reviewed Performance Quarter 3**	**Reviewed Performance Quarter 4**	**Annual Performance**	**Achieved/ Not Achieved**	**Remedial action to correct underperformance**
KPA 1: Basic Service Delivery											
To provide adequate burial space for the community	PARKS & SPORTS & RECREATION	Provision of adequate graves	Digging of 4000 graves to accommodate unforeseen circumstances	Number of graves dug	853	924	249	932	2 958	Not Achieved	KPI is dependent on number of people who dies and buried in Matjhabeng Cemeteries
	PARKS & SPORTS & RECREATION	Construction of guard houses & ablution blocks of cemeteries	Upgrading of 5 existing cemeteries	Number of cemeteries upgraded	Phomolong and Kutloanong Cemeteries are completed and handed over in September 2014	2	2	1	5	Achieved	None required
	PARKS & SPORTS & RECREATION	Development of new cemetery	Business plan approved and project registered with MIG	% completion of activities	-	-	Project registration	0	Project registered	Achieved	None required
To ensure that basic sport & recreation facilities are available to all communities	PARKS & SPORTS & RECREATION	Reconstructing stadium, Painting pavilions, installation of irrigation systems	Upgrade 7x facilities: Thabong, Zuka Baloi, Kopano, Mmamahabane, Kutloanong, Nyakalong, Bronville	Number of facilities upgraded	zuka baloyi which is already handed in July 2014 and Bronville Stadium handed over 30 september 2014	2	0	4	6	Not Achieved	

		& planting of grass at all other municipal sports & recreational facilities									
		Construction of 2x complexes for the sport & recreational facilities	2x Complexes – 1x Thabong & 1x (Far East CoKutloanong		-	-	1	0	1	Not Achieved	
To ensure an effective urban and environmental greening programme	PARKS & SPORTS & RECREATION	Establishment of urban parks in Kutloanong Site; 50590	Establish 1 new urban park	% completion of construction activities	-	-	30%	50% complete	50% complete	Not Achieved	
To provide sustainable refuse removal	WASTE MANAGEMENT	Odendaalsrus landfill site upgraded	Odendaalsrus landfill site upgraded	% completion of construction activities	-	Memorandum of Understanding is signed and the Municipal confirmation letter was submitted to the implementing agents. The implementing agent to get confirmation from	0%	50% complete	50% complete	Not Achieved	

						the Dept of Environm wntal Affairs					
To improve response time in fire emergen cies cases	FIRE & RESCUE SERVICES	Fire satel lite stati on com plete d by Dece mbe r 2014	Fire satellite station complete d by December 2014	% complet ion of constru ction activitie s	constru ction work will be complet ed by decemb er 2014.	98% complete d	0	100%	Comple te	Achiev ed	
To regulate the traffic control function towards law enforce ment an sector policing.	TRAFFIC & SECURITY MANAGEME NT	Num ber of traffi c safet y initia tives impl eme nted in line with the traffi c cont rol enfo rcem ent and man age men t prog ram me.	Celebratin g the following 6 campaign s: 1. Pedestria n Awarenes s, 2. Road Safety Education (scholar patrol and Child in Traffic), 3. Easter Holiday program 4. Summer holiday program 5. Ipoloke project 6. Khanya project	Number of campaig ns celebrat ed	-	3	1	1	5	Not Achiev ed	
To ensure sustaina ble traffic control.	TRAFFIC & SECURITY MANAGEME NT	Ado pt a scho ol prog ram	Implemen tation of Child in Traffic Road Safety Program me to 40 schools.	Number of schools where TRS progra m is implem ented	-	10	10	0	20	Not Achiev ed	

KPA 3: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT											
To provide sustainable landfill, dumping management plan according to permits.	WASTE MANAGEMENT	Rehabilitation of people living at the landfill sites. To form 4 cooperatives for re-cycling of waste material.	Rehabilitation of people living at the landfill sites. To form 4 cooperatives for re-cycling of waste material.	Number of co-operatives formed from people living at the landfil sites	-	2	0	0	2	Not Achieved	
To regulate the traffic control function towards law enforcement and sector policing	TRAFFIC & SECURITY MANAGEMENT	Development of one Transport Plan	Development of one Transport Plan	Number of transport plans developed	-	-	0	1	1	Achieved	

Directorate: Infrastructure											
Objective	**Programme**	**KPI**	**Annual Target**	**Unit of Measure**	**Reviewed performance Q1**	**Reviewed performance Q2**	**Reviewed Performance Quarter 3**	**Reviewed Performance Quarter 4**	**Annual Performance**	**Achieved/ Not Achieved**	**Remedial action to correct underperformance**
KPA 1: Basic Service Delivery											
To support Departments in executing their mandates of service delivery where applicable through scrutinising of design drawings, supply of infrastruct	PLANNING AND DESIGN	GIS line service information systems developed and updated to support planning, designing and developmental projects as well as the fix	700	Number of lines captured or attributes updated	1 004	2 942	3 255	731	7 932	Achieved	None required

ure information and support consultants and public with cadastral, layouts and relevant service information		asset register.									
	PLANNING AND DESIGN	GIS line service information systems developed and updated to support planning, designing and developmental projects as well as the fix asset register.	700	Number of lines captured or attributes updated	1 149	362	1 767	536	3 814	Achieved	None required
	PLANNING AND DESIGN	Assistance rendered to the management of cemeteries to ensure that burials are done according to an approved layout by pegging of plots according to designed layouts.	1500	Number of grave sites pegged	527	889	1 204	0	2 620	Achieved	None required
To approve building plans submitted and inspect and approve all new buildings and additions to existing buildings to ensure adherence to National Building Regulations	BUILDING CONTROL	New buildings and additions inspected and approved to ensure adherence to National Building Regulations.	7000	Number of inspections executed	1 677	4 108	6 222	2 513	14 520	Achieved	None required

To monitor water and waste water project to ensure compliance to relevant legislation as required for Blue-drop, Green-drop and No-drop programs as well as support WWTW's in managing some purification processes to ensure purification water are on standard and according to DWA regulations.	LABORATORY FUNCTIONS	Potable water sampling program managed for Blue Drop compliance (SANS 241). Water quality sampling program managed per month: Number Potable water analysis results captured on LIMS and upload to BDS system. Number of updated info actions on BDS according to DWA requirements. Water quality of 11 WWTW monitored for operational requirements according to sampling program.	1392	Number of analysis of water quality.	424	852	1 216	350	2 842	Achieved	None required
To ensure the Electrical Department is effective and efficient administrated and strategic planning actions are implemented.	ELECTRICAL ADMINISTRATION	106 projects implemented which were identified on the IDP program that must be managed and executed over a three year period as	6	Number of projects from IDP Program implemented	12	21	30	9	72	Achieved	None required

		to capital budget approval									
To ensure the effective, efficient and safe medium and low voltage distribution networks	ELECTRICAL DISTRIBUTION	Annual maintenance programs for the repair and maintenance of 24 235 electrical meters installed	1088	Number of electrical meters repaired	145	670	841	142	1 798	Achieved	None required
	ELECTRICAL DISTRIBUTION	480 temporary and permanent electrical connections conducted	61	Number of temporary connections made	12	11	45	20	88	Achieved	None required
	ELECTRICAL DISTRIBUTION	240 permanent disconnections and reconnections executed as per instruction by the Finance Department.	41	Number of permanent disconnections and reconnections executed	71	173	239	987	1 470	Achieved	None required
KPA 3: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT											
To ensuring budget control is implemented and that use is made of the saving that will be obtained with the implementation of the time of use tariffs that was approved by NERSA:	ELECTRICAL ADMINISTRATION	Distribution losses limited to under 10% as to National standards so to secure income generation	10%	% distribution losses (10% or less)	9%	9%	9%	9%	9%	Achieved	None required
KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION											

To ensure effective and efficient electrical service delivery to the community of the Matjhabeng Municipality that complies with the NERSA licensing requirements	ELECTRICAL ADMINISTRATION	OHS Act implemented to ensure that a safe working environment is maintained and 184 320 accident free working hours are annually reached	184 320	Number of accident free hours	46 080	92 070	138 240	46 080	322 470	Achieved	None required

Directorate: Corporate Support Services												
Objective	**Programme**	**KPI No.**	**KPI**	**Annual Target**	**Unit of Measure**	**Reviewed Performance Quarter 1**	**Reviewed Performance Quarter 2**	**Reviewed Performance Quarter 3**	**Reviewed Performance Q4**	**Annual Performance**	**Achieved/ Not Achieved**	**Remedial action to correct underperformance**
KPA 1: Basic Service Delivery												
To implement community counselling Programmes.	SOCIAL SERVICES AND EAP	1	Provision of learning material on HIV/AIDS.	2000 HIV/ AIDS pamphlets employees.	Number of pamphlets handed out to staff	181	400	0	400 HIV/ AIDS pamphlets.	981	Not achieved	
	SOCIAL SERVICES AND EAP	2	Number of employee Wellness days conducted for MLM Councillors and employees.	6 days per quarter.	Number of employee wellness days conducted	13	5 Financial Management Campaigns, 134 people attended, 1 Sports Day, 565 people attended, EAP 16 individual counselling.	2	6	27 days	Achieved	None required

To capacitate the institution to enable it to provide efficient, effective, and sustainable service delivery.	PERFORMANCE MANAGEMENT AND HUMAN RESOURCES	3	% Reviewal of the current organisational structure and development of new Organisational Structure.	Quarterly HR Reports (Organisation Structure Report).	% completion of new Org structure	-	Draft Macro Organisational Structure 75% is completed .	0	0	Draft Macro Organisational Structure 75% is completed .	Not achieved	The completed Organisational Structure has been referred to CSS Section 80.
	PERFORMANCE MANAGEMENT AND HUMAN RESOURCES	4	Number of people employed to assist in service delivery	696 General Workers, and 101 Clerical, administrative and Supervisors.	Number of people employed to assist in service delivery	472	4 managers appointed	2 Managers appointed 2 Clerical appointed	0	472 general workers 6 managers 2 clerks	Not achieved	
	PERFORMANCE MANAGEMENT AND HUMAN RESOURCES	5	No. of Senior Management and Finance Personnel trained towards meeting minimum competency for Financial Officials as per the government gazette 29967.	50 Senior Management and Finance personnel by Sept 2015.	No. of Senior Management and Finance Personnel trained towards meeting minimum competency for Financial Officials as per the government gazette 29967.	-	48	48	48	144	Achieved	None required
	PERFORMANCE MANAGEMENT AND HUMAN RESOURCES	6	% of Municipal budget actually spends in implementing Workplace Skills Plan	1% of MLM salary bill per annum.	Amount of budget actually spent in implementing Workplace Skills Plan	-	54 446	2 198 017	2 198 017	4 450 479.24	Achieved	None required
	PERFORMANCE MANAGEMENT AND HUMAN RESOURCES	7	Council approved Workplace Skills Plan.	Number of employees trained as per Workplace Skills Plan	Number of employees trained as per Workplace Skills Plan	-	15	15	15	45	Achieved	None required
	PERFORMANCE MANAGEMENT AND HUMAN RESOURCES	8	No. of external and internal people identified for Learnership.	200 external and internal people per annum.	No. of external and internal people identified for Learnership.	197	45	0	0	242	Achieved	None required

	PERFORMANCE MANAGEMENT AND HUMAN RESOURCES	9	No. of unemployed graduates offered internship programme.	25 graduates per annum	No. of unemployed graduates offered internship programme.	-	-	0	0	0	Not achieved	
	PERFORMANCE MANAGEMENT AND HUMAN RESOURCES	10	ReviewedEmployment Equity Plan approved for implementation July 2015	Review Employment Equity Plan approved.	ReviewedEmployment Equity Plan approved for implementation July 2015	-	The reviewed draft employment equity policy served before MAYCO	The Employment Equity Policy served before LFF	The Employment Equity Policy served before LFF	The Employment Equity Policy served before LFF	Achieved	None required
	PERFORMANCE MANAGEMENT AND HUMAN RESOURCES	11	4 Councillor capacitating program per year on Municipal legislation.	4 Councillor capacitating program per year on Municipal legislation.	Number of councillor capacitation programs	-	-	0	0	0	Not achieved	
KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION												
To render administrative support to Council and Council Committees.	SUPPORT SERVICES	12	% monitoring and tracking of implementation of Council decisions.	Quarterly 100% monitoring of implementation of Council and Council Committees resolutions.	% of Council and council committee resolutions implemented	1	Resolution Audit submitted to MAYCO and Council	100%	100%	100%	Achieved	See the attached MAYCO and Council Resolution Audit.
	SUPPORT SERVICES	13	% of Council and Council Committees meeting taking place as scheduled.	90% scheduled meeting taking place according to schedule.	% of Council and Council Committees meeting taking place as scheduled.	100%	45%	90%	90%	81%	Not achieved	See the attached minutes and schedule of meetings for MAYCO and Council.
	SUPPORT SERVICES	14	Time taken to update Council meeting reports decision and minutes on Secretariat drive.	4 days after each sitting of Council and Council Committees.	Number of days taken to update Council meeting reports decision and minutes on Secretariat drive.	4	4 days	4 days	4 days	4 days	Achieved	Evidence is on Secretary drive. See the attached procedure /route to access minutes.

	SUPPORT SERVICES	15	No. of systems procedures developed for Corporate Services.	12 standard operating procedures.	Number of standard operating procedures	-	3 System Procedures were developed. 1. Policy Register 2. Lease and contract register 3. Agenda process development. 4. 5 HR Policies were reviewed.	0	0	8	Not achieved	
To provide Labour Relations and Legal Support Services.	SUPPORT SERVICES	16	Reduce turnaround time in handling grievances from 90 days to 30 days	30 days	Number of days taken to resolve grieviences (average)	-	-	0	0	Not reported	Not achieved	
	SUPPORT SERVICES	17	Number of trained line managers, supervisors and shop stewards in handling disciplinary and grievance issues	100 Managers, Supervisors and Shop stewards to be trained in handling of disciplinary and grievance issues	Number of people trained in handling of disciplinary and grievanc issues	-	**0 Trained.** On 6/11/2014 a memo was forwarded to Training to proceed in obtaining Service Providers for inhouse training. - On 14/11/2014 Manager Training sent an email to Supply Chain Management to re-advertise the training.	0	0	0	Not achieved	

	SUPPORT SERVICES	18	To review the existing 16 By-laws.	16 by laws		-	Not yet submitted, awaiting for assistance from the Free Sttate Cogta on clarity pertaining to the fines to be imposed.	0	0	0	Not achieved	
To ensure effective and efficient contract management.	SUPPORT SERVICES	19	Development of SLA's per procurement made	Report on monthly basis.	Number of monthly report on SLAs	5	6 SLA were developed .	0	3	9	Achieved	
To reduce number ofCorporate Service related Audit queries.	SUPPORT SERVICES	20	% of external audit findings made by Auditor General.	Zero Corporate services related audit queries	% of external audit findings resolved		See attached Communication register.	0	0	Not reported	Not achieved	
To develop proper and effective records management in MLM.	SUPPORT SERVICES	21	Fully integrated records management.	1 improved integrated management system.	Progress made in implementation of integrated management system	-	The service provider was appointed to conduct an assessment on municipal document management system. See attached report.	Roll out plan presented and approved by Exco	Roll out plan presented and approved by Exco	Roll out plan presented and approved by Exco	Not achieved	

1.6.2. **AUDITOR GENERAL REPORT.**

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 have audited the financial statements of the Matjhabeng Local Municipality set out on pages 281 to 364 which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, 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 the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), the Division of Revenue Act, 2015 (Act No. 1 of 2015) (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 my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Matjhabeng Local Municipality as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and Dora.

Emphasis of matters

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

Restatement of corresponding figures

8. As disclosed in note 44 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of errors discovered during 2015-16 in the financial statements of the municipality at, and for the year ended, 30 June 2015.

Unauthorised expenditure

9. As disclosed in note 49 to the financial statements, the municipality incurred unauthorised expenditure of R812 398 971 (2015: R443 303 655) due to overspending of the budget.

Fruitless and wasteful expenditure

10. As disclosed in note 50 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R149 978 569 (2015: R151 822 061) mainly due to interest and penalty charges on late payments to suppliers.

Irregular expenditure

11. As disclosed in note 51 to the financial statements, the municipality incurred irregular expenditure of R305 669 955 (2015: R226 054 096) due to non-compliance with supply chain management (SCM) processes.

Material losses

12. As disclosed in note 52 to the financial statements, material losses of R280 727 281 (2015: R206 040 297) were incurred as a result of water and electricity distribution losses.

13. As disclosed in notes 12 and 14 to the financial statements, receivables from exchange and non-exchange transactions were impaired by R1 367 201 925 (2015: R882 710 088).

Going concern

14. Note 47 to the financial statements indicates that Matjhabeng Local Municipality incurred a net loss of R750 719 211 during the year ended 30 June 2016. These conditions, along with other matters emphasised in the report, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern and to meet its service delivery objectives.

Additional matter paragraphs

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

Unaudited supplementary schedules

16. The supplementary information set out on pages 317 to 364 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

17. 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

18. In accordance with the Public Audit Act, 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 of 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 them.

Predetermined objectives

19. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected key performance indicators presented in the annual performance report of the municipality for the year ended 30 June 2016:

    - Key performance area 1: Basic services delivery on page 16

20. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned key performance areas. 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).

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

22. The material findings in respect of the selected key performance area are as follows:

Key performance area 1: Basic service delivery

Usefulness of reported performance information

Reported objectives not consistent with planned objectives

23. Section 41(c) of the Municipal Systems Act requires the integrated development plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 29% of development priorities were not consistent with those in the approved integrated development plan and a total of 33% of reported targets were not consistent with those in the approved integrated development plan.

Measurability of indicators and targets

24. The FMPPI requires that performance targets should be specific in clearly identifying the nature and required level of performance and should also be measurable and specify the period or deadline for delivery. A total of 28% of targets were not specific, measurable or time bound.

Reliability of reported performance information

25. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for the reported achievements against planned targets of 28% of important indicators.

Additional matters

26. I draw attention to the following matters:

Achievement of planned targets

27. Refer to the annual performance report on pages 19 to 66 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 usefulness and reliability of the reported performance information in paragraphs 23, 24 and 25 of this report.

Adjustment of material misstatements

28. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of key performance area 1: Basic service delivery. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary information

29. The supplementary information set out on pages x to x does not form part of the annual performance report and is presented as additional information. We have not audited these schedules and, accordingly, we do not report on them.

Compliance with legislation

30. 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:

Annual financial statements

31. 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 and expenditure identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

32. The annual financial statements were not submitted for auditing within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

Strategic planning and performance management

33. The municipality did not have an adequate performance management system as required by section 38(a) of the Municipal Systems Act and the municipal planning and performance management regulation 8.

34. The performance management system and related controls were inadequate as they did not describe and represent the processes of performance planning, monitoring measurement, review and reporting and how these are conducted, organised and managed, as required by section 38 of the Municipal Systems Act and municipal planning and performance management regulation 7.

35. The performance management system was not in line with the priorities, objectives, indicators and targets contained in its integrated development plan and did not clarify the roles and responsibilities of each role player, did not determine the frequency of reporting and the lines of accountability, did not relate to the employee's performance management processes and did not link to the integrated development planning processes, as required by section 38(a) of the Municipal Systems Act.

36. The performance management system did not provide for the monitoring, measuring and review of performance at least once per year, as required by section 41 of the Municipal Systems Act.

37. The performance management system did not provide for policies and procedures to take steps for improvement where performance targets were not met, as required by section 41(1)(d) of the Municipal Systems Act.

38. The service delivery and budget implementation plan for implementing the municipality's delivery of municipal services and annual budget was not approved in time by the mayor, as required by section 53(1)(c) of the MFMA.

39. The annual performance report for the year under review did not include the performance of the municipality and name of external service providers, a comparison of the performance with set targets, comparison with the previous financial year and measures taken to improve performance, as required by section 46 (1)(a), (b), (c) of the Municipal Systems Act.

Procurement and contract management

40. I could not obtain sufficient appropriate audit evidence that certain contracts and quotations were awarded in accordance with the legislative requirements and a procurement process which is fair, equitable, transparent and competitive as a result of poor record keeping of documents.

41. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of the SCM regulation 17(a) and (c).

42. 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).

43. Contracts 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)

44. Contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.

45. 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, in contravention of SCM regulation 46(2)(a).

46. 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, in contravention of SCM regulation 46(2)(e).

47. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2)(c) of the MFMA.

Revenue management

48. An adequate management, accounting and information system which accounts for revenue was not in place, as required by section 64(2)(e) of the MFMA.

49. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.

Expenditure management

50. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

51. An adequate management, accounting and information system which recognised expenditure when it was incurred and accounted for creditors was not in place, as required by section 65(2)(b) of the MFMA.

52. Reasonable steps were not taken to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Asset management

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

Liability management

54. 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.

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

Human resource management

56. An approved staff establishment was not in place, as required by section 66(1)(a) of the Municipal Systems Act.

Internal control

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

Leadership

58. The leadership did not always take timeous and adequate corrective actions to address weaknesses in the finance and performance reporting directorate. This resulted in non-compliance with applicable legislation and gave rise to unauthorised, irregular, fruitless and wasteful expenditure as well as the late submission of the annual financial statements.

59. The municipality did not ensure that an organisational structure that is aligned to the municipality's needs was approved. As a result, personnel required to address the municipality's needs were appointed outside the approved organisational structure. The municipality attempted to address the capacity constraints in the finance section by appointing consultants. However, this may result in overreliance on the consultants if capacity constraints are not addressed, thus there could be doubt as to whether the municipality will be able to sustain these improvements.

60. The municipality did not implement effective human resource management to ensure that performance is monitored for all employees, with the result that material weaknesses in the internal controls environment reported in the prior year were not addressed.

Financial and performance management

61. Management did not in all instances prepare regular, accurate and complete financial and performance reports that were supported by reliable information. This resulted in material differences that gave rise to material adjustments in the annual financial statements and performance report submitted for audit. Additionally, controls over daily and monthly processing and reconciling of transactions were not effective.

Governance

62. Since a new audit committee was only appointed during the year under review, it could not effectively influence an improvement in the municipality's control environment. The internal audit unit was also not adequately staffed and was not able to plan and execute risk-based audits.

63. Management did not implement appropriate risk management activities to ensure that regular risk assessments, including the consideration of information technology risks and fraud prevention, are conducted and that the risk strategy is developed and implemented in a timely manner.

Other reports

64. I draw attention to the following engagements that could potentially impact on the municipality's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are in progress.

65. During the 2015-16 financial year, the municipality conducted two investigations relating to fraud committed by a service provider, as well as the amendment of banking details on the EFT system which resulted in payments being made to the wrong suppliers. Both cases were still under investigation.

Auditor-General
Bloemfontein
10 March 2017

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 4th quarter Report for previous financial year.		Done
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General.		Done. On the 31 August 2016 in the form of a draft without draft AFS.
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	Date of the audit committee was scheduled after submission of the draft report.
7	Mayor tables the unaudited Annual Report		Not done. Will only be done in January 2017
8	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General		Partly done. Only the draft performance report and the draft annual report were submitted
9	Annual Performance Report submitted to Auditor General to be provided as 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 will be done between October and December
11	Municipalities receive and start to address the Auditor General's comments	November	Queries were issued 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 will be tabled in Council after receipt of the formal Audit Report.
13	Audited Annual Report is made public and representation is invited		Immediately after the Audit Report is presented to Council
14	Oversight Committee assesses Annual Report		Immediately after the Audit Report is presented to Council
15	Council adopts Oversight Report	December	Immediately after the Audit Report is presented to Council
16	Oversight Report is made public		April 2017
17	Oversight Report is submitted to relevant Provincial Councils		April 2017
18	Commencement of draft Budget/IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.	January	May 2017

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 Qwesha

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 Section 80 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 to 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 2014. The Municipality entered 2015/2016 financial year with a full complement of section 56/57 managers as all positions were filled.

The following positions were filled: the Chief Financial 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 Tlhabani 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.

Nonetheless, 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.

The Municipality engaged the public via a number of forum meetings:

Mayoral imbizos
IDP/budget representative forum
Constituency meetings

There were different levels of constituency meetings convened in the last financial year. The legal norm is for each meeting to meet at least four times in one financial year. 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 a number of 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.

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 and needs to be improved. 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 of 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, but did not sit regularly as per the approved schedule as a result of electioneering for the 2016 Local Government elections. 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

Public meetings are held in order to solicit more views and priorities from community members who attend these meetings. It provides a good platform where discussions are held and compromises are reached as regards the importance of projects within Wards and as well as taking into account available resources.

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 were 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

The issues of Corporate Governance include the need to ensure that laws are applied and monitored as required. All relevant positions in the Municipal structure are charged with the responsibility to ensure that there is compliance to such laws. In addition to existing positions that are required to observe application of the law, there are other positions which should be established to reinforce application of the law.

We did not have such positions as they relate to performance monitoring and compliance in the Municipality. Positions which could help monitor implementation of relevant laws are quite placed lower down the management echelon. These positions included officials who dealt with Risk Management, Internal Audit and Performance Management.

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 but it must be acknowledged that we did not have a Unit of the Municipality for the 2015/2016 financial year but Acting Senior Risk Accountant assumed these responsibilities.

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. This is envisaged to be implemented in the new financial year.

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`s 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 2015	
The annual report (Year 0) published/to be published	Yes	January 2017	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	September 2016	
All service delivery agreements (Year 0)	No	N/A	
All long-term borrowing contracts (Year 0)	No	N/A	
All supply chain management contracts above a prescribed value (give value) for Year 0	No	N/A	
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	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	N/A	
Public-private partnership agreements referred to in section 120 made in Year 0	No	N/A	
All quarterly reports tabled in the council in terms of section 52 (d) during Year -1	Yes	July 2016	
			T 2.9.1

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The culture of legislative compliance and accountability 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, 97% are households with access to water within 200m from 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 Tandanani 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 Local Municipality is the Water Service Authority with Sedibeng Water as its Water Services Provider supplying Bulk Water as per the Water Services Act 108 of 1997. Due to the down scaling of the mines in the area, the current bulk water supply capacity is more than adequate to service the towns in the area of authority. Due to growth and bucket eradication in some areas, some bulk lines capacities become challenging. Sedibeng water is in the process of investigating and upgrading of such. Challenges are currently experienced in Hennenman and Ventersburg. Due to ageing of the water networks and challenges to manage and meter all households, the water loss is unacceptably high.

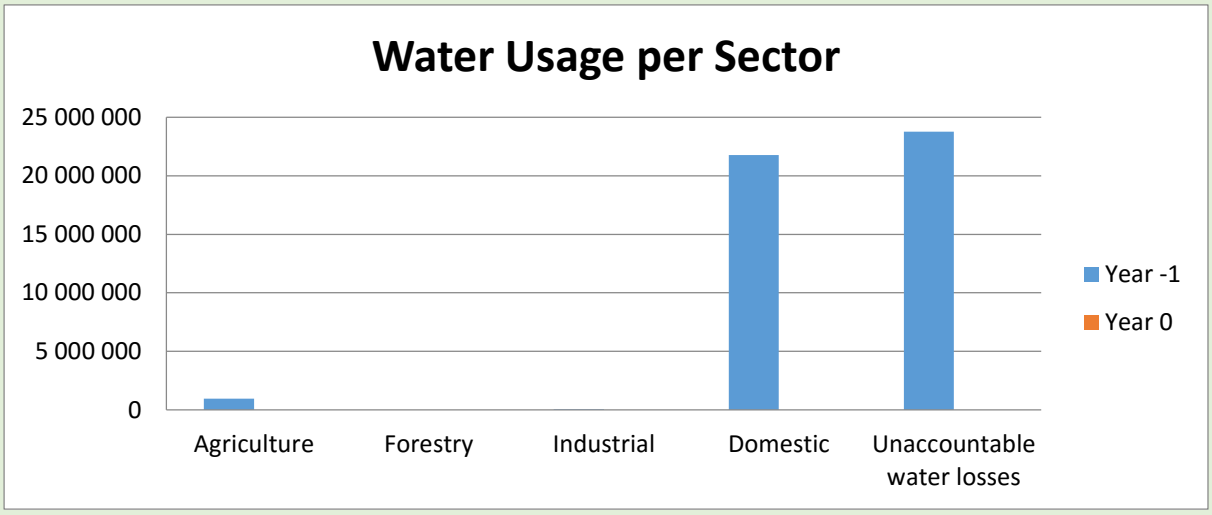
The Municipality obtained Blue Drop status for 3 of the 6 towns in its jurisdiction area during 2014 with an average score of 93, 6%. Blue Drop Status were received for Virginia, Hennenman and Ventersburg supply systems. Matjhabeng Local Municipality performs second best in the Free State.

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	955 598	0	48 082	21 759 685	23 765 243
Year 0					
					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.

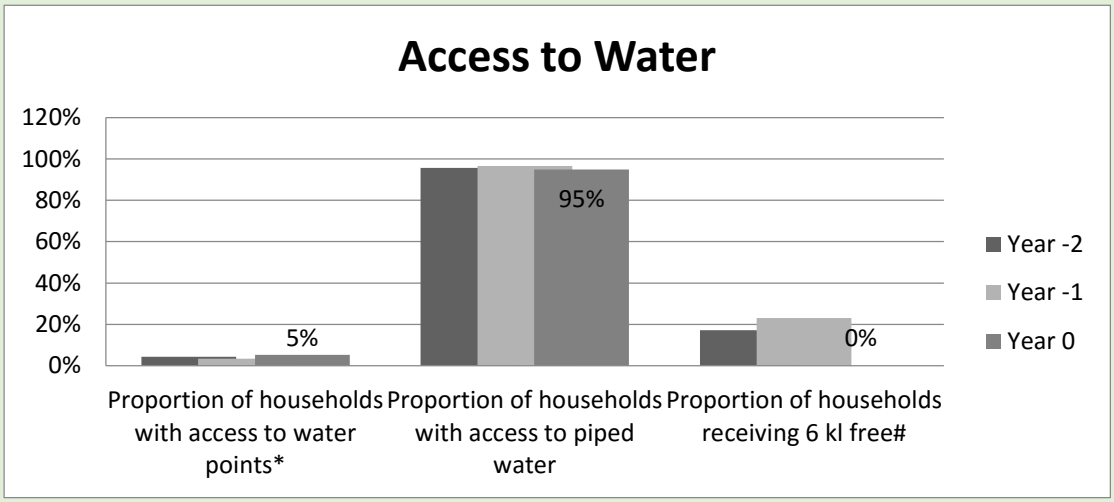
Maintenance of water networks in old high income areas becomes difficult as little funding is available to maintain and upgrade such. All governmental supporting actions are focussed on PDI areas.

T.3.1.2.2

WATER SERVICE DELIVERY LEVELS						
						Households
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Actual	Actual	Actual
	No.	No.	No.	No.	No.	No.
Water: **(above min level)**						
Piped water inside dwelling	49 315	49 315	50 742	50 801	50 801	50 801
Piped water inside yard (but not in dwelling)	46 997	46 997	46 997	46 997	46 997	46 997
Using public tap (within 200m from dwelling)	1 916	1 916	1 489	1 489	1 489	1 489
Other water supply (within 200m)						
Minimum Service Level and Above sub-total	98 228	98 228	99 228	98 228	98 228	99 287
Minimum Service Level and Above Percentage	97%	96%	97%	96%	96%	95%
Water: **(below min level)**						
Using public tap (more than 200m from dwelling)	4 467	4 467	3 467	5 400	5 400	5 400
Other water supply (more than 200m from dwelling						
No water supply						
Below Minimum Service Level sub-total	4 467	4 467	3 467	5 400	5 400	5 400
Below Minimum Service Level Percentage	3%	4%	3%	4%	4%	5%
Total number of households*	**100 795**	**102 695**	**102 695**	**102 695**	**102 695**	**104 687**
** - To include informal settlements*						**T.3.1.3**

HOUSEHOLDS - WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
						Households
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	84 855	86 284	87 711	90 969	90 969	90 969
Households below minimum service level	0	0	0	1 254	1 254	1 254
Proportion of households below minimum service level	0%	0%	0%	1%	1%	1%
Informal Settlements						
Total households	7 183	7 183	6 183	6 150	6 150	6 150
Households below minimum service level	4 387	4 387	3 960	1 845	1 845	1 845
Proportion of households below minimum service level	61%	61%	64%	30%	30%	30%
						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	4%	96%	17%
Year -1	3%	97%	23%
Year 0	5%	95%	97.9%



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)**	**(x)**
Compile a replacement plan for worn out water pipes to reduce water loss	Repair and maintenance of water related infrastructure	4 200	4 097	4200	4 200	3 269	4 200	4 200	4 200
	Service all hydrants and Valves once a year	190	284	190	190	233	190	190	190
	Implement the water meter repair program	9 800	9 622	6200	2 200	7 643	6 200	6 200	6 200
	Identification of consumers with water connections who are not billed				17 000	6 555	5 000	5 000	5 000
									T.3.1.6

EMPLOYEES: WATER DEMAND, WATER AND EFFLUENT WATER					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
3	1	2	1	1	50%
4	1	2	1	1	50%
5/4	1	4	1	3	75%
6	1	6	1	5	83%
8/7	1	4	1	3	75%
8	2	9	2	7	78%
9	7	17	6	11	65%
10/9	1	2	1	1	50%
10	7	17	7	10	59%
12/11	2	24	2	22	92%
14/13	4	24	4	20	83%
15	6	14	5	9	64%
16/15	3	27	3	24	89%
16	0	10	0	10	100%
18/17	42	242	162	80	33%
Total	**79**	**404**	**197**	**207**	**51%**

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. **T.3.1.7**

FINANCIAL PERFORMANCE YEAR 0: WATER SERVICES					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-287 935	-203 889	-203 889	-345 375	41%
Expenditure:					
Employees	30 677	32 243	32 243	35 895	10%
Repairs and Maintenance	9 440	27 510	27 510	15 853	-74%
Other	159 625	6 435	6 435	4 077	-58%
Total Operational Expenditure	199 743	66 188	66 188	55 825	-19%
Net Operational Expenditure	**476 047**	**205 541**	**205 541**	**347 269**	**41%**

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%	
No Water Projects					
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 is an ongoing process.

No MIG funded projects were done in the past financial year. On operational side, more than 5000 water leaks were attended to and about 12 500 meters was repaired or replaced.

T.3.1.10

3.2 WASTE WATER (SANITATION) PROVISION

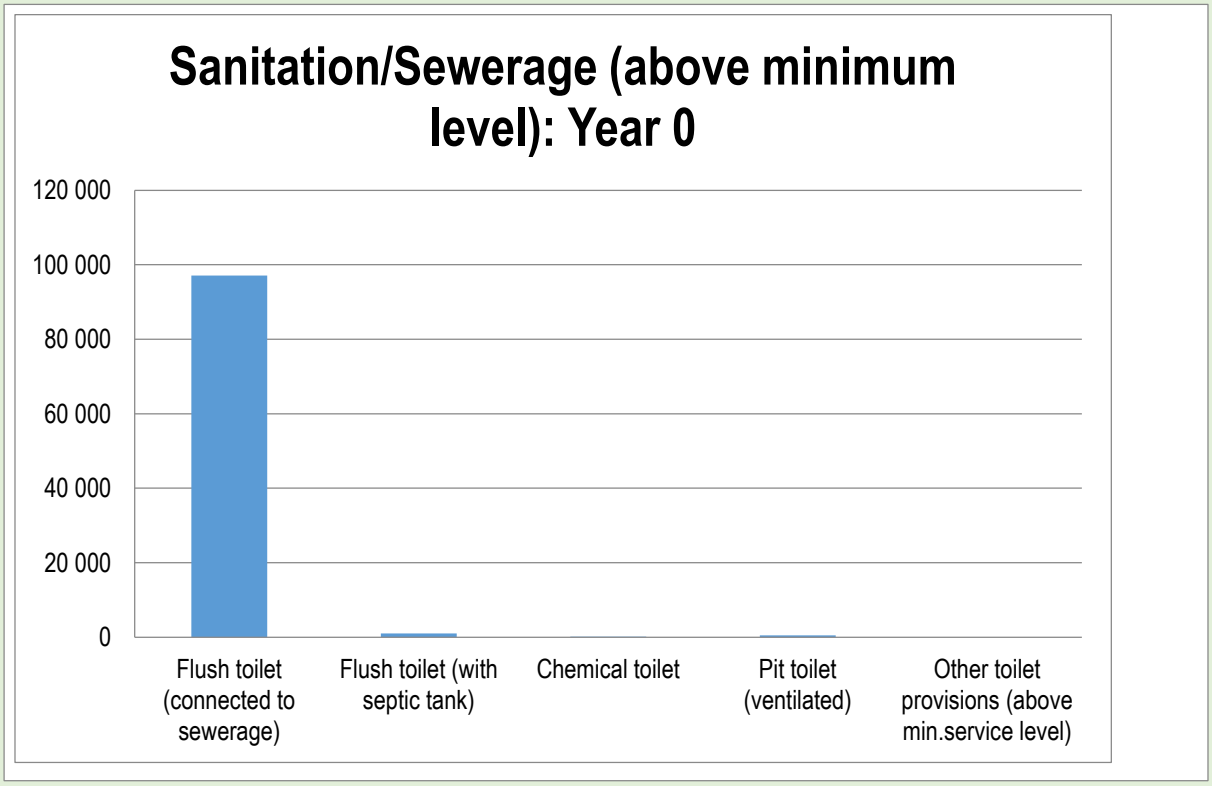
INTRODUCTION TO SANITATION PROVISION

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 improvements were achieved with the Green Drop scoring. Due to the age of the infrastructure, regular spillages occur and the WWTW experience more stoppages. Funding to upgrade the works should still be a priority to ensure good quality of waste water are released into rivers, streams and/or lakes

T.3.2.1

SANITATION / SEWERAGE (ABOVE MINIMUM LEVEL): YEAR 0

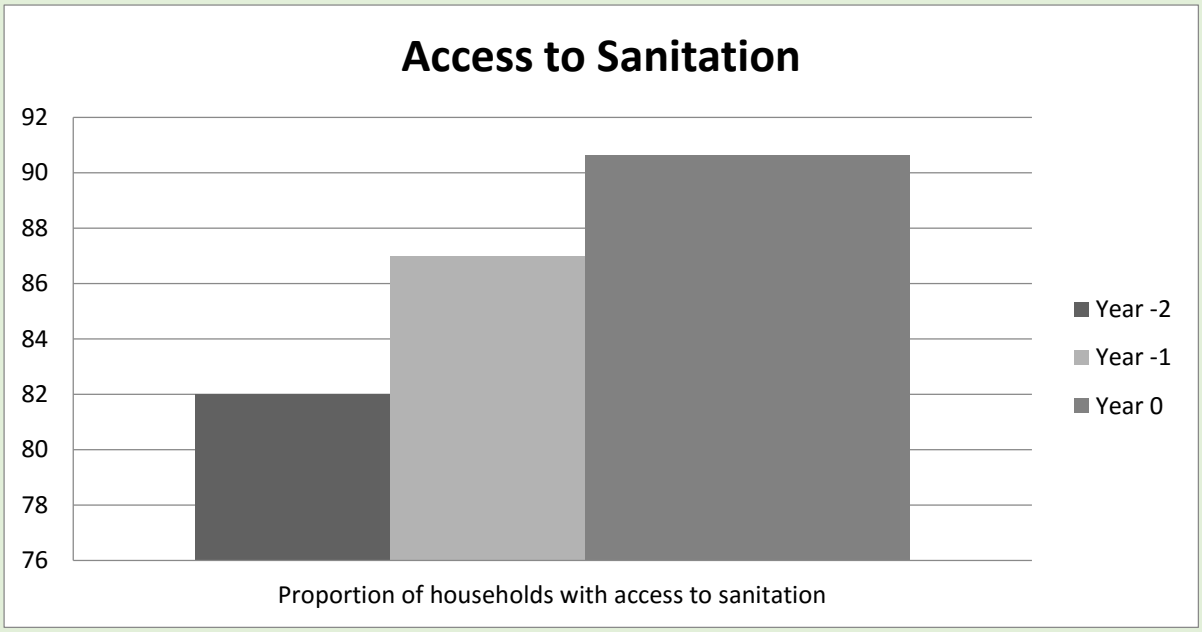


T.3.2.2

SANITATION SERVICE DELIVERY LEVELS						
						*Households
Description	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)	95 278	95 708	97 135	97 135	97 135	97 135
Flush toilet (with septic tank)	956,00	956	956	956	956	956
Chemical toilet	111,00	111	111	111	111	111
Pit toilet (ventilated)	512,00	512	512	512	512	512
Other toilet provisions (above min.service level)	-	-	-	0	0	
Minimum Service Level and Above sub-total	96 857	97 287	98 714	98 714	98 714	98 714
Minimum Service Level and Above Percentage	90,0%	90,4%	91,8%	96,4%	96,4%	96,4%
Sanitation/sewerage: **(below minimum level)**						
Bucket toilet	5 195	5 195	5 195		0	0
Other toilet provisions (below min.service level)	2 600	2 170	743		0	0
No toilet provisions	2 930	2 930	2 930	3 680	3 680	3 680
Below Minimum Service Level sub-total	10 725	10 295	8 868	3 680	3 680	3 680
Below Minimum Service Level Percentage	10,0%	9,6%	8,2%	3,6%	3,6%	3,6%
Total households	**107 582**	**107 582**	**107 582**	**102 394**	**102 394**	**102 394**
						T.3.2.3

HOUSEHOLDS - SANITATION SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
						Households
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	107 582	107 582	98 714	98 714	98 714	98 714
Households below minimum service level	10 725	10 725	8 868	3 680	3 680	3 680
Proportion of households below minimum service level	10%	10%	9%	4%	4%	4%
Informal Settlements						
Total households	2 692	4 467	4 467	6 150	6 150	6 150
Households ts below minimum service level	4 467	4 313	4 313	6 150	6 150	6 150
Proportion of households ts below minimum service level	166%	97%	97%	100%	100%	100%
						T 3.2.4

ACCESS TO SANITATION



T.3.2.5

WASTE WATER (SANITATION) SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service Targets	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									
To replace 25% of worn out sewer pipelines in a five year cycle	Repair broken lines: Manage sewage flow, excavate, replace broken portion & backfill **per meter**	380	734	380	380	726	380	380	380
	Open blockages (number)	9 000	9 521	9 000	9 000	9 010	9 000	9 000	9 000
	Preventative cleaning of sewer lines 1368km **per meter**	8 500	2 978	8 500	8 500	2 978	8 500	8 500	8 500
NB:- Capital budget was not allocated for the replacement of the sewer lines, as such, the Operational budget was used for critical maintenance.									**T 3.2.6**

EMPLOYEES: PURIFICATION SERVICES					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
5/4	0	1	0	1	100%
6	1	2	1	1	50%
8/7	0	1	0	1	100%
8	5	7	5	2	29%
9	3	5	3	2	40%
10	0	10	0	10	100%
15	5	14	5	9	64%
16/15	3	12	3	9	75%
18/17	48	101	50	51	50%
Total	**65**	**153**	**67**	**86**	**56%**

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days
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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	-119 017	-120 882	-120 882	-128 256	6%
Expenditure:					
Employees	26 802	23 265	23 265	25 748	11%
Repairs and Maintenance	4 070	32 473	32 473	9 587	-239%
Other	8 438	8 874	8 874	9 142	3%
Total Operational Expenditure	**39 310**	**64 613**	**64 613**	**44 477**	**-45%**
Net Operational Expenditure	**-84 716**	**120 997**	**120 997**	**129 180**	**6%**
					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	19 632	0	47 635	-1186%	
Kutlwanong: Upgrading of sewerage works phase 2	0		10 581	100%	41 072
Nyakalong: Upgrading and rehabilitation of waste water treatment works (MIS:214157)	5 500		11 669	53%	52 300
Meloding: Ext 10 Sewer network (MIS:208886)	22		22	0%	986
Phomolong: Construction of a new outfall sewer for 4871 stands (MIS:215125)	4 501		4 184	-8%	10 143
Virginia: Upgrading of waste water treatment works (MIS:215450)	3 610		240	-1403%	41 656
Thabong T16: Provision of waterborne sanitation for 1300 stands (MIS:216509)	6 000		20 938	71%	61 899
					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 DWS through Bloemwater old bucket eradication challenges are in the process to be addressed.

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

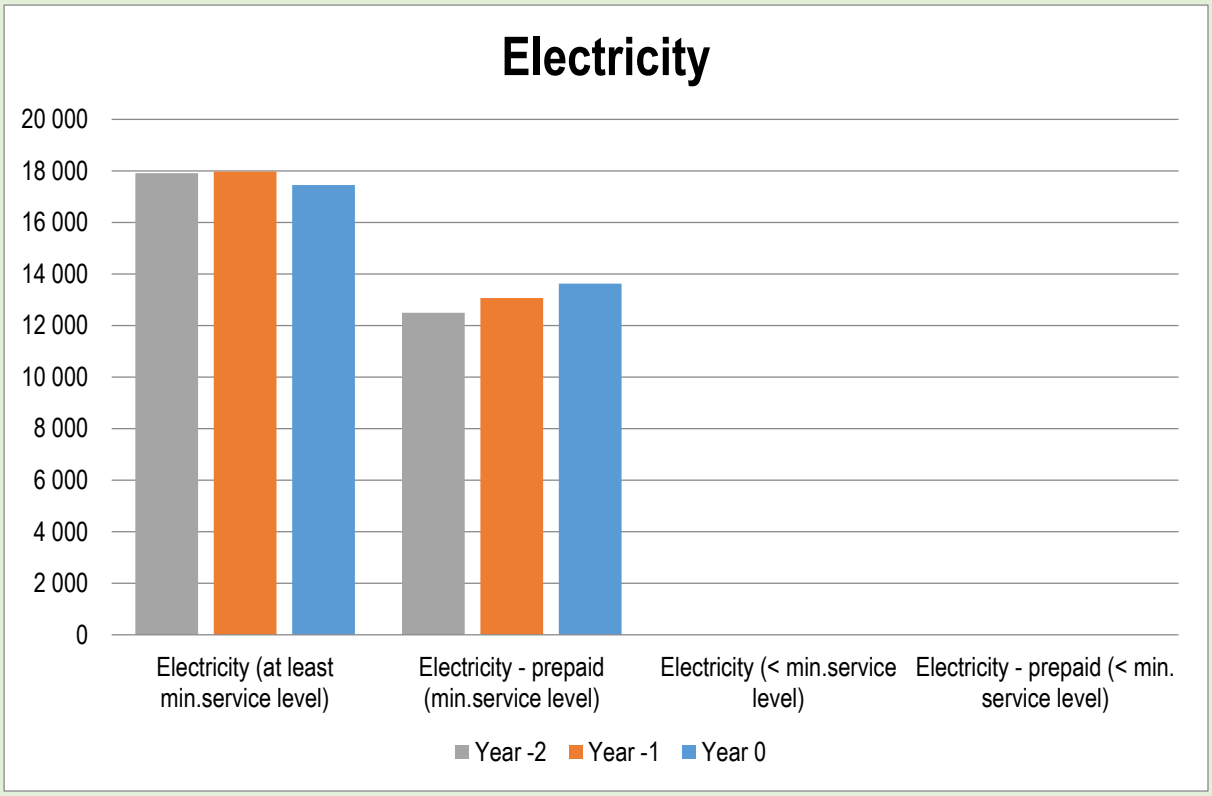
The Matjhabeng Local Municipality is the Electrical Distribution Authority in the following Municipal areas:

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

Therefore, the Electrical Department Engineering Services pride itself to provide an efficient, cost effective environment, that provides a climate of positive growth, capital investment and social upliftment for the mtjhabeng Community at large.

T.3.3.1

ELECTRICITY



T.3.3.2

ELECTRICITY SERVICE DELIVERY LEVELS				
				Households
Description	Year -3	Year -2	Year -1	Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Energy: **(above minimum level)**				
Electricity (at least min.service level)	17 439	17 915	17 984	17 463
Electricity - prepaid (min.service level)	12 155	12 500	13 076	13 624
Minimum Service Level and Above sub-total	29 594	30 415	31 060	31 087
Minimum Service Level and Above Percentage	99%	99%	99%	97%
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	931
Below Minimum Service Level sub-total	150	300	320	931
Below Minimum Service Level Percentage	0,5%	1,0%	1,0%	2,9%
Total number of households	**29 744**	**30 715**	**31 380**	**32 018**
				T.3.3.3

HOUSEHOLDS - ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
						Households
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	32 103	31 303	31 021	31 303	31 303	31 959
Households below minimum service level	285	0	0	0	0	0
Proportion of households below minimum service level	1%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	285	285	285	285	285	931
Households below minimum service level	285	0	0	0	0	931
Proportion of households below minimum service level	100%	0%	0%	0%	0%	100%
						T 3.3.4

ELECTRICITY SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	**Outline Service Targets**	**Year -1**		**Year 0**			**Year 1**	**Year 3**	
		Target	**Actual**	**Target**		**Actual**	**Target**		
Service Indicators		***Previous Year**		***Previous Year**	***Current Year**		***Current Year**	***Current Year**	***Following Year**
(i)	**(ii)**	**(iii)**	**(iv)**	**(v)**	**(vi)**	**(vii)**	**(viii)**	**(ix)**	**(x)**
Service Objective									
Maintain distribution losses under 10%	% Losses	10%	9%	10%	10%	17%	10%	10%	10%
Annual maintenance of 808 substations	Substations maintained	564	605	564	564	454	564	564	564
Maintenance of 29558 street lights Annual maintenance ratio is 30%.	Streetlights repaired	8 674	1 501	8 674	8 674	3 233	8 674	8 674	8 674
Electrical breakdown responses	Reaction on break down situations	2 158	2 718	2 158	2 158	7 353	2 158	2 158	2 158
Scrutinizing of consumer accounts regarding tampering	500 theft cases handled annually	500	323	500	500	299	500	500	500
									T.3.3.5

EMPLOYEES: ELECTRICITY SERVICES					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
2	0	1	0	1	100%
3	1	2	1	1	50%
5/4	4	4	4	0	0%
6	2	11	2	9	82%
8/7	1	13	1	12	92%
8	3	5	3	2	40%
9	12	21	9	12	57%
10/9	1	2	1	1	50%
10	2	3	2	1	33%
11	0	2	0	2	100%
12/11	3	13	3	10	77%
14/13	6	12	6	6	50%
15	1	2	1	1	50%
16/15	10	32	10	22	69%
16	2	10	2	8	80%
18/17	18	45	38	7	16%
Total	**37**	**178**	**83**	**95**	**53%**
.					**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	-481 523	-746 025	-723 025	-492 202	-51%
Expenditure:					
Employees	27 526	24 895	24 895	25 093	1%
Repairs and Maintenance	7 126	55 760	55 760	11 003	-407%
Other	178 105	12 667	12 667	4 603	-175%
Total Operational Expenditure	212 757	93 322	93 322	40 699	-129%
Net Operational Expenditure	**660 424**	**753 937**	**753 937**	**753 937**	**0%**
					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				**17 187**	
EEDSM energy efficient streetlighting project	3 000	3 000	3 000	0	3 000
Energy efficiency residential load management	2 300	2 300	0	2 300	0
EEDSM energy efficient building project project	2 672	2 672	1 085	1 587	1 085
Urania substation	11 200	11 200	0	11 200	0
Provision and Installation 6.6kV Overhead line to the Bronville Town Area	2 100	2 100	0	2 100	0
					T.3.3.8

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

In the 2015/2016 Financial Year, the Electrical Department was able to successfully 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.

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 ambitious 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				
				Households
Description	Year -3	Year -2	Year -1	Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Solid Waste Removal: **(Minimum level)**				
Removed at least once a week	123 195	123 195	123 195	123 195
Minimum Service Level and Above sub-total	123 195	123 195	123 195	123 195
Minimum Service Level and Above percentage	86.3%	86.3%	86.3%	86.3%
Solid Waste Removal: **(Below minimum level)**				
Removed less frequently than once a week	655	547	565	523
Using communal refuse dump	865	846	487	865
Using own refuse dump	655	547	565	523
Other rubbish disposal	502	952	938	720
No rubbish disposal	12	123	124	124
Below Minimum Service Level sub-total	2 690	3 015	2 678	2 755
Below Minimum Service Level percentage	13.8%	13.8%	13.8%	13.8%
Total number of households	**2 811**	**3 136**	**2 799**	**2 876**
				T 3.4.2

THIS SECTION TO INCLUDE REFUSE COLLECTIONS, WASTE DISPOSALS, STREET CLEANING AND RECYCLING

HOUSEHOLDS - SOLID WASTE SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
						Households
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	123 195	123 195	123 195	123 195	123 195	123 195
Households below minimum service level	20 000	20 000	20 000	20 000	20 000	20 000
Proportion of households below minimum service level	16%	16%	16%	16%	16%	16%
Informal Settlements						
Total households	24 300	24 300	24 300	24 300	24 300	24 300
Households below minimum service level	15 000	15 000	15 000	15 000	15 000	15 000
Proportion of households below minimum service level	62%	62%	62%	62%	62%	62%
						T 3.4.3

WASTE MANAGEMENT SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective									
Collect Waste from each household on a weekly basis	123 195 HOUSEHOLDS (20 000 HOUSEHOLDS	5624 SERVICE POINTS	5749 SERVICE POINTS	5749 SERVICE POINTS	5749 SERVICE POINTS	5749 SERVICE POINTS	5749 SERVICE POINTS)	5749 SERVICE POINTS	5749 SERVICE POINTS
Ensure efficient management and maintenance of landfill sites	4 Landfill sites	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
To ensure an effective Waste management system	20 000	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

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

EMPLOYEES: WASTE MANAGEMENT, WASTE DISPOSAL AND OTHER SERVICES					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
3	1	1	1	0	0%
5/4	0	2	0	2	100%
8	1	2	1	1	50%
10/9	1	11	6	5	45%
10	1	5	4	1	20%
12/11	2	26	2	24	92%
14/13	5	18	4	14	78%
15	9	27	9	9	33%
16/15	0	1	0	1	100%
18/17	290	402	388	14	3%
Total	**310**	**495**	**415**	**80**	**16%**
					T.3.4.5

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T.3.4.6

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	-72 527	-68 027	-68 027	-78 928	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%
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 3.4.7

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%
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 3.4.8

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 123 195 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 facilitate 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	**Outline Service Targets**	**Year 0**		**Year 1**			**Year 2**	**Year 3**	
		Target	**Actual**	**Target**		**Actual**	**Target**		
Service Indicators **(i)**	**(ii)**	***Previous Year** **(iii)**	**(iv)**	***Previous Year** **(v)**	***Current Year** **(vi)**	**(vii)**	***Current Year** **(viii)**	***Current Year** **(ix)**	***Following Year** **(x)**
Service Objective xxx									
To promote security of tenure	3000	2 000	1 406	2 000	4 751	2 220	0	4 751	0

*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.3.5.3

EMPLOYEES: HOUSING SERVICES					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
2	1	1	1	0	0%
3	1	3	1	2	67%
5/4	2	6	2	4	67%
7/6	9	11	9	2	18%
10/9	1	3	1	2	67%
12/11	9	9	9	0	0%
Total	**23**	**33**	**23**	**10**	**30%**
					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	-7 982	-10 759	-10 759	-8 791	38%
Expenditure:					
Employees	8 170	8 179	0	8 814	7%
Repairs and Maintenance	509	3 089	0	255	-1 111%
Other	3 474	3 206	0	5 575	42%
Total Operational Expenditure	12 153	14 474	0	14 644	1%
Net Operational Expenditure	21 947	20 938	0	25 077	17%
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 3.5.5**

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, 853 residential sites 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. SLA's have been signed, preliminary plans as well as projects plans were submitted and subsequently approved.

T 3.5.7

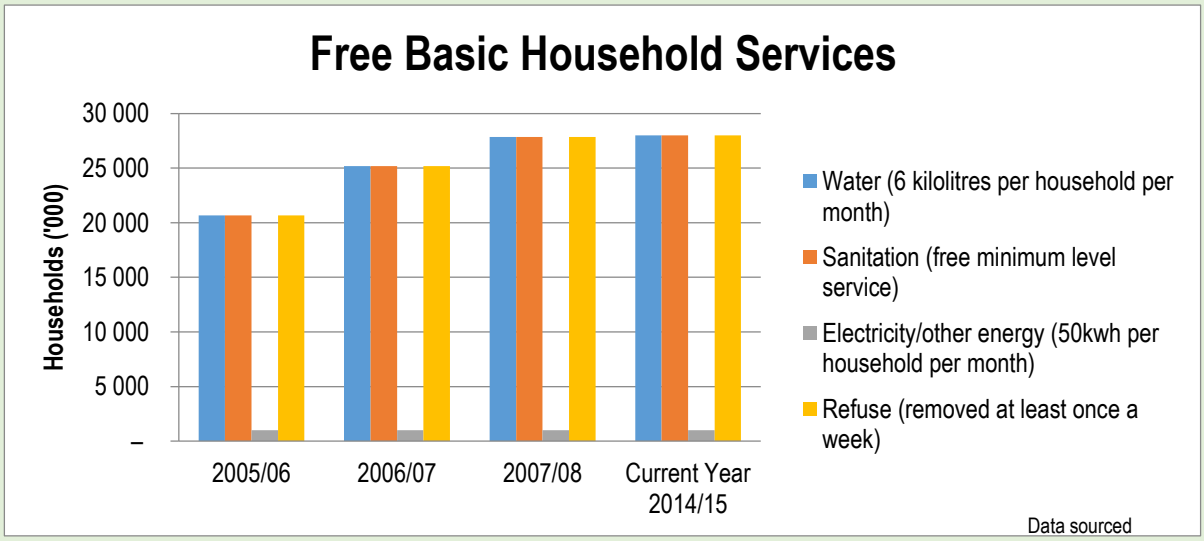
3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

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 give 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	19 539	19 539	19 539	100%	19 539	100%	19 539	100%	19 539	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	**Outline Service Targets**	**Year -1**		**Year 0**			**Year 1**	**Year 3**	
		Target	**Actual**	**Target**		**Actual**	**Target**		
Service Indicators **(i)**	**(ii)**	***Previous Year** **(iii)**	**(iv)**	***Previous Year** **(v)**	***Current Year** **(vi)**	**(vii)**	***Current Year** **(viii)**	***Current Year** **(ix)**	***Following Year** **(x)**
Service Objective									
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 do receive alternative support (Total number of LIHs not in receipt of free basic services)	LIHs receiving support (out of LIHs in total)	LIHs receiving support (out of LIHs in total)	LIHs receiving support (out of LIHs in total)	LIHs receiving support (out of LIHs in total)	LIHs receiving support (out of LIHs in total)	LIHs receiving support (out of LIHs in total)	LIHs receiving support (out of LIHs in total)	LIHs receiving support (out of LIHs in total)
To ensure that there is an improved infrastructure delivery by the end of the financial year	Service 1000 new stands per year	1000		1000	1000			1000	
To improve accountability of portable water to increase potential revenue for the Municipality	Construct and extend 4km of purified sewerage network to reduce usage of portable 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			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				
NB: no capital budget allocated to PSE System, Theronia WWTW currently dysfunctional, therefore any PSE available.									**T.3.6.5**

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality provided free basic services to 19 539 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

4 km of new roads were constructed during the MTREF period but no major refurbishments 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.

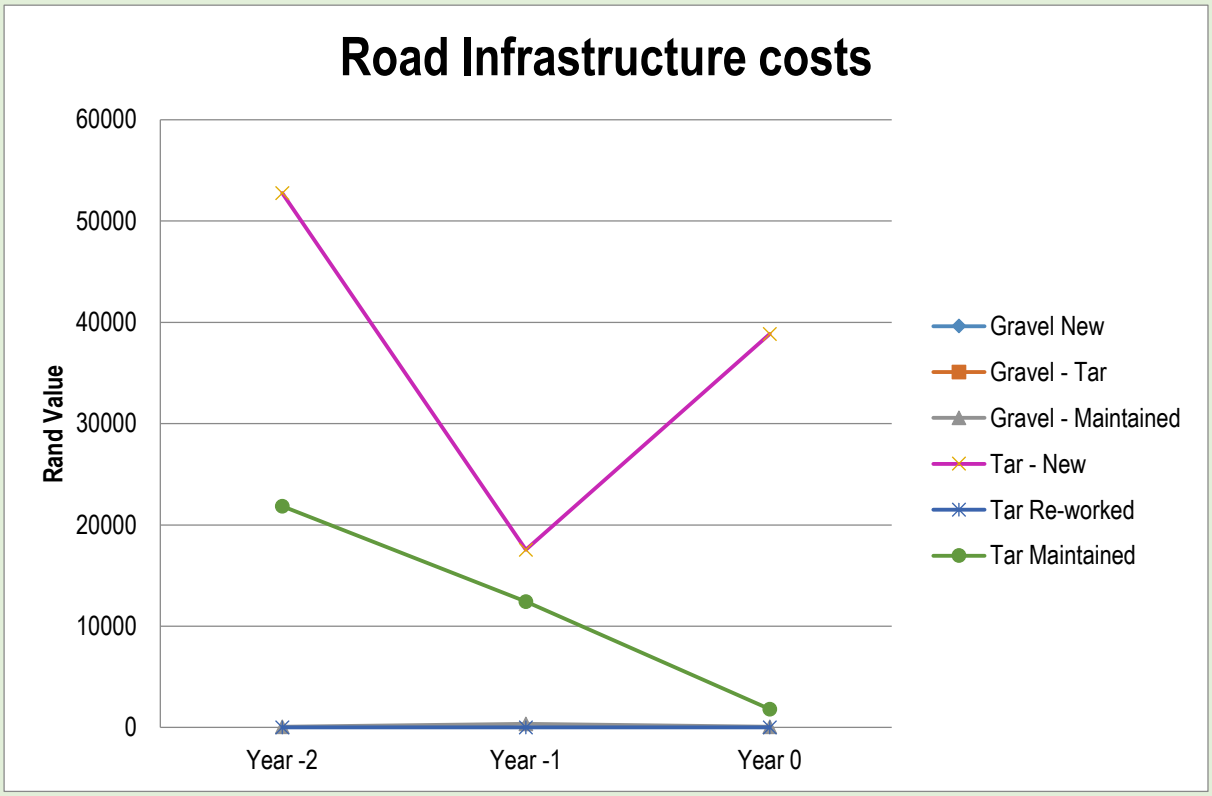
T.3.7.1

GRAVEL ROAD INFRASTRUCTURE				Kilometers
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2	558	0	10	245
Year -1	558	0	0	66
Year 0	560	0	2	59
				T.3.7.2

TARRED ROAD INFRASTRUCTURE					Kilometers
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2	1 220	10	18	0	0
Year -1	1 232	12	0	0	0
Year 0	1 236	4	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			69	52 749	0	21 856
Year -1			345	17 540	0	12 441
Year 0			68	38 851	0	1 816
						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 **(i)**	**(ii)**	***Previous Year** **(iii)**	**(iv)**	***Previous Year** **(v)**	***Current Year** **(vi)**	**(vii)**	***Current Year** **(viii)**	***Current Year** **(ix)**	***Following Year** **(x)**
Service Objective									
To develop and maintain road and storm water infrastructure	Construct 10km new distributor roads/ bus/ taxi roads to improve traffic flow and improve stormwater management.	18	10	10	6,06	4	5	10	10
Repair potholes (1 036 km of tarred roads)	Clean, shape, prime, tar and compaction of pothole **per m²**	19 400	16 968	19 400	19 400	15 095	19 400	19 400	19 400
Maintenance of Gravel Roads (701 km)	Water, transport gravel, blade, water and roll gravel road **per Km**	60	66	60	60	59	60	60	60
NB:-									**T.3.7.6**

EMPLOYEES: ROADS, STORMWATER & BUILDING SERVICES					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2	0	0	0	0	0%
3	1	1	1	0	0%
5					
5/4	3	4	3	1	25%
5					!
6	4	10	4	6	60%
7/6	0	3	0	3	100%
7					
8/7	3	17	3	14	82%
8	3	5	3	2	40%
9	5	22	5	17	77%
10/9	0	2	0	2	100%
10	3	9	3	6	67%
11					
12/9					
12/11	5	32	5	27	84%
12					
13					
14/13	4	27	4	23	85%
14					
15	2	13	2	11	85%
16/15	7	19	7	12	63%
16	2	2	2	0	0%
17					!
18/17	79	155	129	26	17%
Total	**90**	**321**	**171**	**150**	**47%**

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. **T.3.7.7**

FINANCIAL PERFORMANCE YEAR 0: ROAD SERVICES					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0		0		0%
Expenditure:					
Employees	22 951	24 867	24 867	24 055	-3%
Repairs and Maintenance	13 189	57 629	57 629	2 780	-1973%
Other	4 808	11 313	11 313	5 695	-99%
Total Operational Expenditure	40 947	93 809	93 809	32 531	-188%
Net Operational Expenditure	40 947	93 809	93 809	32 531	-188%
					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	**16 914**	**-**	**10 309**	**-64%**	
Thabong: Provision of Roads 3.6 km	1 192	0	1 604	26%	29 997
Bronville: 2,56km Paved Roads	558	0	0	100%	7 865
Phomolong : Construction of 1.24km paved road	75		414	82%	26 594
Thabong: Construction of 1.26km paved streets and storm water channel in Themba, Lonely and Boyd (Old Thabong) (MIS:228095)	5 500	0	3 288	-67%	5 871
Thabong: Construction of 1.54km paved streets and storm water channel in Thokoza, Hlahala and Thuhlwane (MIS:228067)	5 100	0	4 011	-27%	3 110
Construction of Dr Mgoma road in Thabong	4 490	0	993	-352%	57 286
					T 3.7.9

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

Upgrading of roads in areas within formal townships was planned for construction during the year under review, especially where storm water challenges are eminent. Due to the limited financial resources and taking cognisance of the urgency of other critical services, the upgrade on the roads infrastructure became challenging; however it will be prioritised as far as possible in the subsequent Financial Years.

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: FLEET MANAGEMENT					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2					
3	0	1	0	1	100%
5					
5/4	1	1	1	0	0%
5					
6					
7/6					
7					
8/7					
8	1	1	1	0	0%
9	6	7	5	2	29%
10/9	1	1	1	0	0%
10					
11					
12/9					
12/11	0	0	4	-4	0%
12					
13					
14/13					
14					
15					
16/15	4	32	5	27	84%
16					
17					
18/17		0	2		
Total	13	43	19	26	60%
					T.3.8.2

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.

Nevertheles, the Municipality was able to establish a number of taxi ranks during the year under review. Taxi's are an important element of the public transport system and are used by the majority of the citizens of Matjhabeng Local Municipality. Kutlwanong, Phomolong, Bronville and Melong Taxi Ranks were completed. New Taxi Ranks for Thabong, Mmamahabane and Nyakallong are already planned. Welkom CBD taxi rank is under investigation.

T.3.8.3

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 challenges and regular maintenance actions.

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

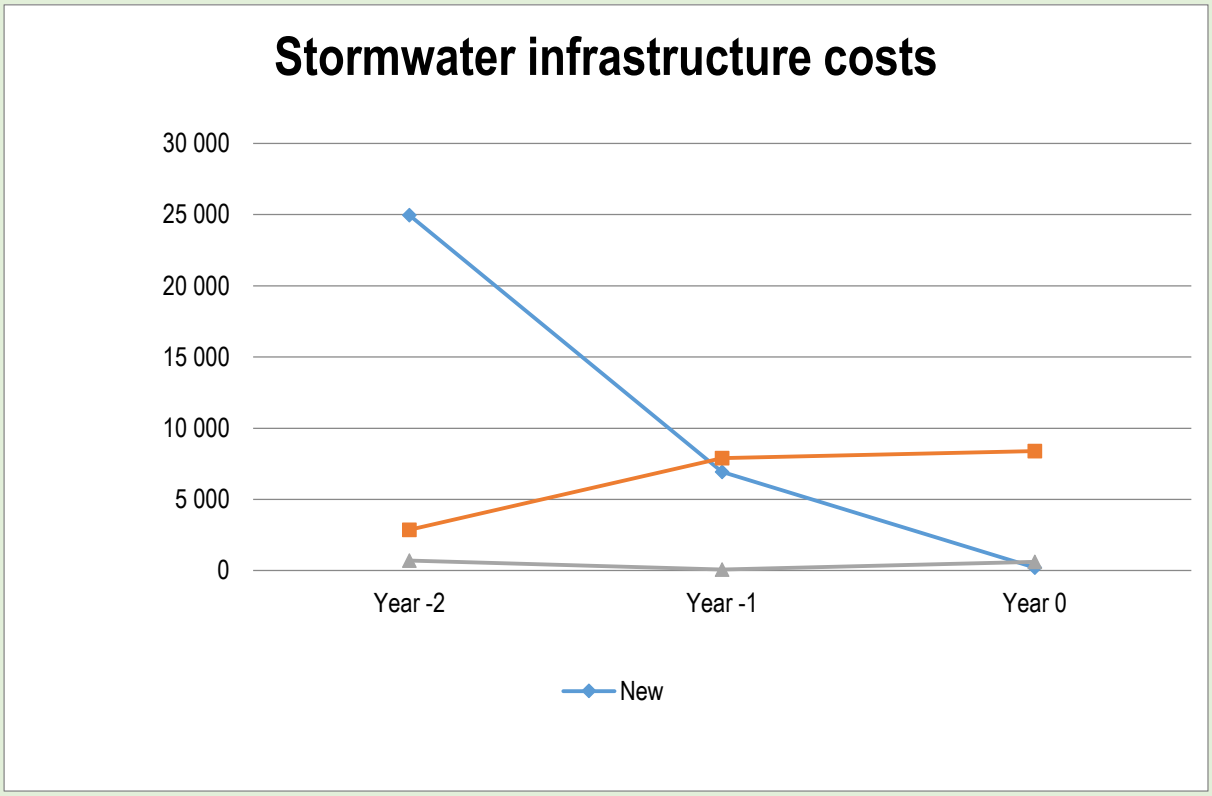
T.3.9.1

STORMWATER INFRASTRUCTURE Kilometres				
	Total Stormwater measures	New Stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
Year -2	506	6	1	16
Year -1	590	0	1	8
Year 0	593	0	3	8

T.3.9.2

COST OF CONSTRUCTION/MAINTENANCE			
			R' 000
	Stormwater Measures		
	New	Upgraded	Maintained
Year -2	24 969	2 858	696
Year -1	6 939	7 890	78
Year 0	218	8 389	620
			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 **(i)**	**(ii)**	***Previous Year** **(iii)**	**(iv)**	***Previous Year** **(v)**	***Current Year** **(vi)**	**(vii)**	***Current Year** **(viii)**	***Current Year** **(ix)**	***Following Year** **(x)**
Service Objective									
To develop and maintain road and storm water infrastructure.	Upgrade 2km of main storm water in Phomolong and Mmamahabane	5	1,26	3	3	3	4.5km	3	3
Clean and upgrade all stormwater Canals.	Cleaning 7.1km of lined storm water channels in the whole of Matjhabeng once a year.	5,6	2,2	5,8	5,6	2,2	7.1	5,6	5,6
	Cleaning of 5.6km of unlined storm water canals in Matjhabeng twice a year.	6,8	6,3	6,8	6,8	5,4	5.6	6,8	6,8
NB:- Storm water channels implemented over 2 financial years.									**T.3.9.5**

EMPLOYEES: STORMWATER SERVICES					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1	0	1	0	1	100%
2	0	1	0	1	100%
3	0	1	0	1	100%
5	0	1	0	1	100%
5/4	0	1	0	1	100%
5	0	1	0	1	100%
6	0	1	0	1	100%
7/6	0	1	0	1	100%
7	0	1	0	1	100%
8/7	0	1	0	1	100%
8	0	1	0	1	100%
9	0	1	0	1	100%
10/9	0	1	0	1	100%
10	0	1	0	1	100%
11	0	1	0	1	100%
12/9	0	1	0	1	100%
12/11	0	1	0	1	100%
12	0	1	0	1	100%
13	0	1	0	1	100%
14/13	0	1	0	1	100%
14	0	1	0	1	100%
15	0	1	0	1	100%
16/15	0	1	0	1	100%
16	0	1	0	1	100%
17	0	1	0	1	100%
18/17	0	1	0	1	100%
Total	0	6	0	6	100%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.9.6.

FINANCIAL PERFORMANCE YEAR 0: STORMWATER SERVICES					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					0%
Expenditure:					
Employees	**Included in Roads**				0%
Repairs and Maintenance	78	13 053		620	-2005%
Other	**Included in Roads**		-		0%
Total Operational Expenditure	78	13 053	13 053	620	-2005%
Net Operational Expenditure	78	13 053	13 053	620	-2005%
					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	7 015	0	7 233	3%	
Mmamahabane Provision of 3.72km Stormwater Drainage	3 793		3 793	0%	10 674
Kutlwanong: Construction of Stormwater and Pedestrian Bridges for Section K2	3 222		3 222	0%	16 199
Nyakallong: Construction of storm water system – phase 1 (MIS:219132)	0		218	100%	14 506
					T.3.9.8

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Some storm water challenges were addressed in three townships (Phomolong, Mmamahabane and Kutlwanong) with a view of making a difference in their living conditions.

Maintenance of storm water is however lacking and needs more attention. Maintenance of storm water is hampered due to inadequate 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

APPLICATIONS FOR LAND USE DEVELOPMENT						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	Year -1	Year 0	Year -1	Year 0	Year -1	Year 0
Planning application received	4	4	9	15		
Determination made in year of receipt		4	3	9		
Determination made in following year		8				
Applications withdrawn		0	1	0		
Applications outstanding at year end		4	0	6		
						T 3.10.2

EMPLOYEES: PLANNING SERVICES					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					0%
2					0%
3	1	1	1	0	0%
5					0%!
5/4	1	2	1	1	50%
5					0%
6	0	3	0	3	100%
7/6					0%
7					0%
8/6	0	2	0	2	100%
8/7	0	1	0	1	100%
8					0%
9					0%
10/9	2	2	2	0	0%
10					0%
11					0%
12/9					0%
12/11					0%
12					0%
13					0%
14/13					0%
14					0%
15					0%
16/15	2	7	2	5	71%
16					0%
17					0%
18/17					0%
Total	**6**	**18**	**6**	**12**	**67%**

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

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%
					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
					T.3.10.6

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 implementation 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 some of the targets were reliant on the funding from the Municipality for their implementation whilst other 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 deemed it necessary to optimize measures of creating the conducive environment for SMME as the key measure in contributing to the strengthening of the local economy, this is done through the collaboration 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			Jobs
Sector	Year 1 No.	Year -1 No.	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	**1 905 000**	**1 955 000**	**1 887 000**
			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 remains high as a direct result of this. Nevertheless, opportunities exist in other sectors such as small scale 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	0			
Year -1	875			
Year 0	252	0		
Initiative A (Year 0)				
Initiative B (Year 0)				
Initiative C (Year 0)				
				T 3.11.5

JOB CREATION THROUGH EPWP* PROJECTS		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
Year -2	40	2,000
Year -1	50	2,900
Year 0	66	4, 500
** - Extended Public Works Programme*		**T.3.11.6**

LOCAL ECONOMIC DEVELOPMENT POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Training of people in essential skills: x, y, z	Number of people trained (including retrained upskilled)								
	trained by Bank Seta	35	34	0	0				
	trained by CIDB	100	114	0	0				
	trained by SALGA	20	22	0	0				
	trained by Seda	50	50	0	0				
	trained by Detea	50	50	0	0				
	trained by Filpro	70	70	0	0				
	trained by Filpro	100	100	0	0				
	trained by Seda	55	55	0	0				
	trained by NDT	24	24	0	24	22			
	trained by W&R SETA	0		16					
	trained by International Labour Organisation	0		64	0				
	trained by Dep Small Business Dev	0		22	0				
	trained by DESTEA&ILO	0		20	0				
	trained by ILO	0		25	0				
	trained by SARS	0		55	0				
									T.3.11.7

EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT SERVICES					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1	1	1	1	1	100%
2	3	3	1	2	67%
3	4	8	4	4	50%
5					0%
5/4	4	13	5	8	62%
5					0%
6					0%
7/6	15	23	16	7	30%
					0%
					0%
8	1	3	1	2	67%
9					0%!
10/9	2	9	3	6	67%
10					0%
11					0%
12/9					0%
12/11	9	9	9	0	0%
12					0%
13					0%
14/13					0%
14					0%
15					0%
16/15					0%
16					0%
17					0%
18/17					0%
Total	**39**	**69**	**40**	**29**	**42%**
					T.3.11.8

FINANCIAL PERFORMANCE YEAR 0: LOCAL ECONOMIC DEVELOPMENT SERVICES					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
					T.3.11.9

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-operator.

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 have 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.

During the period under review, the Municipality established the Planning Tribunal as per the provision of the Special Planning and Land Use Management Act No:16 of 2013. The Planning Tribunal for the year under review processed and approved 6 applications for rezoning. The turnaround time for the processing of applications of rezoning and subdivisions has been reduced significantly from approximately two years to six months upon receipt of such applications. It can be observed that the establishment of the Tribunal has had positive effect on the processing of rezoning and subdivision applications. It is anticipated that the results of the speedy processing of rezoning and subdivision applications will have positive effects on stimulating economic development and thus increasing much required revenue of the Municipality.

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) libraries 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:

There are fifteen (15) libraries operating within our jurisdiction. These libraries have enrolled ± 824 610 members. Welkom, Thabong 1 and Meloding libraries have the highest membership combined. All these libraries offer yearly programmes such as: 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 INDICATERS	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
NB: Not in the IDP as a result of the process of transferring Libraries back to the Province.									**T 3.12.3**

EMPLOYEES: LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					0%
2					0%
3	1	1	1	0	0%
5					0%
5/4	0	2	0	2	100%
5					0%
6					0%
7/6	0	4	0	4	100%
7					
8/7					
8	1	2	1	1	50%
9					0%
10/9	0	15	7	8	53%
10					0%
11					0%
12/9					0%
12/11	14	41	17	24	59%
12					0%
13					0%
14/13	0	1	0	1	100%
14					0%
15					0%
16/15					0%
16					0%
17					0%
18/17	20	21	20	1	5%
Total	**36**	**87**	**46**	**41**	**47%**

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

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	12 790	15 044	0	13 884	-8%
Repairs and Maintenance	4	166	0	0	
Other	569	1 666	0	795	-110%
Total Operational Expenditure	13 363	16 876	0	14 679	-15%
Net Operational Expenditure	13 393	16 881	0	14 688	-15%
					T.3.12.5

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

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 Local 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 area 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

CEMETORIES AND CREMATORIUMS POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective									
Provision of burial space to the community	Provision of graves	6 400		6 400	4 000	3 475	4 000	4 000	4 000
Upgrading of cemeteries	Upgrading of 13 cemeteries	13	2	8	5	5	5	5	5
									T 3.13.3

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	-1 265	-1 601		-1 233	-30%
Expenditure:					
Employees	3 063	3 469	0	3 188	-9%
Repairs and Maintenance	104	215	0	6	-3 483%
Other	804	1 284	0	328	-291%
Total Operational Expenditure	3 971	4 968	0	3 522	-41%
Net Operational Expenditure	5 236	6 569	0	4 755	-38%
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 3.13.5**

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	80 277	0	41 527	0	80 277
Kutlwanong Creation and Upgrading of Cemeteries	16 910	0	8 450	0	8 450
Meloding Creation and Upgrading of Cemeteries	16 714	0	7 844	0	7 844
Phomolong Creation and Upgrading of Cemeteries	16 910	0	7 014	0	7 014
Virginia Creation and Upgrading of Cemeteries	14 466	0	7 820	0	7 820
Bronville Creation and Upgrading of Cemeteries	16 277	0	10 399	0	10 399
T 3.13.6					

3.14 SOCIAL PROGRAMMES

CHILD CARE; AGED CARE; SOCIAL PROGRAMMES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
To provide comprehensive Employee Assistance Programme	Provide Counselling services to 2500 distressed employees and members of the Community	2 500	2 929	2 500	2 500	649	2 500	2 500	7
Promote awareness on HIV/Aids	Distribute 1000 HIV/AIDS Material per annum.	1000 pamphlets	0	1 000	0	1 000	0	1 000	
To provide Pauper Burial Services to destitute people and unidentified corpses	70 assisted	70	95	70	25	25	70	70	
									T 3.14.3

3.19 LEGAL; RISK MANAGEMENT

EMPLOYEES : LEGAL; RISK MANAGEMENT					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					0%
2	1	1	1	0	0%
3	2	2	2	0	0%
5					0%
5/4	1	3	1	2	67%
5					0%
6					0%
7/6	1	3	1	2	67%
7					0%
8/7					0%
8	1	2	1	1	50%
9					0%
10/9	0	2	0	2	100%
10					0%
11					0%
12/9					0%
12/11	1	1	1	0	0%
12					0%
13					0%
14/13					0%
14					0%
15					0%
16/15					0%
16					0%
17					0%
18/17					0%
Total	**7**	**14**	**7**	**7**	**50%**

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.19.4

COMPONENT E: 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 SAFETY & SECURITY

PUBLIC SAFETY & TRANSPORT

Objective of the Public Safety Department

The main objective of Public Safety is to ensure a safe environment within the Municipality in fulfilling its mandate which includes the provision of administrative leadership and strategic guidance to its members.

Our Approach to Improve Public Safety

The Department of Public Safety will endeavour to:

- Share Information
- Guide and support all members
- Draft policies, standard operating procedures and standing orders
- Render a reliable, customer focused service
- Apply the “Batho Pele” Principles
- Respect other person’s views and suggestions
- Clarify roles and responsibilities
- Communicate with members
- Make members 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 safeguarding 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 2015/2016 WERE:

It needs to be mentioned that the efficiency of the Department has been hampered by constraints such as staff vacancies, the lack of equipment and the lack of operational as well as capital funding, as well as 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: POLICE OFFICERS					
Job Level	Year -1	Year 0			
Police / Administrators	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Chief Police Officer & Deputy					
Other Police Officers					
1	0	1	0	1	100%
2	0	1	0	1	100%
3	0	1	0	1	100%
5	0	1	0	1	100%
5/4	0	1	0	1	100%
5	0	1	0	1	100%
6	0	1	0	1	100%
7/6	0	1	0	1	100%
7	0	1	0	1	100%
8/7	0	1	0	1	100%
8	0	1	0	1	100%
9	0	1	0	1	100%
10/9	0	1	0	1	100%
10	0	1	0	1	100%
11	0	1	0	1	100%
12/9	0	1	0	1	100%
12/11	0	1	0	1	100%
12	0	1	0	1	100%
13	0	1	0	1	100%
14/13	0	1	0	1	100%
14	0	1	0	1	100%
15	0	1	0	1	100%
16/15	0	1	0	1	100%
16	0	1	0	1	100%
17	0	1	0	1	100%
18/17	0	1	0	1	100%
Total	**0**	**26**	**0**	**26**	**100%**

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

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 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 Campaigns 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	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Moderate	Fire calls	500	500	698	955	698	599	500	550
Moderate	Rescue calls	1 000	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	Year 0			
Fire Fighters / Administrators	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Chief Fire Officer & Deputy					
Other Fire Officers					
1					0%
2					0%
3	0	1	0	1	100%
5					0%
5/4	2	2	2	0	0%
5					0%
6	3	4	3	1	25%
7/6					0%
7					0%
8/7					0%
8	10	15	12	3	20%
9					0%
10/9					0%
10					0%
11					0%
12/9	40	65	58	7	11%
12/11	3	5	3	2	40%
12					0%
13					0%
14/13	0	1	0	1	100%
14					0%
15					0%
16/15					0%
16					0%
17					0%
18/17	1	8	1	7	88%
Total	**59**	**101**	**79**	**22**	**22%**

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

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		23 488	
Other employees	0	0	0	0	0%
Repairs and Maintenance	509	2 126	0	950	-124%
Other	2 496	4 638	0	4 069	-14%
Total Operational Expenditure	3 005	6 764	0	5 020	-35%
Net Operational Expenditure	3 435	7 224	0	5 628	-28%
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 3.21.5**

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.

We need to prioritise disaster management as part of providing intervention for any disaster eventuality.

T.3.22.1

SERVICE STATISTICS FOR DISASTER MANAGEMENT:

Disaster Management provided temporary shelters to the communities that were 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 F: 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. 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	**Outline Service Targets**	**Year 0**		**Year 1**			**Year 2**	**Year 3**	
		Target	**Actual**	**Target**		**Actual**	**Target**		
Service Indicators		***Previous Year**		***Previous Year**	***Current Year**		***Current Year**	***Current Year**	***Following Year**
(i)	**(ii)**	**(iii)**	**(iv)**	**(v)**	**(vi)**	**(vii)**	**(viii)**	**(ix)**	**(x)**
Service Objective									
To ensure that basic sport and recreation facilities are available to all communities	11	72	71	72	72	71	72	72	72

*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 3.23.2

EMPLOYEES: SPORT AND RECREATION					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2	1	1	1	0	0%
3	0	2	0	2	100%
5					
5/4	5	5	4	1	20%
5					
6					
7/6	4	3	1	2	67%
7					
8/7					
8	3	8	3	5	63%
9	1	1	1	0	0%
10/9	0	4	0	4	100%
10					
11					
12/9					
12/11	11	33	11	22	67%
12					
13					
14/13	2	16	2	14	88%
14					
14/16	1	4	2	2	50%
15	27	74	29	45	61%
16/15	15	86	35	51	59%
16	34	75	16	59	79%
17					
18/17	369	427	204	223	52%
Total	**473**	**739**	**309**	**430**	**58%**

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

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	0	0	-55	100%
Expenditure:					
Employees	2 737	5 792	0	4 492	29%
Repairs and Maintenance	5	7	0	11	-36%
Other	2 125	209	0	67	
Total Operational Expenditure	4 868	6 784	0	4 570	-48%
Net Operational Expenditure	4 902	6 784	0	4 625	47%
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 3.23.4**

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	4 000	0.00	791	0	7 766
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					**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 G: 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 Font Plus (FF+)	1	1	0

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

Speaker

The Council Chairperson is the Speaker. This office is also responsible for public participation. The Speaker is the Chairperson of the Council: the Chief Custodian and Guardian of the legislative arm of government.

The Speaker plays two main important roles:

- Within the Council; and
- In building democracy

The Speaker presides over the Council meetings and ensures that the meetings are convened at least once a quarter. He maintains order during the meetings and ensures that meetings are held in accordance with the standing rules and orders. The Speaker is also responsible for assessing the needs of Councillors, arranging suitable training to develop political governance capacity that will enable Councillors to carry out their oversight tasks effectively.

The Speaker does therefore facilitate the improvement of individual Councillor's skills. The Speaker manages community participation in the Municipality through ward committees. He is responsible for functionality of ward committees. He assesses

the capacity of ward committees and identifies appropriate training interventions in order to build the capacity of these structures.

The Speaker is also responsible for establishment of other forums that co-ordinate the concerted effort of bringing services closer to 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									
To promote social cohesion and nation building through Sports	Youth: Prepare and 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	0	1	1	1
	Organise recreational games for people with disability	1	1	1	1	0	1	1	1
To promote social cohesion and community building through Arts & Culture	Hosted MLM Arts & Culture Festival	1	0	1	1	0	1	1	1
To enhance gender participation and equity	Women's Day celebration held	1	1	1	1	0	1	1	1
To promote awareness on HIV/AIDS	A number of HIV/AIDS material distributed (1000)	5 500	5 500	5 500	1 000	6 000	6 000	6 000	6 000
To promote awareness on gender and child abuse	16 Days of Activism launched	1	1	1	1	0	1	1	1
To provide Mayoral bursary scheme to the deserving students	10 new bursaries provided	10	10	11	10	0	10	10	10
									T 3.24.3

EMPLOYEES: THE EXECUTIVE AND COUNCIL					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0	0	4	4	0	0%
1	0	8	7	1	13%
2	0	15	9	6	40%
3	0	49	35	14	29%
5/4	0	97	50	47	48%
6	0	43	19	24	56%
7/6	0	100	61	39	39%
7	0	26	18	8	31%
8/6	0	2	0	2	100%
8/7	0	38	6	32	84%
8	0	112	72	40	36%
9	0	90	50	40	44%
10/9	0	162	100	62	38%
10	0	48	22	26	54%
12/9	0	349	200	149	43%
12/11	0	310	210	100	32%
14/13	0	165	67	98	59%
15	0	158	94	64	41%
16/15	0	242	111	131	54%
16	0	97	30	67	69%
18/17	0	1 610	1 172	438	27%
Total	**0**	**3 725**	**2 337**	**1 388**	**37%**

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

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%

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 3.24.5

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

3.25 FINANCIAL SERVICES

DEBT RECOVERY							
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	Outline Service Targets	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
To increase payment levels	% increase in the payment rate	ongoing	55% payment rate	80% payment rate	80% payment rate	64% payment rate	85% payment rate	85% payment rate	90% payment rate
To practice sound and sustainable financial management	% decrease in audit queries	75% decrease in audit queries	35% decrease in audit queries	75% decrease in audit queries	75% decrease in audit queries	35% decrease in audit queries	75% decrease in audit queries	95% decrease in audit queries	95% decrease in audit queries
. Effective and efficient Expenditure control	Creditors Age Analysis	All creditors to be paid within 30 days	4.41% of creditors on 30 days	All creditors to be paid within 30 days	All creditors to be paid within 30 days	50% of creditors on 30 days	All creditors to be paid within 30 days	All creditors to be paid within 30 days	All creditors to be paid within 30 days

*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 3.25.3

EMPLOYEES: FINANCIAL SERVICES					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1	1	1	1	0	0%
2	2	2	2	0	0%
3	2	5	6	-1	-20%
5					
5/4	7	13	7	6	46%
5					
6					
7/6	1	14	3	11	79%
7					
8/7					
8	8	24	8	16	67%
9					
10/9	43	64	43	21	33%
10					
11					
12/9					
12/11	74	77	74	3	4%
12					
13					
14/13	1	6	1	5	83%
14					
15	1	1	1	0	0%
16/15	0	8	0	8	100%
16					
17					
18/17	8	10	9	1	10%
Total	**148**	**225**	**155**	**70**	**31%**

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

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	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									
To develop a performance management system for all employees	Signed Performance Contracts for all employees (1800)	0	0	0	1 800	7	0	0	0
To improve the Administration of the Staff Establishment	Number of critical vacant positions filled (500)	0	0	0	30	30	0	0	0
To review the Macro Organisational Structure	Approved revised Organisational Structure	0	0	0	1	0	0	0	0
To provide Task Compliant Job Descriptions	Number of posts with functional Job Descriptions (1972)	0	0	0	1 972	1 972	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	0	0	0	0
To ensure compliance with the Employment Equity Act	Revised the Employment Equity Plan	0	0	0	1	0	0	0	0
									T 3.26.3

EMPLOYEES: HUMAN RESOURCE SERVICES					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1					
2	1	1	1	0	0%
3	2	2	2	0	0%
5					
5/4	3	6	3	3	50%
5					
6					
7/6	4	8	4	4	50%
7					
8/7					
8	4	4	4	0	0%
9					
10/9	0	5	0	5	100%
10					
11					
12/9					
12/11	6	9	6	3	33%
12					0%
13					0%
14/13	0	1	0	1	100%
14					
15					
16/15					
16					
17					
18/17					
Total	**20**	**36**	**20**	**16**	**44%**

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days

T3.26.4.

FINANCIAL PERFORMANCE YEAR 0: HUMAN RESOURCE SERVICES					
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	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1					
2					
3	1	1	1	0	0%
5					
5/4	0	1	0	1	100%
5					
6					
7/6	1	1	1	0	0%
7					
8/7					
8	2	4	2	2	50%
9					
10/9	10	3	10	-7	-233%
10					
11					
12/9					
12/11					
12					
13					
14/13					
14					
15					
16/15					
16					
17					
18/17					
Total	**14**	**10**	**14**	**-4**	**-40%**

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

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%

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 3.27.5

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	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1	0	1	0	1	100%
2	0	1	0	1	100%
3	0	1	0	1	100%
5	0	1	0	1	100%
5/4	0	1	0	1	100%
5	0	1	0	1	100%
6	0	1	0	1	100%
7/6	0	1	0	1	100%
7	0	1	0	1	100%
8/7	0	1	0	1	100%
8	0	1	0	1	100%
9	0	1	0	1	100%
10/9	0	1	0	1	100%
10	0	1	0	1	100%
11	0	1	0	1	100%
12/9	0	1	0	1	100%
12/11	0	1	0	1	100%
12	0	1	0	1	100%
13	0	1	0	1	100%
14/13	0	1	0	1	100%
14	0	1	0	1	100%
15	0	1	0	1	100%
16/15	0	1	0	1	100%
16	0	1	0	1	100%
17	0	1	0	1	100%
18/17	0	1	0	1	100%
Total	**0**	**26**	**0**	**26**	**100%**

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

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					
Matjhabeng Local Municipality	Year -1	Year 0			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water Demand, Water and Effluent Water	77	404	350	54	13%
Purification Services	65	153	97	56	37%
Electricity Services	37	178	71	107	60%
Waste Management, Waste Disposal and Other Services	65	495	305	190	38%
Housing	23	33	23	10	30%
Roads Stormwater and Buildings	90	321	192	129	40%
Fleet Management	13	43	19	24	56%
Planning	6	18	6	12	67%
Local Economic Development	37	69	40	29	42%
Library	36	87	46	41	47%
Employees: Legal; Risk Management	7	14	7	7	50%
Fire Services	59	101	79	22	22%
Sports and Recreation	473	739	309	430	58%
The Political Office	38	47	38	9	19%
Financial Services	147	224	154	70	31%
Human Resources Services	20	36	20	16	44%
ICT	14	10	14	-4	-40%
Municipal Manager's Office	10	24	10	14	58%
Strategic Support Services	41	42	38	4	10%
Corporate Services	69	74	69	5	7%
Community Services	255	367	330	37	10%
Infrastructure	210	246	120	126	51%
Totals	**1 792**	**3 725**	**2 337**	**1 388**	37%

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	0	0,00
Other S57 Managers (excluding Finance Posts)	5	0	0,00
Security officers	212	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 (2013/14)	21	101	52%
Year -1 (2014/15)	536	128	31%
Year 0 (2015/16)	46	138	11%
** Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year*			
			T 4.1.3

COMMENT ON VACANCIES AND TURNOVER

In the year under review, the Matjhabeng Local Municipality staff turnover rate is 11%, and this demonstrates a decline of 20% compared to the previous reporting period (2014/15). The staff turnover rate is a result of people reaching retirement age and death.

During the year under review, the Matjhabeng Local Municipality has not experienced any resignation and or dismissal of Section 57 Managers. This depicts a sense of Leadership stability to sustain the performance of the Municipality.

T 4.1.4

COMPONENT B: MANAGING THE MUNICIPALWORK FORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Matjhabeng staff complement as at 30th June 2016 is 2287 (excluding Councillors). The total staff composition is predominantly African Male across all occupational levels. The Employment Equity Plan when it's reviewed will pay particular attention to increase of representation of other designated groupings such as Women, Coloureds, Indians and people with disabilities.

The Local Municipality has Human Capital Management policies and procedures in place as well as the collective Agreement with the recognized Trade Unions. The policies together with the collective agreement are aligned with applicable laws such as the Basic Conditions of Employment Act, Labour Relations Act, etc. These policies are applied fairly and transparently across the Organization. The Human Resources department has an HR Plan in place which entails all measures that are aimed at increasing the productivity of the entire workforce thus enhancing the performance culture.

T 4.2.0

4.2 POLICIES

HR POLICIES AND PLANS				
	Name of Policy	**Completed %**	**Reviewed %**	**Date adopted by council or comment on failure to adopt**
1	Affirmative Action			Refer to point 8
2	Attraction and Retention			Draft Policy
3	Code of Conduct for employees	100	0	
4	Delegations, Authorisation & Responsibility	100		Under review
5	Disciplinary Code and Procedures	100		Email from the Bargaining Council on 31/10/2013 that the Collective Agreement has been extended until 31 January 2014. No new extension has been received from the Bargaining Council
6	Essential Services	0%		Draft Service Level Agreement
7	Employee Assistance / Wellness	0	0	Draft Policy still to be adopted by Council.
8	Employment Equity	100%	50	Adopted 25/11/2003
9	Exit Management	0	50	Policy in draft format
10	Grievance Procedures	100		Valid until notification is received from bargaining council
11	HIV/Aids	100		Adopted 2009
12	Human Resource and Development	50		Draft Policy (also see point 28 below)
13	Information Technology	100	50	Under review
14	Job Evaluation	100	50	Under review
15	Leave	100	100	dealt with under collective agreement on conditions of service
16	Occupational Health and Safety	100	50	Under review
20	Official Working Hours and Overtime	100	100	dealt with under collective agreement on conditions of service
21	Organisational Rights	-	100%	Email from the Bargaining Council on 31/10/2013 that the Collective Agreement has been extended until 31 January 2014. No new extension has been received from the Bargaining Council
22	Payroll Deductions	100		In Line with SARS
23	Performance Management and Development	100	0	Draft Policy is complete. To be taken to Council for approval
24	Recruitment, Selection and Appointments	100	100	28-Nov-06
25	Remuneration Scales and Allowances	100	100	dealt with under collective agreement on conditions of service

26	Resettlement	0		prerogative of the MM
27	Sexual Harassment	100%		Adopted on 22/7/2008
28	Skills Development	100%		30/04/2002
29	Smoking	100		
31	Work Organisation (Organization Structure)	100	50	Under review
32	Uniforms and Protective Clothing	100	50	Refer to point 16
33	Other: Termination of Services due to Ill Health	100%		Adopted on 22/7/2008
34	Induction	100%	17/09/2008	27/02/2007
35	Study Assistance	100%		29/01/2008
36	Promotion & Transfer	100	100	1-Jul-11
37	Termination of Services due to Poor Work Performance	100%		Adopted on 22/7/2008
				T.4.2.1

COMMENT ON WORKFORCE POLICY DEVELOPMENT

The Municipality has conducted a policy audit to determine gaps on the existing policies as well as new policies to be developed. It is therefore envisaged that the policy gaps identified will be addressed in the new financial year.

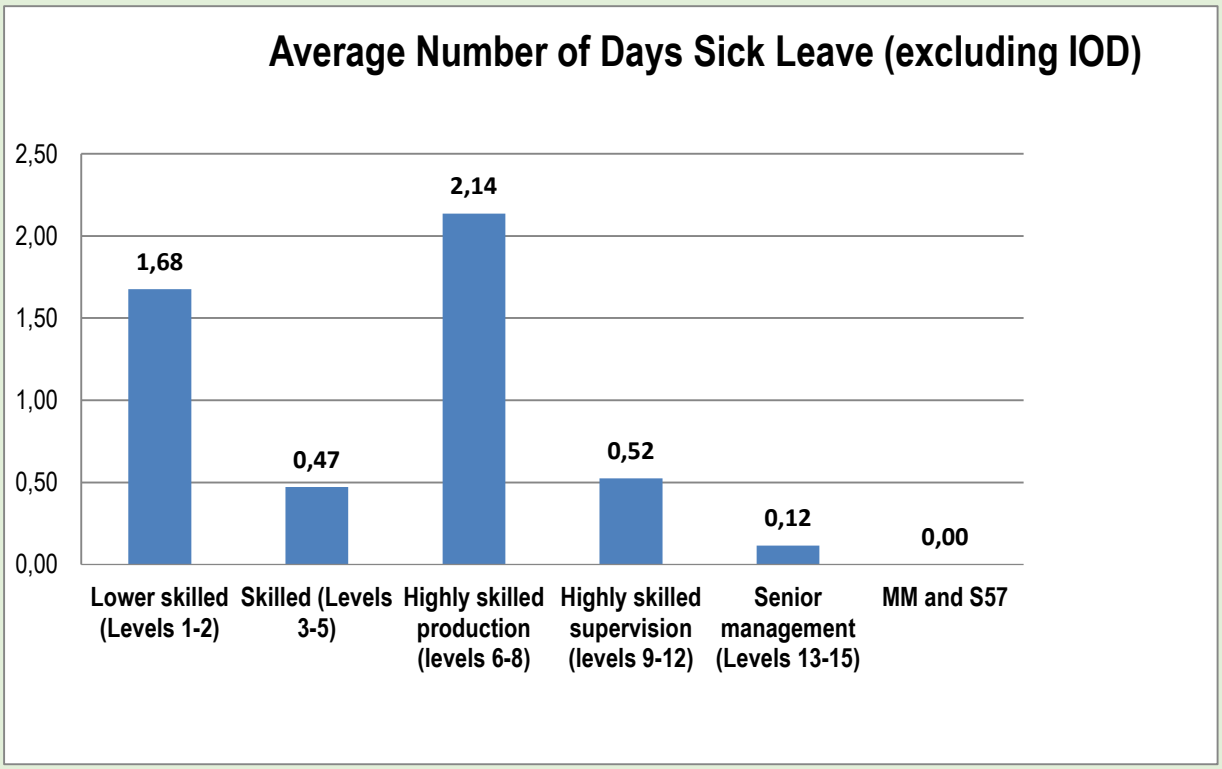
T.4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

NUMBER AND COST OF INJURIES ON DUTY					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using WCA leave %	Average WCA Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	398	30	1.3%	1.7	175 821.92
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	**398**	**30**	**1.3%**	**1.7**	**175 821.92**
					T 4.3.1

NUMBER OF DAYS AND COST OF SICK LEAVE (EXCLUDING INJURIES ON DUTY)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* No.	*Average sick leave per Employees Days	Estimated cost R'000
Lower skilled (Levels 1-2)	3 573	4%	411	872	1,68	173 011
Skilled (Levels 3-5)	1 005	3%	95	313	0,47	45 528
Highly skilled production (levels 6-8)	4 551	10%	335	706	2,14	232 691
Highly skilled supervision (levels 9-12)	1 116	11%	125	189	0,52	185 357
Senior management (Levels 13-15)	247	10%	15	48	0,12	38 991
MM and S57	2	0%	1	3	0,00	4 545
Total	**10 494**	**6%**	**982**	**2 131**	**4,92**	**680 122**
						T.4.3.2

AVERAGE NUMBER OF DAYS SICK LEAVE (EXCLUDING IOD)



T.4.3.3

COMMENT ON INJURY AND SICK LEAVE

Matjhabeng Local Municipality 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

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**
CM Mareko:Clerk -150162	Failing to obey instruction given by Supervisor to submit burial orders	Employee passed on	17/6/2016
MG Ngake: General Worker-800205	Absenteeism	Set down for 10/10/2016	Estimate Month finalise 11/2016
TG Moleleki:General Worker-110477	Gross dishonesty, allegedly increasing, overtime, standby allowance	Consultation scheduled in terms Schedule 8 LRA 4/10/2016 as Employee is a Shopsteward. Postponed as CP not available	Estimate Month finalise 11/2016
T G Moleleki: General Worker-110477	Failed to repair water leak at corner Van Bruggen and Micro	Not scheduled yet, employee who represented employees also implicated in alleged misconduct, consultation in terms of Schedule 8 LRA to take place as he is a Shopsteward	Estimate Month finalise 11/2016
P V Maholela:General Worker-800085	Absenteeism	Termination letter issued	20/6/2015
JP Phori:SMME Officer-150185	Failed to submit monthly reports	Accusation Form not found	Accusation Form cannot be found
PJC du Plessis: Electrician - 211307	Reconnected household electricity after they have been disconnected	Settlement agreement was reached at the Bargaining Council that suspension be uplifted and that charges be withdrawn against the employee by Executive Director Corporate Services	16/10/2015
NJ McDonald: Senior Clerk Finance-110285	Assault	Settlement agreement was reached at the Bargaining Council that suspension be uplifted and that charges be withdrawn against the employee by Executive Director Corporate Services	16/10/2015
E M M September: Clerk Finance-211178	Reconnected electricity of households after being disconnected	Settlement agreement was reached at the Bargaining Council that suspension be uplifted and that charges be withdrawn against the employee by Executive Director Corporate Services	16/10/2015
V Twayinga:General Worker-129128	Absenteeism	Employee passed on	22/9/2016
S Leeto Stage: Hand- 165144	Under influence of alcohol	Final written warning	2/2/2016

P Lamola: General Worker-800054	Absenteeism	Set down for 5/8/2016. New PO to be appointed as PO retired	Estimate Month finalise 11/2016
V Twayinga:Driver-129128	Willful or negligent behaviour which resulted in the damage of property	Employee passed on	22/9/2016
MS Masoha:General Worker-800515	Absenteeism	DC set down 30/09/2016. Postponed ER on leave	Estimate Month finalise 11/2016
Security Officers- I A Mohaleli: 175013 M J Moduka: 111056, M Masolane:112283	Failed to obey lawful instruction, failed to perform tasks diligently	Set down for 28/10/2016.	Estimate Month finalise 12/2016
TL Masienyane:General Worker-165095	Absenteeism	Review of abscondment by Internal Audit. Memorandum dated 5/7/2016	Estimate Month finalise 11/2016
RS Mokone: General Worker-800514	Absenteeism	Set down for 20/10/2016	Estimate Month finalise 10/2016
MNE Maloka Phono:Credit Control Clerk-325034	Alledged fraud of R40 500 from client which was to be settlement of outstanding municipal account for the house they purchased in Kutloanong.	Set down for finding 25/10/2016	Estimate Month finalise 11/2016
T G Moleleki:General Worker-110477	Being rude, abusive, insolent, provocative, intimidatory or aggressive behaviour to your fellow employee in that on 8 September 2015 you acted in an aggressive manner by physically attacking Supervisor	New ER to be appointed in the matter. Memorandum 4/10/2016	Estimate Month finalise 11/2016
D M Malimabe: Artisan Aid-170031	Refuse a lawful instruction in that on 18 August 2015 you allegedly refused a lawful instruction after receiving a letter informing you to resume your duty with immediate effect; 2.7.7 Gross Insubordination in that you acted in an insubordinate manner by your ongoing nature of your action not obeying instruction from your Supervisor on a regular basis to resume your duties	Case was dismissed departmentally	11/4/2016
M Mtebele:Minerals and Energy Officer-113290	Absenteeism	Employee to be sent to Wellness. Memorandum dated 20/6/2016	Estimate Month finalise 11/2016

E Vlok: Senior Clerk Personnel-111071	Gross negligence in that the employee gave an unlawful instruction to Finance Department to process Provident Fund Contributions of T A Ngone, despite him being a contract employee. Ms Vlok was mindful of the fact that no employer contribution should be made to contract employees	Ruling made during May 2016 by PO that ER must apply for condonation at the relevant division of the Bargaining Council	Estimate Month finalise 12/2016
J Gouws: Manager Labour Relations-110613	Gross Insubordination. Various charges relating to gross insubordination; Refusal to carry out an instruction; Dereliction of duty	Set down 06/10/2016. Postponed on request ER	Estimate Month finalisation 11/ 2016
J Blom: Manager Civil Engineering-211054	Gross dishonesty; Gross negligence; Wrongful disclosure of information	Finalised. Case withdrawn	01/09/2016
M P Matsie: Manager Organisational Efficiency Studies- 110157	Settlement agreements the employee advised the Mun to enter into which were detrimental to interest of Municipality; Submission made to pay R6 million rand relating to shift allowance; Adding extra names to month to month employees without authorisation	Partly heard on 09/09/2016. Closing arguments to be submitted	Estimate Month finalise 10/2016
M A Nqai:Security Officer-111032	Assault	Case withdrawn	27/6/2016
S Leeto:Stage Hand-165144	Theft of Laptop	Set down for 19/9/2016. Postponed to 31/10/2016	Estimate month finalise-11/2016
S Leeto: Stage Hand-165144	Selling of PPE clothing	Set down for 19/9/2016. Postponed to 31/10/2016	Estimate Month finalise 11/2016
M Phumo: Minerals and Energy Officer-312708	Absenteeism	Employee to be sent to Wellness. Memorandum date 20/6/2016	Estimate Month finalise 11/2016
S S Molefe: Building Control Officer-150180	Gross Negligence	Set down for 31/10/2016	Estimate Month finalise 11/2016
N Robertson: Assistant Superintendent-112101	Gross Negligence	Set down for 11/10/2016	Estimate Month finalise 10/2016
S S Molifi: General Worker-113243	Incarceration	Termination letter issued	10/6/2016
TG Moleleki:General Worker-1110477	Gross dishonesty; Any act of bribery or corruption	Set down for 10/10/2016	Estimate Month finalise 10/2016

AP Burger: Foreman-110389	Gross dishonesty; theft, unauthorised possession of employer property	Set down for 01/11/2016	Estimate Month finalise 11/2016
JR Mofokeng:Store Attendant-129149	Gross dishonesty; theft, unauthorised possession of employer property	Set down 26/10/2016	Estimate Month finalise 10/2016
TG Moleleki:General Worker-110477	Absenteeism	PO Recused himself. New PO to be appointed. Memorandum dated 4/10/2016	Estimate Month finalise 11/2016
S Leeto:Stage Hand-165144	Unauthorised possession of council property	Set down for 31/10/2016	Estimate Month finalise 11/2016
M E Letsoara: Assistant Artisan Gr1-309524	Gross Negligence	Set down for 25/10/2016	Estimate Month finalise 11/2016
MS Masoha: General Worker-800515	Absenteeism	Set down for 30/09/2016. Postponed as ER was on leave. Not scheduled yet	Estimate Month finalise 11/2016
SJ Kololo:General Worker-800048	Absenteeism	Withdrawn	10/5/2016
PG Mabote: General Worker-165153	Absenteeism	Employee counselled	22/8/2016
SE Madibo: General Worker-165114	Gross dishonesty; Unauthorised possession of council property	22/8/2016 draft charge. Employer must apply for condonation at SALGBC	Estimate Month finalise 12/2016
EP Roliwe:Traffic Officer-111057	Damage to Employer property	Set down for 16/9/2016. Employer must apply for condonation at SALGBC	Estimate Month finalise 12/2016

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**
Clerk	Failing to obey instruction given by Supervisor to submit burial orders	Employee passed on	Deceased
General Worker	Absenteeism	Set down for 7/9/2016	5/8/2015

General Worker	Gross dishonesty, allegedly increasing, overtime, standby allowance	Consultation scheduled as Employee is a Shopsteward	
General Worker	Failed to repair water leak at corner Van Bruggen and Micro	Not scheduled yet, employee who represented employees also implicated in alleged misconduct, consultation to take place as he is a Shopsteward	
General Worker	Absenteeism	Termination letter issued	20/6/2015
SMME Officer	Failed to submit monthly reports	Accusation Form not found	
Electrician	Reconnected household electricity after they have been disconnected	Settlement agreement was reached at the Bargaining Council that suspension be uplifted and that charges be withdrawn against the employee by Executive Director Corporate Services	16/10/2015
Senior Clerk Finance	Assault	Settlement agreement was reached at the Bargaining Council that suspension be uplifted and that charges be withdrawn against the employee by Executive Director Corporate Services	16/10/2015
Clerk Finance	Reconnected electricity of households after being disconnected	Settlement agreement was reached at the Bargaining Council that suspension be uplifted and that charges be withdrawn against the employee by Executive Director Corporate Services	16/10/2015
General Worker	Absenteeism	New Presiding Officer to be appointed as current one retired	
Stage Hand	Under influence of alcohol	Final written warning	2/2/2016
General Worker	Absenteeism	Set down for 5/8/2016	
Driver	Wilful or negligent behaviour which resulted in the damage of property	Receive withdrawal letter from the Employer Representative	13/10/2015
M Moeketsi	Absenteeism		
Security Officers	Failed to obey lawful instruction, failed to perform tasks diligently	Set down for 10/8/2016	
General Worker	Absenteeism	Set down for 15/8/2016	
General Worker	Absenteeism	Set down for 15/9/2016	19/10/2015
Credit Control Clerk	Alledged fraud of R40 500 from client which was to be settlement of outstanding municipal account for the house they purchased in Kutloanong.	Set down for 9/9/2016	

General Worker	Being rude, abusive, insolent, provocative, intimidatory or aggressive behaviour to your fellow employee in that on 8 September 2015 you acted in an aggressive manner by physically attacking Supervisor	New ER to be appointed in the matter	
Artisan Aid	Refuse a lawful instruction in that on 18 August 2015 you allegedly refused a lawful instruction after receiving a letter informing you to resume your duty with immediate effect; 2.7.7 Gross Insubordination in that you acted in an insubordinate manner by your ongoing nature of your action not obeying instruction from your Supervisor on a regular basis to resume your duties	Case was dismissed departmentally	11/4/2016
Minerals and Energy Officer	Absenteeism	Employee to be sent to Wellness	20/6/2016
Senior Clerk Personnel	Gross negligence in that the employee gave an unlawful instruction to Finance Department to process Provident Fund Contributions of T A Ngone, despite him being a contract employee. Ms Vlok was mindful of the fact that no employer contribution should be made to contract employees	Ruling made by PO that ER must apply for condonation at the relevant division of the Bargaining Council	During May 2016
Manager Labour Relations	Gross Insubordination. Various charges relating to gross insubordination; Refusal to carry out an instruction; Dereliction of duty	Set down for 22/8/2016	
Manager Civil Engineering	Gross dishonesty; Gross negligence; Wrongful disclosure of information	Set down for 22/8/2016	
Manager Organisational Efficiency Studies	Settlement agreements the employee advised the Mun to enter into which were detrimental to interest of Municipality; Submission made to pay R6 million rand relating to shift allowance; Adding extra names to month to month employees without authorisation	Set down for 8/9/2016	
Security Officer	Assault	Case withdrawn	27/6/2016
	Selling of PPE clothing	Set down for 19/9/2016	
Minerals and Energy Officer	Absenteeism	Employee to be sent to Wellness	20/6/2016
Building Control Officer	Gross Negligence	Set down for 13/9/2016	
Assistant Superintendent	Gross Negligence	Set down for 17/8/2016	

General Worker	Incarceration	Termination letter issued	10/6/2016
General Worker	Gross dishonesty; Any act of bribery or corruption	Set down for 12/8/2016	
Foreman	Gross dishonesty; theft, unauthorised possession of employer property	Set down for 22/9/2016	
Store Attendant	Gross dishonesty; theft, unauthorised possession of employer property	Set down for 20/9/2016	
General Worker	Absenteeism	Set down for 4/8/2016	
General Worker	Unauthorised possession of council property	Set down for 19/9/2016	
Assistant Artisan Gr1	Gross Negligence	Set down for 13/9/2016	
General Worker	Absenteeism	Set down for 15/8/2016	
General Worker	Absenteeism	Withdrawn	10/5/2016
General Worker	Absenteeism	Employee counselled	22/8/2016
SE Madibo	Gross dishonesty; Unauthorised possession of council property	22/8/2016 draft charge	
EP Roliwe	Damage to Employer property	Set down for 16/9/2016	
			T.4.3.6

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

There were nine (9) cases of financial misconduct during the year under review. All cases are being attended to in line with company policies and procedures, and the Municipality intends addressing and concluding all these cases in the new financial year.

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	0	0	0	0
	Male	0	0	0	0
Skilled (Levels 3-5)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled production (levels 6-8)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled supervision (levels 9-12)	Female	0	0	0	0
	Male	0	0	0	0
Senior management (Levels 13-15)	Female	0	0	0	0
	Male	0	0	0	0
MM and S57	Female	0	0	0	0
	Male	0	0	0	0
Total		0	0	0	0
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 including all employees during the year under review.

T 4.4.1.1

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

For the year under review, Training programmes covering various occupational categories have been attended by a total of three hundred and forty-eight (348) delegates at a total cost of R 2 610 968.00. These PIVOTAL (Professional; Vocational, Technical and Academic) learning areas included Municipal Finance Management, Infrastructure, Information Technology, Adult Education and Training (AET), Occupational Health and Safety and formal studies via Study Assistance.

The Workplace Skills Plan intends to focus on the mentioned learning areas as well as scarce and critical skills. In addition, Declarations of Intent to access Discretionary Skills Funding for Skills Programmes and Learnerships also targeting unemployed beneficiaries have been submitted to the LGSETA. In addition, 407 officials have been inducted during this period. Workplace Integrated Learning (WIL) initiatives included Water and Waste Water Treatment Process Control Learnership, Internships for Finance, Information Technology and Electrical Engineering. Learners from tertiary institutions also gained workplace experience in Asset Management.

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	5		0	0		0	0		5	5
	Male			15	15		0	0		1	1		16	16
Councillors, senior officials and managers	Female			2	2		0	0		3	3		5	5
	Male			3	3		6	6		4	4		13	13
Technicians and associate professionals*	Female			4	4		8	8		5	5		17	17
	Male			8	8		14	14		8	8		30	30
Professionals	Female			8	8		6	6		6	6		20	20
	Male			6	6		11	11		2	2		19	19
Sub total	Female			19	19		14	14		11	11		44	44
	Male			32	32		31	31		15	15		78	78
Total		**0**		**102**	**102**		**90**	**90**		**55**	**55**		**247**	**247**

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						
Accounting Officer	1	0	1	1	1	1
Directors	5	0	5	5	5	4
Chief Financial Officer	1	0	1	1	1	1
Senior Managers	8	0	8	4	0	0
Any other financial officials	15	0	15	9	0	8
Other Senior Managers	0	0	0	0	0	0
Other Managers	14	0	14	9	0	9
Other Officials	0	0	0	0	0	0
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	1	0	1
Supply chain management senior managers	0	0	0	0	0	0
Other SCM Officials	15	0	15	14	0	0
TOTAL	**60**	**0**	**60**	**44**	**7**	**24**

** This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)* **T 4.5.2**

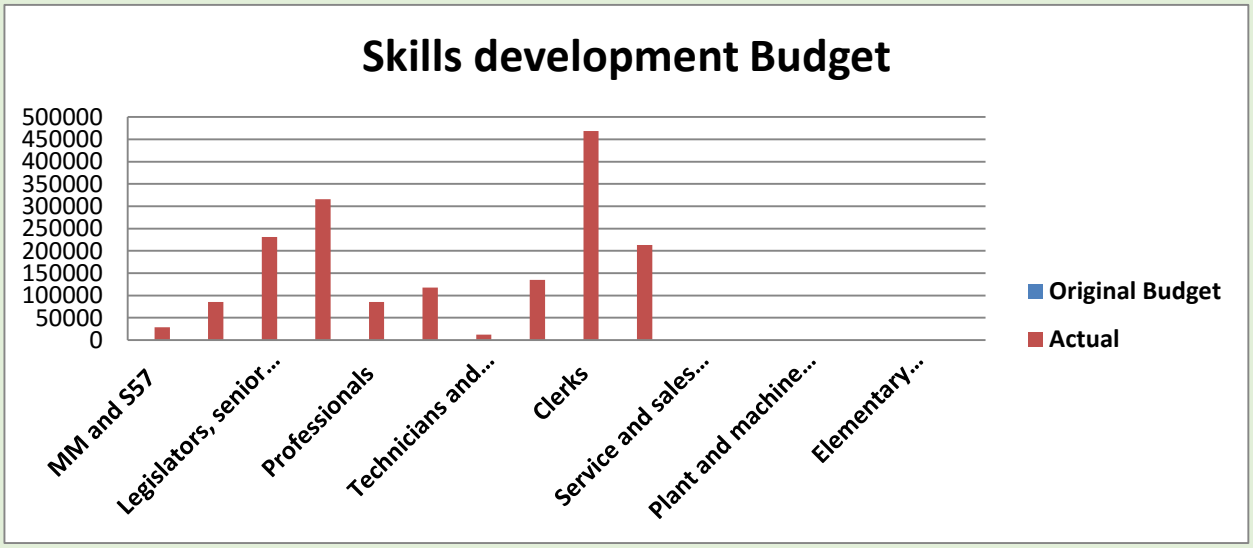
SKILLS DEVELOPMENT EXPENDITURE

R

Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of TRAINING		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female			28 500						28 500
	Male			85 500						85 500
Legislators, senior officials and managers	Female			228 000		3 000				231 000
	Male			285 000		31 000				316 000
Professionals	Female			57 000		28 163				85 163
	Male			85 500		32 520				118 020
Technicians and associate professionals	Female					12 000				12 000
	Male			57 000		77 710				134 710
Clerks	Female			427 000		25 122		16 244		468 366
	Male			171 000		26 022		16 107		213 129
Sub total	Female			740 500		68 285		16 244		825 029
	Male			684 000		167 252		16 107		867 359
Total				**2 849 000**		**471 074**		**64 702**		**3 384 776**
**% and *R value of municipal salaries (original budget) allocated for workplace skills plan.*									**3 384 776**	

T4.5.3

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

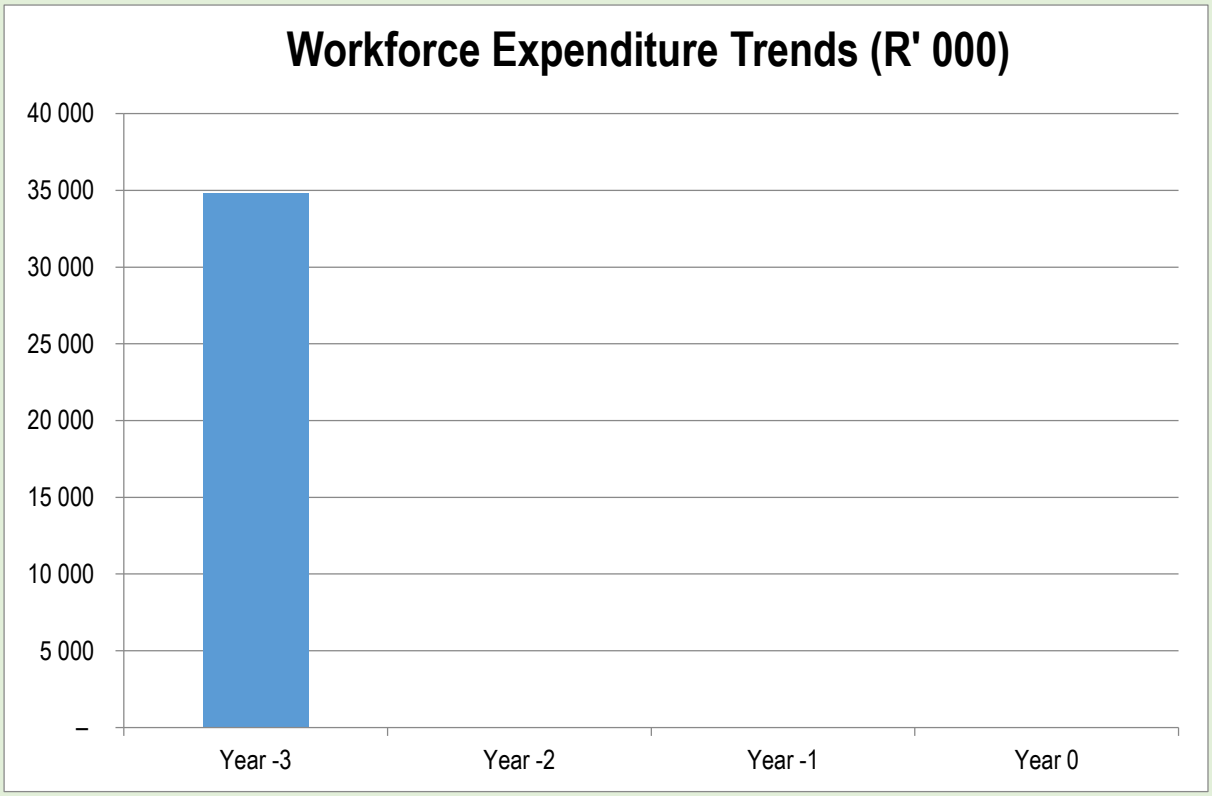
DESIGNATION	STATUS IN TERMS OF COMPETENCY LEVELS
Municipal Manager	Meets minimum competency levels
CFO	Meets minimum competency levels.
Executive Director LED and Planning	Awaiting LGSETA accreditation certificate
Executive Director Community Services	Meets minimum competency levels
Executive Director Infrastructure	Meets minimum competency levels
Executive Director Strategic Support	Meets minimum competency levels
Executive Director Corporate Services	Has completed 5 Unit Standards, 11 is outstanding. These will be completed in the financial year 2016/17.
Manager PMU	Position vacant.
Manager SCM	Meets minimum competency levels
Senior Manager Budget	RPL (Recognition of Prior Learning)- this means that the official did not meet minimum competency requirements
Senior Manager Treasury	RPL (Recognition of Prior Learning)- this means that the official did not meet minimum competency requirements

T 4.5.4 (continue)

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

WORKFORCE EXPENDITURE TRENDS (R' 000)



T.4.6.1

COMMENT ON WORKFORCE EXPENDITURE

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

T 4.6.1.1

NUMBER OF EMPLOYEES WHOSE SALARIES WERE INCREASED DUE TO THEIR POSITIONS BEING UPGRADED		
Beneficiaries	**Gender**	**Total**
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		**0**
		T 4.6.2

EMPLOYEES WHOSE SALARY LEVELS EXCEED THE GRADE DETERMINED BY JOB EVALUATION				
Occupation	**Number of employees**	**Job evaluation level**	**Remuneration level**	**Reason for deviation**
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
Job Evaluation has not yet been implemented.				**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**
			0	
			0	
NB: All positions have been approved in line with the HR policies of the organization,				**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 2015/2016 financial year was prepared in compliance with section 122 of the Municipal Finance Management Act as well as GRAP.

The Financial Statements for 15/16 Financial Year were submitted to Treasury and Auditor General by the 31st of August 2016.

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	26 485	23 572	28 075	23 042	-2,30%	-21,84%
Waste Water (Sanitation)	8 541	8 285	9 054	8 456	2,02%	-7,07%
Electricity	12 355	10 254	12 478	13 219	22,43%	5,61%
Waste Management	14 232	13 235	13 662	12 097	-9,41%	-12,94%
Housing	6 542	5 496	5 954	6 346	13,40%	6,19%
Component A: sub-total	68 155	60 842	69 222	63 161	3,67%	-9,60%
Waste Water (Stormwater Drainage)	5 643	5 530	5 925	5 304	-4,26%	-11,70%
Roads	5 643	5 530	5 925	5 304	-4,26%	-11,70%
Transport	5 322	4 470	5 747	4 630	3,45%	-24,14%
Component B: sub-total	16 607	8 455	8 624	9 554	11,50%	9,73%
Planning	1 254	1 003	1 191	1 354	25,93%	12,04%
Local Economic Development	2 516	2 063	2 264	2 340	11,83%	3,23%
Component B: sub-total	3 769	3 066	3 455	3 693	17,00%	6,46%
Planning (Strategic & Regulatory)	12 546	10 413	11 793	11 542	9,78%	-2,17%
Local Economic Development	2 355	2 190	2 425	2 402	8,82%	-0,98%
Component C: sub-total	14 900	12 603	14 218	13 944	9,62%	-1,97%
Community & Social Services	4 565	3 698	4 337	4 291	13,83%	-1,06%
Environmental Protection	5 649	4 971	6 157	4 971	0,00%	-23,86%
Health	5 649	4 971	6 157	4 971	0,00%	-23,86%
Security and Safety	5 649	4 971	6 157	4 971	0,00%	-23,86%
Sport and Recreation	5 649	4 971	6 157	4 971	0,00%	-23,86%
Corporate Policy Offices and Other	5 649	4 971	6 157	4 971	0,00%	-23,86%
Component D: sub-total	32 808	28 552	35 122	29 145	2,04%	-20,51%
Total Expenditure	**136 240**	**113 518**	**130 642**	**119 497**	5,00%	-9,33%

T 5.1.2

COMMENT ON FINANCIAL PERFORMANCE

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

T.5.1.3

5.2 GRANTS

GRANT PERFORMANCE						
						R' 000
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	**422 268**	**406 586**	**–**	**406 586**		
Equitable share	415 937	402 909		402 909	-3,13%	0,00%
Municipal Systems Improvement	934	930		930	-0,43%	0,00%
Department of Water Affairs						
Levy replacement						
Other transfers/grants [insert description]	5 397	2 747		2 747	-49,10%	0,00%
Provincial Government:	**–**	**–**	**–**	**–**		
Health subsidy	–			–		
Housing	–			–		
Ambulance subsidy	–			–		
Sports and Recreation	–			–		
Other transfers/grants [insert description]						
District Municipality:	**–**	**–**	**–**	**–**		
[insert description]						
Other grant providers:	**–**	**–**	**–**	**–**		
[insert description]						
Total Operating Transfers and Grants	**422 268**	**406 586**	**–**	**406 586**		
						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"	0	0				
A - "Project 2"	0	0				
B - "Project 1"	0	0				
B - "Project 2"	0	0				
Foreign Governments/Development Aid Agencies						
A - "Project 1"	0	0				
A - "Project 2"	0	0				
B - "Project 1"	0	0				
B - "Project 2"	0	0				
Private Sector / Organisations						
A - "Project 1"	0	0				
A - "Project 2"	0	0				
B - "Project 1"	0	0				
B - "Project 2"	0	0				
No Grants received from DoRA						
						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
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	216 689 403	0	43 015 816	80%
				T 5.3.4

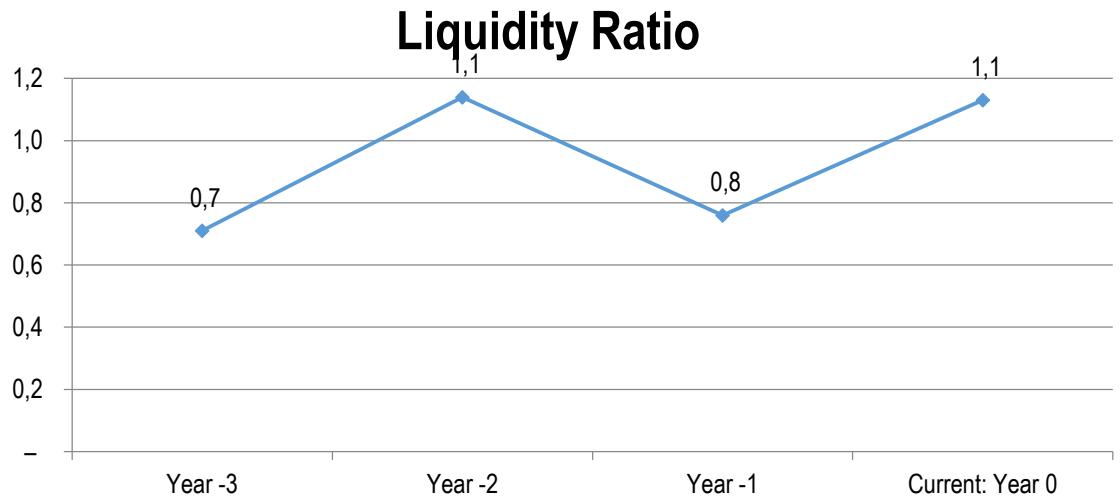
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

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

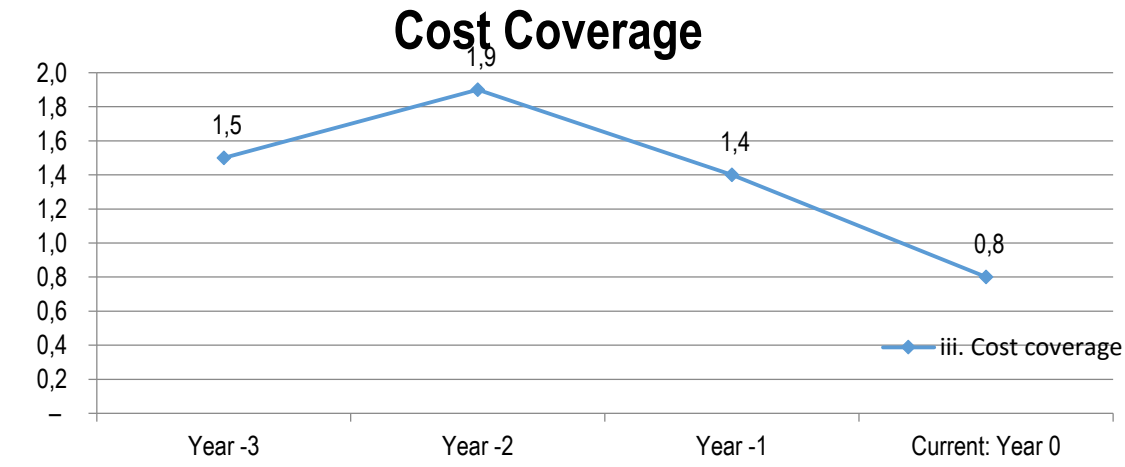
LIQUIDITY RATIO



Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.
Data used from MBRR SA8

T.5.4.1

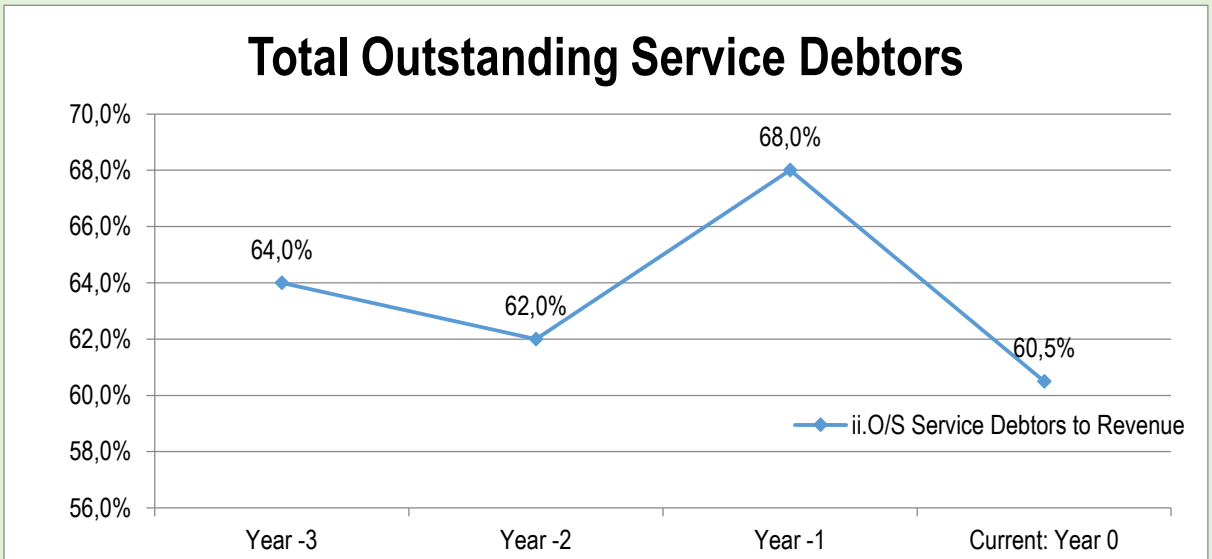
COST COVERAGE



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

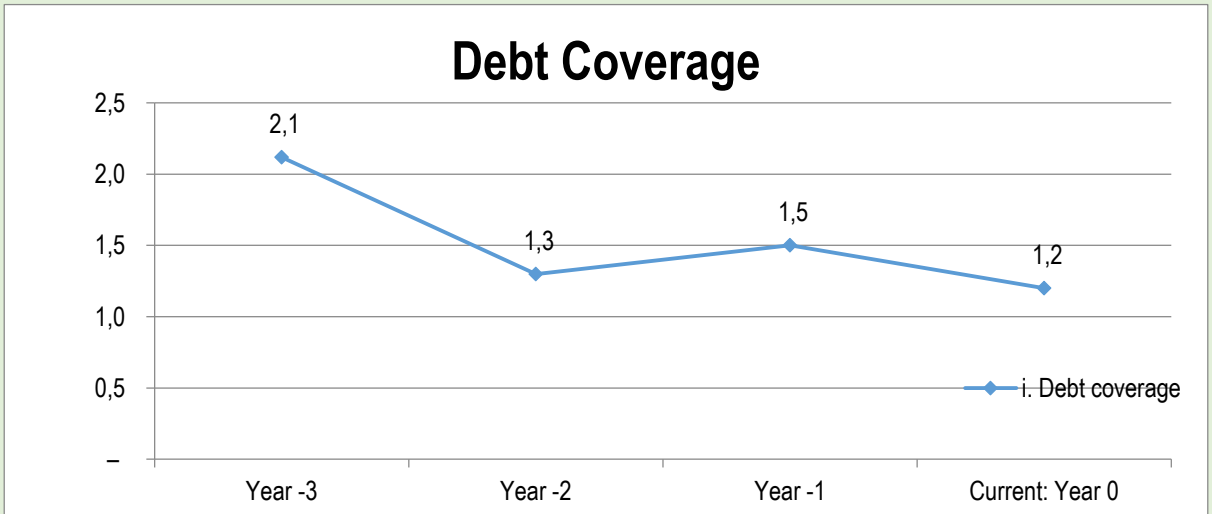
TOTAL OUTSTANDING SERVICE DEBTORS



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.
Data used from MBRR SA8

T.5.4.3

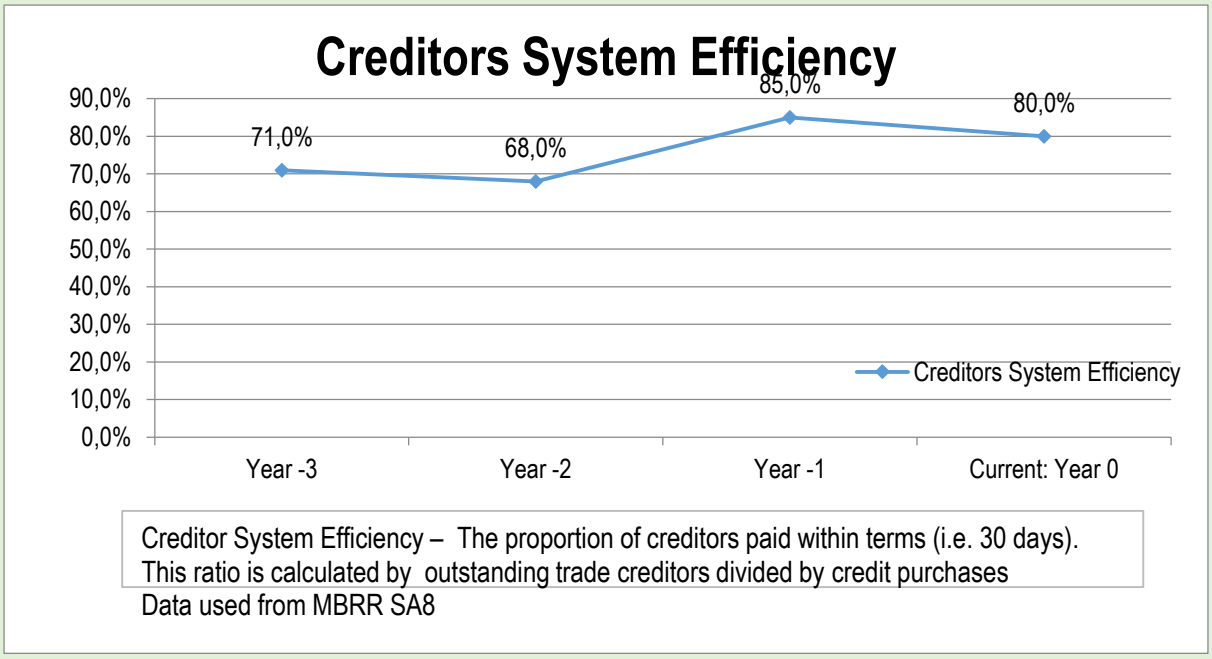
DEBT COVERAGE



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

T.5.4.4

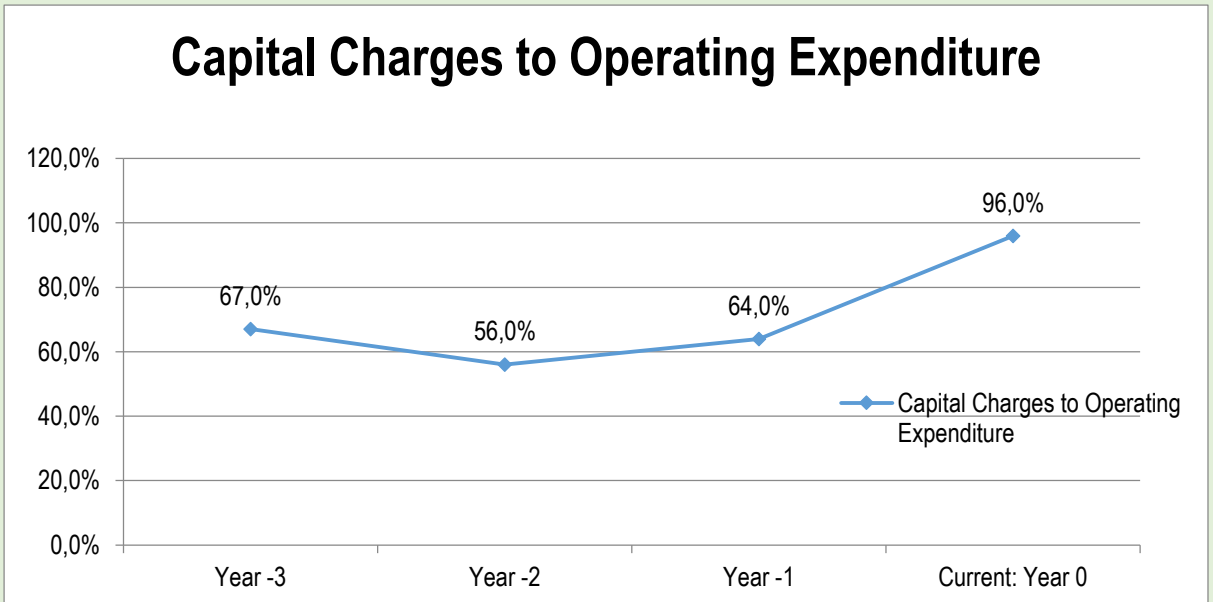
CREDITORS SYSTEM EFFICIENCY



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

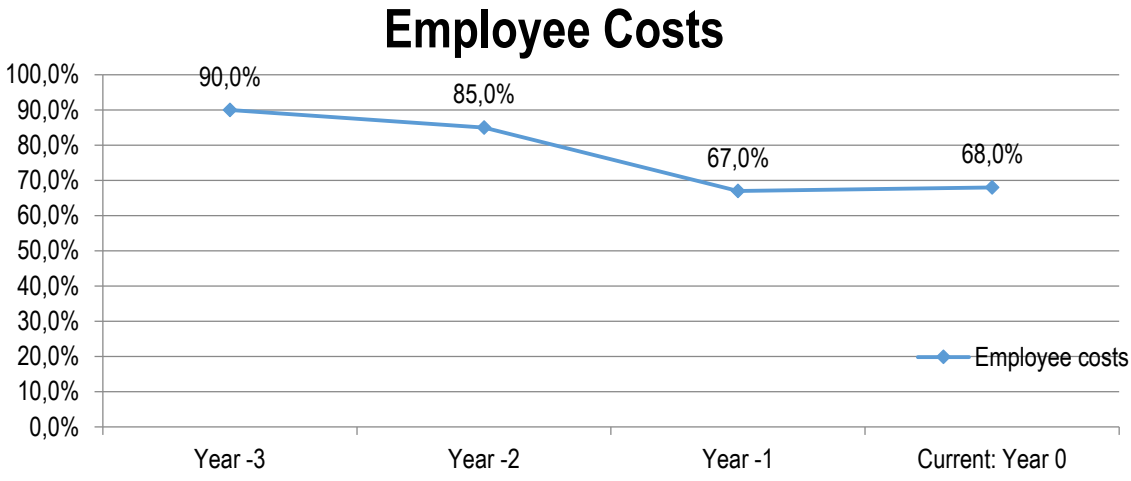
CAPITAL CHARGES TO OPERATING EXPENDITURE



Capital Charges to Operating Expenditure 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

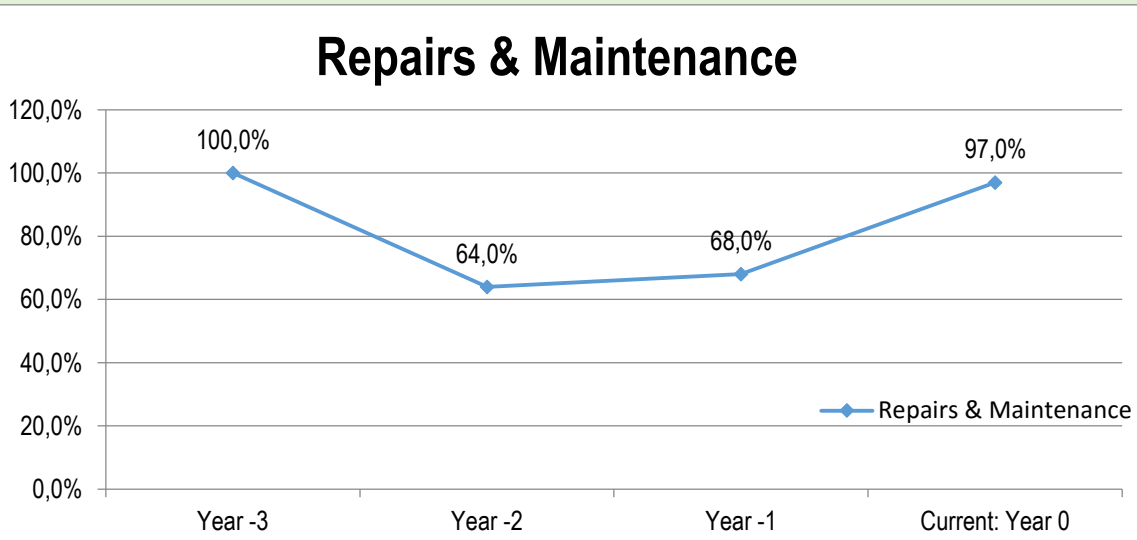
EMPLOYEE COSTS



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.
Data used from MBRR SA8

T.5.4.7

REPAIRS & MAINTENANCE



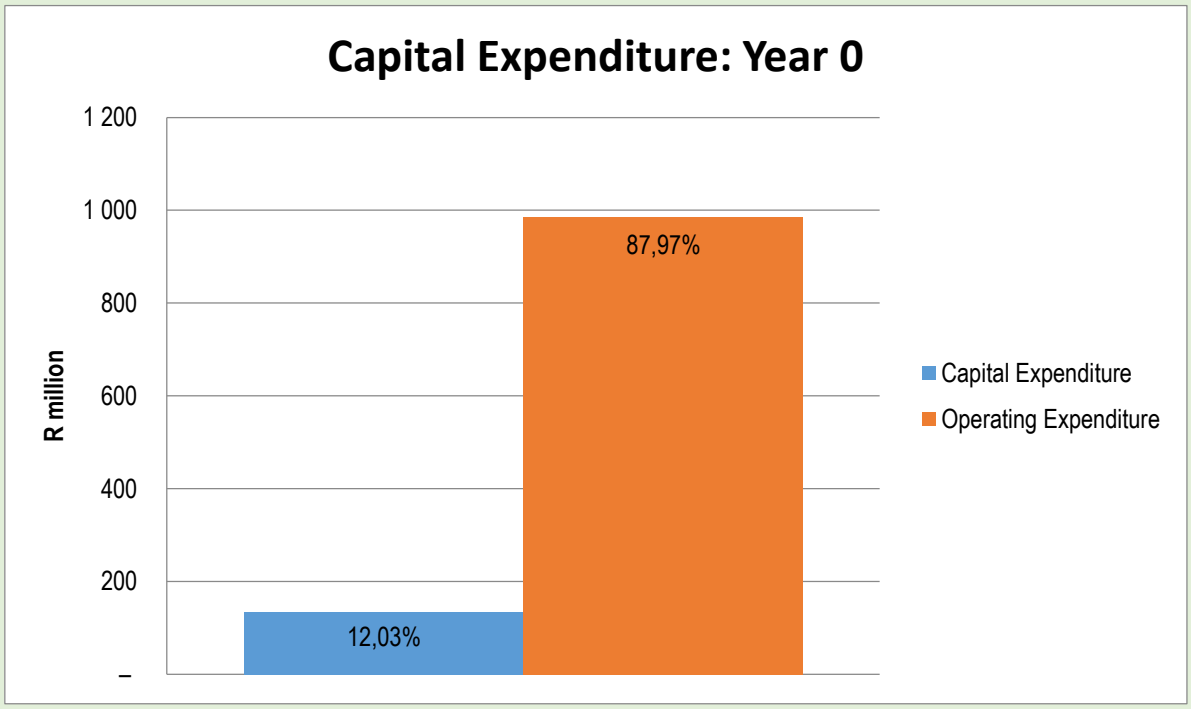
Repairs and Maintenance – This represents the propotion of operating expenditure spent and is calculated by dividing the total repairs and maintenace.
Data used from MBRR SA8

T.5.4.8

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

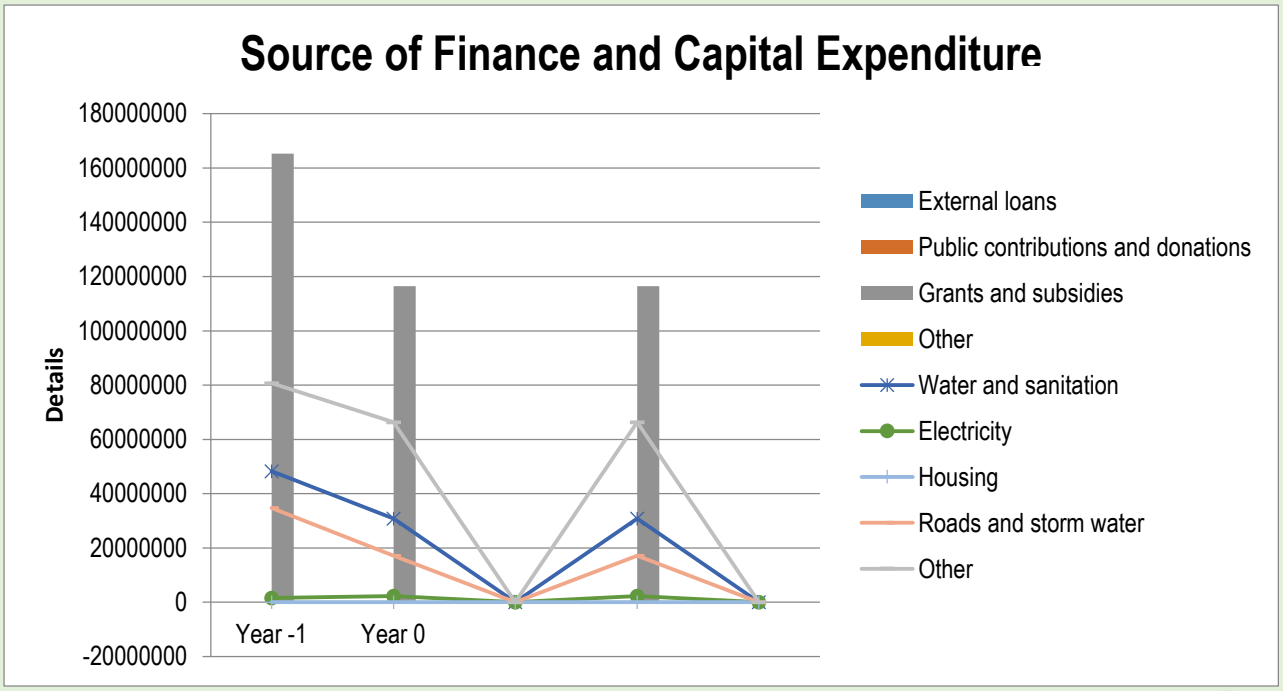
CAPITAL EXPENDITURE: YEAR 0



T.5.5.1

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 (%)	Actual to OB Variance (%)
Source of finance							
	External loans	0	0	0	0		0,00%
	Public contributions and donations	0	0	0	0		0,00%
	Grants and subsidies	165 317	116 451	0	116 451	-100,00%	0,00%
	Other	0	0	0	0		0,00%
Total		**165 317**	**116 451**	**0**	**116 451**	**-100,00%**	**0,00%**
Percentage of finance							
	External loans	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Public contributions and donations	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Grants and subsidies	100,0%	100,0%	0,0%	100,0%	100,0%	0,0%
	Other	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Capital expenditure							
	Water and sanitation	48 273	30 781	0	30 781	-100,00%	0,00%
	Electricity	1 575	2 240	0	2 240	-100,00%	0,00%
	Housing	0	0	0	0	0,00%	0,00%
	Roads and storm water	34 773	17 108	0	17 108	-100,00%	0,00%
	Other	80 696	66 322	0	66 322	-100,00%	0,00%
Total		**165 317**	**116 451**	**0**	**116 451**	**-400,00%**	**0,00%**
PERCENTAGE OF EXPENDITURE							
	Water and sanitation	29,2%	26,4%	0,0%	26,4%	25,0%	0,0%
	Electricity	1,0%	1,9%	0,0%	1,9%	25,0%	0,0%
	Housing	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Roads and storm water	21,0%	14,7%	0,0%	14,7%	25,0%	0,0%
	Other	48,8%	57,0%	0,0%	57,0%	25,0%	0,0%
							T 5.6.1

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS*					R
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	UPGRAGE 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				
				Households (HHs)
	*Service level above minimun standard		**Service level below minimun standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	99 228	97%	3 467	3%
Sanitation	98 714	92%	8 868	8%
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	Adjust-ments Budget	
Infrastructure - Road transport				%	%	
Roads, Pavements & Bridges	16 914		10 309	-39%	%	
Storm water	7 015		7 233	3%	%	
Infrastructure - Electricity				%	%	
Generation				%	%	
Transmission & Reticulation				%	%	
Street Lighting					%	
Infrastructure - Water				%	%	
Dams & Reservoirs				%	%	
Water purification				%	%	
Reticulation	0		0		%	
Infrastructure - Sanitation				%	%	
Reticulation	10 522		25 144	139%	%	
Sewerage purification	9 110		22 490	147%	%	
Infrastructure - Other				%	%	
Waste Management				%	%	
Transportation				%	%	
Gas				%	%	
Other Specify:				%	%	
Cummunity facilities (Sport, Taxi & Str traders)					%	
PMU support					%	
				%	%	
Total	**43 561**		**65 177**	50%	%	
						T.5.8.3

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

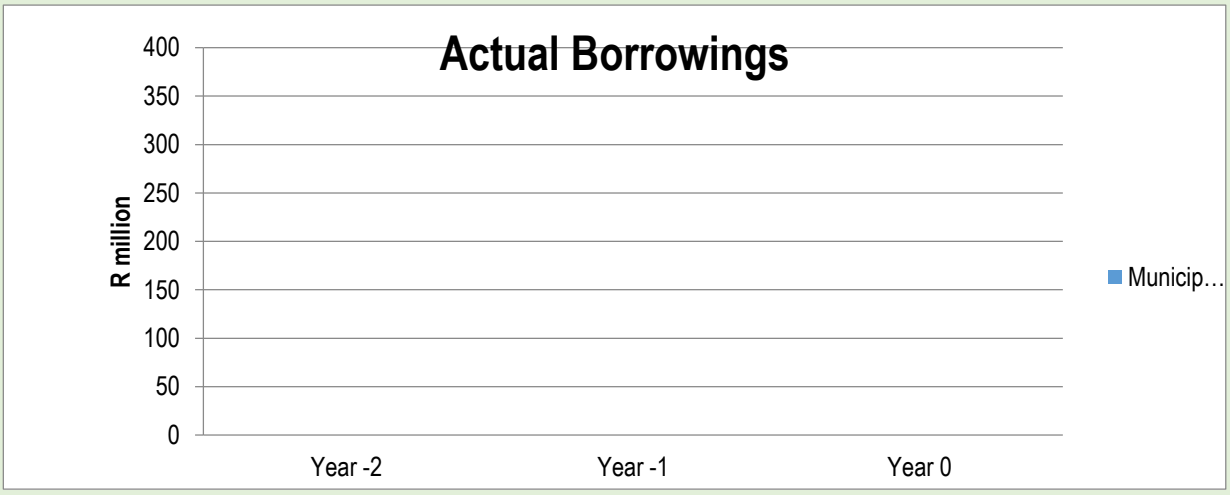
5.9 CASH FLOW

CASH FLOW OUTCOMES				R'000
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	693 292	1 202 596	–	1 202 596
Government - operating	417 917	406 586	–	406 586
Government - capital	169 753	116 451	–	116 451
Interest		113 606		113 606
Dividends	15	14	–	14
Payments				
Suppliers and employees	(1 130 550)	(1 686 560)	–	(1 686 560)
Finance charges		(168 000)	–	(168 000)
Transfers and Grants		(35 000)	–	(35 000)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**150 412**	**(50 321)**	**–**	**(50 321)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments	11 862			
Payments				
Capital assets	(164 714)	(116 451)	–	(116 451)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(152 852)**	**(116 451)**	**–**	**(116 451)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing				
NET CASH FROM/(USED) FINANCING ACTIVITIES	**–**	**–**	**–**	**–**
NET INCREASE/ (DECREASE) IN CASH HELD	**(2 440)**	**(166 772)**	**–**	**(166 772)**
Cash/cash equivalents at the year begin:	**2 371**	**(54)**		**(54)**
Cash/cash equivalents at the year-end:	**(54)**	**(166 826)**	**–**	**(166 826)**
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)	19 275	17 0019	0	
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
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank	10 580 000	10 580 000	11 199 000
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements – Banks	16 100 000	15 777 000	18 239 000
Municipal Bonds			
Other			
Municipality sub-total	**26 680 000**	**26 357 000**	**29 438 000**
Municipal Entities			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements – Banks			
Other			
Entities sub-total	0	0	0
Consolidated total:	**26 680 000**	**26 357 000**	**29 438 000**

T 5.10.4

CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR GENERAL OPINION YEAR -1 (PREVIOUS YEAR 2014/2015)

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.

1

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.

<u>Compliance with legislation</u>

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

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

COMPONENT A: AUDITOR GENERAL OPINION YEAR 1 (YEAR OF REPORTING 2015/2016)

6.1 AUDITOR GENERAL REPORT YEAR 1 (YEAR OF REPORTING 2015/2016)

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give *"full and regular"* reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe *"what we do"*.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation

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

APPENDICES

APPENDIX A – COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE?

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
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%
Dali VN	PT	Corporate Services / Policy Development	W	62%	38%
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%
Ntlele 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 - Vacant
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 Maswanganyi
	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:		
Building regulations	Y	
Electricity and gas reticulation	Y	
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		
Storm water management systems in built-up areas	Y	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Y	
Billboards and the display of advertisements in public places	Y	
Cemeteries, funeral parlours and crematoria		
Municipal roads	Y	
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**	**3 19/08/2015 18/09/2015 22/03/2015**	**1**	**3**
	Ramokolobeng Petrus Morake				
	Mamokete Angelina Sesing				
	Joseph Lebetsa				
	Motshehi Joseph Mohoje				
	Mojaki Eugene Ndame				
	Rachel Phatlane				
	Paulina Mokhajoa				
	Paul Mohlomi				
	Kolisile James Bacela				
	Mojalefa Paul Mohlomi				
2	**Cllr KS Tsubella**	**YES**	**1 18/10/2015**	**1**	**1**
	Berries Mosidi Emily				
	DikhangTlaleng Paulina				
	Tsautse Salemane Daniel				
	Berries Ramohapelwa				

	Maboko Nteketeke Elizabeth				
	Nyambuza Muso Charles				
	Mahlatsi Katleho				
	Sam Viyiswa Magdalena				
	Maleke Fosi Peter				
	Lelimo Makosana Joseph				
3	**Cllr MA Mothege**	**YES**	**NONE**	**NONE**	**NONE**
	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**	**NONE**	**NONE**	**NONE**
	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**	**2 10/09/2015 25/11/2015**	**2 16/09/2015 18/12/2015**	**NONE**
	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 Molete**	**YES**	**1 16/05/2016**	**NONE**	**NONE**
	Mahloko Rameno John				
	Molai Mosuoa 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**	**2 10/09/2015 25/11/2015**	**2 16/09/2015 18/12/2015**	**NONE**
	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**	**4 03/09/2015 14/09/2015 01/11/2015**	**2 10/09/2015 16/12/2015**	**NONE**
	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**	**NONE**	**NONE**	**NONE**
	Van Wyk Oscar				
	Ranyane Lebohang Portia				
	Mohatlane Timothy Thabo				
	Mohale nteboheleng Addelite				
	Ledimo James Phello				
	Cambanis John Constantinou				
	Briel Jan Hendrik				
	Selikoe Teboho Samuel				
	Mazibuko Ntsoaki Cecilia				
	Lucas Jacques				
10	**Cllr MSE Mfebe**	**YES**	**10 02/06/2015 19/10/2015 21/08/2015 19/10/2015 16/11/2015 19/04/2016 18/01/2016**	**6 02/07/2015 29/07/2015 16/09/2015 22/10/2015 07/11/2015 25/02/2016**	**3 29/07/2015 16/09/2015 16/02/2016**

			16/02/2016 16/05/2016 16/03/2016		
	Koloti Moitoi Magret				
	Khophoche 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**	**NONE**	**NONE**	**NONE**
	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 Tlake**	**YES**	**NONE**	**NONE**	**NONE**
	Fokane Tseree 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**	**3 09/09/2015 18/11/2015 11/12/2015**	**2 11/09/2015 19/11/2015**	**NONE**
	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**	**NONE**	**NONE**	**NONE**
	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 Kl Ntlele**	**YES**	**NONE**	**NONE**	**NONE**
	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**	**NONE**	**1 08/04/2015**	**NONE**
	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**	**NONE**	**NONE**	**NONE**
	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**	**3 21/07/2015 22/09/2015 03/02/2016**	**NONE**	**NONE**

	Masheqa Samson Minenzima				
	Tladi Mamothepane Jeanette				
	Marumo Moeti Christian				
	Moloja Nkale Joseph				
	Buang Janet Kethleen Fedile				
	Taaibosch Simon Mzwandile				
	Legalanyane Maseaaetseng annastacia				
	Maruping Khonki Sam				
	Dhlamini Daniel Teboho				
	Mafika Masabata Rosina				
19	**Cllr AX Mbambo**	**YES**	**2 20/07/2015 30/07/2015**	**NONE**	**NONE**
	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**	**13 16/03/2015 14/07/2015 18/06/2015 12/08/2015 19/08/2015 09 &22/09/2015 13/10/2015 10/11/2015 08/12/2015 08.03/2016 14/04/2016**	**5 26/02/2015 12/08/2015 09/12/2015 17/04/2015**	**2 26/02/2015 12/08/2015**
	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**	**1 12/08/2015**	**1 19/07/2015**	**NONE**
	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 Sifatya**	**YES**	**NONE**	**NONE**	**NONE**
	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 13/04/2015 28/07/2015**	**2 14/04/2015 28/07/2015**	**NONE**
	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 28/08/2015 19/03/2016**	**7 09/08/2015 24/08/2015 26/08/2015 27/08/2015 11/11/2015 15/11/2015 20/03/2016**	**NONE**
	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 Qwesha**	**YES**	**1 18/02/2016**	**NONE**	**NONE**
	Likalaneng Maria Mpotseng				
	Moeketsi Tsiliso Hlomoane				

	Maloka Moloantoa David				
	Nthako Tumelo David				
	Makhalemele Fathi Elias				
	Fobane Dillo Ishmael				
	Ramasilo Mamokhili Elizabeth				
	Sebetoane Anna Dimakatso				
	Radebe Nomkhosho Alina Potia				
	Mohlouoa Malebolu Anna				
26	**Cllr SJ Tsatsa**	**YES**	**4 24/04/2015 14/04/2016 22/03/2016 13/08/2016**	**5 28/04/2015 17/04/2016 04/03/2016 15/02/2016 08/10/2015**	**NONE**
	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**	**7 21/04/2015 21/07/2015 11/08/2015 08/09/2015 13/10/2015 11/11/2015 08/12/2015**	**NONE**	**0**
	Matlhakoana 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 18/03/2015 02/08/2015 01/11/2015**	**3 22/03/2015 02/09/2015 15/11/2015**	**NONE**
	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**	**NONE**	**NONE**	**NONE**
	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**	**NONE**	**NONE**	**NONE**
	Mandlana Chuma				
	Mdluli Buyena Francina				
	Tshabalala Buick Mthunzi				
	Mokena Thabo Esaiah				
	Dimo Tshidiso Peter				
	Moletsane Monyake Paulus				
	Molefi Moeti				
	Tiro Thulo Johannes				
	Beje Thobeka Patricia				
	Mokoena Pule				
31	**Cllr HA Mokhomo**	**YES**	**NONE**	**NONE**	**NONE**
	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**	**9** **09/04/2015** **06/08/2015** **10/09/2015** **15/10/2015** **05/11/2015** **14/01/2016** **06/02/2016** **02/03/2016** **06/04/2016**	**7** **20/08/2015** **16/09/2016** **01/10/2015** **06/02/2016** **25/02/2016** **06/04/2016** **17/03/2016**	**NONE**
	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**	**NONE**	**NONE**	**NONE**
	Mjonono Nomabhelu				
	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**	**NONE**	**NONE**	**NONE**
	Tladi Dikeledi Olyvia				
	Nikelo Bekithemba				
	Mashaba Gezi				
	Van Loggerenberg Maritjie				
	Ndlondlo MZ				
	Sothoane Mathotha Rosina				
	Makhasi Ndumiso William				
35	**Cllr MI Riet**	**YES**	**NONE**	**NONE**	**NONE**
	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**	**NONE**	**NONE**	**NONE**
	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				
					T.E

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
2	Welkom (Thabong) T16: Construction Waterborne Sanitation for 1300 Stands	15/20/2014	30/10/2016	61 899
3	Welkom: Industrial Park SMME Zone Fencing / Paving & Shelter	07/04/2015	30/06/2016	31 555
4	Meloding: Taxi Centre	15/04/2014	30/11/2015	28 456
5	Nyakallong: WWTP Upgrade	02/02/2016	02/02/2017	52 299
6	Virginia: WWTP Sludge Management	02/02/2016	02/02/2017	41 655
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
				T F.1

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP

LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO DURING YEAR 0)					
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	R426 359.28 per month
Cubicle Trading	Design And Printing Of IDP And Annual Report	01-Aug-14	31-Jul-17	Infra	R187 793.00 IDP R1 387 793.00 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		R19 772 801.00
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 12 883 187.54
Golden Mile Trading	Hosting And Management Of Matjhabeng Tourism				
Manna Holding	Compilation Of The Valuation Roll	01-Dec-14	30-Jun-18	CFO	R9 500.000.00
Pumpshop Africa	Construction Of Inlet Works And Installation Of Pump Sets	21-May-15	21-Apr-16	Infra	R4 027 199.00
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	R1 800 000.00
Lemontswa Trading	Supply And Delivery Of Water Materials	18-Jul-14	17-Jun-17	Infra	R5 200 000.00
Royalman Trading	Supply And Delivery Of Water Materials	18-Jul-14	17-Jun-17	Infra	R1 000 000.00
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
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Council General	634 787 000	406 586 000	406 586 000	406 586 000		
Office of the Executive Mayor						
Office of the Speaker						
Office of the Municipal Manager	58 712 000	33 318 000	33 318 000	33 318 000		
Corporate Services						
Finance	221 298 000	363 036 000	363 036 000	363 036 000		
Human Resource						
Community Services	72 527 000	115 160 000	115 160 000	115 160 000		
Public Safety and transport	11 549 000	4 745 000	4 745 000	4 745 000		
Economic Development		14 643 000	14 643 000	14 643 000		
Engineering services		17 108 000	17 108 000	17 108 000		
Water/ Sewerage	406 380 000	355 553 000	355 553 000	355 553 000		
Electricity	463 670 000	748 265 000	748 265 000	748 265 000		
Housing	11 203 000	10 759 000	10 759 000	10 759 000		
Total Revenue by Vote	**1 880 126 000**	**2 069 173 000**	**2 069 173 000**	**2 069 173 000**	**–**	**–**
						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	192 549	189 179	189 179	189 179	0%	0%
Property rates - penalties & collection charges	–	–	–	–		
Service Charges - electricity revenue	463 670	746 025	723 025	723 025	-3%	0%
Service Charges - water revenue	287 363	203 889	203 889	203 889	0%	0%
Service Charges - sanitation revenue	119 017	120 882	120 882	120 882	0%	0%
Service Charges - refuse revenue	72 527	68 027	68 027	68 027	0%	0%
Service Charges - other	–	–	–	–		
Rentals of facilities and equipment	11 203	10 759	10 759	10 759	0%	0%
Interest earned - external investments	4 352	635	635	635	0%	0%
Interest earned - outstanding debtors	102 800	112 971	112 971	112 971	0%	0%
Dividends received	32	17	17	17	0%	0%
Fines	11 500	4 103	4 103	4 103	0%	0%
Licences and permits	49	40	40	40	0%	0%
Agency services	9 779	10 535	10 535	10 535	0%	0%
Transfers recognised - operational	419 259	406 586	406 586	406 586	0%	0%
Other revenue	18 939	79 072	79 072	79 072	0%	0%
Gains on disposal of PPE	–	–	–	–		
Environmental Protection	–	–	–	–		
Total Revenue (excluding capital transfers and contributions)	**1 713 038**	**1 952 721**	**1 929 721**	**1 929 721**	**-1,19%**	**0,00%**
						T K.2

APPENDIX L – CONDITIONAL GRANTS: EXCLUDING MIG

CONDITIONAL GRANTS: EXCLUDING MIG						
						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant	0	0	0			
Public Transport Infrastructure and Systems Grant	0	0	0			
Other Specify:	0	0	0			
Total						

** 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.*

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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	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	**113 319**	**48 095**		**48 095**	**22 420**	**32 726**	**34 683**
Infrastructure: Road transport - Total	34 773	15 256		15 256	10 798	11 467	12 144
Roads, Pavements & Bridges	0	2 499	0	2 499	0	0	0
Storm water	34 773	12 757	12 757	12 757	10 798	11 467	12 144
Infrastructure: Electricity - Total	2 160	2 240		2 240	2 842	3 018	3 205
Generation	1 975	0	0	0			
Transmission & Reticulation	115	1 800	1 800	1 800			
Street Lighting	70	440	440	440	2 842	3 018	3 205
Infrastructure: Water - Total	33 122	40		40	5 166	5 486	5 826
Dams & Reservoirs							
Water purification							
Reticulation	33 122	40	40	40	5 166	5 486	5 826
Infrastructure: Sanitation - Total	15 151	22 829		22 829	3 614	3 838	4 064
Reticulation							
Sewerage purification	15 151	22 829	22 829	22 829	3 614	3 838	4 064
Infrastructure: Other - Total	28 113	7 730		7 730		8 917	9 444
Waste Management							
Transportation							
Gas							
Other	28 113	7 730	7 730	7 730	8 397	8 917	9 444
Community - Total	**45 608**	**24 029**		**24 029**	**25 987**	**27 599**	**29 227**
Other	45 608	24 029	24 029	24 029	25 987	27 599	29 227

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CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME*

R '000

Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
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)							
Other							
Agricultural assets	–	–		–	–	–	–
List sub-class							
Biological assets	–	–		–	–	–	–
List sub-class							
Intangibles	–	–		–	–	–	–
Computers - software & programming							
Other *(list sub-class)*							
Total Capital Expenditure on new assets	**158 927**	**72 124**		**72 124**	**48 407**	**60 325**	**63 910**
Specialised vehicles	–	–		–	–	–	–
Refuse							
Fire							
Conservancy							
Ambulances							

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

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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	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	**–**	**16 677**		**16 677**	**59 434**	**54 127**	**57 349**
Infrastructure: Road transport -Total	–	1 852		1 852	13 593	14 436	15 288
Roads, Pavements & Bridges		1 852	1 852	1 852	13 593	14 436	15 288
Storm water							
Infrastructure: Electricity - Total	–	–		–	–	–	–
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	–	7 912		7 912	45 841	39 691	42 061
Reticulation							
Sewerage purification		7 912	7 912	7 912	45 841	39 691	42 061
Infrastructure: Other - Total	–	6 913		6 913	–	–	–
Waste Management							
Transportation							
Gas							
Other		6 913	6 913	6 913			
Community	**–**	**23 705**		**23 705**	**–**	**–**	**–**
Social rental housing							
Other		23 705	23 705	23 705			
Heritage assets	–	–		–	–	–	–
Buildings							
Other							

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CAPITAL EXPENDITURE - UPGRADE/RENEWAL PROGRAMME*

R '000

Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	–	–		–	–	–	–
Housing development							
Other							
Other assets	–	3 945		3 945	–	–	–
Other		3 945	3 945	3 945			
Agricultural assets	–	–		–	–	–	–
Computers - software & programming							
Other *(list sub-class)*							
Total Capital Expenditure on renewal of existing assets	–	44 327		44 327	59 434	54 127	57 349
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

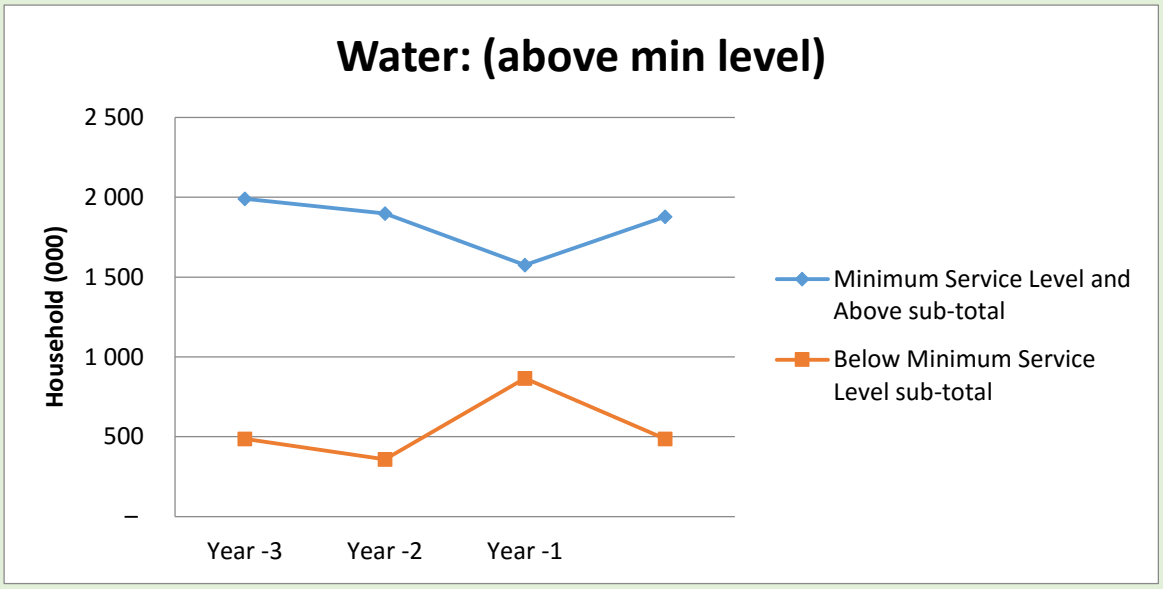
CAPITAL PROGRAMME BY PROJECT: YEAR 0					R' 000
Capital Project	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance (Act - Adj) %**	**Variance (Act - OB) %**
Water					
"Project A"	82	85	92	8%	11%
"Project B"	82	85	92	8%	11%
"Project C"	85	90	95	5%	11%
Sanitation/Sewerage					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Electricity					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Housing					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Refuse removal					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Stormwater					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Economic development					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Sports, Arts & Culture					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Environment					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Health					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Safety and Security					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
ICT and Other					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
					T. N

APPENDIX A10 -2 - SERVICES

WATER SERVICE DELIVERY LEVELS				
Description	Year -3	Year -2	Year -1	Year 0
	Outcome	Outcome	Outcome	Actual
Household (000)				
***Water:* (above min level)**				
Piped water inside dwelling	857	546	655	846
Piped water inside yard (but not in dwelling)	647	865	456	486
Using public tap (within 200m from dwelling)	486	486	465	546
Other water supply (within 200m)				
Minimum Service Level and Above sub-total	1 990	1 898	1 576	1 879
Minimum Service Level and Above Percentage	80%	84%	65%	79%
***Water:* (below min level)**				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling	486	486	486	486
No water supply				
Below Minimum Service Level sub-total	486	359	865	486
Below Minimum Service Level Percentage	20%	16%	35%	21%
Total number of households*	**2 476**	**2 256**	**2 442**	**2 365**

HOUSEHOLDS - WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM				
Description	**Year -3**	**Year -2**	**Year -1**	**Year 0**
Household	**Outcome**	**Outcome**	**Outcome**	**Actual**
Formal Settlements				
Total households	**100 000**	**100 000**	**100 000**	**100 000**
Households below minimum service level	**25 000**	**25 000**	**25 000**	**25 000**
Proportion of households below minimum service level	**25%**	**25%**	**25%**	**25%**
Informal Settlements				
Total households	**100 000**	**100 000**	**100 000**	**100 000**
Households below minimum service level	**25 000**	**25 000**	**25 000**	**25 000**
Proportion of households below minimum service level	**25%**	**25%**	**25%**	**25%**

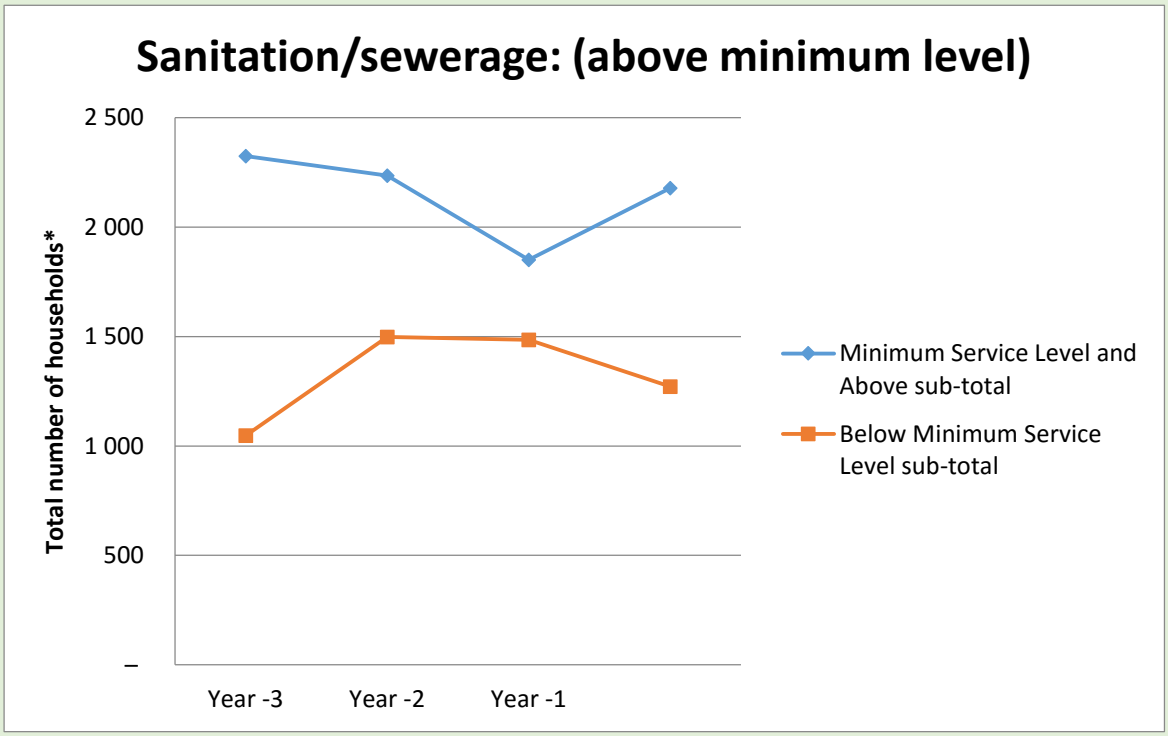
WATER (ABOVE MIN LEVEL)



SANITATION SERVICE DELIVERY LEVELS				
Description	2005/06	2006/07	2007/08	2008/09
	Outcome	Outcome	Outcome	Actual
Household (000)				
***Sanitation/sewerage:* (above minimum level)**				
Flush toilet (connected to sewerage)	942	600	720	930
Flush toilet (with septic tank)	712	952	502	535
Chemical toilet	535	535	511	601
Pit toilet (ventilated)	124	135	103	100
Other toilet provisions (above min.service level)	13	13	15	11
Minimum Service Level and Above sub-total	2 325	2 236	1 851	2 178
Minimum Service Level and Above Percentage	68,9%	59,9%	55,5%	63,1%
***Sanitation/sewerage:* (below minimum level)**				
Bucket toilet	502	952	938	720
Other toilet provisions (below min. service level)	535	535	535	535
No toilet provisions	10	11	12	15
Below Minimum Service Level sub-total	1 047	1 498	1 485	1 271
Below Minimum Service Level Percentage	31,1%	40,1%	44,5%	36,9%
Total number of households*	**3 372**	**3 734**	**3 336**	**3 449**

HOUSEHOLDS - SANITATION SERVICE DELIVERY LEVELS BELOW THE MINIMUM				
Description	**2005/06**	**2006/07**	**2007/08**	**2008/09**
Household	**Outcome**	**Outcome**	**Outcome**	**Actual**
Formal Settlements				
Total households	100 000	100 000	100 000	100 000
Households below minimum service level	25 000	25 000	25 000	25 000
Proportion of households below minimum service level	25%	25%	25%	25%
Informal Settlements				
Total households	100 000	100 000	100 000	100 000
Households below minimum service level	25 000	25 000	25 000	25 000
Proportion of households below minimum service level	25%	25%	25%	25%

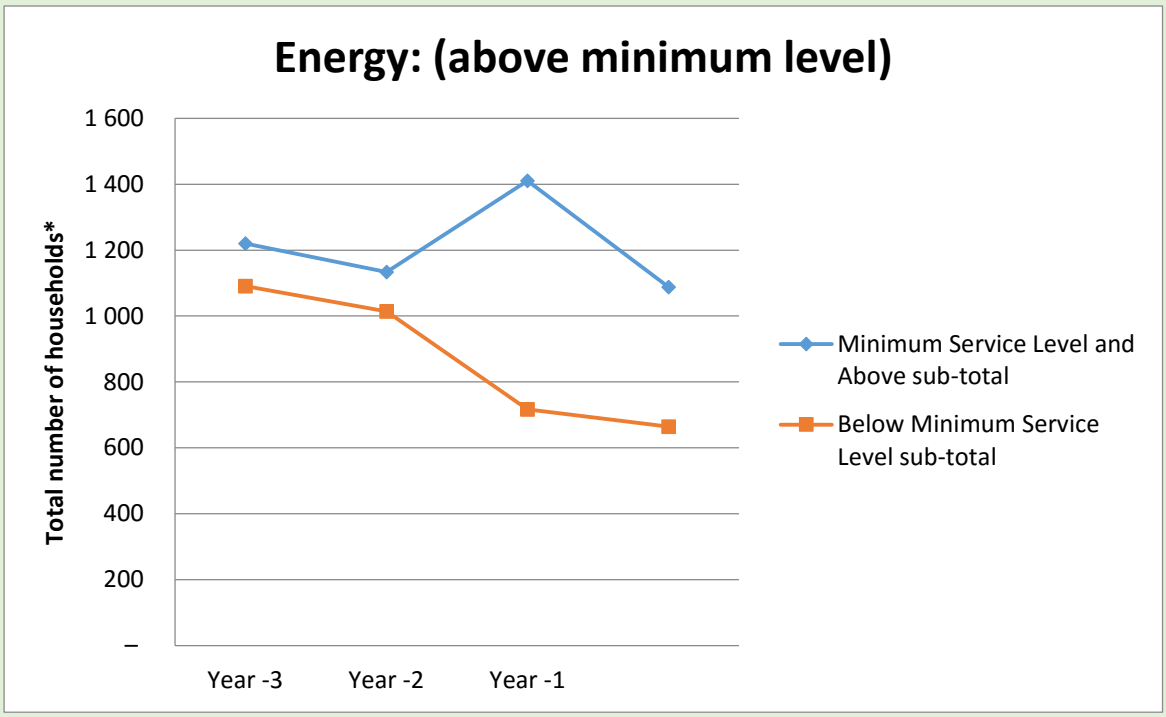
SANITATION / SEWERAGE (ABOVE MINIMUM LEVEL)



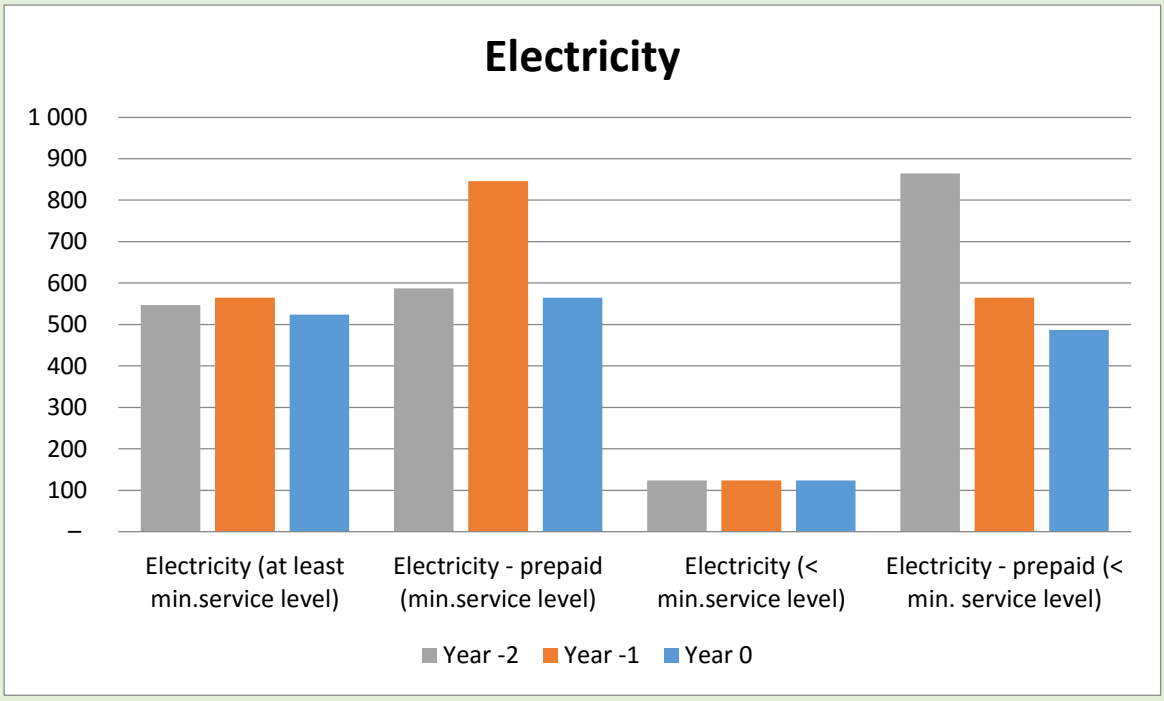
ELECTRICITY SERVICE DELIVERY LEVELS				
Description	2005/06	2006/07	2007/08	2008/09
	Outcome	Outcome	Outcome	Actual
Household				
***Energy:* (above minimum level)**				
Electricity (at least min.service level)	655	547	565	523
Electricity - prepaid (min.service level)	565	587	846	565
Minimum Service Level and Above sub-total	1 220	1 134	1 411	1 088
Minimum Service Level and Above Percentage	52,8%	52,8%	66,3%	62,1%
***Energy:* (below minimum level)**				
Electricity (< min.service level)	112	123	124	124
Electricity - prepaid (< min. service level)	955	865	565	487
Other energy sources	24	26	28	54
Below Minimum Service Level sub-total	1 091	1 014	717	664
Below Minimum Service Level Percentage	47,2%	47,2%	33,7%	37,9%
Total number of households*	2 310	2 147	2 127	1 753

HOUSEHOLDS - ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM				
Description	**2005/06**	**2006/07**	**2007/08**	**2008/09**
Household (000)	**Outcome**	**Outcome**	**Outcome**	**Actual**
Formal Settlements				
Total households	100 000	100 000	100 000	100 000
Households below minimum service level	25 000	25 000	25 000	25 000
Proportion of households below minimum service level	25%	25%	25%	25%
Informal Settlements				
Total households	100 000	100 000	100 000	100 000
Households below minimum service level	25 000	25 000	25 000	25 000
Proportion of households below minimum service level	25%	25%	25%	25%

ENERGY (ABOVE MINIMUM LEVEL)

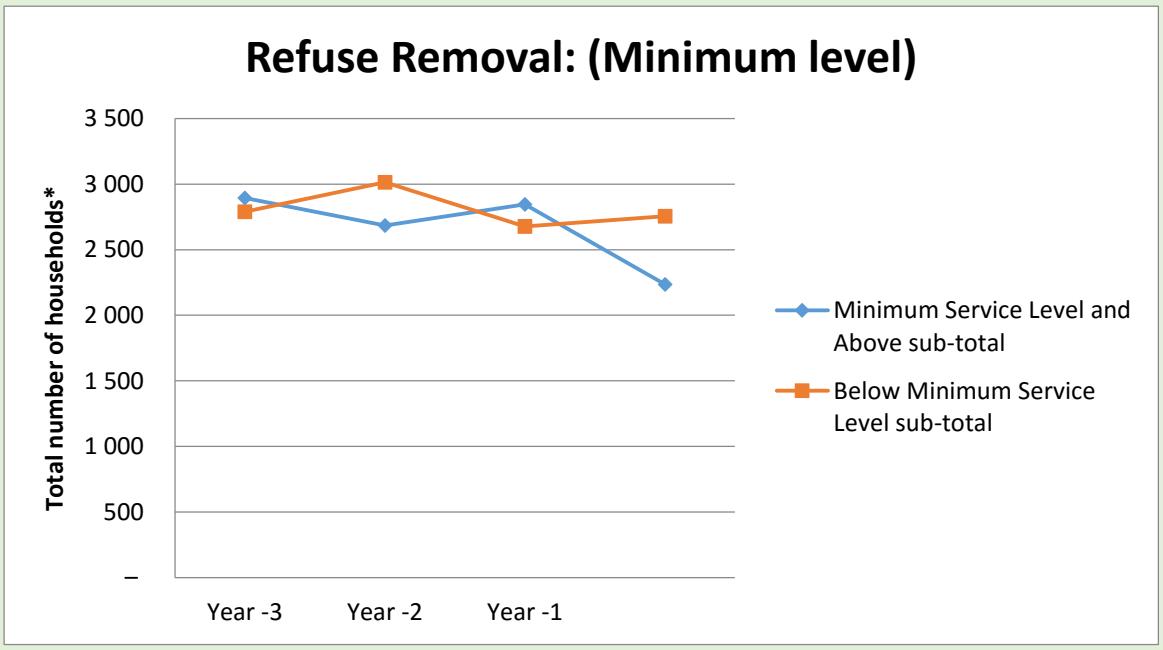


ELECTRICITY



REFUSE REMOVAL SERVICE DELIVERY LEVELS				
Description	2005/06	2006/07	2007/08	2008/09
	Outcome	Outcome	Outcome	Actual
Household				
***Refuse Removal:* (Minimum level)**				
Removed at least once a week	2 895	2 685	2 846	2 235
Minimum Service Level and Above sub-total	2 895	2 685	2 846	2 235
Minimum Service Level and Above percentage	50,9%	47,1%	51,5%	44,8%
***Refuse Removal:* (Below minimum level)**				
Removed less frequently than once a week	655	547	565	523
Using communal refuse dump	865	846	487	865
Using own refuse dump	655	547	565	523
Other rubbish disposal	502	952	938	720
No rubbish disposal	112	123	124	124
Below Minimum Service Level sub-total	2 790	3 015	2 678	2 755
Below Minimum Service Level percentage	49,1%	52,9%	48,5%	55,2%
Total number of households*	**5 685**	**5 699**	**5 523**	**4 991**

REFUSE REMOVAL (MINIMUM LEVEL)



Matjhabeng Local Municipality
Financial statements
for the year ended 30 June 2016

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
Members of the Mayoral Committe	Ngangelizwe S - Executive Mayor
	Mbana M A - Finance
	Menyatso K J - Technical Services / infrastructure
	Mfebe M S E - Corporate Services
	Motshabi M P - Community Services
	Ntsebeng MH - Human Settlements
	Radebe M L - Social Services
	Rubulana L - Local Economic Development
	Sephiri M J - Public Safety
	Taliwe F E - Policy and Planning
	Tlhone M L - Special Programmes
Councillors	Badenhorst MJM
	Banyane ME
	Baneka R
	Botha PF
	Chaka CP
	Dali VN
	De Villiers MT
	Fanie DS
	Fourie JJC
	Kabi M
	Khalipha TD
	Kockera SC
	Maboto TL
	Madumise MM
	Mafa D
	Mafongosi ZV
	Makgowe PV
	Malefane DE
	Marais JS
	Masienyane MD (MPAC chair)
	Matlebe MM (Resigned 30/09/2015)
	Mbambo AX
	Meli TS
	Mholo PP
	Mlangeni G
	Mokhomo HA
	Mokotedi TG

General Information

	Molelekoa PA
	Molelekoa PMI
	Molete TN
	Molupe RT
	Monjovo NE
	Morris VR
	Mosala MS
	Mothogo MA
	Mphikeleli MA
	Naude ZHJ
	Ngoebo ME (New)
	Ntlele KI
	Petleki KI
	Phetise ME
	Pina NJ
	Qwesha GL
	Radebe MC
	Riet MI
	Sifatya Z
	Smit DC (Resigned 31/03/2016)
	Speelman NW
	Stofile B (Speaker)
	Styger A
	Taljaard SDM
	Thateng MJ
	Thelingoane TJ
	Tlake KR
	Tsatsa SJ
	Tsubane ME
	Tsubella KS
	Twala MJ (Council Whip)
	Van Rooyen KV
	Van Rooyen MS
	Van Schalkwyk HCT
	Vanga NM
Accounting Officer	Tsoaeli T (Acting)
Chief Finance Officer (CFO)	Williams L (Acting)
Registered office	Civic Centre 319 Stateway Welkom Free State 9460
Postal address	PO Box 708 Welkom Free State 9460
Bankers	ABSA Bank Limited

General Information

	First National Bank
Attorneys	A full list of attorneys used during the year is available at the municipal offices.
Auditors	Auditor-General of South Africa
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

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

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Abbreviations

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

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 6 to 82, which have been prepared on the going concern basis, were approved by the accounting officer on 10 March 2017 and were signed on its behalf by:

Tsoaeli T
Acting Municipal Manager

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2016.

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 the Matjhabeng area, Free State Province, and operates principally in South Africa.

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

2. Going concern

We draw attention to the fact that at 30 June 2016, the municipality had accumulated surplus of R 2,976,633,199 and that the municipality's total assets exceed its liabilities by R 2,976,633,199.

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

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

3. Subsequent events

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

4. Accounting Officer

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

Surname and initials:
Tsoaeli T

Matjhabeng Local Municipality
Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015 Restated*
Assets			
Current Assets			
Other financial assets	6	-	18,862,179
Inventories	10	9,055,237	9,414,254
Other receivables	11	27,059,034	21,454,879
Receivables from non-exchange transactions	12	123,700,990	161,926,055
VAT receivable	13	141,534,807	118,915,819
Receivables from exchange transactions	14	591,257,675	728,865,309
Cash and cash equivalents	15	11,520,330	1,536,132
		904,128,073	**1,060,974,627**
Non-Current Assets			
Investment property	3	730,614,229	692,400,463
Property, plant and equipment	4	4,517,976,923	4,588,853,077
Heritage assets	5	7,104,349	7,104,349
Other financial assets	6	330,990	339,207
Receivables from non-exchange transactions	8	511,134	-
Receivables from exchange transactions	9	4,060,246	350,382
		5,260,597,871	**5,289,047,478**
Total Assets		**6,164,725,944**	**6,350,022,105**
Liabilities			
Current Liabilities			
Bank overdraft	15	2,603,485	1,569,372
Unspent conditional grants and receipts	16	1,004,295	6,024,486
Payables from exchange transactions	18	2,692,812,194	2,179,865,324
Consumer deposits	19	36,250,584	35,293,116
		2,732,670,558	**2,222,752,298**
Non-Current Liabilities			
Employee benefit obligation	7	405,964,772	349,773,364
Provisions	17	49,457,418	50,144,032
		455,422,190	**399,917,396**
Total Liabilities		**3,188,092,748**	**2,622,669,694**
Net Assets		**2,976,633,196**	**3,727,352,411**
Accumulated surplus		2,976,633,199	3,727,352,411

* See Note 44

Matjhabeng Local Municipality
Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	945,308,825	930,835,547
Rental of facilities and equipment	21	9,117,277	8,260,902
Commissions received	22	11,122,174	9,778,521
Other income	23	27,147,462	16,509,610
Interest received	24	127,102,109	105,086,689
Dividends received	24	17,251	14,608
Licences and permits	27	67,371	48,905
Total revenue from exchange transactions		**1,119,882,469**	**1,070,534,782**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	262,455,047	194,086,901
Transfer revenue			
Government grants & subsidies	26	527,662,693	586,347,372
Donations received	28	40,887,463	-
Fines	54	11,207,303	11,631,450
Total revenue from non-exchange transactions		**842,212,506**	**792,065,723**
Total revenue		**1,962,094,975**	**1,862,600,505**
Expenditure			
Employee related costs	29	(611,810,850)	(554,600,289)
Remuneration of councillors	30	(27,190,642)	(25,449,280)
Depreciation	31	(208,316,233)	(200,341,906)
Finance costs	32	(119,480,326)	(160,328,537)
Debt impairment	33	(648,290,390)	(73,512,082)
Repairs and maintenance		(39,804,219)	(39,360,898)
Bulk purchases	34	(810,072,732)	(685,780,511)
Contracted services	35	(106,421,922)	(95,550,233)
General Expenses	36	(160,763,861)	(168,439,576)
Impairment loss	56	(255,832)	-
Total expenditure		**(2,730,407,007)**	**(2,023,363,312)**
Operating deficit		**(768,312,032)**	**(160,762,807)**
Actuarial gain on employee benefits	7	(20,628,827)	3,339,864
Fair value adjustments	37	38,205,550	17,125
Gain on disposal of assets and liabilities	55	16,098	22,328
		17,592,821	**3,379,317**
Deficit for the year		**(750,719,211)**	**(157,383,490)**

* See Note 44

Matjhabeng Local Municipality
Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	2,986,960,739	2,986,960,739
Adjustments		
Prior year adjustments	897,775,164	897,775,164
Balance at 01 July 2014 as restated*	**3,884,735,903**	**3,884,735,903**
Changes in net assets		
Surplus for the year	(157,383,492)	(157,383,492)
Total changes	(157,383,492)	(157,383,492)
Opening balance as previously reported	3,893,300,110	3,893,300,110
Adjustments		
Prior year adjustments	(165,947,699)	(165,947,699)
Restated* Balance at 01 July 2015 as restated*	**3,727,352,411**	**3,727,352,411**
Changes in net assets		
Surplus for the year	(750,719,212)	(750,719,212)
Total changes	(750,719,212)	(750,719,212)
Balance at 30 June 2016	**2,976,633,199**	**2,976,633,199**

* See Note 44

Matjhabeng Local Municipality
Financial Statements for the year ended 30 June 2016

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		854,957,285	807,669,687
Grants		522,642,502	585,024,688
Interest income		3,230,005	4,351,619
Dividends received		17,251	14,608
Other receipts		53,057,431	34,073,487
		1,433,904,474	1,431,134,089
Payments			
Employee costs		(575,615,476)	(532,379,245)
Suppliers		(642,732,557)	(561,260,222)
Finance costs		(119,480,326)	(180,328,537)
		(1,337,828,359)	(1,273,968,004)
Net cash flows from operating activities	39	**96,076,115**	**157,166,085**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(93,156,133)	(156,274,648)
Proceeds from sale of property, plant and equipment	4	16,450	88,510
Disposal of investment property	3	-	2,395,294
Proceeds from sale of investment property	3	-	(3,084,744)
Proceeds from sale of financial assets		18,862,179	10,580,227
Net cash flows from investing activities		**(74,277,504)**	**(146,295,361)**
Cash flows from financing activities			
Employee benefit obligation payments		(12,848,525)	(13,295,732)
Net increase/(decrease) in cash and cash equivalents		**8,950,086**	**(2,425,008)**
Cash and cash equivalents at the beginning of the year		(33,240)	2,391,768
Cash and cash equivalents at the end of the year	15	**8,916,846**	**(33,240)**

* See Note 44

Matjhabeng Local Municipality

Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	1,138,824,000	(23,000,000)	**1,115,824,000**	945,308,825	**(170,515,175)**	<10%
Rental of facilities and equipment	10,759,000	-	**10,759,000**	9,117,277	**(1,641,723)**	Note 56.1
Licences and permits	40,000	-	**40,000**	67,371	**27,371**	Note 56.2
Other income	89,608,000	-	**89,608,000**	38,269,636	**(51,338,364)**	Note 56.3
Interest received - investment	113,606,000	-	**113,606,000**	127,102,109	**13,496,109**	Note 56.4
Dividends received	17,000	-	**17,000**	17,251	**251**	<10%
Total revenue from exchange transactions	**1,352,854,000**	**(23,000,000)**	**1,329,854,000**	**1,119,882,469**	**(209,971,531)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	189,179,000	-	**189,179,000**	262,455,047	**73,276,047**	Note 56.5
Transfer revenue						
Government grants & subsidies	523,037,000	-	**523,037,000**	527,662,693	**4,625,693**	<10%
Public contributions and donations	-	-	**-**	40,887,463	**40,887,463**	
Fines	4,103,000	-	**4,103,000**	11,207,303	**7,104,303**	Note 56.6
Total revenue from non-exchange transactions	**716,319,000**	**-**	**716,319,000**	**842,212,506**	**125,893,506**	
Total revenue	**2,069,173,000**	**(23,000,000)**	**2,046,173,000**	**1,962,094,975**	**(84,078,025)**	
Expenditure						
Employee cost	(569,263,000)	(35,000,000)	**(604,263,000)**	(611,810,850)	**(7,547,850)**	<10%
Remuneration of councillors	(26,763,000)	-	**(26,763,000)**	(27,190,642)	**(427,642)**	<10%
Depreciation	(192,680,000)	-	**(192,680,000)**	(206,316,233)	**(13,636,233)**	Note 56.7
Impairment loss	(87,983,000)	-	**(87,983,000)**	(255,832)	**87,727,168**	Note 56.8
Finance costs	(168,000,000)	35,000,000	**(133,000,000)**	(119,480,326)	**13,519,674**	Note 56.9
Debt impairment	-	-	**-**	(648,290,390)	**(648,290,390)**	Note 56.10
Repairs and maintenance	-	-	**-**	(39,804,219)	**(39,804,219)**	Note 56.11
Bulk purchases	(617,810,000)	-	**(617,810,000)**	(810,072,732)	**(192,262,732)**	Note 56.12
Contracted Services	(89,090,000)	-	**(89,090,000)**	(106,421,922)	**(17,331,922)**	Note 56.13
General Expenses	(283,634,000)	23,000,000	**(260,634,000)**	(160,763,860)	**99,870,140**	Note 56.14
Total expenditure	**(2,035,223,000)**	**23,000,000**	**(2,012,223,000)**	**(2,730,407,006)**	**(718,184,006)**	
Operating deficit	**33,950,000**	**-**	**33,950,000**	**(768,312,031)**	**(802,262,031)**	
Gain on disposal of assets and liabilities	-	-	**-**	16,098	**16,098**	Note 56.15
Actual gain (loss) on employee benefits	-	-	**-**	(20,628,827)	**(20,628,827)**	Note 56.16
Fair value adjustments	-	-	**-**	38,205,550	**38,205,550**	Note 56.17
	-	**-**	**-**	**17,592,821**	**17,592,821**	
Deficit before taxation	**33,950,000**	**-**	**33,950,000**	**(750,719,210)**	**(784,669,210)**	
Actual Amount	**33,950,000**	**-**	**33,950,000**	**(750,719,210)**	**(784,669,210)**	

Matjhabeng Local Municipality
Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	346,477,000	-	**346,477,000**	9,055,237	**(337,421,763)**	
Other financial assets	29,401,000	-	**29,401,000**	-	**(29,401,000)**	
Other receivables	-	-	**-**	27,059,034	**27,059,034**	
Receivables from non-exchange transactions	-	-	**-**	123,700,990	**123,700,990**	
VAT receivable	-	-	**-**	141,534,807	**141,534,807**	
Receivables from non-exchange transactions	1,912,017,000	-	**1,912,017,000**	591,257,675	**(1,320,759,325)**	
Other receivables	10,000,000	-	**10,000,000**	-	**(10,000,000)**	
Cash and cash equivalents	5,000,000	-	**5,000,000**	11,520,330	**6,520,330**	
	2,302,895,000	**-**	**2,302,895,000**	**904,128,073**	**(1,398,766,927)**	
Non-Current Assets						
Investment property	460,000,000	-	**460,000,000**	730,614,229	**270,614,229**	
Property, plant and equipment	5,000,000,000	-	**5,000,000,000**	4,517,976,924	**(482,023,076)**	
Heritage assets	-	-	**-**	7,104,349	**7,104,349**	
Other financial assets	5,000,000	-	**5,000,000**	330,990	**(4,669,010)**	
Receivables from non-exchange transactions	-	-	**-**	511,134	**511,134**	
Receivables from exchange transactions	-	-	**-**	4,060,246	**4,060,246**	
	5,465,000,000	**-**	**5,465,000,000**	**5,260,597,872**	**(204,402,128)**	
Total Assets	**7,767,895,000**	**-**	**7,767,895,000**	**6,164,725,945**	**(1,603,169,055)**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	1,450,000,000	-	**1,450,000,000**	2,692,812,193	**1,242,812,193**	
Consumer deposits	33,000,000	-	**33,000,000**	36,250,584	**3,250,584**	
Unspent conditional grants and receipts	-	-	**-**	1,004,295	**1,004,295**	
Bank overdraft	-	-	**-**	2,603,485	**2,603,485**	
	1,483,000,000	**-**	**1,483,000,000**	**2,732,670,557**	**1,249,670,557**	
Non-Current Liabilities						
Employee benefit obligation	-	-	**-**	405,964,772	**405,964,772**	
Provisions	318,000,000	-	**318,000,000**	49,457,418	**(268,542,582)**	
	318,000,000	**-**	**318,000,000**	**455,422,190**	**137,422,190**	
Total Liabilities	**1,801,000,000**	**-**	**1,801,000,000**	**3,188,092,747**	**1,387,092,747**	
Net Assets	**5,966,895,000**	**-**	**5,966,895,000**	**2,976,633,198**	**(2,990,261,802)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets						
Reserves						
Accumulated surplus	5,966,895,000	-	**5,966,895,000**	2,976,633,198	**(2,990,261,802)**	

Accounting Policies

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 in accordance with Section 122(3) of the Municipal Finance Management Act (Act 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. They are presented in South African Rand.

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 and in some cases additional information was included in the accounting policies.

1.1 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These financial statements have been prepared based on the expectation that the municipality will continue to operate as a 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:

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

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

The impairment for trade receivables, held to maturity investments and loans and receivables is 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 loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

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

Fair value estimation

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

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

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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 assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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

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 17 - Provisions.

Useful lives of waste and water network and other assets

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 obligation

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

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the 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 pension obligations are based on current market conditions. Additional information is disclosed in Note 7.

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

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

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

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

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

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

Accounting Policies

1.4 Investment property (continued)

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

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

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

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.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

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

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

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

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.

Accounting Policies

1.5 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Transport assets	Straight line	4 - 15 years
Infrastructure	Straight line	3 - 100 years
Other movable assets	Straight line	2 - 20 years
Landfill rehabilitation asset	Straight line	8 - 20 years
Buildings	Straight line	2 - 50 years

The residual value, and the useful life and depreciation method of each asset is 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.

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

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.

If the related asset is measured using the cost model:

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

1.7 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.

Accounting Policies

1.7 Heritage assets (continued)

Recognition

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

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 assets 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.

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

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

A financial asset is:

- cash;
- a residual interest of another entity; or

Accounting Policies

1.8 Financial instruments (continued)

- 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.

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.

Accounting Policies

1.8 Financial instruments (continued)

Classification

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

Class	Category
Other financial assets	Financial asset measured at fair value
Other receivables	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at 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:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Bank overdraft	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.

Accounting Policies

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

Financial assets measured at amortised cost:

Accounting Policies

1.8 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.

Accounting Policies

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

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

Accounting Policies

1.8 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

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.

Any contingent rents are expensed in the period in which they are incurred.

Accounting Policies

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).

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.

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

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.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.12 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.

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:
- 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.

Accounting Policies

1.14 Employee benefits (continued)

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.

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 an interest expense.

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

Provisions are not recognised for future operating deficits.

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 42.

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.

Accounting Policies

1.16 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.17 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 ,

Accounting Policies

1.17 Revenue from exchange transactions (continued)

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.18 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 arise 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.

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

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.

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.

1.19 Investment income

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

1.20 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.22 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.

Accounting Policies

1.22 Unauthorised expenditure (continued)

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.

1.23 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.

1.24 Irregular expenditure

Irregular expenditure as defined in section 32 of the MFMA 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 circular 68 which was issued in terms of sections 32 of the Municipal Finance Management Act, Act 56 of 2003 on 10 May 2013 requires the following:

Irregular expenditure that was incurred and identified during the current financial and which was written off 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 approval for write off 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 written off 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 written off 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 written off 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.

1.25 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

Accounting Policies

1.25 Budget information (continued)

The approved budget covers the fiscal period from 2015/07/01 to 2016/06/30.

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.

1.26 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.

1.27 Events after reporting date

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

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

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.28 Consumer deposits

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

1.29 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.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 105: Transfers of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality has adopted the standard for the first time in the 2016 financial statements.

The impact of the amendment is not material.

GRAP 106: Transfers of functions between entities not under common control

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality has adopted the standard for the first time in the 2016 financial statements.

The impact of the amendment is not material.

GRAP 107: Mergers

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality has adopted the standard for the first time in the 2016 financial statements.

The impact of the amendment is not material.

Notes to the Financial Statements

2. New standards and interpretations (continued)

2.2 Standards and interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP

The objective of this Directive is to permit an entity to change its measurement bases following the initial adoption of Standards of GRAP. The change is based on the principles in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. This Directive should therefore be read in conjunction with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In applying paragraph 13(b) of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors, this Directive allows an entity, that has initially adopted the fair value model for investment property or the revaluation model for property, plant and equipment, intangible assets or heritage assets, to change its accounting policy on a once-off basis to the cost model when the entity elects to change its accounting policy following the initial adoption of these Standards of GRAP. The once-off change will be allowed when the entity made an inappropriate accounting policy choice on the initial adoption of the Standards of GRAP.

Subsequent to the application of this Directive, an entity will be allowed to change its accounting policy in future periods subject to it meeting the requirements in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality has early adopted the standard for the first time in the 2016 financial statements.

The impact of the standard is not material.

2.3 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, an effective date has not yet been set by the Minister of Finance.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

Notes to the Financial Statements

2. New standards and interpretations (continued)

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date is not yet gazetted by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

The impact of this standard is currently being assessed.

GRAP32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

The impact of this standard is currently being assessed.

GRAP108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

Notes to the Financial Statements

2. New standards and interpretations (continued)

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

The impact of this standard is currently being assessed.

GRAP 109: Accounting by Principals and Agents

This Interpretation of the Standards of GRAP provides guidance to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

3. Investment property

	2016			2015		
	Cost / Valuation	Accumulated impairment	Carrying value	Cost / Valuation	Accumulated impairment	Carrying value
Investment property	730,614,229	-	730,614,229	692,400,463	-	692,400,463

Reconciliation of investment property - 2016

	Opening balance	Fair value adjustments	Total
Investment property	692,400,463	38,213,766	730,614,229

Reconciliation of investment property - 2015

	Opening balance	Disposals	Total
Investment property	694,795,757	(2,395,294)	692,400,463

Pledged as security

No property was pledged as security for any financial liability.

There are no contractual obligations on investment property.

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.

Notes to the Financial Statements

Figures in Rand

4. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	133,392,998	(34,609,820)	98,696,778	133,392,998	(30,759,851)	102,543,647
Transport assets	126,681,685	(40,008,980)	81,722,185	124,153,128	(40,221,308)	83,931,820
Infrastructure	7,851,517,707	3,825,448,259	4,026,477,448	7,713,873,073	3,641,890,939	4,072,982,134
Other movable assets	17,193,549	(14,021,840)	3,068,689	18,376,701	(13,297,540)	5,079,159
Capital work in progress	228,646,147	-	228,646,147	261,077,300	-	261,077,300
Landfill rehabilitation assets	59,022,930	(20,879,891)	99,143,839	78,399,862	(13,944,545)	64,455,317
Total	**8,401,678,016**	**3,943,893,093**	**4,517,976,003**	**8,329,852,957**	**3,737,099,480**	**4,588,853,077**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Change in net discount rate	Disposals	Transfers	Depreciation	Impairment loss	Total
Land and buildings	102,543,647	-	-	-	-	(3,849,869)	-	98,696,778
Transport assets	83,931,819	5,879,092	-	(352)	831,051	(8,532,969)	(185,337)	81,722,185
Infrastructure	4,072,987,034	49,687,402	-	-	188,835,206	(185,330,345)	-	4,026,477,448
Other movable assets	5,079,159	844,848	-	-	-	(1,883,909)	(70,496)	3,068,689
Capital work in progress	261,077,300	88,433,193	-	-	(188,864,346)	-	-	228,646,147
Landfill rehabilitation assets	64,455,317	-	1,652,887	-	-	(6,964,145)	-	59,143,839
	4,588,853,076	**134,843,536**	**1,652,887**	**(352)**	**-**	**(206,316,231)**	**(255,833)**	**4,517,976,003**

Notes to the Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Change in discount rate	Disposals	Transfers	Depreciation	Total
Land and buildings	106,389,516	-	-	-	-	(3,844,869)	102,543,647
Transport assets	92,149,120	259,672	-	(66,162)	-	(8,283,191)	83,921,619
Infrastructure	4,023,061,325	-	-	-	229,470,940	(179,784,232)	4,072,747,034
Other moveable assets	4,583,529	985,885	-	-	-	(1,591,225)	3,978,189
Capital work in progress	225,489,422	155,065,821	-	-	(229,470,940)	-	261,077,303
Landfill rehabilitation assets	74,881,695	-	(3,566,091)	-	-	(6,521,290)	64,455,317
	4,526,571,606	156,274,640	(3,566,091)	(66,162)	-	(206,341,807)	4,586,663,076

Pledged as security

None of these assets were pledged as security.

Other information

Property, plant and equipment that was not used for any period of time during the reporting period that impacted the delivery of services of the municipality (Carrying amount)		
Transport assets	16,611,502	11,755,939

A total amount of 49 transport assets as disclosed above are kept locked up at the premises of a supplier of services due to alleged non-payment for services delivered to the Municipality. The supplier refuse access to the premises or the vehicles to municipal staff. The municipality is in a process to contest the invoices and claims of the supplier. The case is currently served in court and the list of assets are recorded on the Sheriff's records. The assets were taken by the Sheriff on 31 October 2014.

Reconciliation of Work-in-Progress 2016

	Infrastructure	Land and buildings	Total
Work in progress	187,632,902	51,213,245	238,846,147

Figures in Rand	2016	2015

4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2015

	Infrastructure	Land and buildings	Total
Work in progress	206,516,230	54,561,070	261,077,300

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.

Notes to the Financial Statements

Figures in Rand	2016	2015

5. Heritage assets

	2016			2015		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	4,747,835	-	4,747,835	4,747,835	-	4,747,835
Mayoral chains	2,356,514	-	2,356,514	2,356,514	-	2,356,514
Total	**7,104,349**	**-**	**7,104,349**	**7,104,349**	**-**	**7,104,349**

Reconciliation of heritage assets 2016

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

Pledged as security

None of these assets were pledged as security.

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.

6. Other financial assets

Designated at fair value		
Unlisted shares The unlisted shares consist of 17,238 (2015:17,238) equity shares in Senwes Limited and 26,435 (2015:26,435) equity shares in Senwesbel Limited.	330,990	339,207
At amortised cost		
RMB Asset Management (Guaranteed Investment Trust) The maturity date of the investment was 19 October 2015 with a guaranteed amount of R19,191,692. The investment was withdrawn on 07 April 2016. 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% (2015:15.6%) per annum.	-	18,862,179
Total other financial assets	**330,990**	**19,201,386**
Non-current assets		
Designated at fair value	330,990	339,207
Current assets		
At amortised cost	-	18,862,179

Figures in Rand	2016	2015

6. Other financial assets (continued)

Financial assets at fair value

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 1		
Class 1 - Unlisted shares	330,990	339,207

Renegotiated terms

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

Financial assets pledged as collateral

Collateral

Carrying value of financial assets pledged as collateral for liabilities or contingent liabilities	-	-

7. Employee benefit obligations

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

Carrying value		
Present value of the post employment medical aid benefit	(368,850,962)	(325,842,486)
Present value of the long service award benefit	(37,113,810)	(23,930,878)
	(405,964,772)	**(349,773,364)**

These obligations are not a funded arrangement, no separate assets have been set aside currently to meet these obligations.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	349,773,364	322,410,090
Net expense recognised in the statement of financial performance	56,191,408	27,363,274
	405,964,772	**349,773,364**

Net expense recognised in the statement of financial performance

Service cost	17,499,056	15,592,248
Interest cost	30,912,050	28,406,622
Actuarial (gains) / losses	20,628,827	(3,339,964)
Expected benefits paid	(12,848,525)	(13,295,732)
	56,191,408	**27,363,274**

Figures in Rand	2016	2015

7. Employee benefit obligations (continued)

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 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 (SALBGC) issued 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
> 5 Years	2%	5 days
> 10 Years	3%	10 days
> 15 Years	4%	10 days
> 20 Years	5%	15 days
> 25 - 45 Years	6%	15 days

Calculation of actuarial gains and losses

Actuarial (gains) losses - (long service)	7,393,777	(3,339,964)
Actuarial (gains) losses - (medical aid)	13,235,050	-
	20,628,827	**(3,339,964)**

Notes to the Financial Statements

Figures in Rand	2016	2015

7. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

CPI (medical aid)	7.07 %	- %
CPI (long service)	6.34 %	6.00 %
Discount rate (medical aid)	9.54 %	9.00 %
Discount rates used (long service)	8.65 %	9.00 %
Medical aid inflation rates (medical aid)	8.57 %	8.00 %
Net discount rate (long service)	0.93 %	1.87 %
Net discount rate (medical)	0.93 %	0.89 %
Salary increase rate (long service)	7.00 %	7.34 %
Continuation percentage	100.00 %	90.00 %

Other assumptions

The effect of a one percentage increase / decrease in the net discount rate is as follows for the 2016 financial year:

	1% increase	1% decrease
Employer's accrued liability (long service awards)	39,890,921	34,610,413
Employer's expense cost (long service awards)	6,637,588	5,681,938
Employer's accrued liability (medical aid)	309,063,443	431,503,075
Service cost (medical aid)	16,657,785	25,337,571
Interest cost (medical aid)	32,141,460	36,498,856

The municipality expects to pay benefits of R8,718,737 towards post-retirement medical aid and R2,444,774 towards long service benefits to its employee benefits in the next financial year.

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

	2016 R	2015 R	2014 R	2013 R	2012 R
Employee benefit obligation	(405,964,772)	(349,773,364)	(322,410,090)	(305,077,529)	(245,392,909)

Figures in Rand	2016	2015

7. Employee benefit obligations (continued)

Defined contribution plan

The municipality makes provision for post-retirement benefits to all employees and councilors, who belong to different defined retirement contribution plans which are administrated 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 ofthe participating employers.

This is in line with the exemption in GRAP 25 paragraph 31 which states that where information required for proper defined benefitaccounting 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	49,642,382	27,363,274

8. Receivables from non-exchange transactions

Non current arrangements - rates	2,491,696	-
Allowance for impairment	(1,980,562)	-
	511,134	**-**

Rates aging for arrangements

91+ days	511,134	-

Notes to the Financial Statements

Figures in Rand	2016	2015

8. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions pledged as security:

None of the consumer receivables were pledged as security.

Renegotiated terms:

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

Fair value of receivables:

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

Receivables from non-exchange transactions impaired:

As of 30 June 2016, receivables from non-exchange transaction (non-current) of R1 980 562 (2015: R0) were impaired and provided for.

The following factors was considered in determining the impairment:
- Aging of the outstanding debt.
- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

9. Receivables from exchange transactions

Non current arrangements - services	20,257,060	21,059,890
Allowance for impairment	(16,196,814)	(20,709,508)
	4,060,246	**350,382**

Services aging for arrangements		
91+ days	4,060,246	350,382

Receivables from exchange transactions pledged as security:

None of the receivables from exchange transactions were pledged as security.

Renegotiated terms:

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

Fair value of receivables

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

Receivables from exchange transactions impaired:

As of 30 June 2016, receivables from exchange transaction (non-current) of R16 196 814 (2015: R20 709 508) were impaired and provided for.

The following factors was considered in determining the impairment:
- Aging of the outstanding debt.
- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

Notes to the Financial Statements

Figures in Rand	2016	2015

10. Inventories

Consumable stores	7,499,133	7,318,736
Water in reservoirs and pipelines	1,556,104	2,095,518
	9,055,237	**9,414,254**

Stock losses due to theft (case number 596/06/2016)	81,239	-
Inventories recognised as an expense during the year - Water	406,875,193	344,352,530

Inventories recognised as an expense during the year - Refer to note 36.

Inventory pledged as security

None of the inventory was pledged as security for any financial liability of the municipality.

11. Other receivables

Accrued interest	106,572	-
Consumer deposits receivable	5,884,740	5,038,282
Deposits	9,850	9,850
Other receivables	3,142,722	5,602,097
Traffic fines receivable	17,915,150	10,804,650
	27,059,034	**21,454,879**

Other receivables pledged as security

None of the other receivables were pledged as security during the year.

Fair value of other receivables

The carrying value of consumer deposits approximate their fair values.

Other receivables past due but not impaired

None of the other receivables are considered to be impaired.

Other receivables impaired:

As of 30 June 2016, none of the other receivables were impaired and provided for.

The following factors was considered in determining the impairment:
- Aging of the outstanding debt.
- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

12. Receivables from non-exchange transactions

Consumer receivables - rates	304,278,800	284,193,116
Allowance for impairment - rates	(180,066,676)	(122,267,061)
Less: Non-current consumer receivables (arrangements)	(2,491,696)	-
Allowance for impairment - arrangements	1,980,562	-
	123,700,990	**161,926,055**

Receivables from non-exchange transactions pledged as security

None of the receivables from non-exchange transactions were pledged as security.

Notes to the Financial Statements

Figures in Rand	2016	2015

12. Receivables from non-exchange transactions (continued)

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from non-exchange transactions past due but not impaired

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

1 month past due	4,795,241	-
2 months past due	3,938,360	-
3 months past due	8,326,544	-
Rates aging		
Current (0-30 days)	20,396,614	13,788,969
31 - 60 days	12,175,846	8,156,428
61 - 90 days	11,269,804	7,184,257
91+ days	257,944,840	255,063,464
Less: Allowance for impairment	(178,086,114)	(122,267,061)
	123,700,990	**161,926,055**

Fair value of receivables

The carrying value of the receivables from non-exchange transactions recorded at amortised cost approximate their fair values.

Receivables from non-exchange transactions impaired:

As of 30 June 2016, receivables from non- exchange transactions of R178 086 114 (2015: R122 267 061) were impaired and provided for.

The following factors was considered in determining the impairment:
- Aging of the outstanding debt.
- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

Renegotiated terms:
None of the receivables from non-exchange transactions that are fully performing have been renegotiated in the last year.

13. VAT receivable

VAT	141,534,807	118,915,819

Notes to the Financial Statements

Figures in Rand	2016	2015

14. Receivables from exchange transactions

Gross balances		
Electricity	219,085,359	230,536,674
Water	829,177,871	777,810,621
Sewerage	315,954,686	279,258,716
Refuse	213,684,745	189,906,711
Other receivables	140,198,326	56,006,736
Unmetered consumption - water	21,229,023	35,286,038
Unmetered consumption - electricity	61,300,537	66,226,665
Less: Non-current consumer receivables (Arrangements)	(20,257,060)	(21,059,890)
Payments received in advance	-	(124,663,935)
	1,780,373,487	**1,489,308,336**
Less: Allowance for impairment		
Electricity	(117,347,637)	(75,035,288)
Water	(594,676,045)	(418,471,187)
Sewerage	(241,125,679)	(136,759,238)
Refuse	(166,938,917)	(95,288,227)
Other receivables	(85,224,347)	(55,598,595)
Less: Non-current consumer receivables (Arrangements)	16,196,814	20,709,508
	(1,189,115,811)	**(760,443,027)**
Net balance		
Electricity	101,737,722	155,501,386
Water	234,501,826	359,339,434
Sewerage	74,829,006	142,499,478
Refuse	46,745,828	94,618,484
Other receivables	54,973,979	408,141
Unmetered consumption - water	21,229,023	35,286,038
Unmetered consumption - electricity	61,300,537	66,226,665
Non-current consumer receivables (Arrangements)	(4,060,246)	(350,382)
Payments received in advance	-	(124,663,935)
	591,257,675	**728,865,309**
Electricity		
Current (0 -30 days)	36,294,677	75,843,003
31 - 60 days	14,550,075	17,712,096
61 - 90 days	8,983,545	7,964,863
91+ days	161,257,062	129,016,712
Less: Impairment	(117,347,637)	(75,035,288)
	101,737,722	**155,501,386**
Water		
Current (0 -30 days)	53,473,992	62,842,832
31 - 60 days	33,175,663	36,332,623
61 - 90 days	21,276,106	22,257,429
91+ days	721,252,110	656,377,737
Less: Impairment	(594,676,045)	(418,471,187)
	234,501,826	**359,339,434**

Notes to the Financial Statements

Figures in Rand	2016	2015

14. Receivables from exchange transactions (continued)

Sewerage		
Current (0 -30 days)	11,311,220	10,725,313
31 - 60 days	8,829,417	9,053,253
61 - 90 days	8,206,870	7,831,605
91+ days	287,607,178	251,648,545
Less: Impairment	(241,125,679)	(136,759,238)
	74,829,006	**142,499,478**
Refuse		
Current (0 -30 days)	6,927,306	6,487,255
31 - 60 days	5,306,232	5,050,179
61 - 90 days	5,027,914	4,690,941
91+ days	196,423,293	173,678,336
Less: Impairment	(166,938,917)	(95,288,227)
	46,745,828	**94,618,484**
Other		
Current (0 -30 days)	3,572,846	2,580,121
31 - 60 days	3,344,486	3,087,982
61 - 90 days	2,895,997	3,251,404
91+ days	130,393,997	47,087,229
Less: Impairment	(85,224,347)	(55,598,595)
	54,973,979	**408,141**
Unmetered consumption - water		
Current (0 -30 days)	21,229,023	35,286,038
Unmetered consumption - electricity		
Current (0 -30 days)	61,300,537	66,226,665

Notes to the Financial Statements

Figures in Rand	2016	2015

14. Receivables from exchange transactions (continued)

Summary of receivables by customer classification

Consumers		
Current (0 -30 days)	79,005,751	62,302,916
31 - 60 days	54,850,684	48,381,987
61 - 90 days	39,250,011	32,979,223
91+ days	1,389,090,723	1,020,813,715
	1,562,207,169	1,164,477,841
Less: Allowance for impairment	(1,141,125,215)	(489,916,759)
	421,081,954	**674,561,082**
Business, industrial and commercial		
Current (0 -30 days)	31,279,626	31,768,065
31 - 60 days	14,093,803	14,164,406
61 - 90 days	9,271,877	9,422,022
91+ days	316,382,330	252,184,480
	371,027,636	307,538,973
Less: Allowance for impairment	(204,713,465)	(109,829,170)
	166,314,171	**197,709,803**
National and provincial government		
Current (0 -30 days)	7,893,944	4,552,348
31 - 60 days	5,858,899	5,615,972
61 - 90 days	4,685,234	3,398,569
91+ days	4,219,563	129,824,549
	22,657,640	143,391,438
Less: Allowance for impairment	-	(59,136,025)
	22,657,640	**84,255,413**
Indigents		
Current (0 -30 days)	26,454	8,906,424
31 - 60 days	87,306	9,191,220
61 - 90 days	41,379	5,363,401
91+ days	2,559,767	123,933,496
	2,714,906	147,394,541
Less: Allowance for impairment	(2,714,906)	(147,394,541)
	-	-
Farms and agriculture		
Current (0 -30 days)	2,962,810	2,105,876
31 - 60 days	2,491,026	2,038,974
61 - 90 days	2,392,735	2,017,283
91+ days	44,751,283	48,747,647
Less: Allowance for impairment	(36,825,715)	(23,924,416)
	15,782,139	**30,985,364**

Receivables from exchange transactions past due but not impaired

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

1 month past due	10,814,218	40,879,048
2 months past due	3,064,512	27,542,242
3 months past due	13,265,755	822,507,422

Figures in Rand	2016	2015

14. Receivables from exchange transactions (continued)

Receivables from exchange transactions pledged as security

None of the receivables from exchange transactions were pledged as security.

Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from exchange transactions impaired:

As of 30 June 2016, receivables from exchange transactions of R1 189 115 811 (2015: R760 443 027) were impaired and provided for.

The following factors was considered in determining the impairment:
- Aging of the outstanding debt.
- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

Renegotiated terms:
None of the receivables from exchange transactions that are fully performing have been renegotiated in the last year.

Fair value of receivables from exchange transactions:
The carrying value of the receivables from exchange transactions recorded at amortised cost approximate their fair values.

15. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand and advances	9,474	9,474
Short-term deposits	10,837,028	741,082
Collections account	873,828	785,576
Bank overdraft	(2,803,485)	(1,569,372)
	8,916,845	**(33,240)**
Current assets	11,520,330	1,536,132
Current liabilities	(2,603,485)	(1,569,372)
	8,916,845	**(33,240)**

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

The total amount of undrawn facilities available for future operating activities and commitments are as follows:

ACB mag tape debit facility	2,000,000	2,000,000
Housing guarantee	500,000	500,000
Fleet card	60,000	60,000

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates.

Cash and cash equivalents pledged as collateral

None of the cash and cash equivalents were pledged as collateral.

Notes to the Financial Statements

Figures in Rand	2016	2015

15. Consumer debtors disclosure (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA Primary Cheque account Acc no (40-5370-5465)	(482,599)	2,187,120	1,275,549	(836,542)	(775,550)	1,853,697
ABSA Market Cheque account Acc no (40-5644-3399)	918,032	1,497,072	2,116,003	(1,766,943)	(793,822)	(913,370)
FNB Collections Cheque account Acc No (542-3117-3409)	873,828	785,576	701,726	873,828	785,576	700,915
ABSA Savings account Acc no (90-9461-7107)	9,870,795	1,000	1,000	9,870,795	1,000	1,000
ABSA Savings account Acc no (91-0668-4115)	1,000	1,201	1,000	1,000	1,201	1,000
ABSA Savings account Acc no (91-1114-1338)	1,000	1,011	1,000	1,000	1,011	1,000
ABSA Savings account Acc no (91-0668-4238)	1,000	1,077	1,000	1,000	1,077	1,000
ABSA Savings account Acc no (91-0663-8138)	-	-	50	-	-	50
ABSA Savings account Acc no (91-0668-4157)	1,000	1,001	1,000	1,000	1,001	1,000
ABSA Savings account Acc no (91-2351-5666)	1,000	1,002	1,002	1,000	1,002	1,002
FNB Call account Acc no (614-0400-1177)	5,140	5,074	5,074	5,140	5,074	5,074
FNB Call account Acc no (620-0050-3019)	756,093	709,079	709,079	756,093	709,079	709,079
Total	**11,946,289**	**5,190,213**	**4,813,483**	**8,907,371**	**(63,351)**	**2,361,447**

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Integrated national electrification programme (INEP)	600,001	1,018,931
Energy efficiency and demand side management programme (EEDSM)	404,294	1,936,848
Extended public work programme (EPWP)	-	743,889
Sector education and training authority (SETA)	-	2,324,817
	1,004,295	**6,024,485**

Movement during the year

Unspent at the beginning of the year	6,024,486	7,347,170
Additions during the year	522,142,502	585,024,688
Income recognition during the year	(527,162,693)	(586,347,372)
	1,004,295	**6,024,486**

The nature and extent of government grants recognised in the financial statements are an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 26 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

17. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Discounting	Change in the net discount rate	Total
Rehabilitation of landfill sites	50,144,032	(2,339,282)	1,652,668	49,457,418

Reconciliation of provisions - 2015

	Opening Balance	Discounting	Change in the net discount rate	Total
Rehabilitation of landfill sites	50,391,813	3,337,311	(3,585,092)	50,144,032

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	9 years (2015: 10 years)
Henneman (Phomolong)	12 years (2015: 13 years)
Odendaalsrus	24 years (2015: 25 years)
Virginia (Transfer Station)	12 years (2015: 13 years)
Bronville (Welkom)	6 years (2015: 7 years)

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

Discount rate assumptions (Additional information to the prior year financial statements)

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

	30 June 2016	30 June 2015	30 June 2014
Discount rate (D)	8.51 %	9.08 %	8.76 %
Consumer price inflation (C)	6.82 %	6.70 %	5.58 %
Net discount rate ((1+D)/(1+H)-1)	1.58 %	2.23 %	3.02 %

Movement in the closing balance of the provision

Active landfill sites - 30 June 2015	Opening balance 1 July 2014	Discounting	Movement due to change in net discount rate	Closing balance 30 June 2015
Odendaalsrus	13,667,325	752,149	(1,770,209)	12,649,265
Bronville (Welkom)	21,732,234	1,664,598	(842,525)	22,554,307
Allanridge	4,747,075	346,402	(259,988)	4,833,489
Henneman (Phomolong)	8,192,185	431,767	(567,820)	8,056,132

Notes to the Financial Statements

Figures in Rand			2016	2015

17. Provisions (continued)

Virginia (Transfer Station)	2,052,993	142,385	(144,549)	2,050,839
	50,391,812	**3,337,311**	**(3,585,091)**	**50,144,032**

Active landfill sites - 30 June 2016	**Opening balance 1 July 2015**	**Discounting**	**Movement due to change in net discount rate**	**Closing balance 30 June 2016**
Odendaalsrus	12,649,265	(2,050,839)	774,277	11,372,703
Bronville (Welkom)	22,554,307	296,171	406,371	23,256,849
Allanridge	4,833,489	(89,122)	127,121	4,871,488
Henneman (Phomolong)	8,056,132	(394,951)	274,915	7,936,096
Virginia (Transfer Station)	2,050,839	(100,542)	69,985	2,020,282
	50,144,032	**(2,339,283)**	**1,652,669**	**49,457,418**

18. Payables from exchange transactions

Accrued bonus	8,390,031	9,092,246
Accrued leave pay	64,977,157	53,604,855
Deferred income - Pre paid electricity	1,300,000	1,700,000
Deposits received - Halls and facilities	31,904	20,463
Eskom	957,081,689	636,100,513
Payments received in advance from consumer receivables	37,909,845	31,562,545
Salary control accounts	35,290,424	27,909,546
Sedibeng Water	1,420,215,112	1,172,196,997
Sundry payables	669	-
Trade payables	167,615,363	247,678,159
	2,692,812,194	**2,179,865,324**

Fair value of trade and other payables

The carrying value of trade and other payables approximate their fair values.

19. Consumer deposits

Electricity and water	36,173,545	35,266,177
Key deposits	77,039	26,939
	36,250,584	**35,293,116**

Guarantees held in lieu of electricity and water deposits amounted to R 6,040,465 (2015: R 2,792,366)

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.

Deposits are paid by lessees on application for new rental properties of the municipality.

No interest is paid to consumers on deposits held.

The carrying value of consumer deposits approximate their fair values.

Notes to the Financial Statements

Figures in Rand	2016	2015

20. Service charges

Sale of electricity	488,626,226	481,523,016
Sale of water	322,440,413	287,934,580
Sewerage and sanitation charges	128,256,386	119,016,747
Refuse removal	78,928,071	72,527,147
Less: Income foregone - indigents	(45,666,204)	-
Less: Municipal utilities	(27,276,067)	(30,165,942)
	945,308,825	**930,835,548**

21. Rental of facilities and equipment

Premises		
Premises	8,790,737	7,982,158
Facilities and equipment		
Rental of facilities	326,540	278,744
	9,117,277	**8,260,902**

22. Commission received

Commissions received	11,122,174	9,778,521

23. Other income

Connection fees	834,970	786,379
Disconnection fees	15,595,105	7,473,626
Meter fees	1,905,176	1,240,770
Monitoring fees	942,173	972,548
Services rendered	2,414,801	2,523,756
Sundry income	3,619,092	2,312,963
Sundry services	1,836,145	1,199,567
	27,147,462	**16,509,609**

24. Interest and dividends received

Dividend revenue		
Unlisted shares - Local	17,251	14,608
Interest revenue		
Bank and investments	3,230,005	4,351,619
Interest charged on consumer receivables	123,872,104	100,735,070
	127,102,109	**105,086,689**
	127,119,360	**105,101,297**

Notes to the Financial Statements

Figures in Rand	2016	2015

25. Property rates

Rates received

Commercial	169,549,572	69,066,311
Residential	83,795,254	51,491,479
Small holdings and farms	8,208,120	43,773,341
State	1,179,009	29,755,770
Less: Income foregone - indigents	(276,908)	-
	262,455,047	**194,086,901**

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	4,323,778,590	2,345,932,900
Residential	12,574,978,411	11,065,242,201
Small holdings and farms	3,233,122,480	2,804,799,620
State	1,532,569,900	1,362,493,600
Exempted	1,271,624,102	1,348,750,275
	22,936,073,483	**19,027,218,596**

Valuations on land and buildings are performed every four years. The last general valuation roll came into effect on 1 July 2015, 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 first R 75,000 of the valuation of residential property is exempted from rates.

Notes to the Financial Statements

Figures in Rand	2016	2015

26. Government grants and subsidies

Operating grants		
Equitable share	402,908,668	416,018,000
Extended public works program (EPWP)	1,072,000	395,111
Finance management grant (FMG)	1,675,000	1,600,000
Municipal systems improvement grant (MSIG)	930,000	934,000
Provincial Treasury (audit fees)	500,000	-
Sector education and training authority (SETA)	3,330,319	312,059
	410,415,987	**419,259,170**
Capital grants		
Energy efficiency and demand side management programme (EEDSM)	2,595,706	5,908,767
Integrated national electrification program (INEP)	-	3,872,824
Municipal infrastructure grant (MIG)	114,651,000	157,306,611
	117,246,706	**167,088,202**
	527,662,693	**586,347,372**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	124,754,025	170,329,372
Unconditional grants received	402,908,668	416,018,000
	527,662,693	**586,347,372**

Equitable Share

Current-year receipts	402,908,668	416,018,000
Conditions met - transferred to revenue	(402,908,668)	(416,018,000)
	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal Infrastructure grant (MIG)

Balance unspent at beginning of year	-	1,060,611
Current-year receipts	114,651,000	156,246,000
Conditions met - transferred to revenue	(114,651,000)	(157,306,611)
	-	-

Conditions still to be met - remain liabilities (see note 16).

* 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.

Finance Management Grant (FMG)

Current-year receipts	1,675,000	1,600,000
Conditions met - transferred to revenue	(1,675,000)	(1,600,000)
	-	-

Notes to the Financial Statements

Figures in Rand	2016	2015

26. Government grants and subsidies (continued)

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	930,000	934,000
Conditions met - transferred to revenue	(930,000)	(934,000)
	-	-

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).

Integrated national electrification program (INEP)

Balance unspent at beginning of year	1,018,931	691,755
Current-year receipts	600,000	4,200,000
Conditions met - transferred to revenue	-	(3,872,824)
Grants withheld by National Treasury through equitable share*	(1,018,930)	-
	500,001	**1,018,931**

Conditions still to be met - remain liabilities (see note 16).

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

* 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.

Energy efficiency and demand side management programme (EEDSM)

Balance unspent at beginning of year	1,936,848	3,845,615
Current-year receipts	3,000,000	4,000,000
Conditions met - transferred to revenue	(2,595,706)	(5,908,767)
Grants withheld by National Treasury through equitable share*	(1,936,848)	-
	404,294	**1,936,848**

Conditions still to be met - remain liabilities (see note 16).

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

* 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.

Expanded public works programme (EPWP)

Balance unspent at beginning of year	743,889	-
Current-year receipts	1,072,000	1,139,000
Conditions met - transferred to revenue	(1,072,000)	(395,111)
Grants withheld by National Treasury through equitable share*	(743,889)	-
	-	**743,889**

Conditions still to be met - remain liabilities (see note 16).

Figures in Rand	2016	2015

26. Government grants and subsidies (continued)

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.

* 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.

Sector education and training authority (SETA)

Balance unspent at beginning of year	2,324,817	1,749,189
Current-year receipts	1,005,502	887,687
Conditions met - transferred to revenue	(3,330,319)	(312,059)
	-	2,324,817

Conditions still to be met - remain liabilities (see note 16).

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

Integrated National Electrification Programme (INEP)

Current-year allocation to Matjhabeng area	6,900,000	5,505,000
Conditions met - spend by Eskom	(6,900,000)	(5,505,000)
	-	-

The purpose of this grant is to implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to Eskom to address the electrification backlog of occupied residential dwellings, the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve the quality of supply in Eskom licensed areas. These allocations made to Eskom on behalf of municipalities based on applications from Eskom for no licensed municipalities.

The capital outlay in the Matjhabeng area was at the following townships: Thabong, Thandanani and Phomolong. Electricity is supplied by Eskom directly to these townships and not the municipality.

Provincial Treasury

Current-year receipts	500,000	-
Conditions met - transferred to revenue	(500,000)	-
	-	-

Provincial Treasury paid audit fees on behalf of the municipality to the Auditor General.

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.

27. Licences and permits

Licences and permits	67,371	48,906

28. Donations received

Infrastructure Thandanani 2010	40,887,463	-

The infrastructure of the township Thandanani 2010 was donated to the Municipality by the Department of Human Settlement during the financial year.

Notes to the Financial Statements

Figures in Rand	2016	2015

29. Employee related costs

Basic salaries	342,152,912	317,750,533
Bonuses	23,495,894	21,221,455
Pension	47,253,894	44,178,451
Other long term employee benefits	2,294,440	4,195,887
Employee benefits - medical aid	21,499,080	9,511,550
Group life insurance	1,353,647	1,248,962
Housing allowances	3,676,556	5,581,889
Leave pay provision charge	17,771,803	8,936,014
Medical aid	29,655,910	34,415,811
Other allowances	19,598,254	17,141,638
Overtime payments	63,497,852	53,287,207
Transport allowance	30,859,660	29,055,401
UIF	3,440,683	3,176,995
SDL	5,260,263	4,898,497
	611,810,848	**554,600,290**

Remuneration of Municipal Manager - Ramathebane G

Annual Remuneration	-	120,967
Contributions to UIF, Medical and Pension Funds	-	301,946
	-	**422,913**

Remuneration of Municipal Manager - Lepheana MF

Annual Remuneration	1,745,493	812,843
Contributions to UIF, Medical and Pension Funds	43,846	14,450
	1,789,339	**827,293**

Remuneration of Chief Financial Officer - Tsoaeli ET

Annual Remuneration	1,005,997	933,674
Car Allowance	363,894	363,894
Contributions to UIF, Medical and Pension Funds	182,864	173,475
	1,552,755	**1,471,043**

Remuneration of Director Infrastructure - Tlhabane HB

Annual Remuneration	899,424	148,336
Car Allowance	240,000	40,000
Contributions to UIF, Medical and Pension Funds	28,277	4,595
	1,167,701	**192,931**

The Director Infrastructure was appointed in May 2015, thus the remuneration reflected in the prior financial year is for a period of 2 months.

Remuneration of Director Coprorate Support Services - Lepheana MF

Annual Remuneration	-	782,534
Contributions to UIF, Medical and Pension Funds	-	1,041
	-	**783,575**

Remuneration of Director Corporate Support Services - Wetes VV

Notes to the Financial Statements

Figures in Rand	2016	2015

29. Employee related costs (continued)

Annual Remuneration	994,699	251,260
Contributions to UIF, Medical and Pension Funds	25,011	446
	1,019,710	**251,706**

The Director Corporate Services was appointed in April 2015, thus the remuneration reflected in the prior financial year is for a period of 3 months.

Remuneration Director Strategic Support Services - Makhubu S

Annual Remuneration	-	702,486
Contributions to UIF, Medical and Pension Funds	-	892
	-	**703,378**

Remuneration Director Strategic Support Services - Makofane TB

Annual Remuneration	1,156,318	475,174
Contributions to UIF, Medical and Pension Funds	24,913	7,153
	1,181,231	**482,327**

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

Remuneration of Director Community Services - Mogopodi MRE

Annual Remuneration	989,446	889,492
Car Allowance	143,319	143,319
Contributions to UIF, Medical and Pension Funds	171,094	162,516
	1,303,859	**1,195,327**

Remuneration Director Local Economic Development - Mswell XF

Annual Remuneration	1,152,104	1,084,299
Car Allowance	132,000	132,000
Contributions to UIF, Medical and Pension Funds	47,731	45,201
	1,331,835	**1,261,500**

30. Remuneration of councillors

Executive Mayor	964,775	901,590
Councillors	26,225,867	24,547,690
	27,190,642	**25,449,280**

Reclassification of amounts: Prior year

The following accounts were combined as disclosed in the prior year financial statements: Mayoral Committee Members, Councillors - Part time, Speaker as one individual account namely other Councillors.

Notes to the Financial Statements

Figures in Rand	2016	2015

30. Remuneration of councillors (continued)

In-kind benefits

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.

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

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

Details of remuneration for the year ended 30 June 2016

Name of councillor	Annual remuneration	Car allowance	Contributions to UIF, medical and pension funds	30 June 2016 Total
Badenhorst MJ	202,865	69,471	26,415	298,751
Bamyane ME	202,865	69,471	26,415	298,751
Beneke R	202,865	69,471	26,415	298,751
Botha PF	187,839	69,471	41,441	298,751
Chaka CP	202,865	69,471	26,415	298,751
Dali VN	187,839	69,471	41,441	298,751
De Villiers MT	202,865	69,471	26,415	298,751
Fanie DS	202,865	69,471	26,415	298,751
Fourie JJC	202,865	69,471	26,415	298,751
Kabi M	187,839	69,471	41,441	298,751
Khaliphe TD	187,839	69,471	41,441	298,751
Kockera SC	187,839	69,471	41,441	298,751
Mabote TL	202,865	69,471	26,415	298,751
Madumise MM	202,865	69,471	26,415	298,751
Mafa DM	187,839	69,471	41,441	298,751
Mafongosi ZV	202,865	69,471	26,415	298,751
Makgowe PV	187,839	69,471	41,441	298,751
Malefane DE	202,865	69,471	26,415	298,751
Marais JS	229,280	69,471	-	298,751
Masienyane MD	428,361	161,335	76,512	666,208
Mbambo AX	187,839	69,471	41,441	298,751
Mbana AM	458,540	172,858	80,903	712,301
Meli TS	187,839	69,471	41,441	298,751
Menyatso KJ	461,044	172,858	78,399	712,301
Mfebe MSE	458,540	172,858	80,903	712,301
Mholo PP	202,865	69,471	26,415	298,751
Mlangeni MG	202,865	69,471	26,415	298,751
Mokhomo HA	187,839	69,471	41,441	298,751
Mokoteli TG	202,865	69,471	26,415	298,751
Molelekoa PMI	202,865	69,471	26,415	298,751
Molelekoa PA	187,839	69,471	41,441	298,751
Molete TN	202,865	69,471	26,415	298,751
Molupe RT	187,839	69,471	41,441	298,751
Monjovo NE	187,839	69,471	41,441	298,751
Morris VR	187,839	69,471	41,441	298,751
Mosala MS	202,865	69,471	26,415	298,751
Mothege MA	202,865	69,471	26,415	298,751
Motshabi MP	473,566	172,858	65,877	712,301
Mphikeleli MA	202,865	69,471	26,415	298,751
Naude HJ	202,865	69,471	26,415	298,751
Ngangelizwe S	630,392	230,478	102,862	963,732
Ngeobo ME	151,957	52,103	20,003	224,063
Ntlele KI	202,865	69,471	26,415	298,751
Ntsebeng MH	458,540	172,858	80,903	712,301

Notes to the Financial Statements

Figures in Rand			2016	2015

30. Remuneration of councillors (continued)

Petleki KI	187,839	69,471	41,441	298,751
Phetise ME	187,839	69,471	41,441	298,751
Pina NJ	202,865	69,471	26,415	298,751
Qwesha GL	187,839	69,471	41,441	298,751
Radebe MC	187,839	69,471	41,441	298,751
Radebe ML	458,540	172,858	80,903	712,301
Riet MI	202,865	69,471	26,415	298,751
Rubulana L	473,566	172,858	65,877	712,301
Sephiri MJ	458,540	172,858	80,903	712,301
Sifatya Z	202,865	69,471	26,415	298,751
Speelman NW	202,865	69,471	26,415	298,751
Stollie B	488,720	184,382	85,295	758,397
Styger A	202,865	69,471	26,415	298,751
Taliwe FE	473,566	172,858	65,877	712,301
Taljaard SDM	187,839	69,471	41,441	298,751
Thateng MJ	202,865	69,471	26,415	298,751
Thelingoane TJ	202,865	69,471	26,415	298,751
Tlake KR	187,839	69,471	41,441	298,751
Thone ML	567,700	48,000	96,601	712,301
Tsatsa SJ	187,839	69,471	41,441	298,751
Tsubane ME	187,839	69,471	41,441	298,751
Tsubella KS	233,270	34,800	30,681	298,751
Twala MJ	473,566	172,858	65,877	712,301
Van Rooyen MS	202,865	69,471	26,415	298,751
Van Rooyen KV	202,865	69,471	26,415	298,751
Van Schalkwyk HCT	202,865	69,471	26,415	298,751
Vanga NM	187,839	69,471	41,441	298,751
	17,986,600	**6,260,583**	**2,930,384**	**27,177,767**

Details of remuneration for the year ended 30 June 2015

Name of councillor	Annual remuneration	Car allowance	Contributions to UIF, medical and pension funds	30 June 2015 Total
Badenhorst MJ	195,709	62,756	24,557	283,022
Banyane ME	195,709	62,756	24,557	283,022
Beneke R	195,709	62,756	24,557	283,022
Botha PF	180,683	62,756	39,583	283,022
Chaka CP	186,944	62,756	33,322	283,022
Dali VN	180,683	62,756	39,583	283,022
De Villiers MT	195,709	62,756	24,557	283,022
Fanie DS	195,709	62,756	24,557	283,022
Fourie JJC	195,709	62,756	24,557	283,022
Kabi M	180,683	62,756	39,583	283,022
Khalipha TD	163,601	56,686	36,315	256,602
Kockera SC	183,130	62,587	37,079	282,796
Mabote TL	195,709	62,756	24,557	283,022
Madumise MM	195,709	62,756	24,557	283,022
Mafa DM	180,683	62,756	39,583	283,022
Mafongosi ZF	195,709	62,756	24,557	283,022
Makgowa PV	180,683	62,756	39,583	283,022
Malefane DE	195,709	62,756	24,557	283,022
Marais JS	220,266	62,756	-	283,022
Masienyane MD	413,807	147,495	72,326	633,628
Matlebe MM	180,683	62,756	39,583	283,022
Mbambo AX	180,683	63,819	39,583	284,085
Mbana AM	442,946	156,891	76,418	676,255
Meli TS	63,848	22,524	10,811	97,183

Notes to the Financial Statements

Figures in Rand			2016	2015
30. Remuneration of councillors (continued)				
Menyatso KJ	442,946	156,891	76,418	676,255
Mlebe SE	442,946	156,891	76,418	676,255
Mholo PP	195,709	62,756	24,557	283,022
Mlangeni MG	195,709	62,756	24,557	283,022
Mokhomo HA	180,683	62,756	39,583	283,022
Mokotedi TG	195,709	62,756	24,557	283,022
Molelekoa PM	195,709	62,756	24,557	283,022
Molelekoa PA	180,683	62,756	39,583	283,022
Molete TN	195,709	62,756	24,557	283,022
Molupe RT	187,839	69,471	41,441	298,751
Monjovo NE	180,683	62,756	39,583	283,022
Morris VR	180,683	62,756	39,583	283,022
Mosala MS	195,709	62,756	24,557	283,022
Mothege MA	195,709	62,756	24,557	283,022
Motshabi MP	457,972	156,891	61,392	676,255
Mphikeleli MA	195,709	62,756	24,557	283,022
Naude HJ	195,709	62,756	24,557	283,022
Ngangelizwe S	609,599	209,188	96,882	915,669
Ntlele KI	195,709	62,756	24,557	283,022
Ntsoleng MH	402,688	141,716	68,873	613,277
Petleki KI	180,683	62,756	39,583	283,022
Phetse ME	180,683	62,756	39,583	283,022
Pina NJ	180,058	62,756	24,557	267,371
Qwesha GL	194,457	62,756	25,809	283,022
Radebe MC	180,683	62,756	39,583	283,022
Radebe ML	442,946	156,891	76,418	676,255
Riet MI	195,709	63,819	24,557	284,085
Rubulana L	457,972	156,891	61,392	676,255
Sephiri MJ	442,946	156,891	76,418	676,255
Sifatya Z	195,709	62,756	24,557	283,022
Smit DC	195,709	62,756	24,557	283,022
Speelman NW	195,709	62,756	24,557	283,022
Stofile B	472,086	167,351	80,511	719,948
Styger A	195,709	62,756	24,557	283,022
Talwe FE	457,972	156,891	61,392	676,255
Taljaard SDM	180,683	62,756	39,583	283,022
Thateng MJ	195,709	62,756	24,557	283,022
Thelingoane TJ	195,709	62,756	24,557	283,022
Tlake KR	188,196	62,756	32,070	283,022
Tlhone ML	537,634	48,000	90,621	676,255
Tsatsa SJ	180,683	62,756	39,583	283,022
Tsubane ME	180,683	62,756	39,583	283,022
Tsubella KS	220,019	34,800	28,203	283,022
Twala MJ	457,972	156,891	61,392	676,255
Van Rooyen MS	195,709	62,756	24,557	283,022
Van Rooyen KV	195,709	62,756	24,557	283,022
Van Schalkwyk HCT	195,709	62,756	24,557	283,022
Vanga NM	180,683	62,756	39,583	283,022
	17,394,354	**5,700,031**	**2,755,682**	**25,850,067**

31. Depreciation and amortisation

Property, plant and equipment	206,316,233	200,341,906

Notes to the Financial Statements

Figures in Rand	2016	2015

32. Finance costs

Bank	114,537	49,995
Employee benefits	30,912,050	28,406,622
Trade and other payables	90,793,021	148,534,609
Provisions	(2,339,282)	3,337,311
	119,480,326	**180,328,537**

33. Debt impairment

Contributions to bad debt provision	648,290,390	73,512,082

Reconciliation of allowance for impairment

Balance at beginning of the year	(903,419,595)	(1,785,003,011)
Contribution to allowance	(648,290,390)	(73,512,082)
Debt impairment written off against allowance	166,330,683	955,095,498
	(1,385,379,302)	**(903,419,595)**

34. Bulk purchases

Electricity	403,197,539	341,427,981
Water	406,875,193	344,352,530
	810,072,732	**685,780,511**

35. Contracted services

Legal services	18,487,063	9,423,513
Meter reading services	13,567,502	17,683,977
Professional services	30,645,857	28,196,839
Security services	38,417,539	29,577,479
Valuation services	5,303,960	10,668,425
	106,421,921	**95,550,233**

Notes to the Financial Statements

Figures in Rand	2016	2015

36. General expenses

Advertising	5,773,041	5,813,799
Audit fees	7,196,542	5,337,615
Bank charges	2,965,664	2,857,784
Cleaning	1,159,716	855,554
Community development and training	3,718,236	4,146,424
Conferences and seminars	32,500	246,752
Connection and disconnection of meters	6,251,903	2,146,136
Donations	-	112,200
Entertainment	1,232,734	1,376,621
Insurance	34,327,170	29,050,115
License fees	5,038,910	2,711,804
Marketing	25,500	52,412
Medical expenses	470	44,336
Motor vehicle expenses	34,474,730	43,863,516
Operating cost of equipment	12,614,581	24,122,507
Pest control	40,552	102,807
Printing and stationery	2,469,295	2,039,439
Subscriptions and membership fees	9,778,587	20,926,763
Subsistence and travel	3,298,787	3,158,418
Sundry expenses	3,574,219	2,542,996
Telephone and fax	13,689,021	13,138,186
Training	2,165,232	1,772,050
Uniforms	9,973,300	1,514,415
Assets expensed	953,171	506,924
	160,763,861	**168,439,573**

37. Fair value adjustments

Investment property (Fair value model)	38,213,767	-
Other financial assets		
• Other financial assets (Designated as at FV through P&L	(8,217)	17,125
	38,205,550	**17,125**

38. Auditors' remuneration

Fees	7,196,542	5,337,615

Notes to the Financial Statements

Figures in Rand	2016	2015

39. Cash generated from operations

Deficit	(750,719,212)	(157,383,492)
Adjustments for:		
Depreciation and amortisation	206,316,233	200,341,906
Loss on sale of assets and liabilities	(16,096)	(22,328)
Fair value adjustments	(38,205,550)	(17,125)
Impairment deficit	255,832	-
Debt impairment	648,290,390	73,512,082
Movements in retirement benefit assets and liabilities	48,411,106	43,996,870
Movements in provisions	(2,339,282)	3,337,311
Actuarial loss	20,828,829	(3,339,862)
Donations received	(40,887,463)	-
Interest received - receivables	(123,872,104)	(100,735,070)
Changes in working capital:		
Inventories	359,017	(428,960)
Other receivables	(5,604,154)	(12,155,901)
Consumer debtors	(334,701,466)	(243,139,739)
Other receivables from non-exchange transactions	(18,105,122)	(74,113,022)
Payables from exchange transactions	512,946,870	525,125,883
VAT	(22,618,988)	(100,019,149)
Unspent conditional grants and receipts	(5,020,191)	(1,322,685)
Consumer deposits	957,468	3,527,366
	96,076,115	**157,166,085**

40. Financial instruments disclosure

Categories of financial instruments

2016

Financial assets

	At fair value	At cost	Total
Other receivables	-	27,059,034	27,059,034
Receivables from non-exchange transactions	-	123,700,990	123,700,990
Receivables from exchange transactions	-	591,257,675	591,257,675
Cash and cash equivalents	-	11,520,330	11,520,330
Other financial assets	330,990	-	330,990
Receivables from non-exchange transactions (non-current)	-	511,134	511,134
Receivables from exchange transactions (non-current)	-	4,060,246	4,060,246
	330,990	**758,109,409**	**758,440,399**

Financial liabilities

	At cost	Total
Payables from exchange transactions	2,682,812,194	2,682,812,194
Consumer deposits	36,250,584	36,250,584
Unspent conditional grants and receipts	1,004,295	1,004,295
Cash and cash equivalents (bank overdraft)	2,603,485	2,603,485
	2,732,670,558	**2,732,670,558**

2015

Financial assets

	At fair value	At cost	Total
Other receivables	-	21,454,879	21,454,879

Notes to the Financial Statements

Figures in Rand		2016	2015
. Financial instruments disclosure (continued)			
Receivables from non-exchange transactions	-	161,926,055	161,926,055
Receivables from exchange transactions	-	728,865,309	728,865,309
Cash and cash equivalents	-	1,536,132	1,536,132
Other financial assets	19,201,386	-	19,201,386
Receivables from exchange transactions (non-current)	-	350,382	350,382
	19,201,386	**914,132,757**	**933,334,143**

Financial liabilities

	At cost	Total
Payables from exchange transactions	2,179,865,324	2,179,865,324
Consumer deposits	35,293,116	35,293,116
Unspent conditional grants and receipts	6,024,486	6,024,486
Cash and cash equivalents (bank overdraft)	1,569,372	1,569,372
	2,222,752,298	**2,222,752,298**

41. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	119,311,853	79,767,170
Total capital commitments		
Already contracted for but not provided for	119,311,853	79,767,170

This committed expenditure relates to infrastructure projects and will be financed by available bank facilities, funds internally generated and grants received. The comparative figure was restated during the current financial year.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	1,150,329	1,048,159
- in second to fifth year inclusive	3,433,828	4,557,698
	4,584,157	**5,605,857**

The municipality has operating lease agreements for the following classes of assets:
- Motor vehicles
- Buildings

Leases are negotiated for an average term of three years and rentals are fixed for the three years.

Notes to the Financial Statements

Figures in Rand	2016	2015

42. Contingencies

Contingent liabilities

Several claims are in the process against the municipality (a register containing all the detail is available at the municipal offices), the nature, amount and case number of the different litigations are as follows:

Nature of litigation	Possible rand value of claim - 2016	Possible rand value of claim - 2015	Number of litigations - 2016	Number of litigations - 2015
Civil litigation	52,321,744	25,282,445	29	17
Claims for services rendered	20,397,813	21,517,942	7	4
Conveyancing	80,000	80,000	3	3
Demolition order	-	-	4	3
Eviction notice	60,000	-	5	2
High Court application	-	-	1	-
Interdict application	-	300,000	2	2
Investigation	-	-	1	1
Labour related matter	2,597,279	1,997,279	8	4
Legal opinion	-	-	2	2
Motion proceedings	-	-	1	1
Public liability claim	487,444	135,204	4	1
	75,944,280	**49,312,870**	**67**	**40**

Prior period error:

The comparative figures for contingent liabilities were restated due to an incomplete contingent liability register used for the 30 June 2015 financial statements including duplicated litigations.

Prior period error reconciliation

Closing balance as at 30 June 2015	-	64,071,659
Prior period error	-	(14,758,789)
	-	**49,312,870**

Contingent assets

Several claims are in the process on behalf of the municipality (a register containing all the detail is available at the municipal offices), the nature, amount and case number of the different litigations are as follows:

Nature of litigation	Possible rand value of claim - 2016	Possible rand value of claim - 2015	Number of litigations - 2016	Number of litigations - 2015
Civil litigation	406,401	406,401	2	2
High Court application	-	-	1	1
Labour related matter	26,666	5,181,172	5	2
Legal opinion	-	-	2	2
	433,067	**5,587,573**	**10**	**7**

Prior period error:

The comparative figures for contingent assets were restated due to an incomplete contingent asset register used for the 30 June 2015 financial statements.

Prior period error reconciliation

Closing balance as at 30 June 2015	-	570,000,000
Prior period error	-	(564,412,427)
	-	**5,587,573**

Notes to the Financial Statements

Figures in Rand	2016	2015

43. Related parties

Relationships

Members of key management	Refer to note 29
Members of the council	Refer to note 30

Related party balances

No related party balances were identified for the current and prior reporting period.

Related party transactions

Payments made to related parties

MBV Security	9,075,282	7,842,549

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.

Payments made to MBV Security is for security services rendered to Matjhabeng Local Municipality. The owner of MBV Security is married to a municipal employee who holds the position of Senior Manager Treasury.

44. Prior period error and change in accounting policy

Prior year figures were restated due to misclassifications and prior period errors, the nature of the prior period errors and reclassifications were due to:
- Reconstruction of the Property, plant and equipment register;
- Reconstruction of the Investment property register;
- Recording of unrecorded expenses, liabilities and accruals;
- Accounts being incorrectly mapped in the prior year;
- Other financial assets incorrectly accounted for.
- Cut-of errors in revenue.

The change in accounting policy was due to the subsequent measurement of Investment Property being changed from the cost to the fair value basis. The reason management decided to change the accounting policy was to disclose the Investment Property at their current market value for improved decision making.

The correction of the errors, reclassifications and change in accounting policy resulted in the adjustment of the following line items of the financial statements:

44. Prior period error and change in accounting policy (continued)

	Original audited 2015 figures	Change in accounting policy	Reclassifications	Prior period errors	Restated 2015 figures
Statement of financial position					
Cash and cash equivalents	1,515,495	-	-	20,636	1,536,131
Inventories	275,654,410	-	-	(266,240,156)	9,414,254
Other receivables	10,491,717	-	-	10,963,162	21,454,879
Receivables from non-exchange transactions	-	-	161,926,055	-	161,926,055
Receivables from exchange transactions	939,869,118	-	(161,926,055)	(49,077,753)	728,865,310
VAT receivable	47,089,117	-	-	71,826,702	118,915,819
Investment property - Cost	502,979,732	191,816,026	-	(2,395,295)	692,400,463
Investment property - Accumulated depreciation	(69,239,009)	69,239,009	-	-	-
Property, plant and equipment	5,354,538,796	-	-	(765,685,720)	4,588,853,075
Payables from exchange transactions	(292,632,825)	-	-	12,767,502	(279,865,323)
Consumer deposits	(30,231,537)	-	-	(5,061,579)	(35,293,116)
Statement of financial performance					
Service charges	(942,577,378)	-	-	11,741,831	(930,835,547)
Rental of facilities and equipment	(11,203,009)	-	(602,801)	3,544,909	(8,260,901)
Other income	(15,599,000)	-	(990,445)	79,836	(16,509,609)
Interest received	(107,151,515)	-	-	2,064,825	(105,086,690)
Property rates	(192,549,129)	-	-	(1,537,772)	(194,086,901)
Fines	(11,499,998)	-	-	(131,452)	(11,631,450)
Employee related costs	550,428,676	-	-	(726,884)	549,701,792
Depreciation	260,345,609	(6,691,979)	-	(53,311,724)	200,341,906
Finance costs	174,860,381	-	-	5,468,157	180,328,538
Repairs and maintenance	26,882,267	-	(629,819)	13,108,451	39,360,899
Bulk purchases	745,259,277	-	-	(59,478,766)	685,780,511
Contracted services	100,063,466	-	35,009	(4,548,243)	95,550,232
General expenses	206,232,700	-	955,436	(33,850,063)	173,338,073
Gain on disposal of assets and liabilities	40,423,875	-	602,801	(41,048,004)	(22,328)
Impairment loss on PPE	-	-	629,819	(629,819)	-
Total	7,563,951,235	254,363,056	-	(1,152,138,219)	6,666,176,072
Accumulated surplus	(4,459,179,877)	(254,363,056)	-	986,190,522	(3,727,352,411)
	-	-	-	**(165,947,697)**	-

45. Comparative figures

Prior year figures were restated due to prior period errors and misclassifications. Refer to note 44, Prior period errors.

46. 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.

46. 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.

At 30 June 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	2,692,812,194	-	-	-
Consumer deposits	36,250,584	-	-	-
Unspent conditional grants and receipts	1,004,295	-	-	-
Bank overdraft	2,603,485	-	-	-

At 30 June 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	2,179,865,324	-	-	-
Consumer deposits	35,293,116	-	-	-
Unspent conditional grants and receipts	6,024,486	-	-	-
Bank overdraft	1,569,372	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables comprise of 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. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

Financial instrument	2016	2015
Other financial assets	330,990	19,201,396
Other receivables	27,059,034	21,454,879
Receivables from non-exchange transactions	123,700,990	161,926,055
Receivables from exchange transactions	591,257,675	728,865,309
Cash and cash equivalents	11,520,330	1,536,132
Receivables from non-exchange transactions (non-current)	511,134	-
Receivables from exchange transactions (non-current)	4,060,246	350,382

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

47. Going concern

We draw attention to the fact that at 30 June 2016, the municipality had accumulated surplus of R 2,976,633,199 and that the municipality's total assets exceed its liabilities by R 2,976,633,199.

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.

Notes to the Financial Statements

Figures in Rand	2016	2015

47. Going concern (continued)

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

The municipality incurred material water and electricity losses, refer to note 52 for detail.

The municipality provided for material impairments of receivables from exchange and non-exchange transactions, refer to notes 8, 9, 12 and 14.

48. Events after the reporting date

No significant events occurred after the reporting date.

49. Unauthorised expenditure

Opening balance	3,959,722,706	3,698,128,927
Unauthorised expenditure current year	700,591,186	443,303,655
Prior period adjustment to 2014 figures	-	(181,709,876)
Less: Amounts written off by council	(3,794,127,169)	-
	866,186,723	**3,959,722,706**

Unauthorised expenditure relate to the overspending of the departmental budgets. The main reason for the overspent was due to no budget for impairment of financial assets and underbudgeting of bulk purchases.

Prior period error:
The prior period error disclosed above is due to prior year errors corrected to the submitted 30 June 2015 financial statements, these errors had an impact on the comparative unauthorised expenditure.

50. Fruitless and wasteful expenditure

Opening balance	504,645,763	337,705,181
Prior period corrections to opening balance 1 July 2014	-	9,906,666
Fruitless and wasteful expenditure current year	149,978,569	151,822,061
Prior period adjustment to 2014 figures	-	5,211,855
Less: Amounts written off by council	(489,621,687)	-
	165,002,645	**504,645,763**

Detail of fruitless and wasteful expenditure

Sedibeng Water	-	71,794,981
Eskom	113,453,619	77,384,748
Other avoidable expenditures / losses	4,902,271	6,899
Other creditors	926,749	768,208
Late contribution to pensionfunds	270,420	174,452
SARS	4,531,702	6,076,697
Interest and penalties - Compensation Commission	824,913	827,932
Material losses - Avoidable water losses	25,068,695	-
	149,978,569	**157,033,917**

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

The fruitless and wasteful expenditure was investigated during the financial period by Section 32 Committee and determined to be irrecoverable and no criminal or disciplinary actions were taken.

Fruitless and wasteful expenditure amounting to R489,621,687 was certified by Council to be irrecoverable and to be written-off.

Prior period error:
The prior period error disclosed above is due to not all fruitless and wasteful expenditure incurred disclosed in the prior year.

Notes to the Financial Statements

Figures in Rand	2016	2015

51. Irregular expenditure

Opening balance	939,053,077	484,659,738
Prior period corrections to opening balance 1 July 2014	-	200,548,745
Irregular expenditure current year	305,669,955	226,054,096
Prior period adjustment to 2014 figures	-	27,790,498
Less: Amounts written off by council	(819,370,294)	-
	425,352,738	**939,053,077**

Analysis of expenditure awaiting write off per age classification

Current year	305,669,955	253,844,594
Prior years	310,686,052	685,208,483
	616,356,007	**939,053,077**

Details of irregular expenditure - 30 June 2016

	Disciplinary steps taken/criminal proceedings	
Non-compliance to MFMA and SCM Regulations	Still under investigation	305,669,955

Irregular expenditure amounting to R828,447,494 was investigated during the financial period by Section 32 Committee in order to comply with Section 32(2) and (4)of the MFMA.

Investigations determined that no criminal or disciplinary actions were to be taken and that irregular expenditure is irrecoverable.

Irregular expenditure amounting to R819,370,294 was certified by council to be irrecoverable and to be written-off.

The Accounting Officer continues to establish controls to detect and prevent these types of expenditures and the municipality has adopted the use of centralised database from Treasury.

Detailed particulars of irregular expenditure is contained in the register maintained in terms of the requirements of MFMA Circular No.68

Prior period error:
The prior period error disclosed above is due to not all irregular expenditure disclosed as incurred in the prior year.

52. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	5,759,340	6,423,460

Being the subscription fee to the South African Local Government Association (SALGA).

Material losses

Distribution losses - Electricity	75,434,684	80,767,714
Distribution losses - Water	205,292,597	125,272,583
	280,727,281	**206,040,297**

Electricity losses
An average of 18.70% (2015: 30.36%) of bulk electricity purchased during the year were loss due to distrubution losses incurred during the year.

Water losses
An average of 50.45% (2015: 36.38%) of bulk water purchased during the year were loss due to distrubution losses incurred during the year.

Notes to the Financial Statements

Figures in Rand	2016	2015

52. Additional disclosure in terms of Municipal Finance Management Act (continued)

Audit fees

Opening balance	3,359,918	6,191,168
Current year audit fees	8,174,985	7,657,003
Interest charged	167,470	-
Amount paid - current year	(8,355,653)	(10,488,253)
Amount paid - previous years	(1,319,558)	-
Audit fees paid on behalf of Treasury	(500,000)	-
	1,527,162	**3,359,918**

PAYE, UIF and SDL

Opening balance	6,516,447	6,079,578
Current year payroll deductions and council contributions	85,579,624	77,431,139
Amount paid - current year	(77,749,996)	(70,914,692)
Amount paid - previous years	(6,516,447)	(6,079,578)
	7,829,628	**6,516,447**

Pension and Medical Aid Deductions

Opening balance	11,280,871	10,042,532
Current year payroll deductions and council contributions	138,128,272	132,993,960
Amount paid - current year	(125,718,014)	(121,720,063)
Amount paid - previous years	(11,280,871)	(10,042,532)
	12,410,258	**11,273,897**

VAT

VAT receivable	141,534,807	118,915,819

VAT output payables and VAT input receivables are shown in note 13.

Notes to the Financial Statements

Figures in Rand	2016	2015

52. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2016:

30 June 2016	Outstanding more than 90 days R
Banyane ME	6,254
Kockera SC	174,066
Mabote TL	16,861
Madumise MM	15,357
Mlangeni MG	3,337
Molelekoa PA	72
Molelekoa PMI	4,004
Ntlele KI	17,241
Phetise ME	7,218
Qwesha GL	4,823
Riet MI	8,919
Thone ML	19,524
Tsubane ME	57,564
Twala MJ	97,021
	432,261

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

52. Additional disclosure in terms of Municipal Finance Management Act (continued)

Fraud investigations

The municipality conducted the following fraud investigation for the current financial year:

- Case number: 527/05/2016
- Case number: 451/02/2016

As at 30 June 2016 these cases were still under investigations

Case number: 451/02/2016 - Fraud by service provider

The service provider Tiro Ya Nnete Trading and projects was given official orders no. 0001047515 and 0001047593 on the 9th and 19th November 2015 for the supply and delivery of tar for an amount of R154 080.58 respectively, however the services were never rendered to the municipality despite having received payment on the 11th of November 2015 for order no. 0001047515. After a thorough investigation it was found that the service provider forged the signature of Mr. Ewan Eloff on the invoice he submitted at Supply Chain in order to receive payment fraudulently. He later came clear with his actions admitting to the fraud he had committed. The case was reported to Mr. Bokvel Pieterse to investigate and open a criminal case where necessary. It was recommended that all orders issued to this service provider be cancelled and any fraudulent payment done to be recovered from him. The Department of Public Safety and Transport would investigate the matter and open possible criminal cases. It was also recommended that the supplier be permanently removed from the Service Providers database of Matjhabeng.

Case number: 527/05/2016 - Banking details amendments

On the 13th of May 2016 payments were made to suppliers - Circle Tooling, Free State Sun and Promisa Trading for a total of R787 779.91. Contrary to the normal payment process, the final payment report pulls through different banking details although the payments were captured correctly on the system (Solar). After a thorough investigation it was found that there is no audit trail on cash focus to indicate that the banking details were changed or amended on ABSA cash focus. Correct banking details also appear on the IF80 report derived from Solar. It was therefore concluded that the changes could have occurred on the Z drive. Therefore it seems the payments were directed to the incorrect payees. The IT department was contacted for investigation but no information could be obtained. This case is still under investigation with the Thabong SAPS branch.

Notes to the Financial Statements

Figures in Rand	2016	2015

53. 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.

30 June 2016	Exceptional case	Sole supplier	Emergency	Total
August 2015	-	58,177	-	58,177
September 2015	-	92,750	-	92,750
October 2015	-	-	483,804	483,804
November 2015	296,100	68,460	525,672	890,232
December 2015	760,565	24,840	246,639	1,032,044
January 2016	68,800	422,266	97,200	588,266
February 2016	693,577	-	741,114	1,434,691
March 2016	106,965	1,181,306	1,005,123	2,293,394
April 2016	412,347	296	408,356	820,999
May 2016	746,459	507,213	631,186	1,884,858
June 2016	405,899	107,107	197,129	710,135
	3,490,712	**2,462,415**	**4,336,223**	**10,289,350**

30 June 2015	Sole supplier	Emergency	Total
July 2014	-	335,878	335,878
August 2014	113,698	-	113,698
September 2014	35,394	199,500	234,894
October 2014	1,430,604	180,576	1,611,180
November 2014	1,971,023	2,437,632	4,408,655
December 2014	-	1,149,278	1,149,278
January 2015	-	676,893	676,893
Februarie 2015	163,786	427,650	591,436
March 2015	609,085	1,521,243	2,130,328
April 2015	-	5,512,268	5,512,268
May 2015	247,515	3,359,412	3,606,927
June 2015	271,996	75,000	346,996
	4,843,101	**15,875,330**	**20,718,431**

54. Fines

Traffic fines	11,207,303	11,631,450

55. Gain (loss) on disposal of assets and liabilities

Property, plant and equipment		
Gain (loss) on disposal of assets - transport assets	16,098	22,328

The gain realised on the disposal of transport assets was due to accident damaged vehicles replaced or written off by the insurance company.

56. Impairment loss

Impairment of property, plant and equipment	255,832	-

57. Budget differences

Material differences between budget and actual amounts

Figures in Rand	2016	2015

57. Budget differences (continued)

The excess of actual expenditure over the final budget of 15% (25% over approved budget) for the Health function was due to expenditures above the level approved by legislative action in response to the earthquake. There were no other material differences between the final budget and the actual amounts.

Note 56.1 - Less rental income was billed than expected at the beginning of the year.

Noe 56.2 - More licenses and permit fees was received than expected.

Note 56.3 - Less other income was billed than expected, other income is dependant on other factors such as economic bying power.

Note 56.4 - Less interest was received than exppected on financial assets.

Note 56.5 - Due to the new valuation roll the property rates income did increase.

Note 56.6 - Much more fines was issued than expected and the fines are recorded according to IGrap.

Note 56.7 - Depreciation was underbudgeted for.

Note 56.8 - Impairment loss was underbudgeted for.

Note 56.9 - More finance cost was incurred than expected.

Note 56.10 - No budget was made for debt impairment.

Note 56.11 - The repiars and maintenance budget was included in general expenditure and not seperated budgeted for.

Note 56.12 - Bulk purchases was underbudgeted for.

Note 56.13 - Contracted services was underbudgeted for.

Note 56.14 - A saving on general expenditure was due to repairs and maintenance not being seperately budgeted for.

Note 56.15 - No budget was made for the sale or disposal of assets.

Note 56.16 - No budget was made for actuarial gains or losses.

Note 56.17 - No budget was made for the fair value adjustment of financial assets and liabilities.

57. Budget differences (continued)

The excess of actual expenditure over the final budget of 15% (25% over approved budget) for the Health function was due to expenditures above the level approved by legislative action in response to the earthquake. There were no other material differences between the final budget and the actual amounts.

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