



2017/2018

---

# ANNUAL REPORT

## Volume VI



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## REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template provides assistance in the preparation and development of improved content and quality of Matjhabeng Local Municipality's Annual Report for 2017/2018. It also provides an update to the MFMA Circular No. 11, issued in January 2005.

It gives effect to the legal framework requirement, concepts and principles 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 Nkosinjani Speelman**

Section 52 of MFMA requires that the mayor of a municipality— (a) must provide general political guidance over the fiscal and financial affairs of the municipality; (b) in providing such general political guidance, may monitor and, to the extent provided in this Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities; (c) must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget; (d) must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality; and (e) must exercise the other powers and perform the other duties assigned to the mayor in terms of this Act or delegated by the council to the mayor.

The municipality continues to render services under difficult circumstances whereby the revenue collection is far below than expected due to unemployment rate. As a result, our ability to collect revenue has been compromised by that whatever we collect must address the challenges of water and sewer spillages throughout the wards.

We had to devise means to deal with emergencies on a continuous basis. In fact, there were more service delivery challenges recorded in 2017/2018 financial year as compare to the previous financial year. Despite all these challenges the municipality has managed to sustain its unqualified audit opinion since 2015/2016.



We are aware that despite our efforts to repair the infrastructure, there are forces that are deliberately sabotaging our infrastructure such as Zama Zamas (illegal miners) and disgruntled service providers. We are working with provincial government departments of Treasury and Cogta to improve our systems and this has shown positive results.

The Eskom and Sedibeng debts are also a challenge that we are handling head on. We are currently embarking on Thuma Mina Campaign initiated by the State President where we are able to inform the residents of our challenges and programmes to resolve them.

In conclusion, we are saying Matjhabeng Local Municipality is the biggest local municipality in the Free State and we understand why people are looking keenly to its affairs. We will do our best to improve our systems and our financial situation.

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**CLLR N. SPEELMAN**  
**EXECUTIVE MAYOR**

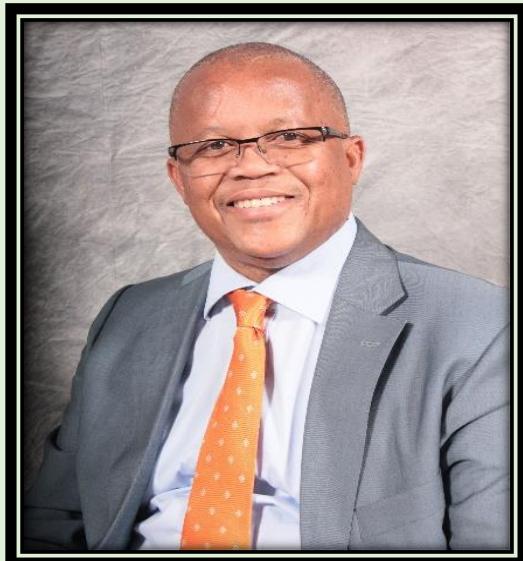
**T 1.0.1**



## **COMPONENT B: EXECUTIVE SUMMARY**

### **1.1 MUNICIPAL MANAGER'S OVERVIEW**

#### **MUNICIPAL MANAGER'S OVERVIEW**



**Mr Evans Thabiso Tsoaeli**

In developing annual reports, all municipalities are obliged to comply with pieces of legislation that guide development of these reports. The overall purpose of developing an annual report, among other reasons, is to provide feedback on priorities planned for the year under review and the actual work that was done in implementing the budget for that financial year. In other words, the development of annual reports helps communities to monitor planned projects that they have recommended to be done for their wards. Essentially in an annual report, municipal departments, as implementers of the budget and having agreed that the budget is sufficient for specific projects, must then account for work done.

In particular, Municipalities are guided on the main by a plethora of legislations to develop and account for budgets approved for projects, but in particular, 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 are key pieces of legislation and guide that provide direction.

In our specific case as a Municipality, we have duly complied with the development of the annual report. It must be noted that the 2017/2018 annual report is the first report to be developed under the new council as was inaugurated in August 2016. These reports will be compiled and submitted for approval until 2022/2023 when the new council has spent a year in office. In terms of details to the annual report, it is clear that the Municipality always continued to provide services under trying conditions. 2017/2018 financial year was no exception. In fact, there were more service delivery challenges recorded than there were in 2016/2017 financial year.



As a starting point I must indicate that we have sustained our audit opinion from the 2015/2016 which was an unqualified opinion. There is real and visible improvement in how we implemented programmes in the Municipality than it has been the case in the past. Quite a few examples come into reckoning here as regards the level and quality of services we provided. As a Municipality, we were faced with real challenges of water and waste water spillages throughout the wards. As a result, our plans were negatively affected because we were forced to devise strategies to deal with emergencies on a continuous basis. The reason for continuous spillages, has of late been contended to be coming from ageing infrastructure and non-functional pump stations and waste water treatment plants. We are well aware of the challenges we face due to the ageing infrastructure and we have as a consequence, resorted to knocking on doors belonging to funding institutions to assist us.

As a result, our ability to collect revenue has also been compromised. The inability had a ripple-effect in paying our creditors money due to them within the required 30 days. The extent of this problem and our general struggle to pay for services received support from the provincial government Departments which came into the picture to intervene. We are happy that the process had started and we are hopeful that it will bear fruit in the near future. Communities will be updated on programme changes and specific interventions devised to improve the financial situation of the Municipality from the next financial year.

This process therefore asks of all of us to accept the challenge and play our role to assist. Let us therefore agree to find a solution to the challenges that besiege Matjhabeng Local Municipality. In the words of the State President: "Now is the time for each of us to say 'send me'.

I thank you

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**MR ET TSOAELI  
MUNICIPAL MANAGER**

**T 1.1.1**



## **1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW**

### **BACKGROUND DATA**

The Municipal functions have not changed as provided for by the Municipal Demarcation Board the last time it was assessed. The Municipality continues to provide services to community ranging from potable water provision, repair/upgrading of road infrastructure networks, sanitation services, refuse removal, electricity provision in towns as well as maintenance of lighting systems both the six towns and related townships of the Municipality.

As per the population census of 2016, the population of the population in the Municipality has somewhat increased from figures recorded for the 2011, which was 406 461 to 428 843 Figures T.1.2.1-T.1.2.3 detail population figures from the population census of 2016.

As per the population in terms of race and employment status, and from the community census, it is very clear that the majority of our population remains blacks and followed by white. The numbers are very key for planning purposes and taking into account past planning trends.

**T.1.2.1**

	TOTAL POPULATION AND HOUSEHOLDS		
	COMMUNITY SURVEY 2016	CENSUS 2011	CENSUS 2001
POPULATION	428 843	406 461	408 170
HOUSEHOLDS	149021	123 195	120 289

Source: STATS SA, CS 2016

**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
<b>TOTAL</b>	<b>201 915</b>	<b>203 117</b>	<b>405 032</b>

Source: STATS SA, 2011

**T.1.2.3**

EMPLOYMENT STATUS		
ECONOMIC STATUS	% CENSUS 2011	% CENSUS 2001
EMPLOYED	36.1%	34.4%
UNEMPLOYED	21.2%	29.9%
NOT ECONOMICALLY ACTIVE	42.8%	35.7%

Source: STATS SA 2011

**T.1.2.4**



EMPLOYMENT BY SECTOR		
INDUSTRY TYPE	2007	2011
AGRICULTURE, HUNTING, FORESTRY, FISHING	5 035	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 up 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 (MMAMAHABANE)**

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 economic 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 township 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
<b>TOWNS</b>		
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
<b>Sub-Total</b>	<b>21 447</b>	<b>105 471</b>
<b>TOWNSHIPS</b>		
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
<b>Sub-Total</b>	<b>64 952</b>	<b>377 582</b>
<b>INFORMAL SETTLEMENTS</b>		
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
<b>Sub-Total</b>	<b>5683</b>	<b>31 259</b>
<b>Total</b>	<b>92 082</b>	<b>514 312</b>

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. New gold mining development is planned in areas within the Municipality.
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**

Whilst population size of the Municipality showed increases during the community survey results, this trend has brought in tremendous pressure for the Municipality to deliver more services at increased costs due to affordability levels of beneficiaries. As a result, more of services due to communities become difficult to provide. With increased population size, there is also pressuring to create employment and hence the figure for economically inactive population stood at 42% during the 2011 population census in the Municipality. In other words, we have people who are looking for work but cannot find such work opportunities.

This is further made complex by the reality that people are not educated enough to seize opportunities made available by businesses locating in the area. It should therefore become a priority for the Municipality to create menial job opportunities for possible job creation in order to boost the economy which should effectively absorb some unemployed people in especially badly affected towns in the Municipality.

Given the current employment trends, the Municipality has created an opportunity for investors to locate businesses in lesser attractive areas to boost the economic situations there. Areas such as Virginia and Odendaalsrus are receiving special attention as they once played an economic role in the economy of the region when mining activities were at their pick.

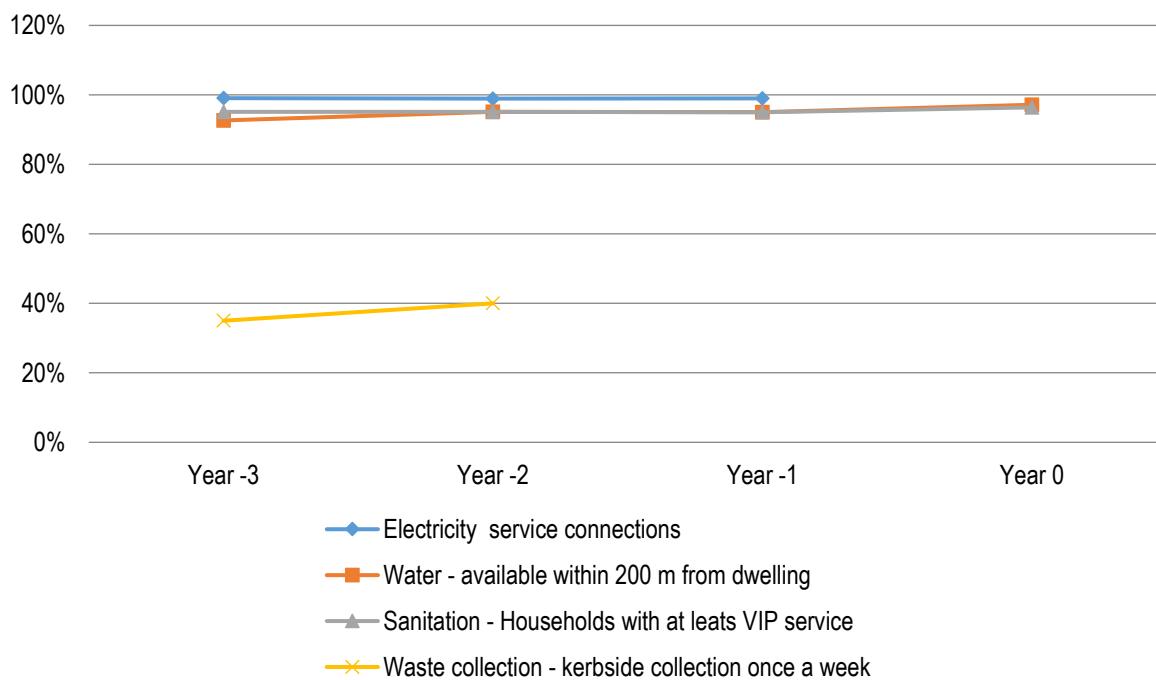
**T.1.2.9**



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

### Proportion of households with access to basic services



T.1.3.2

#### COMMENT ON ACCESS TO BASIC SERVICES:

Provision of services as indicated above done under very strenuous circumstances and under tremendous pressure as a result of stringent financial circumstances. We need to appreciate the statistical information as reflected in T.1.3.2 above which relate to a longer-term implementation period. Of very clear picture has always been the fact that the Municipality responded to challenges that occurred in the Municipality. We have been constantly faced with continuous sewer blockages especially in greater Thabong which falls within wards 12, 13, 14, 15, 16 and 17 on the main. Other areas which continued to give us sleepless nights were in Kutiwanong and Bronville. Amidst all the challenges, the Municipality showed resilience to positively respond deftly in addressing these challenges.



The truth is that we spent quite a fortune in responding to sewer problems and at most times, we had to apply deviation mechanism to deal with the emergencies. The same was the case with lighting system. An advert for renovating the lighting system along Koppie Alleen street is a case in point.

Unfortunately, some areas of the Municipality still have buckets and ventilated improved pit latrine (VIP) system as forms of sanitation. There have been plans to eradicate these forms of inhumane system and it is still the intention of the Municipality to still do so.

One other service which we have been doing without fail, has been refuse collection throughout the Municipal areas. These happened even when the Municipality faced vehicle/collection truck challenges. At some point in the current financial year, we faced the challenge head-on but eventually we succeeded by hiring the as- and when trucks to help us deliver the service.

**T.1.3.3**



## 1.4 FINANCIAL HEALTH OVERVIEW

### FINANCIAL OVERVIEW

The municipal infrastructure grant of the Municipality for the 2017/2018 financial year stood at R121 216 00 but the overall capital fund was R181 216 000. It was composed of the following grants:

Municipal Infrastructure Grant = R121 216 000

Water Services Infrastructure Grant= R30 000 000

Integrated National Electrification Programme = R5000 000

Own funding = R25 000 000

T.1.4.1

### FINANCIAL OVERVIEW: YEAR 0

R' 000

Details	Original budget	Adjustment Budget	Actual
Income:	2 480 390	2 480 390	1 599 447
Grants	562 992	562 992	561 992
Taxes, Levies and tariffs	1 481 596	1 481 596	910 088
Other	435 802	435 802	127 367
Sub Total	2 480 390	2 480 390	1 599 447
Less: Expenditure	2 322 822	2 322 822	1 237 995
<b>Net Total*</b>	<b>157 568</b>	<b>157 568</b>	<b>361 452</b>

\* Note: surplus/(deficit)

T 1.4.2

### OPERATING RATIOS

#### DETAIL

%

Employee Cost	30%
Repairs & Maintenance	11%
Finance Charges & Impairment	11%

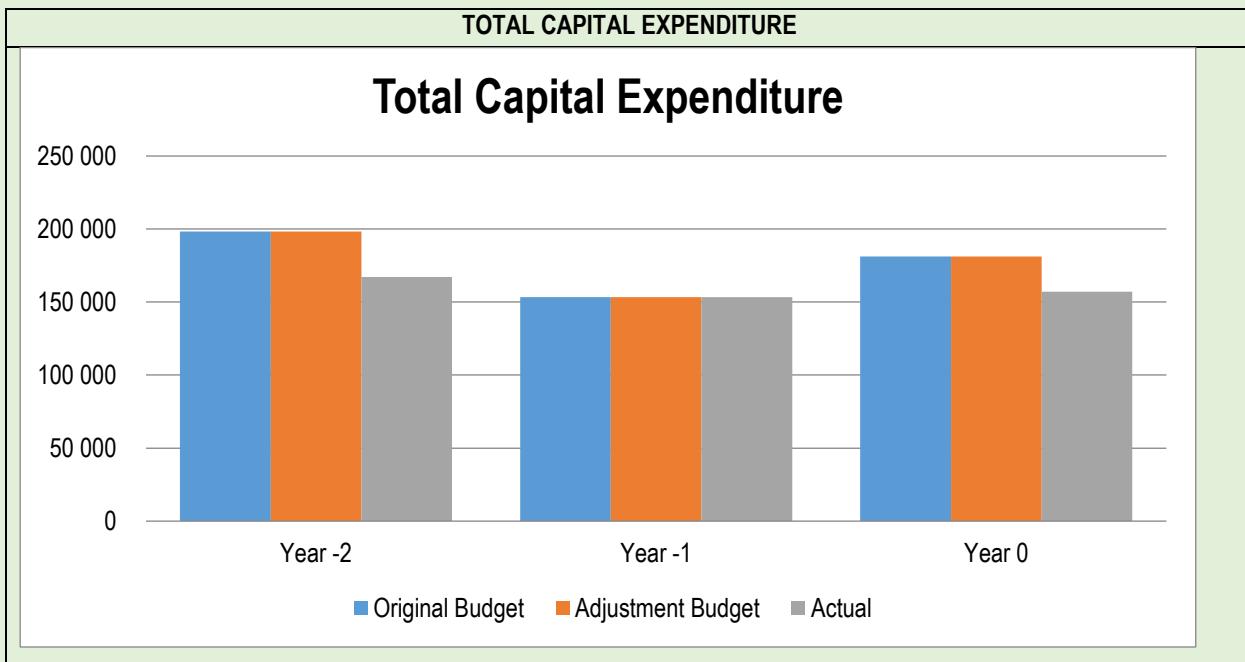
T 1.4.3

### TOTAL CAPITAL EXPENDITURE: YEAR -2 TO YEAR 0

R'000

DETAIL	YEAR -2	YEAR -1	YEAR 0
198 246	153 363	181 216	198 246
198 246	153 363	181 216	198 246
167 088	153 363	157 109	167 088
			T 1.4.4





**T.1.4.5**

<b>COMMENT ON CAPITAL EXPENDITURE OUTSTANDING</b>	
<p>The municipal infrastructure grant of the Municipality for the 2017/2018 financial year stood at R121 216 00 but the overall capital fund was R181 216 000. It was composed of the following grants:</p> <p>Municipal Infrastructure Grant = R121 216 000</p> <p>Water Services Infrastructure Grant= R30 000 000</p> <p>Integrated National Electrification Programme = R5000 000</p> <p>Own funding = R25 000 000</p>	<b>T 1.4.5.1</b>



## **1.6 AUDITOR GENERAL REPORT YEAR 0 (The financial year of reporting)**

\*Auditor General Report to be pasted in this section and annexed.



## 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 / August	It was developed and submitted to Council for approval in May 2018
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting)		IDP and Budget were approved 30 days before the start of the new financial year
3	Finalize the 4 <sup>th</sup> quarter Report for previous financial year.		To be submitted to council in August 2018.
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General.		To be submitted August 2018 in the form of a draft separate from 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	August 2018.
7	Mayor tables the unaudited Annual Report		28 August 2018
8	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General		31 August 2018
9	Annual Performance Report submitted to Auditor General to be provided as input to the IDP Analysis Phase		31 August 2017. IDP Manager to use the report as input to the analysis phase.
10	Auditor General Audits Annual Report including consolidated Annual Financial Statements and Performance data	August – December	The audits will be done between August and December
11	Municipalities receive and start to address the Auditor General's comments	November / March	As per the queries to be issued.
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	March 2018	Immediately after the Audit Report is presented to Council
16	Oversight Report is made public		April 2019
17	Oversight Report is submitted to relevant Provincial Councils		April 2019
18	Commencement of draft Budget/IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.	April / May 2019	May 2019

T.1.7.1



## **COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE**

### **2.1 POLITICAL GOVERNANCE**

#### **POLITICAL STRUCTURE**



**EXECUTIVE MAYOR**  
Cllr Nkosinjani Speelman



**SPEAKER**  
Cllr BC Stofile



**CHIEF WHIP**  
Cllr MJ Sephiri



## MAYORAL COMMITTEE / EXECUTIVE COMMITTEE



**MMC IDP, POLICY DEVELOPMENT & MONITORING**  
Cllr ML Radebe



**MMC HUMAN SETTLEMENTS**  
Cllr TD Khalipa



**MMC SPORTS, ARTS & CULTURE**  
Cllr M Kabi



**MMC TOURISM & AGRICULTURE**  
Cllr MC Radebe



**MMC PUBLIC SAFETY**  
Cllr VR Morris



**MMC LED AND PLANNING**  
Cllr DR Direko



**MMC INFRASTRUCTURE**  
Cllr ME Tshopo



**MMC COMMUNITY SERVICES**  
Cllr TB Lushaba



**MMC FINANCE**  
Cllr S Manese



**MMC CORPORATE SERVICES**  
Cllr VE Mawela

T.2.1.1



## COUNCILLORS

### PR COUNCILLORS



Cllr NW Speelman



Cllr MJ Sephiri



Cllr B Stofile



Cllr MR Tsupa (Deceased)



Cllr DR Direko



Cllr M Kabi



Cllr NE Thelingoane



Cllr SD Manese



Cllr MH Ntsebeng



Cllr XN Masina



Cllr TB Lushaba



Cllr MC Radebe





Cllr ML Radebe



Cllr MG Mafaisa



Cllr KSV Moipatle



Cllr NM Phofeli



Cllr ME Tshopo



Cllr VE Mawela



Cllr JS Marais



Cllr LN Presente



Cllr MM Rakaki



Cllr A Styger



Cllr MJ Badenhorst



Cllr AJ Manenye





Cllr EJ Jacobs



Cllr PF Botha



Cllr TW Letlhake



Cllr ME Senxezi(Resigned )



Cllr MT Macingwane



Cllr ME Tsoaeli (Resigned)



Cllr LE Khetsi



Cllr NA Mthebere



Cllr AM Sithole



Cllr SDM Taljaard



Cllr ME Nqeobo



Cllr B Ramabolu



## WARD COUNCILLORS



Ward 1  
Cllr Sebotsa



Ward 2  
Cllr Tshabangu



Ward 3  
Cllr Schlebusch(Resigned)



Ward 4  
Cllr Liphoko



Ward 5  
Cllr Molelekwa



Ward 6  
Cllr Mahlumba



Ward 7  
Cllr Monjovo



Ward 8  
Cllr Masienyane



Ward 9  
Cllr Badenhorst



Ward 10  
Cllr Ramalefane



Ward 11  
Cllr Morris



Ward 12  
Cllr Moshoeu



Ward 13  
Cllr Thelingoane



Ward 14  
Cllr Chaka



Ward 15  
Cllr Ntuli



Ward 16  
Cllr Meli



Ward 17  
Cllr Khalipha



Ward 18  
Cllr Moloja



Ward 19  
Cllr Ramatissa



Ward 20  
Cllr Nkonka





Ward 21  
Cllr Pholo



Ward 22  
Cllr Poo



Ward 23  
Cllr Tlake



Ward 24  
Cllr Mphikeleli



Ward 25  
Cllr Nthako



Ward 26  
Cllr Tsatsa



Ward 27  
Cllr Van Rooyen



Ward 28  
Cllr Mosia



Ward 29  
Cllr Mafa



Ward 30  
Cllr Molefi



Ward 31  
Cllr Mokhomo



Ward 32  
Van Schalkwyk



Ward 33  
Cllr Malherbe



Ward 34  
Cllr Daly



Ward 35  
Cllr Manzana



Ward 36  
Cllr Khothule

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.

As part of a decision-making process, section 79 committees also play critical role in influencing decisions that get made within council. These committees were established during the second meeting of the current council in September 2016. Secondly, Section 80 as established by the Executive Mayor to assist him, recommends to the Executive Mayor and ultimately Council takes a resolution on a matter.

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, a platform can be created for the public to make inputs (written or verbal), can be through the sittings of the Ward Committees or even through formal stakeholder engagements.

**T.2.1.3**



## **2.2 ADMINISTRATIVE GOVERNANCE**

### **INTRODUCTION TO ADMINISTRATIVE GOVERNANCE**

The Municipality is governed administratively by the Accounting Officer and he is reliably assisted by management. The composition of senior administrative staff as follows:

**Mr Thabiso Tsoaeli** as the Accounting Officer having assumed his responsibility as the appointed Accounting Officer of the Municipality from the 1<sup>st</sup> August 2017;

**Mr Thabo Panyani** as the Chief Financial Officer having assumed his responsibility in the Municipality from the 1<sup>st</sup> December 2017;

**Me Betty Maswanganyi** who has been employed as the Executive Director responsible for Infrastructure effective from the 1<sup>st</sup> May 2015.

**Mr Fezile Wetes** as the Executive Director responsible for Corporate Support Services, who was employed in the Municipality from the 1<sup>st</sup> April 2015;

**Mr Tumelo Makofane** who is employed as the Executive Director responsible for Strategic Support Services in the Municipal Manager's Office and whose employment was effective from the 1<sup>st</sup> February 2015; and

**Me Zingisa Tindleni** who has been employed as the Executive Director for Community Services and Public Safety effective from the 1<sup>st</sup> December 2017.

**T.2.2.1**



## TOP ADMINISTRATIVE STRUCTURE



**MUNICIPAL MANAGER**

Mr Thabiso Tsoaeli



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



**CHIEF FINANCIAL OFFICER**  
Mr Thabo Panyani





**ACTING EXECUTIVE DIRECTOR  
LED, PLANNING & HOUSING**  
Mr Barry Golele



**EXECUTIVE DIRECTOR  
COMMUNITY SERVICES &  
LAW ENFORCEMENT**  
Me Zingisa Tindleni



**EXECUTIVE DIRECTOR  
INFRASTRUCTURE**  
Me. Betty Maswanyi



**EXECUTIVE DIRECTOR  
CORPORATE SERVICES**  
Mr. Fezile 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).

For the 2017/2018 financial year, the Municipality participated in a number of meetings convened as planned within our service delivery and budget implementation plan for purposes 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**

At political level, both the Speaker and the Executive Mayor take part in various fora established to ensure improved inter-governance relations. The public participation 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 gets reached at this level. The Executive Mayor attends and participates at political IGR level with other executive mayors and mayors within the district boundary. Issues raised at this level get escalated by technical wing of the forum which is constituted by Municipal Managers assisted by staff at technical level.

At a technical level, the office of the Municipal Manager participated in quarterly District IGR meetings. These fora help with service delivery through sharing of best practices and strategies implemented by other Municipalities. Other forum participation meetings were for the Back to Basics meetings which were convened for purposes of monitoring B2B action plans submitted to council.

Related to the above forum/committee participation, the Municipality participates in the Premier's Coordinating Forum where the Province's developmental agenda and coordination are points of emphasis. In summary, the following forum formations are some of the areas where the Municipality participated:

Provincial Municipal Managers' Forum

District Energy Forum

District Political IGR (*Inter Governmental Relations*) Forum

District Technical IGR (*Inter Governmental Relations*) Forum

Provincial PMS (*Performance Management Systems*) Forum

Provincial and District Risk Management Forum

MECLOGA

Premier's Coordinating Forum

District Back to Basics

Provincial and District IDP (*Integrated Development Plan*) Managers' Forum

**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. Office of the Speaker set up a plan to ensure that ward committees meeting and submit reports on a monthly basis on issues raised within the wards.

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

IDP/budget representative forum

Ward Constituency meetings

Ward Committee meetings

Office of the Speaker was in charge of ensuring that different constituency meetings convened sat in the last financial year. The law allowed for a minimum of at least four meetings to be convened in one financial year. As a precondition to apply and implement the law and also with a view to enhancing accountability, the Municipality published documents like the IDP, Budget and the annual report at key strategic points for accessibility.

A public participation programme was developed and implemented with assistance from Office of the Speaker to ensure that both the IDP/budget as well as the draft annual report were presented to communities with a view to receive inputs. On the main, communities raised issues of concern in their respective areas for consideration by the Municipality and thereby reconsideration of priority service delivery issues for budget purposes.

**T 2.4.0**



## **COMMUNICATION, PARTICIPATION AND FORUMS**

Public participation programme was championed from office of the Speaker and always been the office doing the task. All council meetings were advertised as required by law. Under no circumstance would a council meeting go ahead without such communication being publicised.

The second form of communication related to forum meetings in the forms of IDP representative forum as well as the imbizo. The Executive Mayor headed both set of fora. As an exception, the year under review witnessed quite satisfactory attendance in all meetings.

The next avenue the Municipality utilised to share municipal information has been the website. This option was done as per the compliance mandate and following legislative requirements. The website was changed as follows: [www.matjhabeng.fs.gov.za](http://www.matjhabeng.fs.gov.za). All information we needed to share with the public were placed here. It should be noted that it took time before people could learn to understand this location.

The other area we used were notice boards of the Municipality. The Municipality, in addition, used the community radio station, *The Rock*, as well as *Lesedi* and *Gold FM* where the leadership of the Municipality had direct communication with the community on development plans, progress and challenges. The Municipal publication, *Matjhabeng News* also 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. The work of the ward committees did not proceed as planned and reports were not provided as planned. This was a worrying aspect of service delivery when no information could be provided to update the Municipality on challenges that ward committees faced.

The office of The Speaker was charged with assessing performance of all wards in the Municipality as per the SDBIP relating to the office.

**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
Ward 2	10/05/2018			117	Yes	IDP & Budget incorporating inputs from Public Meetings were made public from 24 <sup>th</sup> April 2018
Ward 3	10/05/2018	1	4	80	Yes	
Ward 6	08/05/2018	2	8	473	Yes	
Ward 8	17/05/2018	1	3	115	Yes	
Ward 13	07/05/2018	4	4	128	Yes	
Ward 14	04/05/2018	3	4	177	Yes	
Ward 15	04/05/2018	2	3	116	Yes	
Ward 23	07/05/2018	4	5	119	Yes	
Ward 24	07/05/2018			151	Yes	
Ward 25	14/05/2018	4	7	79	Yes	
Ward 26	03/05/2018	2	3	226	Yes	
Ward 27	11/05/2018	2	6	62	Yes	
Ward 28	03/05/2018	2	6	207	Yes	
Ward 16	04/05/2018			229	Yes	
Ward 17	04/05/2018			340	Yes	
Ward 19	14/05/2018			341	Yes	
Ward 20	09/05/2018	1	2	108	Yes	
Ward 21	09/05/2018	1	11	183	Yes	
Ward 1	10/05/2018	3	6	184	Yes	
Ward 22	09/05/2018	3	5	139	Yes	
Ward 5	08/05/2018	3	4	86	Yes	
Ward 7	14/05/2018	1	4	199	Yes	
Ward 29	03/05/2018	3	3	94	Yes	
Ward 32	11/05/2018	1	8	30	Yes	
Ward 34	15/05/2018	3	3	20	Yes	
Ward 35	14/05/2018 &11/05/2018	7	6	330		
Ward 10	10/05/2018	2	9	209	Yes	
Ward 36	14/05/2018- 15/05/2018	1	7	96	Yes	

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.

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 programmes 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. As a result of these meetings, management were sensitised on urgent community matters that would not reach offices under normal circumstances.

**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?	Y, as they relate to multi-year projects
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 Municipality are charged with the responsibility of ensuring that there is compliance to such laws in the forms of municipal policies and by-laws. In addition, officials are required to observe application and enforcement of the law. There are other noticeable occupations within the Municipality, which have been established to reinforce application and monitoring of the law.

In the Municipality, we have these positions as they relate to performance monitoring and compliance. Such positions help monitor implementation of relevant laws but are placed quite lower down the management echelon. These positions include those of officials who deal 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 controls 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 13 December 2016 and there was no need to further review it as there was no major legislative amendments within its approval time frames.

The following are the responsibilities of a Risk Management Unit, but it must be acknowledged that the Municipality did not have the Risk Management Unit for the period 2015/2016, 2016/2017 and 2017/2018 financial years. The Acting Senior Risk Accountant fulfilled 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.

The role of the Acting Senior Accountant improved the situation much better than it was the case a year before. Her role is envisaged to improve upon approval of the structure which identified the lack of such a unit as a serious risk to Municipal service performance.

**T 2.6.1**



## **2.7 SUPPLY CHAIN MANAGEMENT**

### **OVERVIEW SUPPLY CHAIN MANAGEMENT**

The Municipality ensured that its SCM policy was aligned with the SCM regulations. The SCM policy gets reviewed to take into account the revised PPPF regulations in each financial year as the budget gets approved. 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.

In order to address the declining local economy, 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 of the Municipality's objectives regarding local economic growth and development. In particular, there is emphasis on giving 70% of business opportunities to local enterprises to ensure that we sustain local SMMEs.

**T 2.7.1**



## **2.8 BY-LAWS**

For the financial year under review, quite a number of by-laws have been noted by council and a process of public consultation has been the responsibility of the office of the Speaker. As the financial year came to a close, the outstanding policies were not yet promulgated but there was substantial movement with regards to the promulgation.

<b>BY-LAWS INTRODUCED DURING YEAR 0</b>					
<b>Newly Developed</b>	<b>Revised</b>	<b>Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)</b>	<b>Dates of Public Participation</b>	<b>By-Laws Gazetted* (Yes/No)</b>	<b>Date of Publication</b>
Cemeteries and Crematoria	2008	Yes		Yes	07/12/2012
Credit Control and Debt Collection	2015	Yes		Yes	07/12/2016
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

**T 2.8.1**



## **2.9 WEBSITES**

<b>MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL</b>		
<b>Documents published on the Municipality's / Entity's Website</b>	<b>Yes / No</b>	<b>Publishing Date</b>
Current annual and adjustments budgets and all budget-related documents	Yes	31 <sup>st</sup> July 2017
All current budget-related policies	Yes	31 <sup>st</sup> July 2017
The previous annual report (Year -1)	Yes	1 <sup>st</sup> March 2017
The annual report (Year 0) published/to be published	Yes	12 <sup>th</sup> April 2019
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	31 <sup>st</sup> July 2017
All service delivery agreements (Year 0)	N/A	N/A
All long-term borrowing contracts (Year 0)	N/A	N/A
All supply chain management contracts above a prescribed value (give value) for Year 0	N/A	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	N/A	N/A
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	N/A
Public-private partnership agreements referred to in section 120 made in Year 0	N/A	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	28 <sup>th</sup> August 2018
		<b>T 2.9.1</b>

### **COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:**

There has been discussions between the Municipality and the service provider contracted by the Premier's office to decentralise the website. This discussion began in the last financial year as the contract was with Cherry-On-Line contracted by Office of the Premier. The discussions had resulted in an agreement to allow the Municipality to perform own tasks relating to the website. The website got updated by the information technology unit and has since been functional and improvements continued and were sustained.

**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 all the households of the Municipality at a competitive rate of around 86.3% of the total households.

During the year under review, the Municipality had approximately 8500 informal dwellings. In Thandanani 2010 area, about 1400 households were formalised.

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 have been experienced throughout the Municipality as a result of ageing water network infrastructure. The next big two challenges were to manage and meter all households as the need increased as well managing unacceptably water loss.

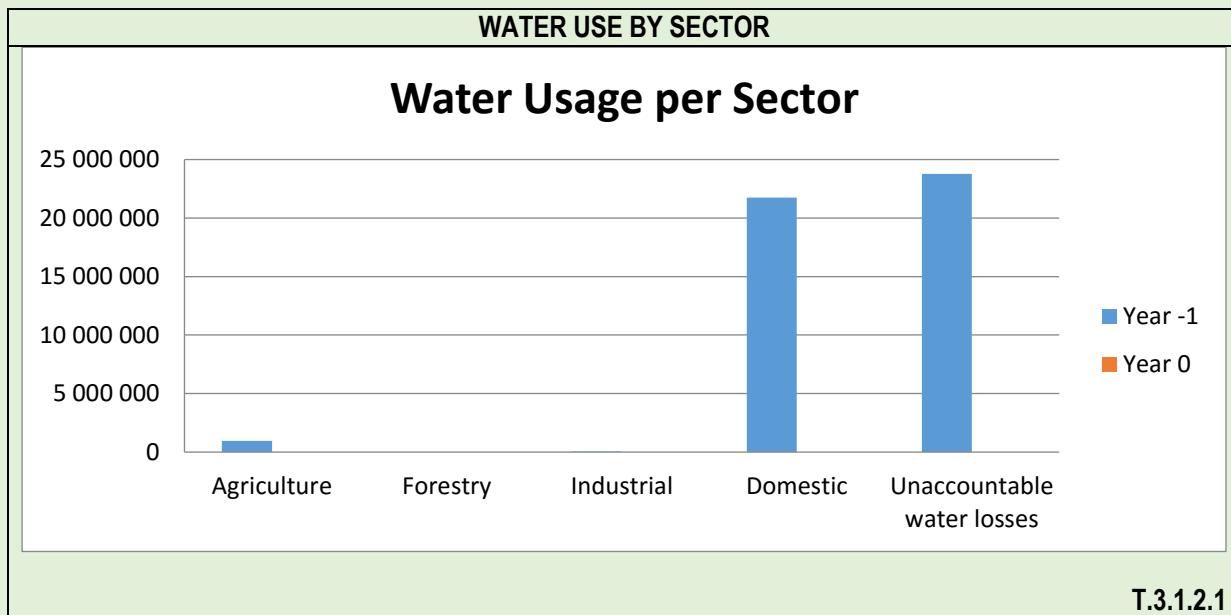
The last time the Municipality obtained Blue Drop status for 3 of the 6 towns in its jurisdiction area was during 2014 with an average score of 93,6%. Blue Drop Status were received for Virginia, Hennenman and Ventersburg supply systems. Matjhabeng Local Municipality performs second best in the Free 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	6 837	0	4 395 334	20 272 074	26 466 532
Year 0	6 837	0			
<b>T.3.1.2</b>					





**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. Detailed investigations on existing water meters were done to determine reason why meters were not functional and associated repairs thereof were not undertaken. 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.

A 2-year Leak Detection and Repairs Project commenced from May 2017, whereby the entire water network was assessed for visible and invisible leakages. All the identified leakages will be repaired and water losses be reduced.

Maintenance of water networks in old high-income areas became difficult as little funding is available to maintain and upgrade such.

**T 3.1.2.2**

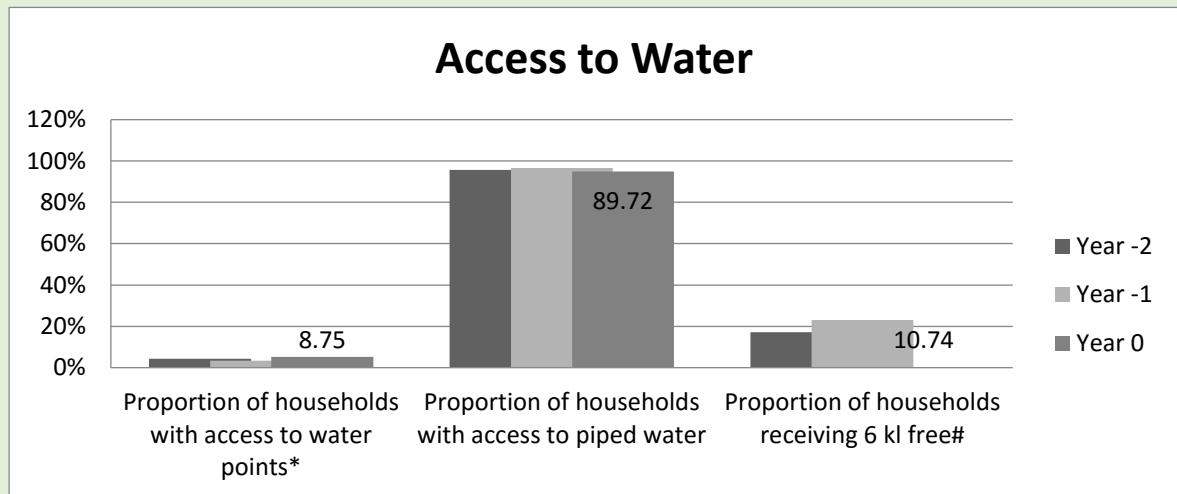


WATER SERVICE DELIVERY LEVELS						Households
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
<b>Water: (above min level)</b> Piped water inside dwelling Piped water inside yard (but not in dwelling) Using public tap (within 200m from dwelling) Other water supply (within 200m) <i>Minimum Service Level and Above sub-total</i> <i>Minimum Service Level and Above Percentage</i>	49 315	50 742	50 801	87 495	87 495	87 495
	46 997	46 997	46 997	16 178	16 178	16 178
	1 916	1 489	1 489	2 837	2 837	2 837
	98 228	99 228	99 288	106 510	106 510	106 510
	96%	97%	96%	100%	100%	100%
	4 467	3 467	5 400	0	0	0
	4 467	3 467	5 400	0	0	0
	4% <i>Below Minimum Service Level sub-total</i>	3% <i>Below Minimum Service Level Percentage</i>	4% <i>Total number of households*</i>	0% <b>102 695</b>	0% <b>102 875</b>	0% <b>106 510</b>
						<b>T 3.1.3</b>

HOUSEHOLDS - WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM						Households
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal Settlements</b>						
Total households	86 284	87 711	90 969	0	0	0
Households below minimum service level	0	0	1 254	0	0	0
Proportion of households below minimum service level	0%	0%	1%	0%	0%	0%
<b>Informal Settlements</b>						
Total households	7 183	6 183	6 150	0	0	0
Households below minimum service level	4 387	3 960	1 845	0	0	0
Proportion of households below minimum service level	61%	64%	30%	0%	0%	0%
<i>There are no households that are provided with services that are below minimum service level (public tap – more than 200m from dwelling)</i>						
<b>T 3.1.4</b>						



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	5%	95%	97.9%
Year -1	8.75%	84%	10.74%
Year 0			



T 3.1.5



WATER SERVICE POLICY OBJECTIVES TAKEN FROM IDP										
Service Objectives  Service Indicators (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3		
		Target  *Previous Year  (iii)	Actual  (iv)	Target  *Previous Year  (v)		Actual  *Current Year  (vi)	Target  *Current Year  (vii)			
		*Previous Year  (iii)	(iv)	*Previous Year  (v)	(vi)	(vii)	*Current Year  (viii)	*Current Year  (ix)	*Following Year  (x)	
Compile a replacement plan for worn out water pipes to reduce water loss	Repair and maintenance of water related infrastructure	4200	1743	0	3km	0	5000	5000	5000	
	Service all hydrants and Valves once a year	190	307	190	0		500	500	500	
	Implement the water meter repair program Identification of consumers with water connections who are not billed	6200	2896	6200	1000	4182	5000	5000	5000	
		5000	3750				5000	5000	5000	

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%
<b>Total</b>	<b>79</b>	<b>404</b>	<b>197</b>	<b>207</b>	<b>51%</b>
T 3.1.7					

FINANCIAL PERFORMANCE YEAR 0: WATER SERVICES					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	2 270 541	-343 077	-343 077	-361 342	5%
Expenditure:					
Employees	654 634	36 316	36 316	42 292	14%
Repairs and Maintenance		33 246	33 246	10 132	-70%
Other		408 154	408 154	308 918	-24%
<b>Total Operational Expenditure</b>		477 716	477 716	361 342	-24%
<b>Net Operational Expenditure</b>		<b>134 639</b>	<b>134 639</b>	<b>347 899</b>	<b>61%</b>
T 3.1.8					



Capital Projects	Year 0					R' 000
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
ALLANRIDGE REPLACEMENT OF OLD GALVANIZED STEEL PIPES WITH UPVC PIPES	257	257	542	53%		
THABONG X20 (HANI PARK): EXTENTION OF NETWORK, HOUSE CONNECTION & METERS 180 STANDS	882	882	177	-80%		
THABONG: INSTALATION OF ZONAL WATER METERS & VALVES	3 481	3 480	196	-94%		
MATJHABENG TOWNS			186	100%		
						T 3.1.9

#### COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

As a Municipality, we planned to save water through replacement of galvanised pipes through some areas like Allanridge. We nonetheless acknowledge that the challenge continues as water spillages were all over the areas. The serious challenge facing the Municipality is the fact that we don't have capacity equivalent to the demand to stop water spillages. The vacancy rate in water services provision is quite high and the Municipality cannot employ more people than we already have though they are of no assistance the critical vacancy areas.

T 3.1.10



## **3.2 WASTE WATER (SANITATION) PROVISION**

### **INTRODUCTION TO SANITATION PROVISION**

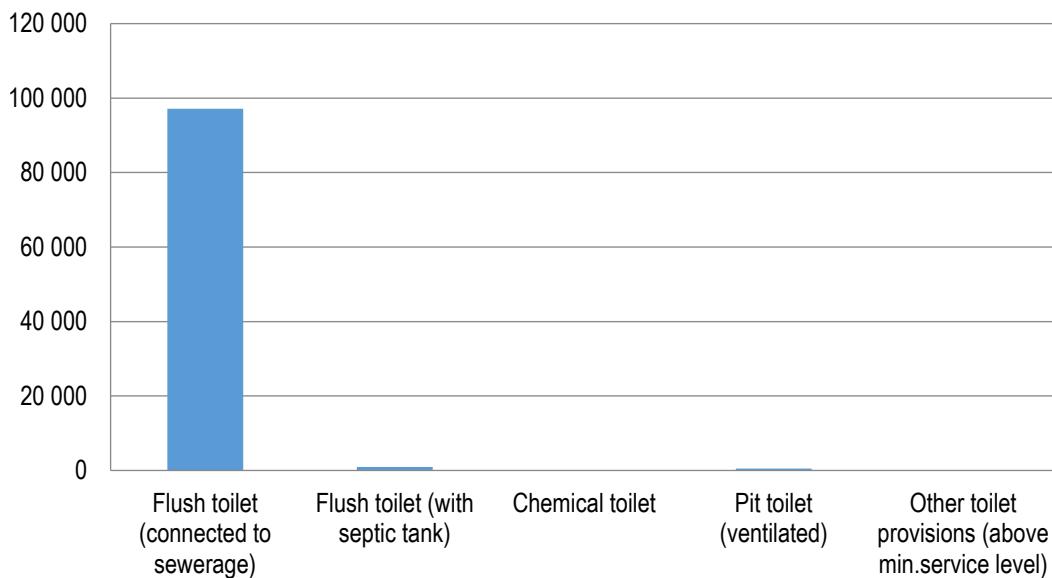
Due to environmental requirements associated with sewerage, the Municipality spent a major portion of its budget on upgrading these services. However, several challenges still exist. The upgrading of the Waste Water Treatment Works (WWTW) especially gets high priority.

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

**T 3.2.1**

### **SANITATION / SEWERAGE (ABOVE MINIMUM LEVEL): YEAR 0**

#### **Sanitation/Sewerage (above minimum level): Year 0**



**T 3.2.2**



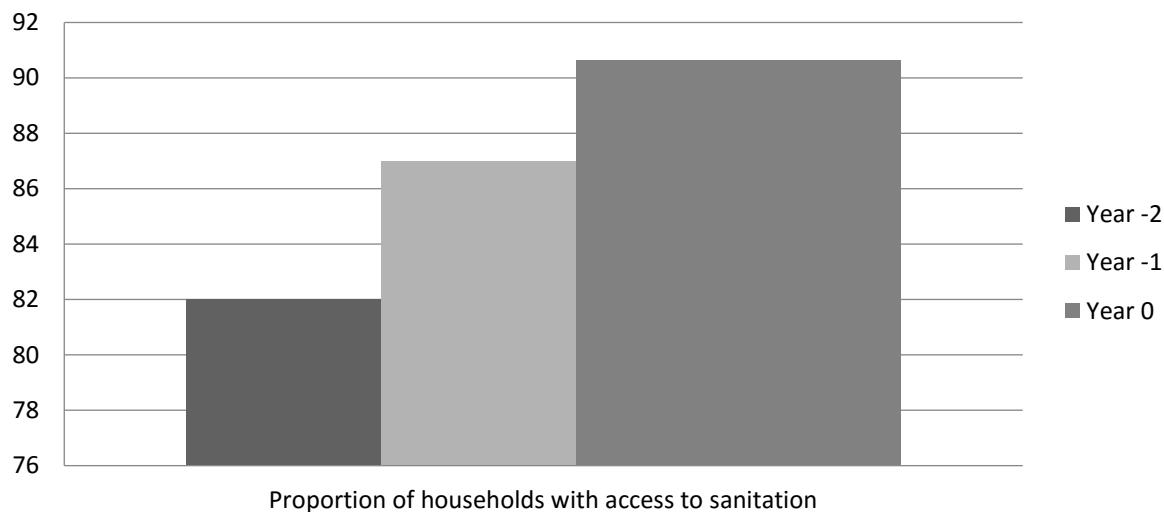
Description	SANITATION SERVICE DELIVERY LEVELS					
	*Households					
	Year -3 Outcome No.	Year -2 Outcome No.	Year -1 Outcome No.	Year 0		
<b>Sanitation/sewerage: (above minimum level)</b>						
Flush toilet (connected to sewerage)	97 135	97 135	97 135	97 135	97 135	97 135
Flush toilet (with septic tank)	956	956	956	956	956	956
Chemical toilet	111	111	111	111	111	111
Pit toilet (ventilated)	512	512	512	512	512	512
Other toilet provisions (above min. service level)	-	0	0	0	0	0
<i>Minimum Service Level and Above sub-total</i>	98 714	98 714	98 714	98 714	98 714	98 714
<i>Minimum Service Level and Above Percentage</i>	96,4%	96,4%	96,4%	96,4%	96,4%	96,4%
<b>Sanitation/sewerage: (below minimum level)</b>						
Bucket toilet	5 195	0	0	0	0	0
Other toilet provisions (below min. service level)	743	0	0	0	0	0
No toilet provisions	2 930	3 680	3 680	3 680	3 680	3 680
<i>Below Minimum Service Level sub-total</i>	8 868	3 680	3 680	3 680	3 680	3 680
<i>Below Minimum Service Level Percentage</i>	8,2%	3,6%	3,6%	3,6%	3,6%	3,6%
<b>Total households</b>	<b>107 582</b>	<b>102 394</b>	<b>102 394</b>	<b>102 394</b>	<b>102 394</b>	<b>102 394</b>
						<b>T 3.2.3</b>

Description	HOUSEHOLDS - SANITATION SERVICE DELIVERY LEVELS BELOW THE MINIMUM					
	Households					
	Year -3 Actual No.	Year -2 Actual No.	Year -1 Actual No.	Year 0		
<b>Formal Settlements</b>						
Total households	98 714	98 714	98 714			
Households below minimum service level	8 868	3 680	3 680			
Proportion of households below minimum service level	9%	4%	4%			
<b>Informal Settlements</b>						
Total households	4 467	6 150	6 150			
Households below minimum service level	4 313	6 150	6 150			
Proportion of households below minimum service level	97%	100%	100%			
						<b>T 3.2.4</b>



## ACCESS TO SANITATION

### Access to Sanitation



T 3.2.5



WASTE WATER (SANITATION) SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service KPIs	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)
<b>Service Objective</b>									
To upgrade the bulk sewer networks, pump stations and Waste Water Treatment Works (WWTP) to 100% functionality to ensure a healthy environment during the next five financial years and that systems are functional in line with Green drop regulations.	Repair broken lines: Manage sewerage flow, excavate, replace broken portion & backfill per meter	380	1173	1173	Koppie Alleen 1km	0	1km	0	0
	Open blockages (number)	9 000	9112	9112	Jan Hofmeyer 70m	0	70m	0	0
	Preventative cleaning of sewer lines 1368km per meter	8 500	1 348	1 348	Cleaning of 5 sumps	5	5		5
.									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%
<b>Total</b>	<b>65</b>	<b>153</b>	<b>67</b>	<b>86</b>	<b>56%</b>

T 3.2.7

FINANCIAL PERFORMANCE YEAR 0: SANITATION SERVICES					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	<b>-150 033</b>	<b>-147 748</b>	<b>-147 748</b>	<b>-169 979</b>	<b>15%</b>
<b>Expenditure:</b>					
Employees	32 992	36 316	36 316	38 146	5%
Repairs and Maintenance	8 300	33 246	33 246	16 483	-50%
Other	14 732	41 996	41 996	54 012	29%
<b>Total Operational Expenditure</b>	<b>56 024</b>	<b>111 558</b>	<b>111 558</b>	<b>108 641</b>	<b>-3%</b>
<b>Net Operational Expenditure</b>	<b>94 009</b>	<b>36 190</b>	<b>36 190</b>	<b>61 338</b>	<b>69%</b>

T 3.2.8



<b>CAPITAL EXPENDITURE YEAR 0: SANITATION SERVICES</b>						
Capital Projects	Year 0					R' 000
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
<b>Total All</b>	<b>79 814</b>	<b>79 814</b>	<b>81 433</b>	<b>2%</b>		
Nyakallong:WWTP Upgrade	8 882	8 882	13 135	47%	52 300	
Matjhabeng: Upgrading of 7 electrical panels at sewer pump stations	50	50			1 905	
Whites: Septic Tank System	416	416			980	
Virginia: WWTP Sludge Management	11 899	11 899	24 389	105%	41 656	
Welkom (Thabong) T16: Construction Waterborne Sanitation for 1300 Stands	205	205	1 452	608%	61 899	
Mmamahabane service 54 stands, build toilet structures and connect to existing network.	19 731	19 731	194	-99%	591	
Upgrading of Mmamahabane WWTW	8 692	8 692	13 898	60%	12 954	
Kutwanong: Upgrading of Outfall sewer	4 250	4 250	1 754	-59%	11 000	
Upgrade and refurbish T8 pump station to address new developments.	5 000	5 000	4 347	-13%	14 300	
Upgrade of Kutwanong WWTW Phase 2 to accommodate the new 3000 Stands	6 400	6 400	1 411	-78%	13 000	
Upgrading of Phomolong Pumpstation	4 000	4 000	13 367	234%	13 000	
Refurbishment of Theronia WWTW and Purified Effluent System	30 000	30 000	4 971	-83%	57	
						<b>T 3.2.9</b>

#### COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Sewer networks were extended and maintained but due to shortage of funding and resources, some major challenges exist. Cognisance must also be taken of 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

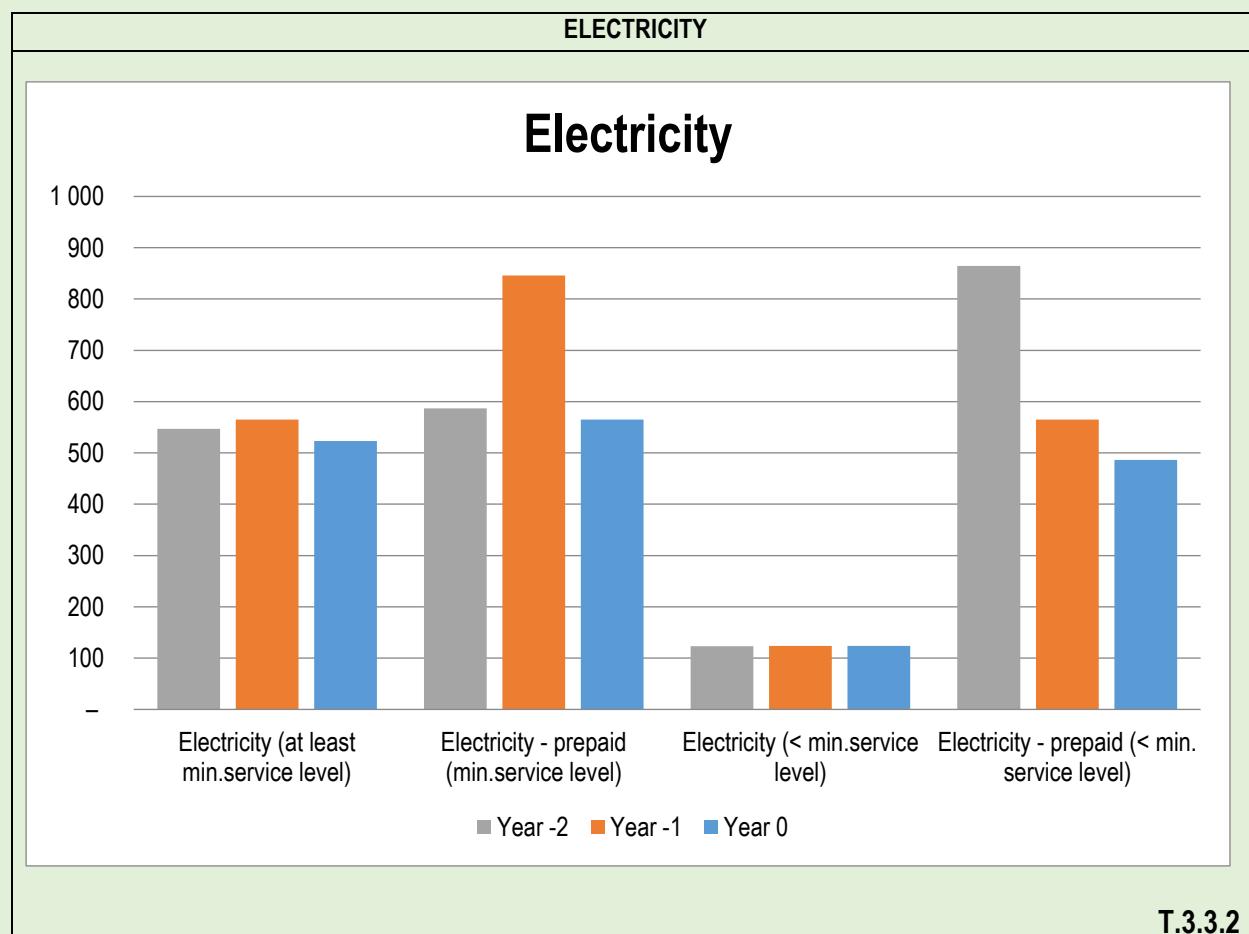
#### INTRODUCTION TO ELECTRICITY

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



T.3.3.2



ELECTRICITY SERVICE DELIVERY LEVELS				
Description	Households			
	Year -3	Year -2	Year -1	Year 0
	Actual	Actual	Actual	Actual
No.	No.	No.	No.	No.
<b>Energy: (above minimum level)</b>				
Electricity (at least min. service level)	17 984	17 463	16 368	19411
Electricity - prepaid (min. service level)	13 076	13 624	14 758	14655
<i>Minimum Service Level and Above sub-total</i>	31 060	31 087	31 126	34066
<i>Minimum Service Level and Above Percentage</i>	99%	97%	97%	96.5%
<b>Energy: (below minimum level)</b>				
Electricity (< min. service level)	0	0	0	0
Electricity - prepaid (< min. service level)	0	0	0	0
Other energy sources	872	931	924	1250
<i>Below Minimum Service Level sub-total</i>	872	931	924	1250
<i>Below Minimum Service Level Percentage</i>	1%	3%	3%	3.5%
<b>Total number of households</b>	<b>31 380</b>	<b>32 018</b>	<b>32 050</b>	<b>35316</b>
				<b>T 3.3.3</b>

HOUSEHOLDS - ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM					
Description	Households				
	Year -3	Year -2	Year -1	Year 0	
		Actual	Actual	Original Budget	Adjusted Budget
	No.	No.	No.	No.	No.
<b>Formal Settlements</b>					
Total households	31021	31 959	31126	29275	292475
Households below minimum service level	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%
<b>Informal Settlements</b>					
Total households	285	931	924	1250	1250
Households below minimum service level	0	931	924	1250	1250
Proportion of households below minimum service level	0%	100%	100%	100%	100%
					<b>T 3.3.4</b>



Electricity Service Policy Objectives Taken From IDP									
Service Objectives  Service Indicators (i)	Outline Service Targets  (ii)	Year -1		Year 0		Year 1	Year 3		
		Target  *Previous Year (iii)	Actual  (iv)	Target  *Previous Year (v)	Actual  *Current Year (vi)		Target  *Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective xxx</b>									
<i>Provision of minimum supply of electricity</i>	Maintain distribution losses under 10%	10%	10%	10.00%	10.00%	12.50%	10.00%	10.00%	10.00%
	Annual maintenance of 808 substations	564	564	564	564	320	564	564	564
	Maintenance of 29558 street lights Annual maintenance ratio is 30%.	8 674	8 674	8764	8764	3499	8674	8674	8674
	Electrical breakdown responses	2 158	2 158	2158	2158	5044	2158	2158	2158
	Scrutinizing of consumer accounts regarding tampering	500	500	500	290	500	500	500	500
<b>T 3.3.5</b>									



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%
<b>Total</b>	<b>37</b>	<b>178</b>	<b>83</b>	<b>95</b>	<b>53%</b>

T 3.3.6



Financial Performance Year 0: Electricity Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-553 172	627 540	627 540	618 883	-1%
Expenditure:					
Employees	28 755	31 430	31 430	35 039	11%
Repairs and Maintenance	19 814	56 906	56 906	6 578	-88%
Other	592 567	422 134	422 134	207 024	-51%
<b>Total Operational Expenditure</b>	<b>641 136</b>	<b>510 470</b>	<b>510 470</b>	<b>248 641</b>	<b>51%</b>
<b>Net Operational Expenditure</b>	<b>87 964</b>	<b>117 070</b>	<b>117 070</b>	<b>370 242</b>	<b>216%</b>
<b>T 3.3.7</b>					

Capital Expenditure Year 0: Electricity Services					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>25800</b>	<b>25800</b>	<b>881</b>	<b>3%</b>	
DOE and GIZ EEDSM energy efficient street lighting project	17600	17600	0	0%	17600
Urania 132kV substation upgrade	5000	5000	631	13%	5000
Provision and Installation 6.6kV Overhead line to the Bronville Town Area	3200	3200	250	8%	3200
<b>T 3.3.8</b>					

#### COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

The Department continued to provide maintenance services to community even during the 2017/2018 financial year. It was also 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 addresses 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 with 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**



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

SOLID WASTE SERVICE DELIVERY LEVELS				
Description	Households			
	Year -3 Actual No.	Year -2 Actual No.	Year -1 Actual No.	Year 0 Actual No.
<b>Solid Waste Removal: (Minimum level)</b>				
Removed at least once a week	123 195	123 195	121	121
<i>Minimum Service Level and Above sub-total</i>	123 195	123 195	121	121
<i>Minimum Service Level and Above percentage</i>	86.3%	86.3%	4.2%	4.2%
<b>Solid Waste Removal: (Below minimum level)</b>				
Removed less frequently than once a week	565	523	523	523
Using communal refuse dump	487	865	865	865
Using own refuse dump	565	523	523	523
Other rubbish disposal	938	720	720	720
No rubbish disposal	124	124	124	124
<i>Below Minimum Service Level sub-total</i>	2 678	2 755	2 755	2 755
<i>Below Minimum Service Level percentage</i>	13.8%	13.8%	95.8%	95.8%
<b>Total number of households</b>	<b>2 799</b>	<b>2 876</b>	<b>2 876</b>	<b>2 876</b>
	<b>T 3.4.2</b>			

HOUSEHOLDS - SOLID WASTE SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
Description	Households					
	Year -3 Actual No.	Year -2 Actual No.	Year -1 Actual No.	Original Budget No.	Adjusted Budget No.	Year 0 Actual No.
<b>Formal Settlements</b>						
Total households	123 195	123 195	123 195	123 195	123 195	123 195
Households below minimum service level	20 000	20 000	15 000	15 000	15 000	15 000
Proportion of households below minimum service level	16%	16%	12%	12%	12%	12%
<b>Informal Settlements</b>						
Total households	24 300	24 300	24 300	24 300	24 300	24 300
Households below minimum service level	15 000	15 000	20 000	20 000	20 000	20 000
Proportion of households below minimum service level	62%	62%	82%	82%	82%	82%
	<b>T 3.4.3</b>					



WASTE MANAGEMENT SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target *Previous Year (iii)	Actual (iv)	Target		Actual	Target		
		*Previous Year (v)	*Current Year (vi)				*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective</b>									
Collect Waste from each household on a weekly basis	123 195 HOUSEHOLDS (20 000 HOUSEHOLDS)	5749 SERVICE POINTS	5749 SERVICE POINTS	5749 SERVICE POINTS	-	-			
To ensure efficient management and maintenance of landfill sites throughout Matjhabeng municipality	4 Landfill sites	15 years of unused landfill capacity available	15 years of unused landfill capacity available	15 years of unused landfill capacity available	-	-			
To ensure an effective Waste management system	20 000	40% of year 2014/2015 waste recycled	40% of year 2014/2015 waste recycled	40% of year 2014/2015 waste recycled	-	-			
To ensure that the Municipality has an effective and efficient waste management system	2000 wheelie bins	2000	0	2000	2000	0	2000	2000	2000

**T 3.4.4**



Employees: Waste Management, Waste Disposal and Other Services					
Job Level	Year -1		Year 0		
	Employees		Posts No.	Employees No.	Vacancies (fulltime equivalents)
	No.	No.			%
0-3	1	1	1	0	0%
4-6	0	2	0	2	100%
7-9	1	2	1	1	50%
10-12	10	35	5	28	80%
13-15	307	37	10	27	73%
16-18	24	388	307	81	21%
<b>Total</b>	<b>324</b>	<b>465</b>		<b>324</b>	<b>135</b>
<b>T 3.4.5</b>					

Employees: Waste Disposal and Other Services					
Job Level	Year -1		Year 0		
	Employees		Posts No.	Employees No.	Vacancies (fulltime equivalents)
	No.	No.			%
0-3	1	1	1	0	0%
4-6	0	2	0	2	100%
7-9	1	2	1	1	50%
10-12	10	35	5	28	80%
13-15	307	37	10	27	73%
16-18	24	388	307	81	21%
<b>Total</b>	<b>324</b>	<b>465</b>		<b>324</b>	<b>135</b>
<i>NB: Same Information accounted for under Table 3.4.5.</i>					
<b>T 3.4.6</b>					



FINANCIAL PERFORMANCE YEAR 0: SOLID WASTE MANAGEMENT SERVICES					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-93 719	83 879	83 879	105 367	26%
Expenditure:					
Employees	70 780	58 112	58 112	73 182	26%
Repairs and Maintenance	0	17 658	17 658	7 541	-57%
Other	17 699	15 948	15 948	39 470	147%
<b>Total Operational Expenditure</b>	<b>88 479</b>	<b>91 718</b>	<b>91 718</b>	<b>120 193</b>	<b>31%</b>
<b>Net Operational Expenditure</b>	<b>5 240</b>	<b>7 839</b>	<b>7 839</b>	<b>14 826</b>	<b>89%</b>
					<b>T 3.4.7</b>

FINANCIAL PERFORMANCE YEAR 0: WASTE DISPOSAL AND OTHER SERVICES					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-93 719	83 879	83 879	105 367	26%
Expenditure:					
Employees	70 780	58 112	58 112	73 182	26%
Repairs and Maintenance	0	17 658	17 658	7 541	-57%
Other	17 699	15 948	15 948	39 470	147%
<b>Total Operational Expenditure</b>	<b>88 479</b>	<b>91 718</b>	<b>91 718</b>	<b>120 193</b>	<b>31%</b>
<b>Net Operational Expenditure</b>	<b>5 240</b>	<b>7 839</b>	<b>7 839</b>	<b>14 826</b>	<b>89%</b>
<b>Total Operational Revenue</b>	<b>-93 719</b>	<b>83 879</b>	<b>83 879</b>	<b>105 367</b>	<b>26%</b>
					<b>T 3.4.8</b>

CAPITAL EXPENDITURE YEAR 0: WASTE MANAGEMENT SERVICES					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Welkom Landfill Site	3 288	3 288	1 681	-49%	
					<b>T 3.4.9</b>



## **COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL**

For the year under review, the Municipality planned to procure 2000 of 240L wheelie bins. This objective could not be achieved due to financial constraints.

The project at the Odendaalsrus landfill site is 98% completed and awaiting the formal handover after the completion of the snag list.

In an effort to reduce the instances of illegal dumping and to prevent environmental pollution incidents ad for the protection of all environmental resources, the municipality had organized and implemented numerous wards based clean up campaigns. These campaigns were either internally organized and some were inter-sectoral collaborative.

Campaigns organized and implemented focused on the cleaning of public open spaces and areas where there are high incidents of illegal dumping.

Campaigns that were carried out successfully by the division in its stride to provide communities in Matjhabeng with an environment that is clean and green.

**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**

<b>Year end</b>	<b>Total households (formal and informal settlements)</b>	<b>Households in formal settlements</b>	<b>Percentage of HHs in formal settlements</b>
Year -3	113 101	93 475	82,6%
Year -2	115 601	95 975	83,0%
Year -1	114 875	95 975	84,0%
Year 0	114 950	96 000	83,5%

**T 3.5.2**



HOUSING SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives  Service Indicators (i)	Outline Service Targets  (ii)	Year 0		Year 1			Year 2	Year 3	
		Target  *Previous Year (iii)	Actual  (iv)	Target  *Previous Year (v)		Actual  *Current Year (vi)		Target  *Current Year (viii)	Target  *Current Year (ix)
		*Previous Year (vii)		*Current Year (viii)			*Following Year (x)		
<b>Service Objective xxx</b>									
To promote security of tenure	Audit rental units	800	371	4392	4392	-	0	-	-
<b>T 3.5.3</b>									



Employees: Housing 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	
3	2	3	2	1	33%
4					
5/4	2	6	2	4	66%
5					
6					
7/6	6	11	6	5	45%
7					
8/7					
8					
9					
10/9	1	3	1	2	66%
10					
11					
12/9					
12/11	6	9	6	3	33%
12					
13					
14/13					
14					
15					
16/15					
16					
17					
18/17					
<b>Total</b>	<b>18</b>	<b>33</b>	<b>18</b>	<b>15</b>	<b>45%</b>
<b>T 3.5.4</b>					



FINANCIAL PERFORMANCE YEAR 0: SOLID WASTE MANAGEMENT SERVICES					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-11 597	30 000	20 000	-	100%
Expenditure:					
Employees	11 997	15 806	15 806	13 597	-14%
Repairs and Maintenance	485	5 955	5 955	4 531	-24%
Other	9 914	1 749	1 749	126	-93%
<b>Total Operational Expenditure</b>	22 396	23 510	23 510	18 253	-22%
<b>Net Operational Expenditure</b>	10 799	6 490	-3 510	-18 253	185%
					<b>T 3.5.5</b>

CAPITAL EXPENDITURE YEAR 0: HOUSING SERVICES					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A					
Project B					
Project C					
Project D					
<i>No Capital Projects in the current year.</i>					<b>T 3.5.6</b>



## **COMMENT ON THE PERFORMANCE OF HOUSING SERVICE OVERALL**

The department has moved forward with its endeavour to promote security of tenure within Matjhabeng Municipality, Council approved disposal of various categories of Municipal Land, the intention is to enhance revenue through sale of Land.

The municipality has forged strong partnership with Provincial Department of Human Settlement as well as Housing Development Agency (HDA) who continue to render support and monitor performance of the Municipality on Informal Settlement upgrading, through this partnership document such as Informal Settlement resettlement plans were adopted. The Municipality is also part of the Free State Informal Settlement Upgrading Forum.

Of the 21 informal settlement enumerated 2 has been upgraded namely Thandanani & Hani Park, with others been formalised through site allocation, to this date of the 7000 sites pegged about 3558 sites have been allocated and allocation of site is still continuing.

The Provincial Department of Human Settlement through Housing Development Agency (HDA) appointed Lekwa consultants to assist the Municipality to obtain Level 1 Accreditation Business plan, the application process was partly successful approval to obtain the accreditation was set back by lack of Necessary Sector Plans, in endeavour to address this the Municipality has appointed Royal Haskoning DHV to draft the required sector plans.

The partnership with Private Sector proved fruitful as Community Rental Unit namely Merriespruit & Masimong was completed and occupied.

With regard to houses built for the historically disadvantaged individuals, Provincial HS allocated 322 across Matjhabeng, through special programs such as Military Veteran about 62 sites were availed for development of Houses. About 292 old 2-roomed houses were demolished and rebuilt.

The challenges envisaged so far is lack of development in terms of Gap Market as the land identified does not have bulk infrastructure.

On the distribution of title deeds, 381 beneficiaries received their title deeds. The main challenge however is the lack of man power to do the actual verifications of the beneficiaries. The other challenges are deceased beneficiaries whose next of kin are not in possession of letters of authority and were current occupants are not the rightful owners of the properties they are occupying with the rightful beneficiaries untraceable.

**T 3.5.7**



### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

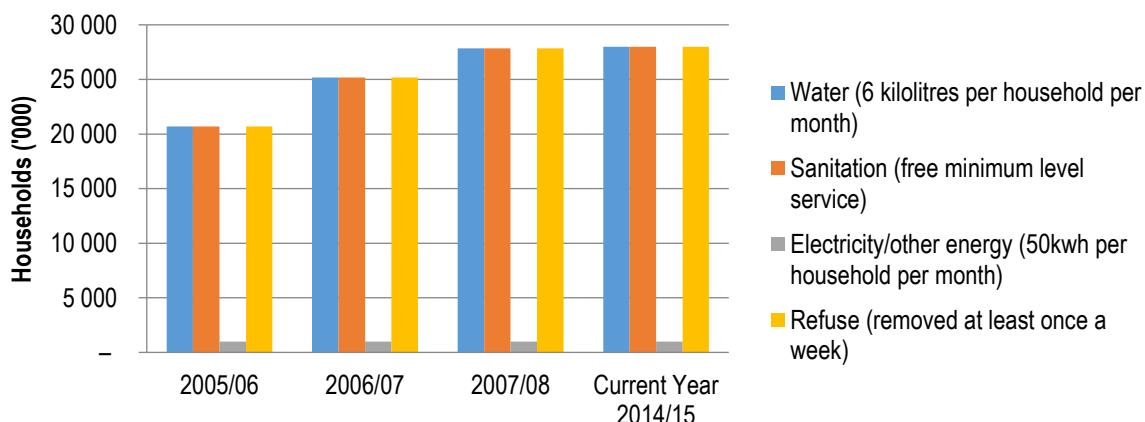
#### INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

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 (Update Current Year 17/18)

#### 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								
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
Year -2	19 539	19 539	19 539	100%	19 539	100%	19 539	100%	19 539	100%
Year -1	18 518	18 518	18 518	100%	18 518	100%	18 518	100%	18 518	100%
Year 0										

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	24 837 625				
Waste Water (Sanitation)	8 479 208				
Electricity	4 396 043				
Waste Management (Solid Waste)	4 396 043				
<b>Total</b>	<b>42 108 919</b>				

T 3.6.4



FREE BASIC SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives  Service Indicators (i)	Outline Service Targets  (ii)	Year -1		Year 0		Year 1	Year 3		
		Target  *Previous Year  (iii)	Actual  (iv)	Target  *Previous Year  (v)		Actual  *Current Year  (vi)	Target  *Current Year  (viii)  *Current Year  (ix)  *Following Year  (x)		
		*Previous Year  (vii)	*Current Year  (viii)	*Current Year  (ix)	*Following Year  (x)				
<b>Service Objective</b>									
NB: no capital budget allocated to PSE System, Theronia WWTW currently dysfunctional, therefore any PSE available.									
<b>T 3.6.5</b>									



## **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 (storm water 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**

Serious road and roads related projects were planned for in the financial year under review as follows:

*Patch 15 800 m<sup>2</sup> of potholes in formal roads to reduce deterioration and ensure safe usage thereof (m<sup>2</sup>).*

*Refurbish 60km of gravel and dirt roads to enhance driving comfort by blading and re-gravel.*

*Construction of 2 km of Roads in Ward 28;*

*Construction of Dr Mngoma road in Thabong Meloding: Construction of roads, sidewalks & storm water 2.2 km;*

*Thabong: Upgrading of 1,5km gravel road to concrete paving blocks*

Of the above projects, quite progress has been achieved and we excited that at least we have covered in terms of providing services to the community. The Dr. Mngoma road been completed. The access roads in ward 28 are under construction. The only challenge that we experienced was the Thabong upgrading of roads project which could not be started due to challenges of project funding.

**T 3.7.1**

#### **GRAVEL ROAD INFRASTRUCTURE**

	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained	Kilometers
Year -2	560	0	2	59	
Year -1	701	23	6	34	
Year 0					

**T 3.7.2**

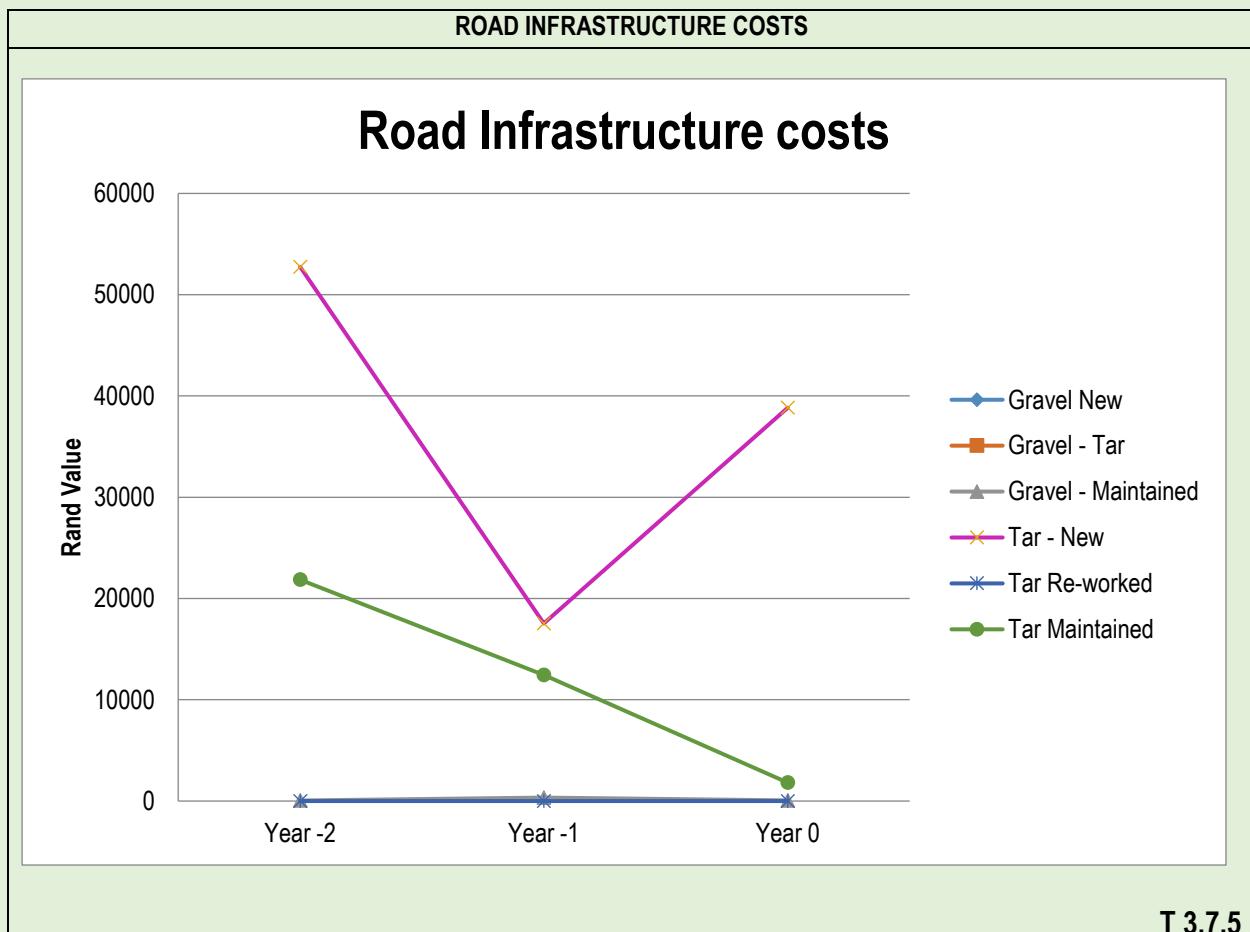
#### **TARRED ROAD INFRASTRUCTURE**

	Total tarred roads	New tar/paved roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained	Kilometers
Year -2	1 236	4	0	0	0	
Year -1	1 083	6	7	3	436	
Year 0						

**T 3.7.3**



COST OF CONSTRUCTION / MAINTENANCE					
				R' 000	
	Gravel			Tar	
	New	Gravel - Tar	Maintained	New	Re-worked
Year -2			68	38 851	0
Year -1			779	22 381	13 000
Year 0					2 212
					T 3.7.4



ROAD SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives  Service Indicators (i)	Outline Service Targets  (ii)	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target	Actual	Target			
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	(ix)	*Following Year (x)
<b>Service Objective</b>									
To develop and maintain road and storm water infrastructure	Construct 10km new distributor roads/ bus/ taxi roads to improve traffic flow and improve storm water management.	10	7	0	0	0	0	0	0
Repair potholes (1 036 km of tarred roads)	Clean, shape, prime, tar and compaction of pothole per m <sup>2</sup>	19 400	22 502	0	0	0	0	0	0
Maintenance of Gravel Roads (701 km)	Water, transport gravel, blade, water and roll gravel road per Km	60	57	0	0	0	0	0	0
Resurface of all streets according to PMS guidelines or Municipal priority list.	Resurface of all streets according to PMS guidelines or Municipal priority list.	0	0	0	0	0	0	0	0
Patch 15 800 m <sup>2</sup> of potholes in formal roads to reduce deterioration and ensure safe usage thereof (m <sup>2</sup> ).	Patch 15 800 m <sup>2</sup> of potholes in formal roads to reduce deterioration and ensure safe usage thereof (m <sup>2</sup> ).	0	0	0	15 800 m <sup>2</sup>	10970m <sup>2</sup>	10km	10km	10km
Refurbish 60km of gravel and dirt roads to enhance driving comfort by blading and re-gravel.	Refurbish 60km of gravel and dirt roads to enhance driving comfort by blading and re-gravel.	0	0	0	60km	113,844m	10km	10km	10km
Construction of 2 km of Roads in Ward 28	Construction of 2 km of Roads in Ward 28	0	0	0	2km	Less than 2km	2km	2km	2km
Construction of Dr Mngoma road in Thabong	Construction of Dr Mngoma road in Thabong	0	0	0	1km	1km	1km	1km	1km
Melodeng: Construction of roads, sidewalks & storm water 2.2 km	Melodeng: Construction of roads, sidewalks & storm water 2.2 km	0	0	0	2.2km	2.2km	2km	2km	2km
Thabong: Upgrading of 1,5km gravel road to concrete paving blocks	Thabong: Upgrading of 1,5km gravel road to concrete paving blocks	0	0	0	1.5km	0km	2km	2km	2km

T 3.7.6



Employees: Roads, Storm water & 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%
T 3.7.7					



FINANCIAL PERFORMANCE YEAR 0: ROAD SERVICES					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	10	-100%
Expenditure:					
Employees	9 557	62 285	62 285	48 981	-21%
Repairs and Maintenance	1 884	74 824	74 824	10 338	-86%
Other	4 992	113 162	113 162	4 839	-96%
<b>Total Operational Expenditure</b>	<b>16 433</b>	<b>250 271</b>	<b>250 271</b>	<b>64 158</b>	<b>-74%</b>
<b>Net Operational Expenditure</b>	<b>16 433</b>	<b>-250 271</b>	<b>-250 271</b>	<b>-64 148</b>	<b>-74%</b>
<b>T 3.7.8</b>					

CAPITAL EXPENDITURE YEAR 0: ROAD SERVICES					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>29 186</b>	<b>32 371</b>			
Nyakkallong: Construction of storm water system – phase 1	6 220	6 220	9 453	52%	11 402
Thabong: Construction of 1.26km paved streets and storm water channel in Themba, Londenly and Boyd (Old Thabong)	448	448	218	-51%	8 358
Thabong: Construction of 1.54km paved streets and storm water channel in Thokoza, Hlahala and Thuhlwane	507	507	1 220	141%	11 868
Construction of Dr Mngoma road in Thabong	2 236	2 236	4 274	91%	10 447
Melodring: Construction of roads, sidewalks & storm water	11 436	11 436	10 962	-4%	17 375
Thabong: Upgrading of 1,5km gravel road to concrete paving blocks	8 338	8 338	6 243	-25%	13 548
<b>T 3.7.9</b>					

#### 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 No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
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		
<b>Total</b>	<b>13</b>	<b>43</b>	<b>19</b>	<b>26</b>	<b>60%</b>

**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.

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

**T 3.8.3**



Employees: Fleet Management					
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	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		
<b>Total</b>	<b>13</b>	<b>43</b>	<b>19</b>	<b>26</b>	<b>60%</b>
<b>T 3.8.4</b>					



### **3.9 WASTE WATER (STORMWATER DRAINAGE)**

#### **INTRODUCTION TO STORMWATER DRAINAGE**

Due to the low gradients of the Matjhabeng Municipal area, storm water is a challenging and expensive service. During the development of some towns, especially the townships, little emphasis was given to create major storm water networks. When roads are designed, the drainage thereof becomes problematic. It must also be mentioned that due to this low gradient of the area, the storm water 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 maintenance challenges. Residents should be educated on the consequences that are associated with this practice.

**T 3.9.1**

#### **STORMWATER INFRASTRUCTURE**

	Total Storm water measures	New Storm water measures	Storm water measures upgraded	Storm water measures maintained	Kilometres
Year -2	593	0	3	8	
Year -1	593	2	1	25	
Year 0					

**T 3.9.2**

#### **COST OF CONSTRUCTION/MAINTENANCE**

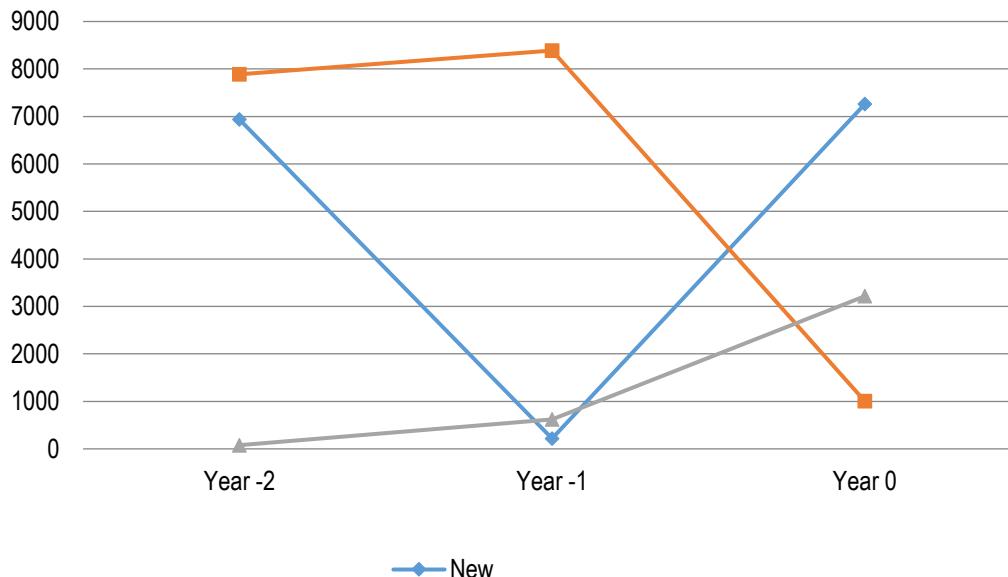
	Storm water Measures			R' 000
	New	Upgraded	Maintained	
Year -2	218	8 389	620	
Year -1	7 262	1 004	3 216	
Year 0				

**T 3.9.3**



## STORMWATER INFRASTRUCTURE COSTS

### 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 *Previous Year (iii)	Actual (iv)	Target *Previous Year (v)	Actual *Current Year (vi)	Target *Current Year (viii)	Target *Current Year (ix)	*Following Year (x)	
<b>Service Objective</b>									
To develop and maintain road and storm water infrastructure.	Upgrade 2km of main storm water in Phomolong and Mmamahabane	3	0	0	0	0	0	0	0
Clean and upgrade all storm water Canals.	Cleaning 7.1km of lined storm water channels in the whole of Matjhabeng once a year.	5,6	5	7km	7km	7km	7km	7km	7km
	Cleaning of 5.6km of unlined storm water canals in Matjhabeng twice a year.	6,8	3	8km	8km	2..5km	8km	8km	8km
<b>T.3.9.5</b>									



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

NB: The local Municipality does not have Storm water Services as a stand-alone section or branch.

**T.3.9.6**



FINANCIAL PERFORMANCE YEAR 0: STORMWATER SERVICES					
Details	R'000				
	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	10	-100%
Expenditure:					
Employees	9 557	62 285	62 285	48 981	-21%
Repairs and Maintenance	1 884	74 824	74 824	10 338	-86%
Other	4 992	113 162	113 162	4 839	-96%
<b>Total Operational Expenditure</b>	<b>16 433</b>	<b>250 271</b>	<b>250 271</b>	<b>64 158</b>	<b>-74%</b>
<b>Net Operational Expenditure</b>	<b>16 433</b>	<b>-250 271</b>	<b>-250 271</b>	<b>-64 148</b>	<b>-74%</b>
					<b>T.3.9.7</b>

CAPITAL EXPENDITURE YEAR 0: STORMWATER SERVICES					
Capital Projects	R' 000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>		<b>29 186</b>	<b>32 371</b>		
Nyakallong: Construction of storm water system – phase 1	6 220	6 220	9 453	52%	11 402
Thabong: Construction of 1.26km paved streets and storm water channel in Themba, Londenly and Boyd (Old Thabong)	448	448	218	-51%	8 358
Thabong: Construction of 1.54km paved streets and storm water channel in Thokoza, Hlahala and Thuhlwane	507	507	1 220	141%	11 868
Construction of Dr Mngoma road in Thabong	2 236	2 236	4 274	91%	10 447
Melodeng: Construction of roads, sidewalks & storm water	11 436	11 436	10 962	-4%	17 375
Thabong: Upgrading of 1,5km gravel road to concrete paving blocks	8 338	8 338	6 243	-25%	13 548
					<b>T.3.9.8</b>

#### COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Some storm water challenges were addressed in several townships (Thabong, 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 in relation 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 the space associated with future urban growth and expansion. It will be influenced by current and future economic social, political, infrastructural and environmental considerations.

**T.3.10.1**



### **3.10 PLANNING**

Detail	APPLICATIONS FOR LAND USE DEVELOPMENT					
	Formalisation of Townships		Rezoning		Built Environment	
	Year -1	Year 0	Year -1	Year 0	Year -1	Year 0
Planning application received	0		15		907	
Determination made in year of receipt	0		9		810	
Determination made in following year	8	2			97	
Applications withdrawn	0	0	0		0	
Applications outstanding at year end	4	2	6		97	

**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.	No.	%
1					
2		1	0	1	50%
3	1	2	1	1	50%
5					
5/4	1	5	2	3	60%
5					
6	0	3	1	2	75%
7/6		4	0	0	100%
7					
8/6	0	2	0		100%
8/7	0	1	0		100%
8					
9					
10/9	1	1	1	0	0%
10					
11					
12/9					
12/11					
12					
13					
14/13					
14					
15					
16/15					
16					
17					
18/17					
<b>Total</b>	<b>4</b>	<b>19</b>			<b>0%</b>
					<b>T 3.10.4</b>



FINANCIAL PERFORMANCE YEAR 0: PLANNING SERVICES						
Details	Year 0					R'000
	Year -1	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	10	-100%
Expenditure:						
Employees	9 557	62 285	62 285	48 981		-21%
Repairs and Maintenance	1 884	74 824	74 824	10 338		-86%
Other	4 992	113 162	113 162	4 839		-96%
<b>Total Operational Expenditure</b>	<b>16 433</b>	<b>250 271</b>	<b>250 271</b>	<b>64 158</b>		-74%
<b>Net Operational Expenditure</b>	<b>16 433</b>	<b>-250 271</b>	<b>-250 271</b>	<b>-64 148</b>		-74%
					<b>T 3.10.5</b>	

CAPITAL EXPENDITURE YEAR 0: PLANNING SERVICES						
Capital Projects	Year 0					R' 000
	Budget	Adjustmen t Budget	Actual Expenditur e	Varianc e from original budget	Total Projec t Value	
<b>Total All</b>		<b>29 186</b>	<b>32 371</b>			
Nyakallong: Construction of storm water system – phase 1	6 220	6 220	9 453	52%	11 402	
Thabong: Construction of 1.26km paved streets and storm water channel in Themba, Llonely and Boyd (Old Thabong)	448	448	218	-51%	8 358	
Thabong: Construction of 1.54km paved streets and storm water channel in Thokoza, Hlahala and Thuhlwane	507	507	1 220	141%	11 868	
Construction of Dr Mngoma road in Thabong	2 236	2 236	4 274	91%	10 447	
Melodeng: Construction of roads, sidewalks & storm water	11 436	11 436	10 962	-4%	17 375	
					<b>T.3.10.6</b>	



### **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 others 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 a 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 the Local Municipality as well as improving on the support measures provided to this sector of our economy.

In the SDBIP as an example, we planned to develop/review LED as well as the Municipal 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**

<b>Sector</b>	<b>Year -2</b>	<b>Year -1</b>	<b>Year 0</b>
Agriculture, forestry and fishing	1,5		
Mining and quarrying	2		
Manufacturing	63		
Wholesale and retail trade	52		
Finance, property, etc.	52		
Government, community and social services	25		
Infrastructure services	41		
<b>Total</b>	<b>236,5</b>		

**T.3.11.2**



ECONOMIC EMPLOYMENT BY SECTOR			
Sector	Year 1 No.	Year -1 No.	Year 0 No.
Agriculture, forestry and fishing	30 000		
Mining and quarrying	372 000		
Manufacturing	270 000		
Wholesale and retail trade	210 000		
Finance, property, etc.	235 000		
Government, community and social services	320 000		
Infrastructure services	450 000		
<b>Total</b>	<b>1 887 000</b>		

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	252			
Year -1	30	0		Site visits
Year 0				
Business licences (Year 0)				
Commonages (Year 0)				
Small Scale Farmers (Year 0)				

T 3.11.5

JOB CREATION THROUGH EPWP* PROJECTS		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
Year -2	66	4, 500
Year -1		
Year 0	5	90
* - Extended Public Works Programme		

T.3.11.6



LOCAL ECONOMIC DEVELOPMENT POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives  Service Indicators (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		Target *Previous Year (iii)	Actual (iv)	Target *Previous Year (v)		Actual (vi)	Target *Current Year (viii)		
		*Current Year (vii)		*Current Year (viii)		*Current Year (ix)	*Current Year (ix)	*Following Year (x)	
<b>Service Objective xxx</b>									
<i>Training of people in essential skills: x, y, z</i>	Number of people trained (including retrained up-skilled)								
	trained by Bank Seta	0	0	0	0	0			
	trained by CIDB	0	0	0	0	0			
	trained by SALGA	0	0	0	0	0			
	trained by Seda	6	0	0	0	0			
	trained by Detea	0	0	0	0	0			
	trained by Filpro	0	0	0	0	0			
	trained by Filpro	0	0	0	0	0			
	trained by Seda	24	22						
	trained by NDT	0	0	0	0	0			
	trained by W&R SETA	16	16						
	trained by International Labour Organisation	0	0	0	0	0			
	trained by Dep Small Business Dev	0	0						
	trained by DESTEA&ILO	0	0	0	0	0			
	trained by ILO	0	0	0	0	0			
	trained by SARS	0	0	0	0	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					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	389	-	-	246	
Expenditure:					
Employees	12 900	13 188	13 188	12 183	-8%
Repairs and Maintenance	28	3 352	3 352	3 206	-4%
Other	1 145	2 584	2 584	1 205	-53%
<b>Total Operational Expenditure</b>	14 074	19 124	19 124	16 594	-13%
<b>Net Operational Expenditure</b>	13 685	-19 124	-19 124	-16 348	-15%
					<b>T.3.11.9</b>

CAPITAL EXPENDITURE YEAR 0: ECONOMIC DEVELOPMENT SERVICES					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3 114	3 114	681	-78%	
Welkom: Upgrading & Provision of New Facilities for Streets Traders	78	78	78	0%	2 161
Welkom: Industrial park SMME Zone Fencing/ Paving & Shelter	801	801	-		31 555
Welkom Regional Taxi Centres	2 236	2 236	604	-73%	68 066
					<b>T.3.11.10</b>



### **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 funding was provided to some community groups that were later formalised as co-operatives through the collaboration with other sector departments such as Agriculture and Land Affairs.

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 future relations.

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. This collaboration should be strengthened to optimise the benefit through creation of job opportunities and economic growth. It would be important to pay attention to attracting investment to the region as well as to focus 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 a 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	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
SERVICE OBJECTIVE/S								
HOLIDAY PROGRAM		60	0	0				
READERTHON PROGRAMS		15	0	0				
POETRY SESSIONS		30	0	0				
NATIONAL LIBRARY WEEK		30	0	0				
NATIONAL WORLD BOOK DAY		30	0	0				
<i>NB: Not in the IDP as a result of the process of transferring Libraries back to the Province.</i>							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.	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%

T 3.12.4



FINANCIAL PERFORMANCE YEAR 0: LIBRARIES; ARCHIVES; COMMUNITY FACILITIES; OTHER					
DETAILS	YEAR 0				
	ACTUAL	Original Budget	Adjustment Budget	Actual	Variance to Budget
	-9	-	-	7	
<b>Total Operational Revenue</b>	-9	-	-	7	
Expenditure:					
Employees	14953	45 829	45 829	40 923	-11%
Repairs and Maintenance	0	920	920	1 059	15%
Other	0	12 167	12 167	8 932	-27%
<b>Total Operational Expenditure</b>	14953	58 916	58 916	50 914	-14%
<b>Net Operational Expenditure</b>	14 944	-58 916	-58 916	50 907	-14%

T.3.12.5

CAPITAL EXPENDITURE YEAR 0: LIBRARIES; COMMUNITY FACILITIES; OTHER					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original budget	Total Project Value
Total All					
<b>No Projects</b>					

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.

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 rapid urbanization in towns and cities.

The Municipality constantly tries to balance meeting the social, economic, cultural and religious needs of the community. Five (5) cemeteries had been upgraded namely Kutlwanaong, Virginia, Meloding, Bronville and Phomolong.

**T 3.13.1**

#### **SERVICE STATISTICS FOR CEMETERIES AND CREMATORIUMS:**

On average, the Municipality's annual burial figures stand at 3 237. The majority of the cemeteries are almost full and there were plans to ensure establishment of new ones. Related to cemeteries are efforts that sanitation and water facilities get provided and these were part of the plan for the year under review.

The Municipality also provided burial services for the destitute with a contracted service provider whose contract had since ended.

**T 3.13.2**



CEMETORIES AND CREMATORIUMS POLICY OBJECTIVES TAKEN FROM IDP										
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3		
		Target *Previous Year (iii)	Actual (iv)	Target *Previous Year (v)		Actual *Current Year (vi)		Target *Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective</b>										
To provide adequate burial space for the community	Develop New Mmamahabane cemetery	1	0	1	1	0	-	-	-	-
T 3.13.3										



Employees: Cemeteries and Crematoriums					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1	0	0	0	0	0
2	0	0	0	0	0
3	0	1	1	0	0
5	0	0	0	0	100
5/4	0	3	0	3	100
5	0	0	0	0	0
6	0	0	0	0	0
7/6	3	8	3	5	30
7	0	0	0	0	0
8/7	0	0	0	0	0
8	0	0	0	0	0
9	0	0	0	0	0
10/9	2	15	2	13	80
10	0	0	0	0	0
11	0	0	0	0	0
12/9	0	0	0	0	0
12/11	0	0	0	0	0
12	0	0	0	0	0
13	0	0	0	0	0
14/13	6	15	6	7	60
14	0	0	0	0	0
15	0	0	0	0	0
16/15	0	0	0	0	0
16	0	0	0	0	0
17	0	0	0	0	0
18/17	98	21	98	77	20
<b>Total</b>	<b>109</b>	<b>63</b>	<b>104</b>	<b>105</b>	<b>40</b>
<i>NB: Employees accounted for in Table 3.4.5</i>					
T.3.13.4					



FINANCIAL PERFORMANCE YEAR 0: CEMETERIES AND CREMATORIUMS					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-1 233	1 000	1 000	1 659	40%
Expenditure:					
Employees	3 188	5 725	5 725	5 293	-8%
Repairs and Maintenance	6	405	405	358	-12%
Other	328	5 766	5 766	4 242	-26%
<b>Total Operational Expenditure</b>	3 522	11 896	11 896	9 893	-17%
<b>Net Operational Expenditure</b>	2 289	-10 896	-10 896	8 234	24%
					<b>T 3.13.5</b>

CAPITAL EXPENDITURE YEAR 0: CEMETERIES AND CREMATORIUMS N/A					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>2 525</b>	<b>2 525</b>	<b>3 153</b>	<b>20%</b>	
Kuthwanong: Creation and Upgrading of Cemeteries	45	45	42	7%	16 910
Melodong: Creation and Upgrading of Cemeteries	45	45	45	-	15 715
Phomolong: Creation and Upgrading of Cemeteries	45	45	43	4%	16 910
Virginia: Creation and Upgrading of Cemeteries	45	45	41	9%	14 466
Bronville: Creation and Upgrading of Cemeteries	45	45	21	53%	16 277
Mmamahabane: Creation and Upgrading of Cemeteries	2 300	2 300	2 961	-29%	8 500
					<b>T 3.13.6</b>



### 3.14 SOCIAL PROGRAMMES

Child Care; Aged Care; Social Programs Policy Objectives Taken From IDP									
Service Objectives  Service Indicators (i)	Outline Service Targets  (ii)	Year -1		Year 0		Year 1	Year 3		
		Target *Previous Year (iii)	Actual (iv)	Target *Previous Year (v)	Actual *Current Year (vi)	Target *Current Year (viii)	Actual *Current Year (ix)	Target *Following Year (x)	
		Workshops, Seminars & Campaigns							
Conduct life Skills Awareness Programmes(Campaigns)	Number of awareness sessions conducted to employees	30	33	30	0	38	0	0	0
	Number of counselling sessions conducted	2500	3804	2500	0	1815	0	0	0
Pauper Burials	Number of beneficiaries assisted	70	130	70	70	85	70	70	70
Elderly: Organize recreational games for senior citizens between January and March 2018 within Matjhabeng Local Municipality	1 Recreational games for senior citizens held	1	1	1	1	0	1	1	1
People with Disabilities: Organize 1 recreational games for people with disabilities between October and Dec 2017	Recreational games for people with disabilities held	1	1	1	1	0	1	1	1

T 3.14.3



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

NB: Employees accounted for under Table 3.26.4

T.3.14.4



### 3.19 LEGAL; RISK MANAGEMENT

Job Level	Employees: Legal; Risk Management					
	Year -1		Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
No.	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%	
<b>Total</b>	<b>7</b>	<b>14</b>	<b>7</b>	<b>7</b>	<b>50%</b>	
						<b>T 3.19.4</b>



## **COMPONENT E: SECURITY AND SAFETY**

### **3.20 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. It also ensures:

- The technical sustainability of road traffic signs, signals and markings throughout the Municipal Area,
- The development of Road Safety Education knowledge (skills, attitude and values that enable pedestrians, cyclists, motorists, drivers and passengers to use the road safely), and
- Traffic training.

### **The Function of Traffic Policing**

- To enforce traffic law
- To conduct public information and awareness programs
- To enforce compliance with 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
- To manage all administrative 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.

**T 3.20**



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

NB: The Municipality does not have the police department.

T 3.20.4



**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
- Vehicle fires
- Other 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

**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	580	638	680	
2	Total of other incidents attended in the year	374	320	280	420	
3	Average turnout time - urban areas	12 minutes	15 minutes	18 minutes	20 minutes	
4	Average turnout time - rural areas	25 minutes	25 minutes	35 minutes	35 minutes	
5	Fire fighters in post at year end	78	59	78	55	
6	Total fire appliances at year end	2	1	2	1	
7	Average number of appliances off the road during the year	10	11	11	10	
T 3.21.2						

FIRE SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives  Service Indicators (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		Target  *Previous Year (iii)	Actual  (iv)	Target  *Previous Year (v)	*Current Year (vi)	Actual  (vii)	Target  *Current Year (viii)	*Current Year (ix)	*Following Year (x)
Appoint 20 fire officers in Mmamahabane satellite fire station	Number of fire officers appointed	20	0	20	20	0	20	-	-
T 3.21.3									



Employees: Fire Services					
Job Level	Year -1	Year 0			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy					
Other Fire Officers					
1	0	0	0	0%	0%
2	0	0	0	0%	0%
3	0	1	0	1	100%
5/4	2	2	2	0	0%
6	3	4	3	1	25%
7/6	3	4	3	1	25%
8	10	15	12	3	20%
10/9					0%
12/11	3	5	3	2	40%
14/13	0	1	0	1	100%
16/15					0%
18/17	1	8	1	7	88%
Total	59	101	79	22	22%
T 3.21.4					



FINANCIAL PERFORMANCE YEAR 0: FIRE SERVICES					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-1 290	200	200	1 594	87%
Expenditure:					
Fire fighters	32 834	34 535	34 535	32 589	-6%
Other employees	0	0	0	0	-
Repairs and Maintenance	322	320	320	109	66%
Other	2 080	14 230	14 230	9 914	30%
<b>Total Operational Expenditure</b>	35 235	49 086	49 086	42 612	-13%
<b>Net Operational Expenditure</b>	33 945	48 886	48 886	-41 018	-16%
					<b>T 3.21.5</b>

CAPITAL EXPENDITURE YEAR 0: FIRE SERVICES					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
<i>No Capital project</i>					
					<b>T 3.21.6</b>



### **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 works 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 have 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

**T 3.22.2**



Employees: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
Job Level	Year -1		Year 0		
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1	0	0	0	0	0%
2	0	0	0	0	0%
3	0	0	0	0	0%
5	0	0	0	0	0%
5/4	0	0	0	0	0%
5	0	0	0	0	0%
6	0	0	0	0	0%
7/6	0	0	0	0	0%
7	0	0	0	0	0%
8/7	0	0	0	0	0%
8	0	0	0	0	0%
9	0	0	0	0	0%
10/9	0	0	0	0	0%
10	0	0	0	0	0%
11	0	0	0	0	0%
12/9	0	0	0	0	0%
12/11	0	0	0	0	0%
12	0	0	0	0	0%
13	0	0	0	0	0%
14/13	0	0	0	0	0%
14	0	0	0	0	0%
15	0	0	0	0	0%
16/15	0	0	0	0	0%
16	0	0	0	0	0%
17	0	0	0	0	0%
18/17	0	0	0	0	0%
Total	0	0	0	0	0%

T.3.22.4



## **COMMENT ON THE PERFORMANCE OF PUBLIC SAFETY & TRANSPORT**

### **Traffic**

The Department could not achieve the objective of ensuring sustainable traffic control. Due to financial constraints the 1000 road signs and 500 000 litres of paint could not be procured.

### **Security**

The Department could not equip the Municipal buildings with Surveillance cameras, alarms and armed response due to financial constraints. Similarly, for the department was not able to affect the appointment and training of 140 Security officers as planned.

### **Fire & Rescue**

Department could not achieve the objective of facilitating safer communities by appointing 24 Fire-fighters as the internal candidates did not meet the requirements and will be advertised externally.

**T.3.22.7**



## **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 a spirit of friendly competition, provides healthy entertainment, exercises the body, creates a climate of achievement and challenges particularly the youth to higher levels of endurance.

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**

Thabong Indoor Sports Centre and Bronville Stadium were refurbished in the year under review. The Municipality refurbished Entrances and Exit facilities at the following cemeteries: Kutlwanong, Bronville, Virginia, Meloding and Phomolong

**T 3.23.1**



SPORT AND RECREATION POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives  Service Indicators (i)	Outline Service Targets  (ii)	Year 0		Year 1			Year 2	Year 3	
		Target  *Previous Year (iii)	Actual  (iv)	Target  *Previous Year (v)		Actual  (vi)	Target  *Current Year (vii)		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective</b>									
Upgrade and Create New Sports and Recreational Facilities Phase 3 Thabong Stadium, Zuka Baloi Stadium & Kopano Indoor Centre	3	3	1	2	2	-	-	-	-
Meloding: Upgrading of Indoor Sports Complex	1	1	1	-	-	-	-	-	-
Thabong: Upgrading of the far east hall indoor sports and recreational facility	1	1	1	-	-	-	-	-	-
<p>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.</p>									
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%
5/4	5	5	4	1	20%
7/6	4	3	1	2	67%
8	3	8	3	5	63%
9	1	1	1	0	0%
10/9	0	4	0	4	100%
12/11	11	33	11	22	67%
14/13	2	16	2	14	88%
16/15	15	86	35	51	59%
18/17	369	427	204	223	52%
<b>Total</b>	<b>411</b>	<b>586</b>	<b>262</b>	<b>324</b>	<b>68.4%</b>

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					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	-	-	34	
Expenditure:					
Employees	2 728	3 018	3 018	2 710	-20%
Repairs and Maintenance	0	-	-	-	
Other	2 334	32	32	22	-31%
<b>Total Operational Expenditure</b>	<b>5 063</b>	<b>3 050</b>	<b>3 050</b>	<b>2 732</b>	<b>-10%</b>
<b>Net Operational Expenditure</b>	<b>5 063</b>	<b>3 050</b>	<b>3 050</b>	<b>2 699</b>	<b>-12%</b>

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
<b>Total All</b>	<b>16 153</b>	<b>16 153</b>	<b>21 308</b>	<b>32%</b>	
Upgrade and Create New Sports and Recreational Facilities Phase 3 Thabong Stadium, Zuka Baloi Stadium & Kopano Indoor Centre	856	856	5 293	518%	63 015
Meloding: Upgrading of Indoor Sports Complex	997	997	13 955	1300%	23 370
Thabong: Upgrading of the far east hall indoor sports and recreational facility	14 301	14 301	2 061	-86%	32 305
					<b>T 3.23.5</b>

#### COMMENT ON THE PERFORMANCE OF PARKS, SPORTS & RECREATION OVERALL

The responsibility of the Department is to ensure that all the recreational facilities are up to standard and access is not unnecessarily denied to community members. It must be emphasized that most Municipality facilities are made available at a minimal fee.

**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:

<b>Political Party</b>	<b>Total</b>	<b>PR</b>	<b>Ward</b>
African National Congress (ANC)	52	22	30
Democratic Alliance (DA)	16	10	6
Economic Freedom Fighters	6	6	0
Congress of the People (COPE)	3	3	0
Freedom Font Plus (FF+)	1	1	0
United Front of Civics	1	1	0
Independent	1	0	1

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

##### **Speaker**

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

The Speaker plays two main important roles:

- Within the Council; and
- In building democracy

The Speaker presides over the Council meetings and ensures that the meetings are convened at least once a quarter. He maintains order during the meetings and ensures that meetings are held in accordance with the standing rules and orders.

The Speaker is also responsible for assessing the needs of Councillors, arranging suitable training to develop political governance capacity that will enable Councillors to carry out their oversight tasks effectively.



The Speaker does therefore facilitate the improvement of individual Councillor's skills. The Speaker manages community participation in the Municipality through ward committees. He is responsible for functionality of ward committees. He assesses the capacity of ward committees and identifies appropriate training interventions in order to build the capacity of these structures.

The Speaker is also responsible for establishment of other forums that co-ordinate the concerted effort of bringing services closer to the people.

#### **Executive Mayor / Mayoral Committee**

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

- IDP/Policy Development and Monitoring
- Community Services
- Local Economic Development, Small Business, Spatial Planning and Land Use Management
- Finance
- Infrastructure
- Corporate Support Services
- Rural Development and Land Reform – Tourism, Environmental Affairs, Agriculture including Education, Health, Women and children
- Public Safety & Transport
- Human Settlements and
- Sports, Art and Culture including Elderly and People with disabilities

#### **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 Acting Executive and 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 Infrastructure.

**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		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective</b>									
To promote social cohesion and nation building through SPORT, ART AND CULTURE	Youth: Prepare and hosted MLM games for annual OR Tambo Games	1	0	1	1	0	1	1	1
	Elderly: Organise recreational games for senior citizens	1	0	1	1	0	1	1	1
	Organise recreational games for people with disability	1	0	1	1	0	1	1	1
	Hosted MLM Arts & Culture Festival	1	1	1	1	0	1	1	1
To deepen democracy through promotion of gender related activities and awareness campaigns within government.	Women's Day celebration held	1	0	1	1	0	1	1	1
	A number of HIV/AIDS materials distributed (1000)	2 500	250	2500	1000	1000	1000	1000	1000
	16 Days of Activism launched	1	0	1	1	0	1	1	1
To provide Mayoral bursary scheme to the deserving students	10 new bursaries provided	10	10	10	10	10	0	0	0
T 3.24.3									



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

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					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	504 477	462 031	462 031	532 151	15%
Expenditure:					
Employees	55 064	65 444	65 444	66 462	2%
Repairs and Maintenance	927	1 237	1 237	860	-30%
Other	166 599	37 291	37 291	74 356	99%
<b>Total Operational Expenditure</b>	222 590	103 971	103 971	141 678	36%
<b>Net Operational Expenditure</b>	281 887	358 060	358 060	390 473	9%
<b>T 3.24.5</b>					



Capital Expenditure Year 0: The Executive and Council						
Capital Projects	Year 0					R' 000
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
<b>Total All</b>	<b>26 010</b>	<b>26 010</b>	<b>2 502</b>	<b>-90%</b>		
Municipal Buildings	3 510	3 510	920	-74%	-	
Office Furniture and Equipment	2 500	2 500	1 553	-94%	-	
Fleet and Equipment	20 000	20 000	30	-100%	-	
						<b>T 3.24.6</b>



### 3.25 FINANCIAL SERVICES

Details of the types of account raised and recovered	DEBT RECOVERY						R'000
	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	279 795	139%					
Electricity - B							
Electricity - C	556 343	70%					
Water - B	0						
Water - C	342 295	157%					
Sanitation	149 194	116%					
Refuse	93 709	129%					
Other	(69 485 355)						

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 Service Indicators (i)	Outline Service Targets (ii)	Year 0		Year 1			Year 2	Year 3	
		Target *Previous Year (iii)	Actual (iv)	Target		Actual (vii)	Target *Current Year (viii)	*Current Year (ix)	*Following Year (x)
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)		*Current Year (viii)	(ix)	(x)
<b>To practice sound and sustainable financial management</b>	Develop and adhere to budget time lines	1	1	1	1	-	1	1	1
<b>Ensure timely procurement of supplies</b>	Departmental needs analysis and departmental procurement plan	14 days	Partially achieved	14 days	14 days	-	14 days	14 days	14 days
<b>To practice sound and sustainable financial management personnel</b>	Implement 100% of allocated capital projects to identified projects in the 2017/2018 financial year	100%	100%	100%	100%	-	100%	100%	100%

T 3.25.3



Employees: Financial Services					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1	1	1	1	0	0%
2	2	2	2	0	0%
3	6	5	6	+1	0%
5/4	7	13	7	6	0%
7/6	3	14	3	11	1%
8	8	24	8	16	1%
10/9	43	64	43	21	0%
12/11	74	77	74	3	0%
14/13	1	6	1	5	1%
16/15	0	8	0	8	1%
18/17	9	10	9	1	0%
<b>Total</b>	<b>154</b>	<b>224</b>	<b>154</b>	<b>70</b>	<b>3%</b>
<i>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.</i>					
<b>T.3.25.4</b>					

FINANCIAL PERFORMANCE YEAR 0: FINANCIAL SERVICES					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-114 804	538 779	538 779	343 574	-36%
Expenditure:					
Employees	54 398	50 779	50 779	56 998	12%
Repairs and Maintenance	2	1 094	1 094	67	-96%
Other	67 689	260 598	260 598	79 565	-69%
<b>Total Operational Expenditure</b>	<b>122 088</b>	<b>312 471</b>	<b>312 471</b>	<b>136 630</b>	<b>-56%</b>
<b>Net Operational Expenditure</b>	<b>7 284</b>	<b>226 308</b>	<b>226 308</b>	<b>206 944</b>	<b>-9%</b>
<b>T 3.25.5</b>					



Capital Projects	Year 0					R' 000
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All						
No project was implemented						
<i>No Capital Projects in Finance.</i>						T 3.25.6



### 3.26 HUMAN RESOURCES SERVICES

HUMAN RESOURCE SERVICES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service KPIs	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators (i)		*Previous Year (iii)	(iv)	*Previous Year (v)		(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
To improve levels of productivity and Performance within Matjhabeng Local Municipality	Signed Performance Contracts for all employees	*Current Year	0.3% (Sect 56 & 57 Managers only)	1800	2337	7	2337	2337	2337
To ensure that the Matjhabeng Local Municipality is capacitated with a skilled and competent workforce across all levels in order to meet Service Delivery Objectives	Approved Organizational Structure	1	1	1	0	1	-	-	-
To ensure that the Matjhabeng Local Municipality has a Human Resources Plan aligned with the IDP and SDBIPs	Approved Human Resources Plan	1	1	1	0	1	-	-	-
To ensure that the Matjhabeng Local Municipality has HR Policy aligned with relevant legislation	Approved HR Policy	100% (Sect 56 & 57 Managers only)	1	1	1	1	-	-	-
To ensure compliance with the Employment Equity Act	Revised Employment Equity Policy and Plan	1	1	1	1	1	1	1	1
To ensure compliance with the Employment equity Act	Existence of an approved Human Resource Policy Manual	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	3	3	0	0%
5					
5/4	4	9	2	7	78%
5					
6					
7/6	4	8	3	5	63%
7			2		
8/7					
8	4	4	1	2	50%
9			1		
10/9	1	6	1	5	83%
10					
11					
12/9					
12/11	6	9	7	2	22%
12					
13					
14/13	0	1	0	1	100%
14					
15					
16/15					
16					
17					
18/17					
<b>Total</b>	<b>22</b>	<b>41</b>	<b>22</b>	<b>19</b>	<b>46%</b>
					<b>T 3.26.4</b>



FINANCIAL PERFORMANCE YEAR 0: HUMAN RESOURCE SERVICES					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	-	-	-	
Expenditure:					
Employees	9 014	14 169	14 169	12 438	-12%
Repairs and Maintenance	0	155	155	-	100%
Other	130	1 603	1 603	191	-88%
<b>Total Operational Expenditure</b>	9 143	15 926	15 926	12 629	-21%
<b>Net Operational Expenditure</b>	9 143	15 926	15 926	12 629	-21%
					<b>T 3.26.5</b>

CAPITAL EXPENDITURE YEAR 0: HUMAN RESOURCE SERVICES					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
No capital projects					
					<b>T 3.26.6</b>



### **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**

Information Technology and Communications Technology (ICT), plays an important role in supporting service delivery. In this regard, it is vital that the Municipality bridges the so-called digital divide, so that residents will have access to digital technology, affordable high-speed internet and voice services.

This will enhance the competitiveness of the Municipality. The ICT focus will remain on strengthening the ICT governance framework, including paying attention to protecting the institution's ICT network in the face of growing and sophisticated security threats, extending the reach of ICT services offered by the Municipality to communities to better enhance access to Municipal services and in the process, building on continuing efforts to bridge the digital divide and laying the foundation for a knowledge economy in the Local Municipality.

Other areas of focus are the development of ICT Disaster Recovery Plans and Business Continuity Plans to ensure the uninterrupted supply of services during disasters and operational down-times. Key objectives of this section is to maintain and develop ICT infrastructure which is up-to-date and capable of supporting the Municipality service delivery mandate.

**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	1	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	9	3	3	6	75
10					
11					
12/9					
12/11					
12					
13					
14/13					
14					
15					
16/15					
16					
17					
18/17					
Total	13	10	7	10	
<b>T 3.27.4</b>					



Financial Performance Year 0: ICT Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	-	-	-	
Expenditure:					
Employees	5 174	5 109	5 109	4 946	-3%
Repairs and Maintenance	1 862	528	528	224	-58%
Other	1 333	12 808	12 808	9 793	-24%
<b>Total Operational Expenditure</b>	8 369	18 444	18 444	14 964	-19%
<b>Net Operational Expenditure</b>	8 369	18 444	18 444	14 964	-19%
				<b>T 3.27.5</b>	

Capital Expenditure Year 0: ICT Services					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>					
Information Communication Technology	5 000	5 000	540	-89%	
				<b>T 3.27.6</b>	

#### COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

The upgrade on the VPN network continues to provide improvements in the speed / performance of the network at the external offices; namely Odendaalsrus, Virginia Main Building, Mechanical Workshop and Clinic Building offices and the connection of Customer Care. There is continued technological upgrade to improve. Audit query issues on IT range from hardware to software issues, 99% of the time our technicians address the issues within 3 working days. Our more complex issues are dealt with by specialist staff. The recruitment and retention of competent and experienced personnel remains a significant challenge. There are two volunteers in the Municipality who assist permanent staff to implement and intervene on IT matters.

**T.3.27.7**



### 3.28 PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES

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

Job Level	Employees: Property; Legal; Risk Management; and Procurement Services					
	Year -1		Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %	
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%	

T 3.28.4



## **CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)**

### **COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL**

#### **INTRODUCTION**

The Municipality strives at all times to ensure that employment equity is woven as a requirement for employment. In addition, organisational development (OD) has always embraced a wide range of intervention strategies that are aimed at the development of disadvantaged 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).

The Key fundamentals underpinning OD are:

- Talent management and pipeline  
Organisational transformation and change management
- Succession planning and leadership continuity
- Job evaluation
- Performance management system and programme
- Business modelling ‘

**T 4.0.1**

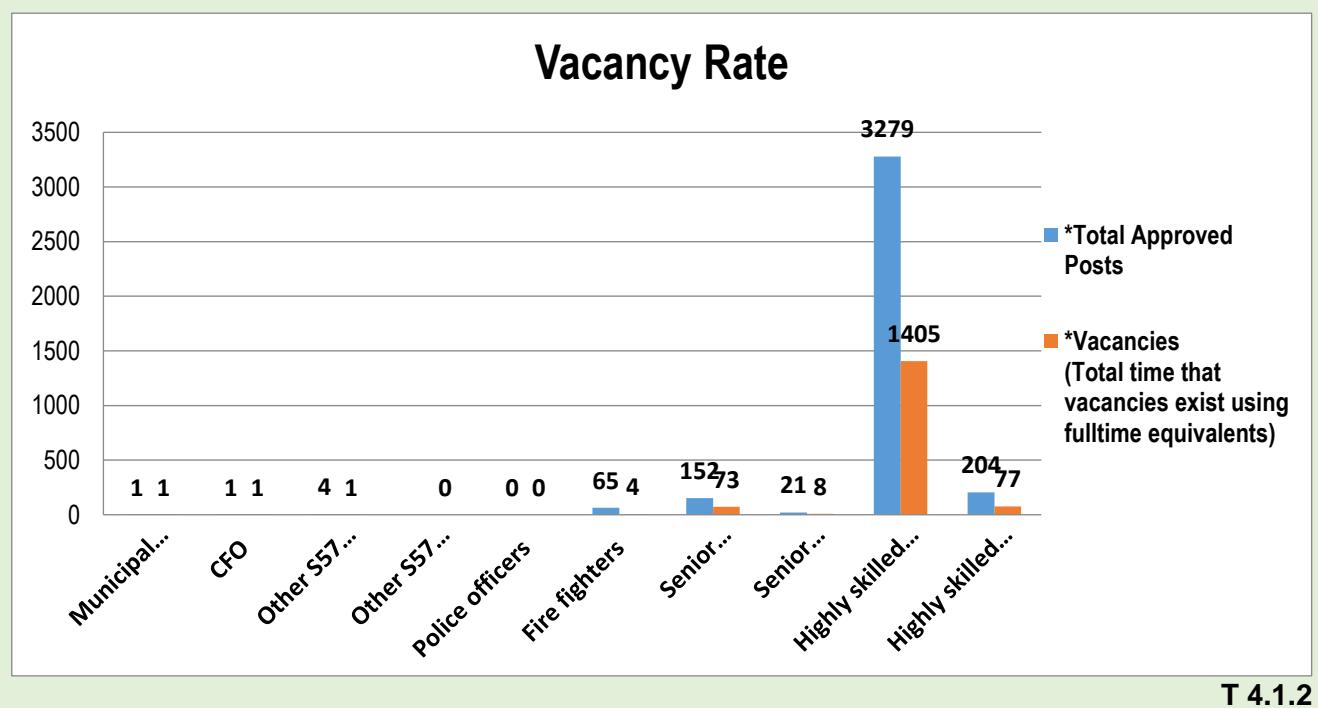


#### 4.1 EMPLOYEE TOTAL AND VACANCIES

Description	Employees					
	Year -1		Year 0			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %	
Water Demand, Water and Effluent Water Purification Services	108 64	246 158	150 117	96 41	39% 26%	
Electricity Services	85	178	86	92	52%	
Waste Management, Waste Disposal and Other Services		495	355	140	28%	
Housing	25	51	25	26	51%	
Roads Storm water and Buildings	168	321	168	153	48%	
Fleet Management	11	43	19	24	56%	
Planning	6	18	16	2	11%	
Local Economic Development	8	16	13	3	19%	
Library	39	87	58	29	33%	
Legal and Risk Management	6	14	5	9	64%	
Fire Services	72	101	91	10	10%	
Sport and Recreation	518	739	410	329	45%	
The Political Office	112	118	42	76	3%	
Financial Services	158	224	139	85	38%	
Human Resource Services	22	41	22	19	46%	
ICT	13	10	11	1	-10%	
Municipal Manager's Office	13	24	14	10	42%	
Strategic Support Services	17	46	25	21	46%	
Corporate Services	50	75	118	-43	-57%	
Community Services	176	367	216	151	41%	
Infrastructure	221	424	55	369	87%	
<b>Totals</b>	<b>2306</b>	<b>3796</b>	<b>2155</b>	<b>1 569</b>	<b>41%</b>	
						<b>T 4.1.1</b>



Vacancy Rate: Year 0			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	1	100,00
CFO	1	1	100,00
Other S57 Managers (excluding Finance Posts)	4	1	25,00
Other S57 Managers (Finance posts)		0	
Police officers	0	0	
Fire fighters	65	4	6,15
Senior management: Levels 13-15 (excluding Finance Posts)	152	73	48,03
Senior management: Levels 13-15 (Finance posts)	21	8	38,10
Highly skilled supervision: levels 9-12 (excluding Finance posts)	3279	1405	42,85
Highly skilled supervision: levels 9-12 (Finance posts)	204	77	37,75
<b>Total</b>	<b>3727</b>	<b>1570</b>	<b>42,13</b>



Turn-over Rate			
Details	Appointments during the Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year -2	46	138	300%
Year -1	43	112	260%
Year 0	61	129	211%

**T.4.1.3**

#### **COMMENT ON VACANCIES AND TURNOVER**

In the year under review, the Matjhabeng Local Municipality staff turnover rate is 260%. The staff turnover rate is a result of people reaching retirement age, death and end of contract.

**T 4.1.4**



## **COMPONENT B: MANAGING THE MUNICIPAL WORK FORCE**

### **INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT**

The 2009 approved structure had a staffing complement as at 30<sup>th</sup> June 2018 is three seven hundred and twenty-seven (3727) including Seventy-Two (72) Councillors. The total staff composition is predominantly African Male across all occupational levels.

The Local Municipality has approved a Human Resources Plan which entailed all measures that were aimed at increasing the productivity of the entire workforce thus enhancing the performance culture. We also had the Human Capital Management policies and procedures as well as the signed Collective Agreement which were recognized by the trade Unions. Both these policies and collective agreement were aligned with applicable laws such as the Basic Conditions of Employment Act, Labour Relations Act, etc.

**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			Contained in the EE Policy
2	Attraction and Retention			
3	Code of Conduct for employees			In terms of Municipal Systems Act
4	Delegations, Authorisation & Responsibility			Council adopted the Delegation of Authority in its first sitting.
5	Disciplinary Code and Procedures		-	Disciplinary Code Collective Agreement concluded and came into effect from 1 February 2018 until 31 January 2023.
6	Essential Services		100%	New Main Collective Agreement came into operation from 1 July 2015 until 30 June 2020 including this section
7	Employee Assistance / Wellness			Draft Wellness Policy developed
8	Employment Equity			23-Feb-05
9	Exit Management			Contained in the Human Resources Policy
10	Grievance Procedures		100%	New Main Collective Agreement came into operation from 1 July 2015 until 30 June 2020 including this section
11	HIV/Aids			Draft submitted for approval
12	Human Resource and Development	100%		Comprehensive HRD Policy still to be adopted. Section on Workplace Integrated Learning (WIL) adopted by Corporate Services Section 80 Committee (March 2018). Still to be adopted by Council.
13	Information Technology			Draft Policies submitted to Exco
14	Job Evaluation			Salga Guideline is available and in use
15	Leave			Contained in the Divisional Collective Agreement
16	Occupational Health and Safety			Draft Policy in place
17	Official Housing			N/A
18	Official Journeys			Human Resources Policy
19	Official transport to attend Funerals			Human Resources Policy
20	Official Working Hours and Overtime			Divisional Collective Agreement
21	Organisational Rights		100%	New Main Collective Agreement came into operation from 1 July 2015 until 30 June 2020 including this section
22	Payroll Deductions			Collective Agreement in place
23	Performance Management and Development			PMS Framework adopted
24	Recruitment, Selection and Appointments			Recruitment Policy approved by Council
25	Remuneration Scales and Allowances			Payscale and Grades Guideline
26	Resettlement			N/A



27	Sexual Harassment		100%	Adopted on 22/7/2008
28	Skills Development	100%		Adopted on 30/4/2002
29	Smoking			N/A
30	Special Skills			LGSETA Critical Skills
31	Work Organisation			Regulation on the Organizational Development is available
32	Uniforms and Protective Clothing			Draft Policy in place
33	Other:			
34	Other: Termination of Services due to Ill Health	100%		Adopted on 22/7/2008
35	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 reviewed all HR policies. New employees have accordingly been inducted on policies, procedures and code of conduct. The municipality designed the policy universe to align to applicable pieces of legislations, strengthen systems, reinforce procedures and review the relevance in order to ensure that the municipality adequately responded to challenges.

Corporate Services is the custodian of these policies and ensures that they are available to employees and to members of the public. The review process is undertaken by council periodically during its sittings. These policies were available for reference by staff and they were published in the website of the Municipality.

**T 4.2.1.1**



### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

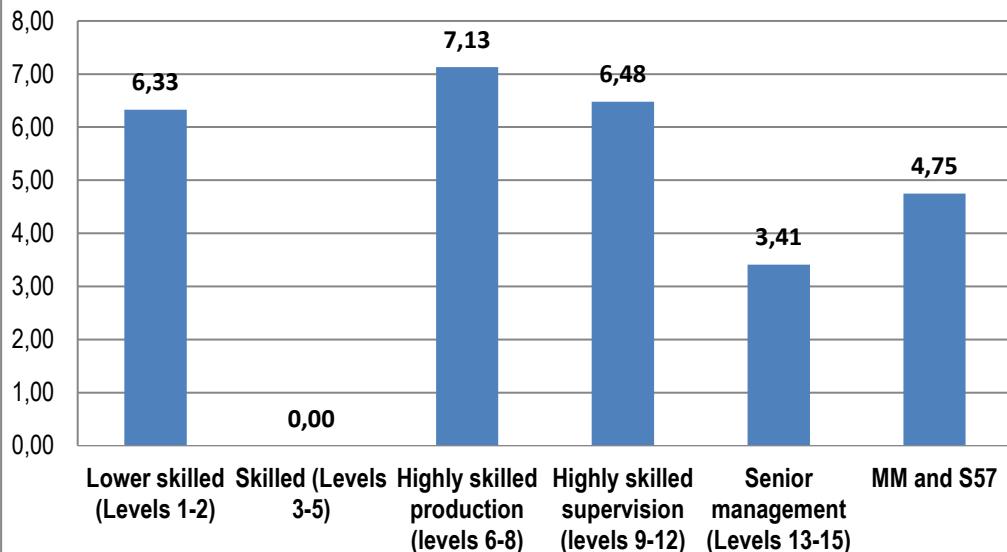
NUMBER AND COST OF INJURIES ON DUTY					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using WCA leave %	Average WCA Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	911	33	4%	28	974735
Temporary total disablement	0	0	0%	0	0
Permanent disablement	0	0	0%	0	0
Fatal	0	0	0%	0	0
<b>Total</b>	<b>911</b>	<b>33</b>	<b>4%</b>	<b>28</b>	<b>974735</b>
<b>T 4.3.1</b>					

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Job level	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)	361	3%	32	57	6,33	R 179 849, 34
Skilled (Levels 3-5)	883	8%	74	126	7,01	R 331,705
Highly skilled production (levels 6-8)	1327	12%	163	186	7,13	R 408,346
Highly skilled supervision (levels 9-12)	2935	8%	260	453	6,48	R 455,098
Senior management (Levels 13-15)	501	3%	48	147	3,41	R 99,839
MM and S57	5946	6%	606	1253	4,75	732756
<b>Total</b>	<b>11953</b>	<b>7%</b>	<b>1183</b>	<b>2222</b>	<b>5,38</b>	<b>R 789 9040.32</b>
<b>T 4.3.2</b>						



#### AVERAGE NUMBER OF DAYS SICK LEAVE (EXCLUDING IOD)

#### 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



Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken, or Status of Case and Reasons why not Finalised	Date Finalised
Assistant Cleansing Officer - SJ Noka (112343)	Gross negligence by allowing a member of public to work without proper appointment processes  Put council's name in disrepute by allowing a member of public to work without payment and not being employed by the Municipality	29/9/2017	Disciplinary action instituted against the employee. Suspension uplifted 7/3/2018. Matter postponed on request of either the Presiding Officer, Employer Representative as well as Employee and his representative	Estimate date of finalisation: 26 June 2018
General Worker: Ms M Molotsi (800165)	1. Fraudulent appointment letters to member of the Public in exchange for money.  2. Fraudulent action by the employee by forging the signature of the Municipal Manager.	29/9/2017	Disciplinary hearing partly heard. Suspension not uplifted. Postponed on various occasions of either the Presiding Officer, Employer Representative as well as Employee and his representative	Estimate date of finalisation: 25 June 2018
<b>T 4.3.5</b>				

DISCIPLINARY ACTION TAKEN ON CASES OF FINANCIAL MISCONDUCT			
POSITION	NATURE OF ALLEGED MISCONDUCT AND RAND VALUE OF ANY LOSS TO THE MUNICIPALITY	DISCIPLINARY ACTION TAKEN	DATE FINALIZED
Clerk: MS Sejane (165171)	Involved in fraudulent actions regarding illegal appointments of members of public by Me Molotsi from Community Services. Financial loss not stipulated.	Disciplinary hearing. Partly heard matter	Projected date of finalisation - End July 2018
General Worker: MJ Molotsi (800165)	1. Fraudulent appointment letters to member of the Public in exchange for money.	Disciplinary hearing. Partly heard matter	Projected date of finalisation - End June 2018
	2. Fraudulent action by the employee by forging the signature of the Municipal Manager.		
	3. Unlawful using the Employer's official document without permission by drafting falsified appointment letters to members of Public.		
	Putting Council's name in disrepute by exploiting member of public by accepting money for appointment in positions that does not exist. The employee misused her relationship with the Municipality for her own benefit.		
Acting Manager Electrical Services: KZ Mabaso (112388)	1. Signed for the invoices submitted by the company called Emarauda for payment in the amount of R868 500.00 for the repair of high mast light Infrastructure in Kutloanong and Nyakallong Units.	Disciplinary hearing. Partly heard matter	Projected date of finalisation - End July 2018



	2. Proceed to process a submission for emergency repair of High Mast Lights despite the fact that the Manager Supply Chain did not recommend the submission.		
	3. Your action made the Municipality to incur huge financial costs and losses which by their nature irregular.		
	4. You intimidate AEFE by insisting to sign for work that was completed by Electrical Contractors		
	5. You signed the invoices submitted by the company called Baile Trading for payment amount of R999 842.00 for the repair of high mast light Infrastructure in Phomolong and Mmamahabane Units.		
General Worker: IB Mankheli (165174)	On 23/01/2018 between 12h00 and 16h00 you collected 3 300kf of hot tar at the plant in Keerom Street. After signing for the hot tar, you were in a hurry and could not wait for the other papers due to the fact that there was a problem with the printer. You took a decision to dump the hot tar resulted in that the pothole at the FNB circle could not be completed. This uncompleted patch can result in claims against the Municipality. The Municipality lost R4 130.68 through your gross negligence.	Disciplinary hearing against the employee.	Projected date of finalisation - End July / August 2018

**T 4.3.6**

#### **COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT**

Suspensions are affected to ensure that there is no hindrance towards investigation of suspected corrupt or fraudulent activity. The investigations are conducted in such a way that they do not unfairly target officials. Officials are then afforded opportunities to answer about these allegations.

**T.4.3.7**



#### 4.4 PERFORMANCE REWARDS

Designations	PERFORMANCE REWARDS BY GENDER				
	Gender	Beneficiary profile			
		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
<i>Has the statutory municipal calculator been used as part of the evaluation process?</i>					Not applicable as no bonus was awarded

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**

#### **INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT:**

Apart from providing strategic and operational direction to training initiative and reporting on such initiatives, the respective submission of the annual Workplace Skills Plan (WSP) and Implementation Report to the Local Government Sector Education & Training Authority (LGSETA) enables the Municipality to access recovery against levy payments by way of mandatory skills grants.

Training interventions required to achieve priorities in terms of individual and departmental needs were requested through a Training Needs Analysis form, which was send to all Directorates. Training interventions which could not be implemented during 2016/17 were also carried over to the WSP for 2017/18.

All information obtained was imported to the required LGSETA Template and submitted to LGSETA on 28 April 2017. Considering the year under review, training interventions covering various occupational categories have been attended by a total of two hundred and six (206) delegates at a total cost of R 3.4 million rand. These PIVOTAL (Professional; Vocational, Technical and Academic) learning areas included Municipal Finance Management, Customer Care, Labour Relations, Infrastructure (Water and Waste Water Treatment Process Control), Information Technology, Risk Management, 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. Workplace Integrated Learning (WIL) initiatives included Water and Waste Water Treatment Process Control Learnerships, Internships for Finance, Information Technology, PMU and Electrical Engineering.

**T.4.5.0**



#### 4.5 SKILLS DEVELOPMENT AND TRAINING

Management level	Gender	Employees in post as at 30 June Year 0	SKILLS MATRIX 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
MM and s57	Female	2	1	0	2	0	0	2	0	0	0	1	0	4
	Male	4	3	0	5	0	2	5	0	0	0	3	2	10
Councillors, senior officials and managers	Female	41	3	3	3	0	5	13	11	10	27	14	18	43
	Male	79	5	4	4	0	13	5	26	24	45	31	41	54
Technicians and associate professionals*	Female	64	5	1	1	3	4	12	4	0	0	12	5	13
	Male	68	1	2	2	4	5	29	7	0	0	12	7	31
Professionals	Female	17	2	2	2	4	3	27	4	0	0	10	5	29
	Male	39	7	7	7	19	19	53	3	0	0	29	26	60
Sub total	Female	124	11	6	8	7	12	54	19	10	27	37	28	89
	Male	190	16	13	18	23	40	92	36	24	45	75	76	155
Total		314	27	19	26	30	52	146	55	34	72	112	104	244

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))
<b>Financial Officials</b>						
<i>Accounting officer</i>	1	0	1	1	1	1
<i>Chief financial officer</i>	1	0	1	1	1	1
<i>Senior managers</i>	4	0	4	1	1	1
<i>Any other financial officials</i>	27	0	27	24	0	24
<b>Supply Chain Management Officials</b>						
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
<b>TOTAL</b>	<b>33</b>	<b>0</b>	<b>33</b>	<b>27</b>	<b>3</b>	<b>27</b>

T 4.5.2

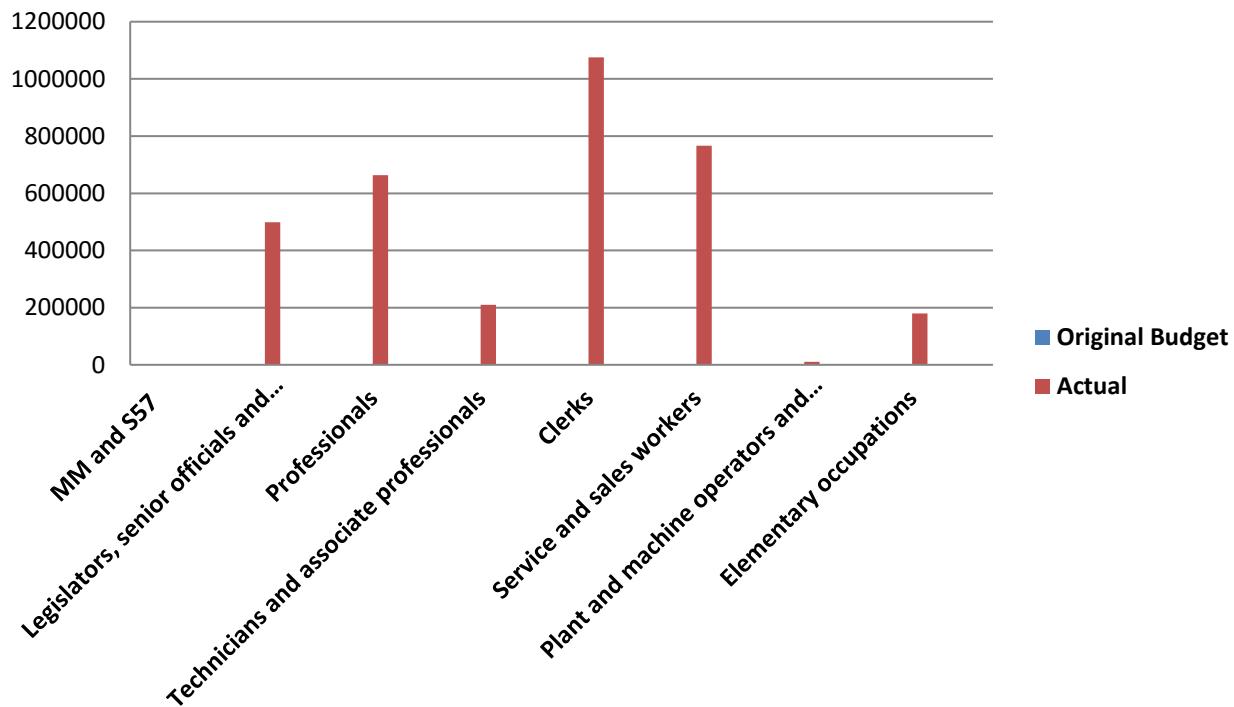


SKILLS DEVELOPMENT EXPENDITURE										R
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of TRAINING		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	2								
	Male	4								
Legislators, senior officials and managers	Female	8								498984
	Male	17								
Professionals	Female	9								663302
	Male	29								
Technicians and associate professionals	Female	9								209360
	Male	13								
Clerks	Female	27								1075404
	Male	15								
Service and sales workers	Female	9								766790
	Male	17								
Plant and machine operators and assemblers	Female	0								11124
	Male	4								
Elementary occupations	Female	10								179626
	Male	28								
Sub total	Female	78								
	Male	128								
Total		206	0	0	0	0				3404590
										T4.5.3



## SKILLS DEVELOPMENT BUDGET

### Skills development Budget



T 4.5.3

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

The Table below outlines the progress in terms of Senior Managers, Managers, SCM and Finance Officials who meet competency levels.

T.4.5.4



<b>DESIGNATION</b>	<b>STATUS IN TERMS OF COMPETENCY LEVELS</b>
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	In progress
Manager PMU	Scheduled for next intake
Manager SCM	Meets minimum competency levels
Manager Budget	Scheduled for next intake
Senior Manager Treasury	Scheduled for next intake
<b>T 4.5.4</b>	



## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### 4.6 EMPLOYEE EXPENDITURE

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 (Levels 9-12)	Female	0
	Male	0
Senior management (Levels 13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
<b>Total</b>		<b>0</b>
<b>T 4.6.2</b>		

EMPLOYEES WHOSE SALARY LEVELS EXCEED THE GRADE DETERMINED BY JOB EVALUATION				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
N/A	0	0	0	0
N/A	0	0	0	0
N/A	0	0	0	0
N/A	0	0	0	0
N/A	0	0	0	0
<b>NONE</b>				<b>T 4.6.3</b>

EMPLOYEES APPOINTED TO POSTS NOT APPROVED				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exists
None	N/A	N/A	0	N/A
<b>NB: All positions have been approved in line with the HR policies of the organization.</b>				
				<b>T 4.6.4</b>



**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 and Section 57 appointees disclose their financial interests annually in line with the council policy.

Other officials also complete Financial Interest Disclosure forms as and 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 31<sup>st</sup> of August 2016.

**T 5.1.0**

<b>FINANCIAL PERFORMANCE OF OPERATIONAL SERVICES</b>						
<b>Description</b>	<b>Year -1</b>	<b>Year 0</b>			<b>Year 0 Variance</b>	
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustments Budget</b>	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustments Budget</b>
<b>Operating Cost</b>						
Water	23 042	387 805	387 805	666 342	-72%	-72%
Waste Water (Sanitation)	8 456	93 810	93 810	60 841	35%	35%
Electricity	13 219	505 648	505 648	1001 421	-98%	-98%
Waste Management	12 097	102 739	102 739	104 824	2%	2%
Housing	6 346	17 604	17 604	21 034	-19%	-19%
Component A: sub-total	63 161	1 107 606	1 107 606	1 854 462	67%	67%
Waste Water (Storm water Drainage)	5 304	0	0	0	0	0
Roads	5 304	112 660	112 660	45 769	59%	59%
Transport	4 630	0	0	0	0	0
Component B: sub-total	9 554	112 660	112 660	45 769	59%	59%
Planning	1 354	26 854	26 854	27 745	-3%	-3%
Local Economic Development	2 340	15 862	15 862	13 650	14%	14%
Component B: sub-total	3 693	42 716	42 716	41 395	3%	3%
Planning (Strategic & Regulatory)	11 542	0	0	0	0	0
Local Economic Development	2 402	0	0	0	0	0
Component C: sub-total	13 944	0	0	0	0	0
Community & Social Services	4 291	5 898	5 898	215 525	-3554%	-3554%
Environmental Protection	4 971	5 076	5 076	2 309	55%	55%
Health	4 971	0	0	0	0	0
Security and Safety	4 971	173 468	173 468	166 515	4%	4%
Sport and Recreation	4 971	93 244	93 244	98 790	-6%	-6%
Corporate Policy Offices and Other	4 971	49 906	49 906	60 624	-21%	-21%
Component D: sub-total	29 145	327 592	327 592	543 763	-66%	-66%
<b>Total Expenditure</b>	<b>119 497</b>	<b>1 590 574</b>	<b>1 590 574</b>	<b>2 485 389</b>	<b>-56%</b>	<b>-56%</b>

**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						
Description	Year -1		Year 0		Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
National Government:						
Equitable share	406 586	391 992	391 992	391 992	0%	0%
Municipal Systems Improvement	402 909	385 851	385 851	385 851	0%	0%
Department of Water Affairs	930	-	-	-	0%	0%
Levy replacement						
Other transfers/grants [insert description]	2747	6 141	6 141	6 141	0%	0%
Provincial Government:						
Health subsidy	-	-	-	-		
Housing	-			-		
Ambulance subsidy	-			-		
Sports and Recreation	-			-		
Other transfers/grants [insert description]	-			-		
District Municipality:						
[insert description]	-	-	-	-		
Other grant providers:						
[insert description]	-	-	-	-		
<b>Total Operating Transfers and Grants</b>	<b>406 586</b>	<b>391 992</b>	<b>391 992</b>	<b>391 992</b>	<b>0%</b>	<b>0%</b>

T 5.2.1

### COMMENT ON OPERATING TRANSFERS AND GRANTS

The total amount of operating transfers and grants received by the Municipality was R 391 992 000 for the year under review. This was a decrease compared to the R 406 586 000 allocation for the 2015/2016 Financial Year. The grants consisted of the Equitable Share, Finance Management Grant, EPWP Incentive and the Subsidies received and SETA grant. The Finance Management Grant is a conditional grant.

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
<b>Parastatals</b>						
A - "Project 1"	0	0				
A - "Project 2"	0	0				



B - "Project 1"	0	0			
B - "Project 2"	0	0			
<b>Foreign Governments/Development Aid Agencies</b>					
A - "Project 1"	0	0			
A - "Project 2"	0	0			
B - "Project 1"	0	0			
B - "Project 2"	0	0			
<b>Private Sector / Organisations</b>					
A - "Project 1"	0	0			
A - "Project 2"	0	0			
B - "Project 1"	0	0			
B - "Project 2"	0	0			
No Grants received from sources other than DoRA					<b>T 5.2.3</b>



## 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
<b>Asset 1</b>					
Name	T16: Construction Waterborne Sanitation for 1300 stands				
Description	Installation of sewer pipes and Construction of Toilet Structures				
Asset Type	Toilet Structures				
Key Staff Involved	PMU				
Staff Responsibilities	Project Management				
	Year -3	Year -2	Year -1	Year 0	
Asset Value	-	-	-	61 693 794	
Capital Implications	N/A				
Future Purpose of Asset	N/A				
Describe Key Issues	N/A				
Policies in Place to Manage Asset	Yes				
<b>Asset 2</b>					
Name	Upgrading of Thabong Stadium (Phase 2)				
Description	Stadium				
Asset Type	Stadium				
Key Staff Involved	PMU				
Staff Responsibilities	Project Management				
	Year -3	Year -2	Year -1	Year 0	
Asset Value	-	-	-	57 191 165	
Capital Implications	N/A				
Future Purpose of Asset	N/A				
Describe Key Issues	N/A				
Policies in Place to Manage Asset	Yes				
<b>Asset 3</b>					
Name	Virginia: WWTP Sludge Management				
Description	Upgrade and Waste Water Treatment Works				
Asset Type	Waste Water Treatment Works				
Key Staff Involved	PMU				
Staff Responsibilities	Project Management				
	Year -3	Year -2	Year -1	Year 0	
Asset Value	-	-	-	29 281 777	
Capital Implications	N/A				
Future Purpose of Asset	N/A				
Describe Key Issues	N/A				
Policies in Place to Manage Asset	Yes				

**T 5.3.2**



### **COMMENT ON ASSET MANAGEMENT**

The Asset Register has been completed as per GRAP 17 as stated in the Annual Financial Statements (Accounting Policies)

**T 5.3.3**

### **REPAIR AND MAINTENANCE EXPENDITURE: YEAR 0**

				R'000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	216 263	216 263	59 945	72%
				<b>T 5.3.4</b>

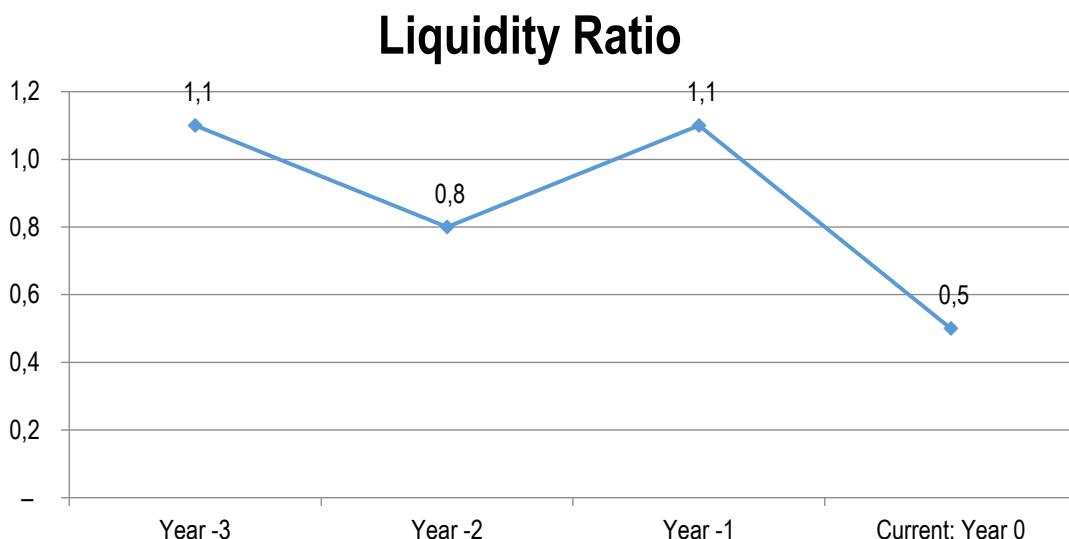
### **COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE**

The budget for repair and maintenance for the year under review was R 216 263 000 and the actual expenditure for the year under review was at R 59 945 000 which resulted into a variance of 72%. 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**



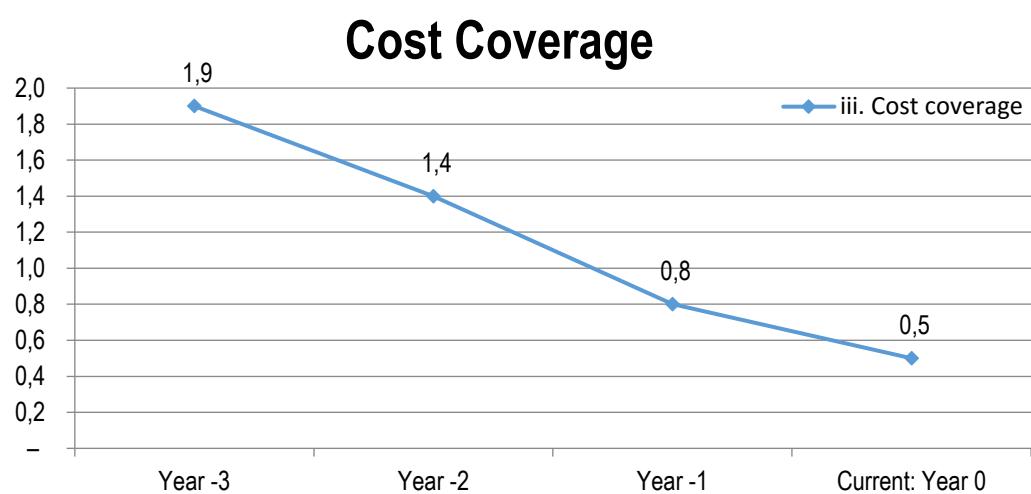
## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



Liquidity Ratio – 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

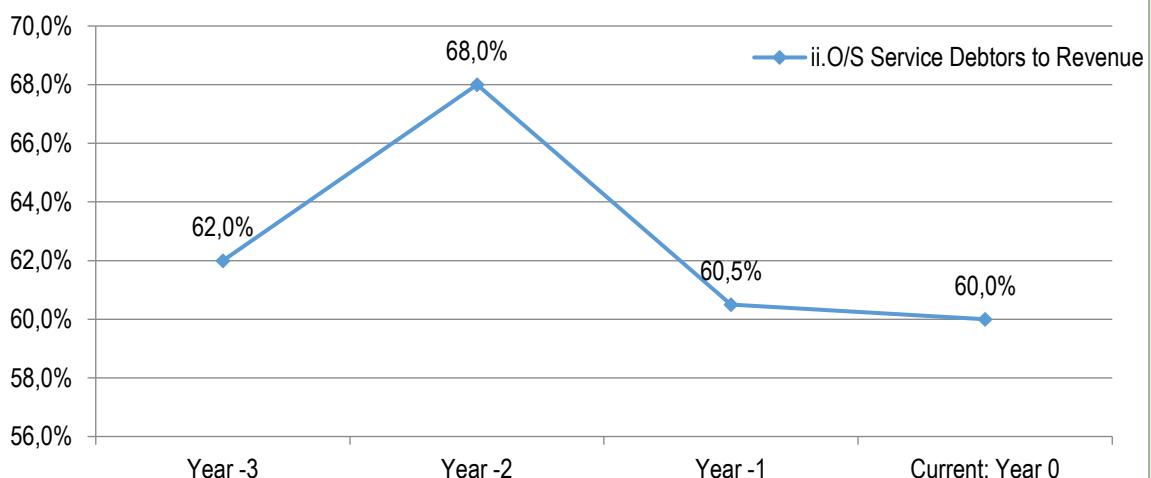


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

T 5.4.2



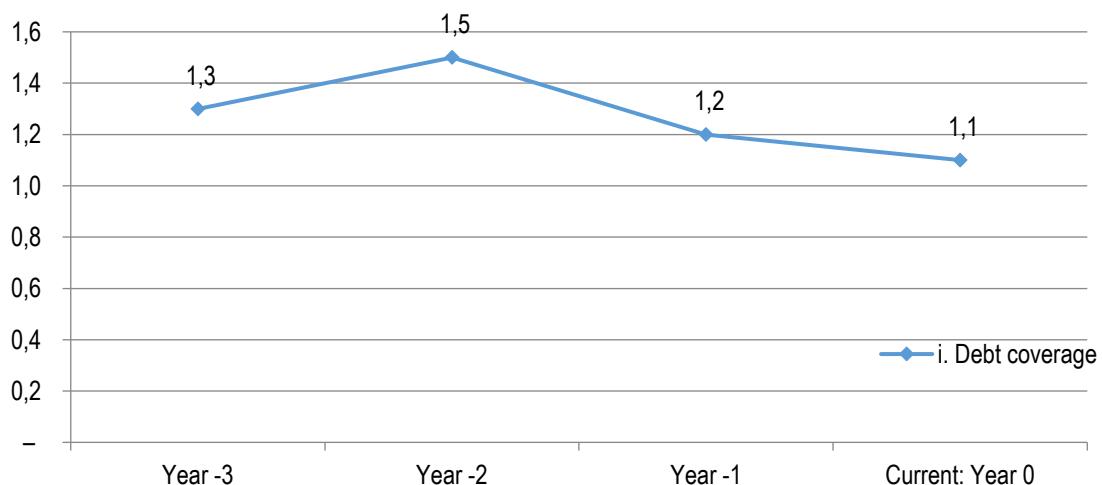
## Total Outstanding Service Debtors



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

T 5.4.3

## Debt Coverage



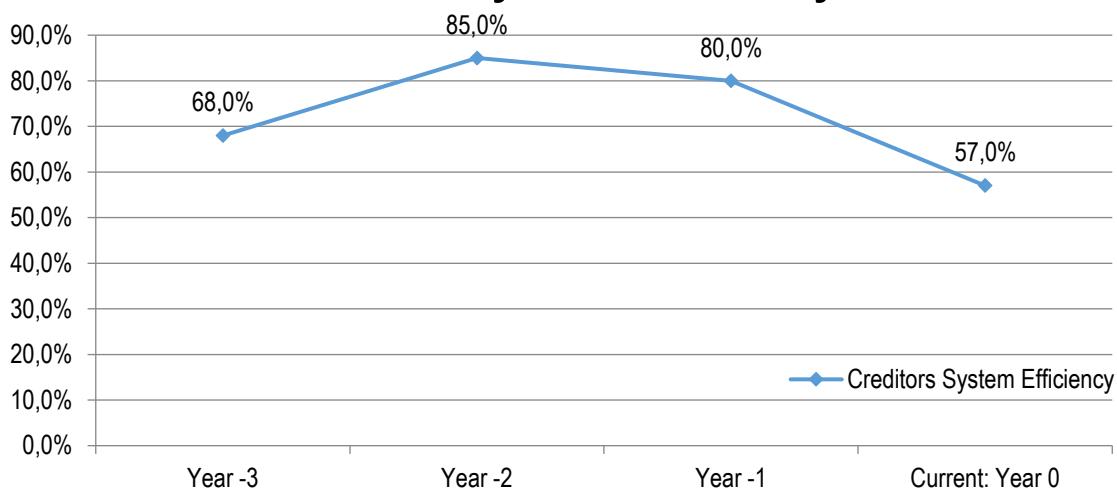
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4



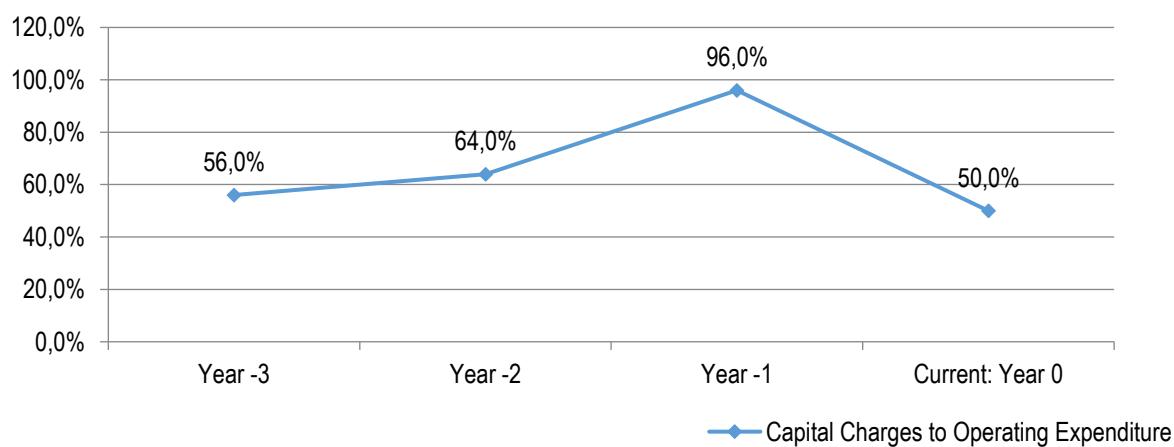
## Creditors System Efficiency



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

T 5.4.5

## Capital Charges to Operating Expenditure



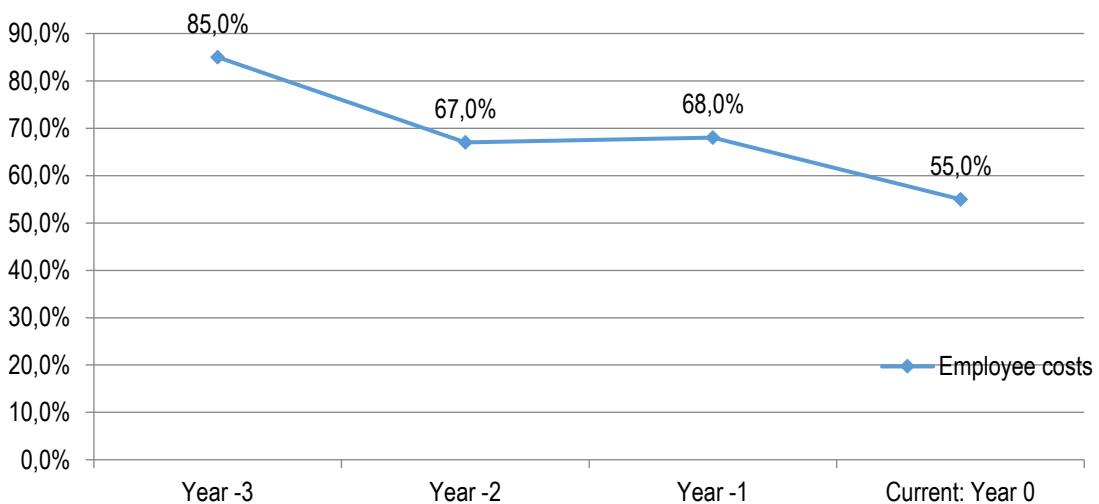
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6



## Employee Costs

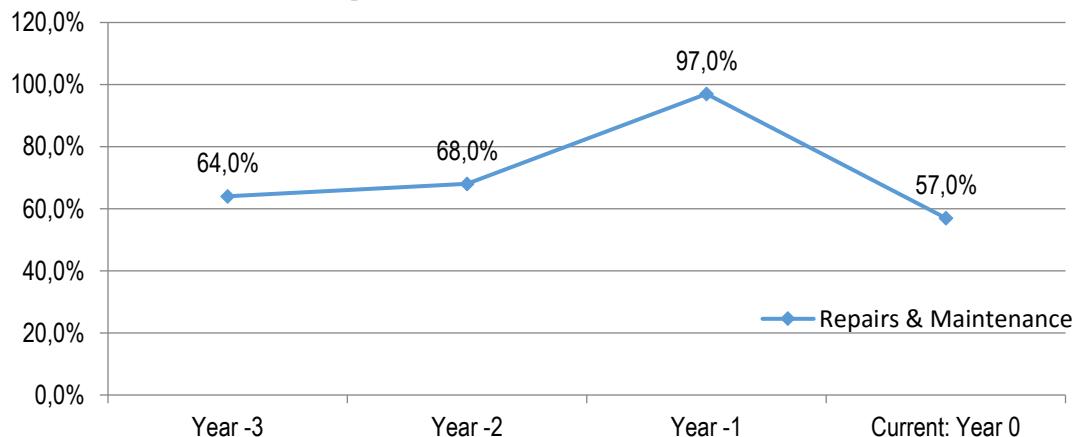


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7

## Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

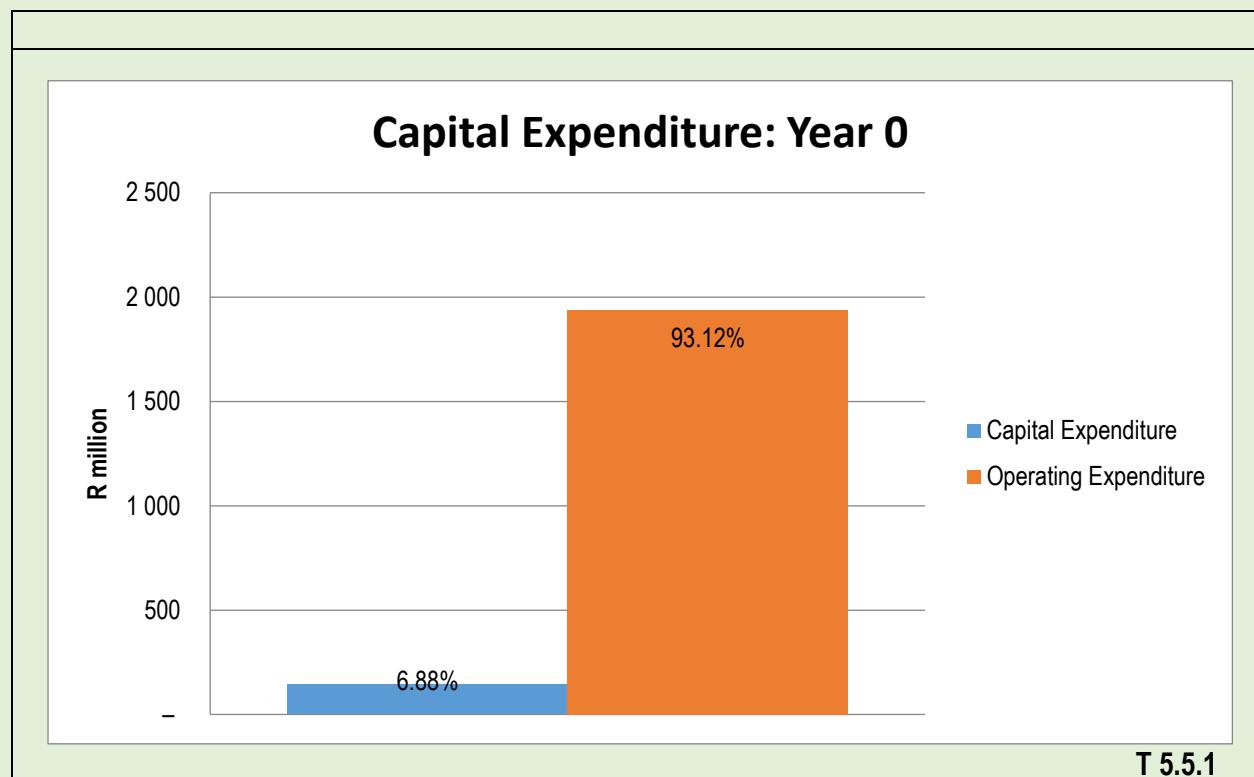
Data used from MBRR SA8

T 5.4.8

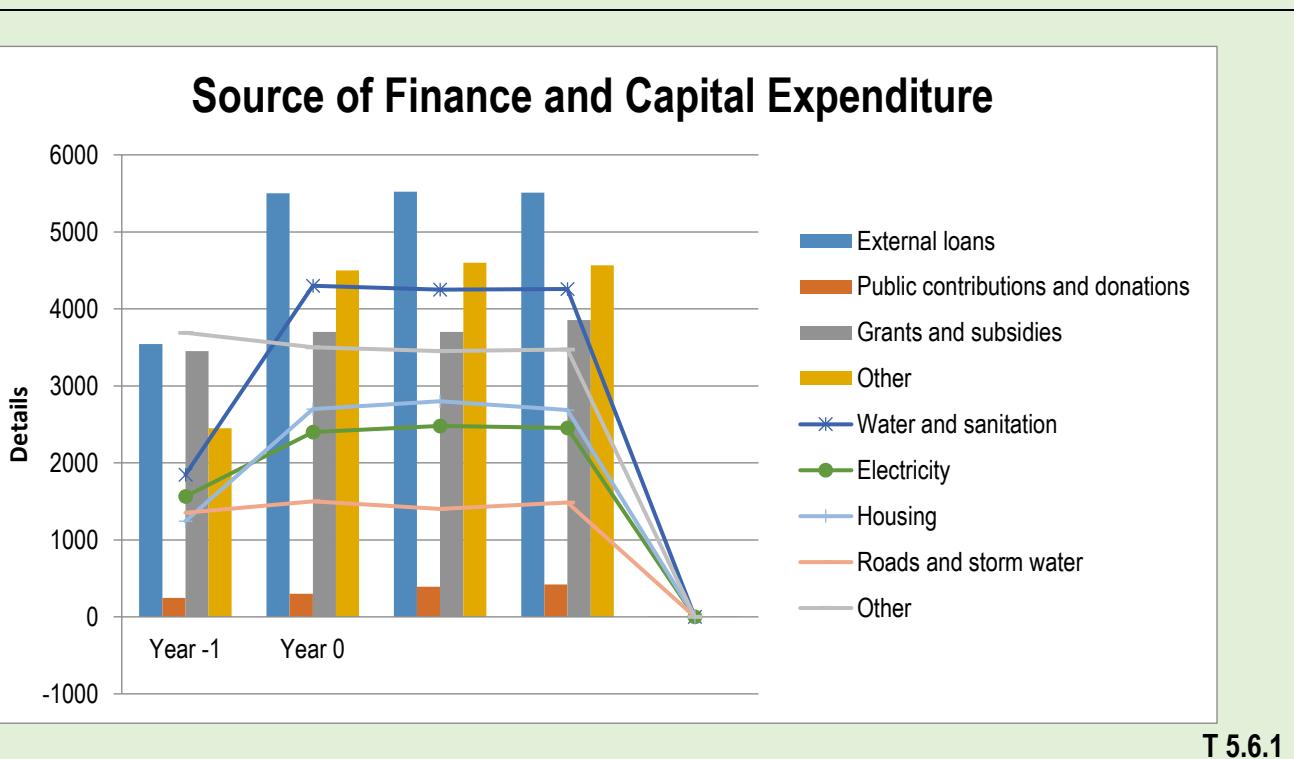


## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### 5.5 CAPITAL EXPENDITURE



### 5.6 SOURCES OF FINANCE



CAPITAL EXPENDITURE - FUNDING SOURCES: YEAR -1 TO YEAR 0						
		R' 000				
Details		Year -1	Year 0			
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)
Source of finance						Actual to OB Variance (%)
	External loans	0	0	0	0	0,0%
	Public contributions and donations	0	0	0	0	0,0%
	Grants and subsidies	0	113 363	113 363	113 363	-100,0%
	Other	0	40 000	40 000	40 000	0,0%
Total		0	153 363	153 363	153 363	-100,0%
Percentage of finance						
	External loans	0,0%	0,0%	0,0%	0,0%	0,0%
	Public contributions and donations	0,0%	0,0%	0,0%	0,0%	0,0%
	Grants and subsidies	0,0%	100,0%	100,0%	100,0%	100,0%
	Other	0,0%	0,0%	0,0%	0,0%	0,0%
Capital expenditure						
	Water and sanitation	0	44 621	44 621	44 621	-100,0%
	Electricity	0	2 842	2 842	2 842	-100,00%
	Housing	0	0	0	0	0,00%
	Roads and storm water	0	0	0	0	-100,00%
	Other	0	25 987	25 987	25 987	-100,00%
Total		0	153 363	153 363	153 363	-400,00%
PERCENTAGE OF EXPENDITURE						
	Water and sanitation	0,0%	26,4%	26,4%	26,4%	25,0%
	Electricity	0,0%	1,9%	1,9%	1,9%	25,0%
	Housing	0,0%	0,0%	0,0%	0,0%	0,0%
	Roads and storm water	0,0%	14,7%	14,7%	14,7%	25,0%
	Other	0,0%	57,0%	57,0%	57,0%	25,0%

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 (Upgrading Of The Far-East Hall Indoor Sports And Recreational Facility)	32 305 245.00		9 308 322.94	0%	0%	
B - Name of Project ( Welkom (Thabong) T16: Construction Waterborne Sanitation For 1300 Stands)	61,899,139.00		61,693,794.19	0%	0%	
C - Name of Project (Virginia: WWTP Sludge Management)	41 655 606,00		29,281,777.68	0%	0%	
D - Name of Project (Upgrade And Create New Sports And Recreational Facilities Phase 3 Zuka Baloi Stadium & Kopano Indoor Centre)	42 834 548,00	63,015,282.00	57,191,165.33	0%	47%	
E - Name of Project (Nyakallong: WWTP Upgrade)	52 299 522,00		28,776,826.05	0%	0%	

\* Projects with the highest capital expenditure in Year 0

<b>Name of Project - A</b>	UPGRADING OF THE FAR-EAST HALL INDOOR SPORTS AND RECREATIONAL FACILITY
Objective of Project	SPORTS AND RECREATIONAL FACILITY
Delays	RELOCATION
Future Challenges	NONE
Anticipated citizen benefits	THABONG COMMUNITY
<b>Name of Project - B</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
<b>Name of Project - C</b>	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
<b>Name of Project - D</b>	UPGRADE AND CREATE NEW SPORTS AND RECREATIONAL FACILITIES PHASE 3 ZUKA BALOI STADIUM & KOPANO INDOOR CENTRE
Objective of Project	UPGRADE AND GRANDSTAND, ABLUTION, GUARDHOUSE, HIGHMAST & SOCCER PITCH
Delays	NONE
Future Challenges	NONE
Anticipated citizen benefits	THE COMMUNITY OF THABONG
<b>Name of Project - E</b>	NYAKALLONG: WWTP UPGRADE
Objective of Project	UPGRADE THE WASTE WATER TREATMENT WORKS
Delays	DESIGN
Future Challenges	SCOPE OF WORKS
Anticipated citizen benefits	NYAKALLONG COMMUNITY

T 5.7.1



## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS - OVERVIEW

SERVICE BACKLOGS AS AT 30 JUNE YEAR 0				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	99 228	97%	3 467	3%
Sanitation	98 714	92%	8 868	8%
Electricity	30 415	99%	320	1%
Waste management	147 495	96%	450	4%
Housing		%		%
T 5.8.2				

MUNICIPAL INFRASTRUCTURE GRANT (MIG)* EXPENDITURE YEAR 0 ON SERVICE BACKLOGS						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust- ment Budget	
Infrastructure - Road transport						
Roads ad storm water	33 383 700.49	0	33 383 700.49	%	%	
Infrastructure - Electricity						
High Mast Lights	2,003,069.95	0	2,003,069.95	%	%	
Infrastructure - Water						
Water	1,973,131.70	0	1,973,131.70	%	%	
Infrastructure - Sanitation						
Reticulation, sewerage purification	22,713,552.68	0	22,713,552.68	%	%	
Infrastructure - Other						
Fencing	230,461.40	0	230,461.40	%	%	
Cemeteries	6,142,927.96	0	6,142,927.96	%	%	
Other Specify:						
Community facilities and Sports	35,084,520.27	0	35,084,520.27	%	%	
Taxi Ranks	4,451,286.22	0	4,451,286.22	%	%	
LED	1,717,728.45	0	1,717,728.45	%	%	
PMU support	5,667,659.76	0	5,667,659.76	%	%	
<b>Total</b>	<b>113,368,038.88</b>	<b>0</b>	<b>113,368,038.88</b>	<b>%</b>	<b>%</b>	
T 5.8.3						



## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.9 CASH FLOW

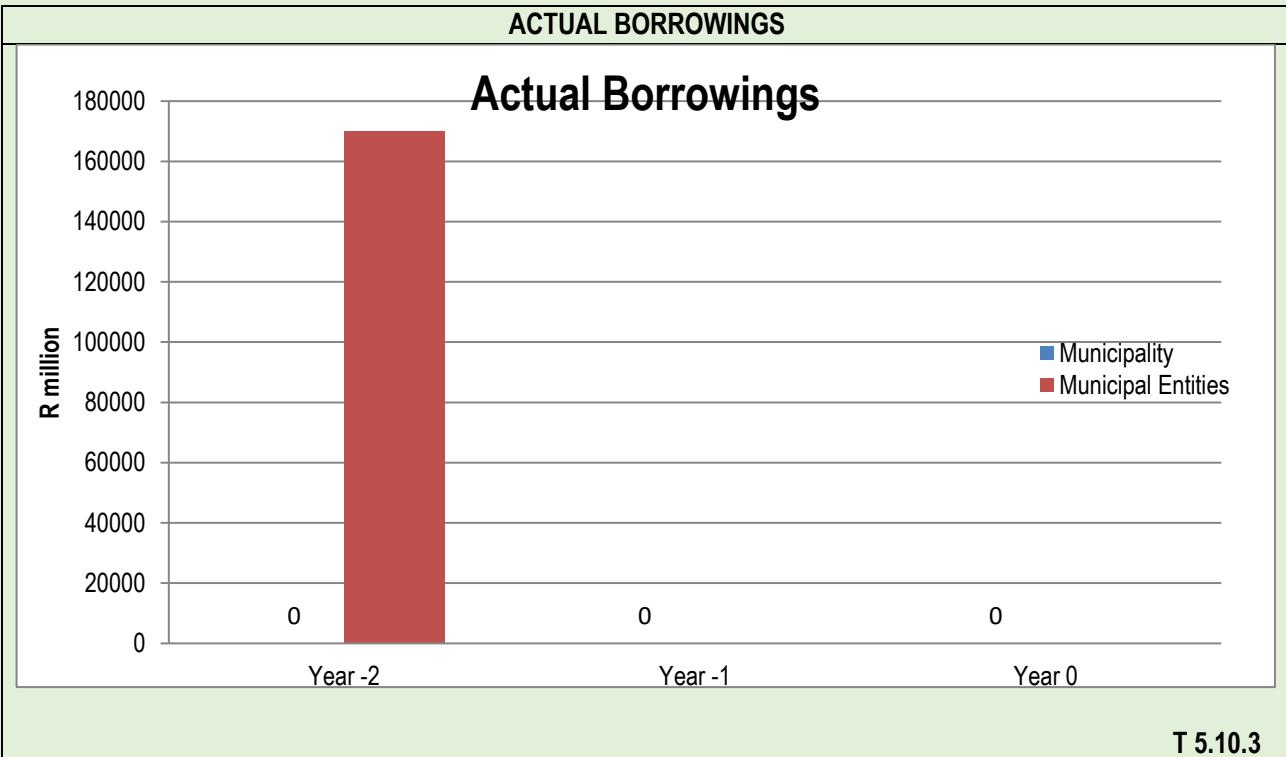
<b>CASH FLOW OUTCOMES</b>				
<b>Description</b>	<b>Year -1</b>	<b>Current: Year 0</b>		
	<b>Audited Outcome</b>	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Actual</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				<b>R'000</b>
<b>Receipts</b>				
Ratepayers and other	1 202 596	1 230 117	–	1 164 805
Government - operating	406 586	391 992	–	390 988
Government - capital	116 451	153 363	–	113 363
Interest	113 606	122 604	–	2 207
Dividends	14	18	–	14
<b>Payments</b>				
Suppliers and employees	(1 686 560)	(1 705 587)	–	(1 514 215)
Finance charges	(168 000)	(105 980)	–	(260 194)
Transfers and Grants	(35 000)	(32 850)	–	–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>(50 321)</b>	<b>(50 321)</b>	<b>–</b>	<b>156 902</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
<b>Payments</b>				
Capital assets	(116 451)	(116 451)	–	(159 530)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(116 451)</b>	<b>(116 451)</b>	<b>–</b>	<b>(159 530)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans		10 000		
Borrowing long term/refinancing		15 000		
Increase (decrease) in consumer deposits				(11 164)
Employee Benefit obligation payment				
<b>Payments</b>				
Repayment of borrowing				
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>–</b>	<b>25 000</b>	<b>–</b>	<b>(11 164)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(166 772)</b>	<b>(166 772)</b>	<b>–</b>	<b>(13 792)</b>
Cash/cash equivalents at the year begin:	(54)	(54)	–	8 917
Cash/cash equivalents at the year-end:	(166 826)	(166 826)	–	(4 875)
<b>Source: MBRR A7</b>				<b>T 5.9.1</b>



## 5.10 . BORROWING AND INVESTMENTS

ACTUAL BORROWINGS: YEAR -2 TO YEAR 0				
Instrument	Year -2	Year -1	Year 0	R' 000
<b>Municipality</b>	0	0	0	
Long-Term Loans (annuity/reducing balance)	17 0019	0	0	
Long-Term Loans (non-annuity)	0	0	0	
Local registered stock	0	0	0	
Instalment Credit	0	0	0	
Financial Leases	0	0	0	
PPP liabilities	0	0	0	
Finance Granted By Cap Equipment Supplier	0	0	0	
Marketable Bonds	0	0	0	
Non-Marketable Bonds	0	0	0	
Bankers Acceptances	0	0	0	
Financial derivatives	0	0	0	
Other Securities	0	0	0	
<b>Municipality Total</b>	<b>170 019</b>	<b>0</b>	<b>0</b>	
<b>Municipal Entities</b>				
Long-Term Loans (annuity/reducing balance)	0	0	0	
Long-Term Loans (non-annuity)	0	0	0	
Local registered stock	0	0	0	
Instalment Credit	0	0	0	
Financial Leases	0	0	0	
PPP liabilities	0	0	0	
Finance Granted By Cap Equipment Supplier	0	0	0	
Marketable Bonds	0	0	0	
Non-Marketable Bonds	0	0	0	
Bankers Acceptances	0	0	0	
Financial derivatives	0	0	0	
Other Securities	0	0	0	
<b>Entities Total</b>	<b>170 019</b>	<b>0</b>	<b>0</b>	
<b>T 5.10.2</b>				





T 5.10.3



MUNICIPAL AND ENTITY INVESTMENTS			
Investment* type	Year -2	Year -1	R' 000 Year 0
	Actual	Actual	Actual
<b>Municipality</b>			
Securities - National Government	0	0	0
Listed Corporate Bonds	0	0	0
Deposits – Bank	10 580	11 199	2 759
Deposits - Public Investment Commissioners	0	0	0
Deposits - Corporation for Public Deposits	0	0	0
Bankers Acceptance Certificates	0	0	0
Negotiable Certificates of Deposit - Banks	0	0	0
Guaranteed Endowment Policies (sinking)	0	0	0
Repurchase Agreements – Banks	15 777	18 239	2 759
Municipal Bonds	0	0	0
Other	0	0	0
<b>Municipality sub-total</b>	<b>26 357</b>	<b>29 438</b>	<b>2 759</b>
<b>Municipal Entities</b>			
Securities - National Government	0	0	0
Listed Corporate Bonds	0	0	0
Deposits – Bank	0	0	0
Deposits - Public Investment Commissioners	0	0	0
Deposits - Corporation for Public Deposits	0	0	0
Bankers Acceptance Certificates	0	0	0
Negotiable Certificates of Deposit - Banks	0	0	0
Guaranteed Endowment Policies (sinking)	0	0	0
Repurchase Agreements – Banks	0	0	0
Other	0	0	0
<b>Entities sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Consolidated total:</b>	<b>26 357</b>	<b>29 438</b>	<b>2 759</b>
<b>T 5.10.4</b>			



## CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

### 6.1 AUDIT ANNUAL PERFORMANCE 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 audit of the financial statements

###### Opinion

1. I have audited the financial statements of the Matjhabeng Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Matjhabeng Local Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

###### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

###### Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter:
7. Note 47 to the financial statements, indicates that the municipality incurred a net loss of R550 278 707 during the year ended 30 June 2017 and, as of that date, the municipality's current liabilities exceeded its current assets by R2 576 323 820. In addition, the municipality owed Eskom R1 464 169 380 (2016: R 957 081 689) and the water board R1 886 576 057 (2016: R 1 552 021 591) as at 30 June 2017. This debt is long overdue. These conditions, along with commitments and contingent liabilities as set forth in note 41 and 42 of the annual financial statements respectively, 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.

### **Emphasis of matters**

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

#### **Irregular expenditure**

9. As disclosed in note 51 to the financial statements, irregular expenditure of R323 171 276 (2016: R305 669 955) was incurred, due to non-compliance with supply chain management (SCM) requirements.

#### **Fruitless and wasteful expenditure**

10. As disclosed in note 50 to the financial statements, fruitless and wasteful expenditure of R186 771 314 (2016: R149 978 569) was incurred, mainly due to interest and penalties charged for late payments by suppliers.

#### **Restatement of corresponding figures**

11. As disclosed in note 44 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2017.

#### **Material losses**

12. As disclosed in note 52 to the financial statements, material electricity losses of R74 080 387 (2016: R75 434 684) was incurred, which represents 13,25% (2016: 18,70%) of total electricity purchased, mainly due to tampering and theft.
13. As disclosed in note 52 to the financial statements, material water losses of R299 865 808 (2016: R205 292 597) was incurred, which represents 51,30% (2015: 50,45%) of total water purchased, mainly due to leakages, burst water pipes, line losses, tampering and theft.

#### **Material impairments**

14. As disclosed in note 12 to the financial statements, receivables from non-exchange transactions was impaired by R187 612 632 (2016: R173 681 854).
15. As disclosed in note 14 to the financial statements, receivables from exchange transactions was impaired by R1 532 476 770 (2016: R1 187 481 412).

#### **Other matters**

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



## **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, as contained in note 52 to the financial statements, did not form part of the audit of the financial statements and, accordingly, I do not express opinion on it.

## **Service delivery matters**

18. The construction of Thabong T16 waterborne sanitation of 1 300 stands project started in 2014 at a project value of R61 899 139. During the project site visit, it was identified that the lower lying areas of T16 sewer outfall were to gravitate to the pump station and from pump station to treatment plant because the area is sloping down and there is a need for a booster pump for the outfall to be able to divert to the waste water treatment plant. However, the municipality prioritised the construction of the toilet structures, plumbing, internal sewer ahead of the bulk network at the pump station due to poor planning; the sewer pipeline was not connected to the pump station. This resulted in sewer overflow around the area of construction at pump station and also within few meters of the residential area, which caused pollution of the environment and compromised the safety and health of the residents of Thabong.
19. The municipality entered into an agreement for the upgrading of Nyakkallong waste water treatment works in 2012 for the amount of R52 299 552. A contractor was appointed in 2012 and paid an amount of R8 800 776 until 2013. In 2016, a new contractor was appointed, which is the contractor currently on site and is been paid to date an amount of R10 849 612. The accumulative amount, including amounts paid to the consultants, expensed on this contract to date is R29 689 653. The significant delays on the project have resulted in unbearable odour to the residential dwelling due to sewerage outflows running across the street.

## **Responsibilities of the accounting officer for the financial statements**

20. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and 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.
21. In preparing the financial statements, the accounting officer is responsible for assessing the Matjhabeng Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the municipality or cease operations, or there is no realistic alternative but to do so.

## **Auditor-general's responsibilities for the audit of the financial statements**

22. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will



always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

23. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

### **Report on the audit of the annual performance report**

#### **Introduction and scope**

24. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected key performance areas (KPAs) presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

25. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

26. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected KPAs presented in the annual performance report of the municipality for the year ended 30 June 2017:

KPA	Pages in the annual performance report
KPA 1 – basic service delivery and infrastructure investment	x – x

27. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

28. The material findings in respect of the reliability of the selected KPA are as follows:

#### **KPA 1 – basic service delivery and infrastructure**

##### **Various indicators**

29. The reported achievements for the indicators listed below were misstated ,as the evidence provided did not agree with the reported achievements:



<b>Indicator</b>	<b>Reported achievement</b>	<b>Audited value</b>
Number of informal settlements formalised in identified wards	21	8
Number of pump stations refurbished to comply with Green Drop Standards	12	10
Number of sumps cleaned in the next financial year	4	6
Number of dysfunctional water meters replaced	2 800	1 700

Length (km) of undersigned gravel roads constructed

30. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of length of undersigned gravel roads constructed. This was due to limitations placed on the scope of my work, as a result of non-submission of supporting documentation. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 10km.

#### **Other matters**

31. I draw attention to the matters below.

#### **Achievement of planned targets**

32. Refer to the annual performance report on pages x to x; for information on the achievement of planned targets for the year and explanations provided for the underachievement of a significant number of targets. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraphs 29 to 30 of this report.

### **Report on the audit of compliance with legislation**

#### **Introduction and scope**

33. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.



34. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Annual financial statements, performance and annual reports

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

36. The annual performance report for the year under review did not include a comparison with the previous financial year and measures taken to improve performance, as required by section 46(1)(b) and (c) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (Municipal Systems Act).

Procurement and contract management

37. Due to poor record keeping, sufficient appropriate audit evidence could not be obtained that all contracts were awarded in accordance with the legislative requirements as reported in paragraph 38, 39 and 43 below. Similar limitation was also reported in the previous year.

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

39. Sufficient appropriate audit evidence could not be obtained that quotations were only accepted from, and contracts awarded to, bidders whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43. Similar non-compliance was also reported in the previous year.

40. Some of the 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). Similar non-compliance was also reported in the previous year.

41. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2).

42. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).

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

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



45. Awards were made to service providers who were in the service of the municipality and whose directors were in the service of the municipality, in contravention of section 112(j) of the MFMA and SCM regulation 44. Furthermore, the service provider failed to declare that s/he was in the service of the municipality, as required by SCM regulation 13(c).
46. Awards were made to service providers who were in the service of other state institutions and whose directors were in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulation 44.

#### Expenditure management

47. Effective steps were not taken to prevent irregular expenditure of R323 171 276 as disclosed in note 51 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM processes.
48. Effective steps were not taken to prevent fruitless and wasteful expenditure of R220 861 454 as disclosed in note 50 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the fruitless and wasteful expenditure was caused by interest levied by Eskom on late payments.
49. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

#### Assets management

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

#### Liabilities management

51. 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

52. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the Municipal Systems Act.

#### Budgets

53. Reasonable steps were not taken to prevent unauthorised expenditure of R1 031 091 788 as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by failure to budget for impairment of financial assets, and under-budgeting of bulk purchases and depreciation.



## **Other information**

54. The Matjhabeng Local Municipality's accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected KPIs presented in the annual performance report that have been specifically reported in the auditor's report.
55. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
56. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected KPIs presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
57. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

## **Internal control deficiencies**

58. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
59. The leadership did not always take adequate corrective actions in time to address weaknesses in the finance and performance reporting directorate. This resulted in non-compliance with applicable legislation and gave rise to unauthorised, irregular and fruitless and wasteful expenditure.
60. The leadership did not ensure that an organisational structure that is aligned to the municipality's needs was approved on time. As a result, personnel that needed to address the municipality's needs were not appointed during the financial year. The municipality tried to address the capacity constraints in the finance section by appointing the consultants; however, this may result in overreliance on the consultants if capacity constraints are not addressed.
61. Management did not, in all instances, prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. This resulted in material differences that gave rise to material adjustments in the annual financial statements submitted for auditing. Additionally, controls over revenue management were not effective, resulting in significant consumer accounts being billed using estimates without actual meter readings being taken.



62. The municipality did not implement effective human resource management to ensure that performance is monitored for all employees. As a result, material weaknesses in the internal controls environment reported in the previous year were not addressed.
63. The audit committee was not effective during the financial year as they only met twice. The contracts of all the audit committee members expired at the end of June 2017 and, as a result, they were not available to review the financial statements before they were submitted for auditing.
64. The internal audit division was not adequately resourced to plan and execute risk-based audits. As a result, a significant number of audits planned for 2016-17 were not done and they could not adequately advise the accounting officer and report to the audit committee on implementing the internal audit plan and matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management, performance management, loss control and compliance with the legislation.

#### **Other reports**

65. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
66. At the time of this report, there was an ongoing investigation being conducted by the South African Police Services into allegations of unauthorised amendments to the supplier banking details on the municipality's accounting system. The investigation covers the specific incident that occurred on 13 May 2016.
67. There was an ongoing investigation into allegations of forgery of the a signature of a municipal official that resulted in a payment being made without a service being rendered to the municipality. This investigation is being conducted by the South African Police Services and covers a specific incident that occurred on 11 November 2015. At the time of this report, this investigation had not yet been finalised.

*Auditor-General*

Bloemfontein

30 November 2017



AUDITOR-GENERAL  
SOUTH AFRICA

Auditing to build public confidence



## **Annexure – auditor-general's responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected key performance areas and on the municipality's compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit 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 municipality's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Matjhabeng Local Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a municipality to cease to continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	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.
<b>Activities</b>	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”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	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.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	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.
<b>Basic municipal service</b>	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.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	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.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	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.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>



<b>Outcomes</b>	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".
<b>Outputs</b>	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.
<b>Performance Indicator</b>	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)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	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.
<b>Performance Targets:</b>	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.
<b>Service Delivery Budget Implementation Plan</b>	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.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <ul style="list-style-type: none"> <li>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</li> <li>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</li> </ul>



## APPENDICES

### APPENDIX A – COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE?

APPENDIX A - COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE						
Councillors, Committees Allocated and Council Attendance						
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Council Meetings Attendance	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
					%	%
Badenhorst HS	P/T	LED	W	9 of 10	90%	10%
Badenhorst MJ	P/T	Finance	PR	9 of 12	75%	25%
Botha PF	P/T	MPAC/ LLF	PR	10 of 12	80%	20%
Chaka MS	P/T	LED SMME	W	10 of 10	100%	0%
Daly A	P/T	Policy Development	W	7 of 10	70%	30%
Direko DR	F/T	LED/ LLF	PR	10 of 10	100%	0%
Jacobs EJ	P/T	Housing	PR	9 of 10	90%	10%
Kabi M	F/T	Policy Development	PR	7 of 12	58%	42%
Khalipha TD	F/T	Housing	W	11 of 12	90%	10%
Khetsi LE	P/T	LED/ LED SMME	PR	4 of 10	40%	60%
Khothule MJ	P/T	LED SMME	W	8 of 10	80%	20%
Letlhake TW	P/T	Public Safety/Policy	PR	9 of 10	90%	10%
Liphoko SJ	P/T	Infrastructure/Dispute	W	9 of 10	90%	10%
Lushaba TB	F/T	Community Services	PR	6 of 10	60%	40%
Macingwane MT	P/T	Finance/Housing	PR	4 of 10	40%	60%
Mafa DM	P/T	MPAC	W	10 of 12	80%	20%
Mafaisa MG	P/T	Community Services / Dispute	PR	9 of 10	90%	10%
Mahlumba BH	P/T	Corporate Services / Rules	W	10 of 10	100%	0%
Malherbe C	P/T	Infrastructure	W	9 of 10	90%	10%
Manenye AJ	P/T	Community Services / Housing	PR	10 of 10	100%	0%
Manese SD	F/T	Finance/ LLF	PR	8 of 8	100%	0%
Marais JS	P/T	MPAC	PR	9 of 12	75%	25%
Manzana NR	P/T	Housing/LED/Dispute	W	9 of 10	90%	10%
Masienyane MD	F/T	MPAC	W	10 of 12	80%	20%
Masina XN	P/T	Finance/LED/ Corporate/Rules	PR	8 of 10	80%	20%
Mawela VE	F/T	Corporate Services/ LLF	PR	3 of 3	100%	0%
Meli TS	P/T	LED SMME	W	11 of 12	90%	10%
Moipatle KSV	P/T	Finance/Dispute	PR	9 of 10	90%	10%
Mokhomo HA	P/T	Policy Dev./LED SMME/ Dispute	W	10 of 12	80%	20%



Molefi M	P/T	MPAC	W	12 of 12	100%	0%
Moleleko PMI	P/T	Policy Development / Corporate	W	12 of 12	100%	0%
Moloja NJ	P/T	Housing	W	12 of 12	100%	0%
Monjovo NE	P/T	Infrastructure/Housing / Dispute	W	8 of 12	66%	34%
Morris VR	P/T	Public Safety	W	10 of 12	80%	20%
Moshoeu ZS	P/T	IDP	W	8 of 10	80%	20%
Mosia TJ	P/T	MPAC	W	10 of 10	100%	0%
Mphikeleli MA	P/T	Corporate Services/ LLF	W	12 of 12	100%	0%
Mthebere NA	P/T	Community Serv/Policy/Dispute	PR	3 of 10	30%	70%
Nkonka BB	P/T	Public Safety/Policy/Rules	W	10 of 10	100%	0%
Nqeobo ME	P/T	Housing/Rules	PR	3 of 3	100%	0%
Nthako TD	P/T	IDP	W	8 of 10	80%	20%
Ntsebeng MH	P/T	Finance/Housing	PR	12 of 12	100%	0%
Ntuli BN	P/T	LED/ Rules	W	10 of 10	100%	0%
Phofeli NM	P/T	Community Services	PR	8 of 10	80%	20%
Pholo SJ	P/T	Rules	W	10 of 10	100%	0%
Poo IP	P/T	Finance	W	10 of 10	100%	0%
Presente LN	P/T	Public Safety	PR	10 of 10	100%	0%
Radebe MC	F/T	LED SMME	PR	11 of 12	90%	10%
Radebe ML	F/T	IDP	PR	11 of 12	90%	10%
Rakaki MM	P/T	Corporate Services	PR	10 of 10	100%	0%
Ramabodu BM	P/T		PR	6 of 8	75%	25%
Ramalefane SJ	P/T	Infrastructure/ Community	W	10 of 10	100%	0%
Ramatisa PT	P/T	Public Safety/Housing / LED SMME	W	9 of 10	90%	10%
Schlebusch CJ	P/T	Infrastructure	W	8 of 9	90	10%
Sebotsa MM	P/T	Policy Development	W	10 of 10	90%	10%
Senxezi ME	P/T	MPAC	PR	4 of 6	40%	60%
Sephiri MJ	F/T	Council Whip	PR	9 of 12	75%	25%
Sithole AM	P/T	Public Safety	PR	4 of 10	40%	60%
Speelman NW	F/T	Executive Mayor	PR	9 of 12	75%	25%
Stofile B	F/T	Speaker	PR	12 of 12	100%	0%
Styger A	P/T	Finance	PR	11 of 12	90%	10%
Taljaard SDM	P/T	Infrastructure/ Community/Public	PR	8 of 12	67%	33%
Thelingoane NE	P/T	Public Safety/Rules	PR	11 of 12	90%	10%
Thelingoane TJ	P/T	LED	W	10 of 10	100%	0%
Tlake KR	P/T	Public Safety	W	11 of 12	90%	10%
Tsatsa SJ	P/T	Infrastructure/ Community/LED	W	10 of 12	80%	20%
Tshabangu SE	P/T	Finance/MPAC/ Dispute	W	7 of 10	70%	30%
Tshopo ME	F/T	Infrastructure	PR	8 of 10	80%	20%
Tsoaeli ME	P/T	Infrastructure/Corporate / Rules	PR	6 of 9	40%	60%
<b>Tsupa MR/Deceased</b>	P/T	MPAC	PR	9 of 10	90%	10%



Van Rooyen MS	P/T	Corporate Services/Dispute	W	10 of 12	80%	20%
Van Schalkwyk HCT	P/T	LED	W	12 of 12	100%	0%
<i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i>						
TA						



## APPENDIX B – COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Chairpersons Committee	Co-ordination of Ward Councillors affairs
Audit Committee	Performance of Auditing
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
Naming and Renaming Committee	



## APPENDIX C – THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Municipal Manager	Municipal Manager – Mr ET Tsoaeli
	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 M Atolo
	Senior Manager Human Resources – Mr S Nhlapo
	Senior Manager Legal Services – Mr M Vanga
Infrastructure	Executive Director – Ms B Maswanganyi (RESIGNED)
	Senior Manager Electrical -VACANT
	Senior Manager Civil – VACANT
LED	Executive Director – Mr. B Golele (VACANT – ACTING)
	Senior Manager LED – VACANT
	Senior Manager Housing - Ms M Mothekge
Community Services	Executive Director – Ms Z. Tindleni
	Senior Manager Parks, Sports and Recreation - Ms K Maloka (EARLY PENSION)
	Senior Manager Public Safety and Transport - Mr RT Mokhuoa
Finance	Chief Financial Officer: Mr T Panyani
	Senior Manager Budget - Mr LB De Bruyn
	Senior Manager Treasury - Ms C Dingani
<i>Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).</i>	
TC	



**APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY**

<b>MUNICIPAL / ENTITY FUNCTIONS</b>		
<b>MUNICIPAL FUNCTIONS</b>	<b>Function Applicable to Municipality (Yes / No) *</b>	<b>Function Applicable to Entity (Yes / No)</b>
<b>Constitution Schedule 4, Part B functions:</b>		
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	N	N
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		<b>T. D</b>



## 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 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

<b>FUNCTIONALITY OF WARD COMMITTEES</b>					
<b>Ward Name (Number)</b>	<b>Name of Ward Councillor and elected Ward committee members</b>	<b>Committee established (Yes / No)</b>	<b>Number of monthly Committee meetings held during the year</b>	<b>Number of monthly reports submitted to Speakers Office on time</b>	<b>Number of quarterly public ward meetings held during year</b>
1	Cllr MM Sebotsa	YES			
	Nthau Mokhatala				
	Nkhatho Pitso Andrew				
	Letsoenyo Mmamathe Emily				
	Dikole Papadi Elizabeth				
	Mokoma Petrus Mahlomola				
	Lethoko Mantsali Mary				
	Lebetsa Motshehi Joseph				
	Matlokotsi Thobatsi Michael				
	Hloholongoane Moshoeshoe Abel				
	Mabetsae Sabata Elias				



2	<b>Cllr SE Tshabangu</b>	YES		
	Mbele Dikeledi F			
	Malefane Mpheane Johannes			
	Moluka Teboho Kingsley			
	Rasenyallo Elsie Nomangwane			
	Kurumane Lucia Nomathemba			
	Khanare Sephiri Elliot			
	Motsamai Mampe Clementina			
	Motsumi Ditabe Jonas			
	Makhalanyane Matshidiso Maria			
	Sam Ntsesi Elias			
3	<b>Cllr MA Mothege</b>	YES		
	Shembele Puleng Consolation			
	Khoza Vusimuzi Rudolph			
	Sethole Sello Boitumelo Samuel			
	Lethoko Kelebone Elizabeth			
	Suping Mantoa Sarah			
	Moabi Maleshwane Agnes			
	Reyneke Hendrik Johannes			
	Daffue Luanne Orpa			
	Lebatla Kedibone Anna			
	Kopela Moithumi Lydia			
4	<b>Cllr SJ Liphoko</b>	YES		
	Lisanyane Thabo Samuel			
	Ramohanoe Nkone Clement			
	Motapanyane Oupa Jonas			
	Majoro Maphomolo Sarah			
	Mokhoabane Tshepo Albert			
	Mafekeng Dithhare Naomi			
	Mothebe Dikeledi Paulinah			
	Khaude Ntoahae Jeremia			
	Matlokotsi Neo Egnatious			
	Theletsane Mabalane Leeu			
5	<b>Cllr PMI Moleko</b>	YES		
	Makhobu Nombuyiselo Patricia			
	Mile Pule Paul A			
	Moeti Boy Johannes			
	Mathebula Mamori Agnes			
	Lelimo Ntaoleng D			
	Porotloane Wendy			
	Dyalivani Archiebold Thembinkosi			
	Helepi Abraham Bassie			
	Tshanjana Nomvula Mary			
	Seli Thabo Zacharia			
6	<b>Cllr BH Mahlumba</b>	YES		
	Mokhetle Sekwati John			



	Hlatshayo Likeleli Mary				
	Cata Mxolisi Enoch				
	Mankayi Sindiswa Jereline				
	Mahloko Rameno John				
	Marumo Matsietsi Meriam				
	Mapukata Mongezi				
	Lesapo Champeni Jacob				
	Nkone Dimakatso Lea				
	Raleteng Pheello Daniel				
7	<b>Cllr NE Monjovo</b>	<b>YES</b>			
	Mokone Lehlohonolo Isaac				
	Maile Lebeko John				
	Kototsa Adam Ntoagae				
	Sesing Mamohodi Selina				
	Qina Niniwe Emie				
	Ramateane Dibuseng Annah				
	Sipheka Thabo Wilson				
	Nawane Dimakatso A				
	Pitso Kgauhelo Casalis				
	Mohapi Thabiso Elias				
8	<b>Cllr MD Masienyane</b>	<b>YES</b>			
	Tsiloane Moklatsi Karel				
	Molotsana Penya Joseph				
	Ledada Novelakhe Rosie				
	Monakele Keletso Beverley				
	Makape Everitt Ntasi				
	Mbele Elizabeth Maletsatsi				
	Mohlahllo Mbeko David				
	Hlalele Moria Godfrey				
	Hlaole Lizeth Neo				
	Jantjie Lerato Inocentia Patience				
9	<b>Cllr HS Badenhorst</b>				
	Pieterse Steven				
	Strydom Charles Bernardus				
	Du Plessis Johannes Marthinus				
	Makhaza Khetiwe Sarah				
	Van Sittert Frans Johannes				
	Smit Dirk				
	Selikoe Teboho Samuel				
	Vermaak Marthinus				
	Vermeulen Jaccobus				
	Smit Dorethea Maria				
10	<b>Cllr SJ Ramalefane</b>	<b>YES</b>			
	Tsotetsi Thabang Jeffrey				
	Majara Gloria Moleboheng				
	Pita Moleko Jan				



	Moso Thandeka Queen				
	Makoti Thozamile Lucas				
	Koloti Sechaba MacDonald				
	Leseme Nongazi Jane				
	Molosi Moipone Emily				
11	<b>Cllr VR Morris</b>	<b>YES</b>			
	Dlamini Joalane Anna				
	Lutchmia Edith Maria				
	Meli Isaac Mphikeledi				
	Moletsane Tlhoriso Alice				
	Jasson Winston Graham				
	Oosthuizen Sandra Joan				
	Silo Papi Thys				
	Taaibos Alina				
	Douw Maurice				
	Visagie Gert				
12	<b>Cllr ZS Moshoeu</b>	<b>YES</b>			
	Noto Ranyamane Phillip				
	Ntsala Mahloho Paulina				
	Motse Joseph Moabi				
	Monnanyana Baholo Elias				
	Seoe L Lawrence				
	Lebona Nokwangoye Beveline				
	Machabe Toko Petrus				
	Moesi David				
	Mokhutle Mokudunyane Violet				
	Maqala N Cornelia				
13	<b>Cllr TJ Thelingoane</b>	<b>YES</b>			
	Tseetse Masabata Augustina				
	Secoere Mafusi Sylvia				
	Setlaelo Nthabiseng Gladys				
	Lijane Moswaisa April				
	Gugushe Mzwandile William				
	Moses Morena David				
	Mothabe Molefi Hendrik				
	Mokeretla Mantwa Selina				
	Likoebe Motlaletsatsi Maria				
	Leba Boniswa Prudence				
14	<b>Cllr MS Chaka</b>	<b>YES</b>			
	Bonasi Vuyani Stephen				
	Motse Moselemtja Elizabeth				
	Pontseng Morero Anicia				
	Nthako Nnuku Anna				
	Manjani Mziwonakele Johannes				
	Mtshambela Malefu E				
	Koppie Masebata Josiphine				
	Mtyawentombi Anna Modiehi				



	Hoshola Maphoka Maria			
	Senoko Disebo Esther			
15	<b>Cllr BN Ntuli</b>	<b>YES</b>		
	Ntsane Dikeledi Violet			
	Tsoloane Caroline Mafeqa			
	Fungu Ntombizodwa Selinah			
	Radebe Dimakatso Joyce			
	Rapuleng Thabo Ezekiel			
	Sekhohola Malefu Cynthia			
	Mthiyane Sigebeshu Helson			
	Diraditsile Sello James			
	Mthini Nombuyiselo Selina			
	Radebe Mamatlakeng Esther			
16	<b>Cllr TS Meli</b>	<b>YES</b>		
	Baloyi Mokoane Joseph			
	Thuthane Sandile J			
	Mokhoabane Godfrey Lebohang			
	Sijako Mbuyiselo Algeon			
	Moleleki Pule Johannes			
	Mohlokonya Teboho Benedict			
	Lala Thembile John			
	Motsie Mapaseka Alice			
	Molefi Mamothupi Nensi Lorah			
	Ranake Nothuthuzelo Mothy			
17	<b>Cllr TD Khalipha</b>	<b>YES</b>		
	Lefora Annastacia Pilleng			
	Maja Leomile Lucia			
	Kalipa Thandisa			
	Vundisa Patrick Mhlawuli			
	Tshokotshela Nyaniso John			
	Motaung Samuel Lebohang			
	Maloka Sebolelo Mameso			
	Lithebe Anti Marriam			
	Thaisi Tumelo Meshack			
	Mpulampula Grace			
18	<b>Cllr NJ Moloja</b>	<b>YES</b>		
	Matsie Martha Ntshali			
	Duba Weziwe Venolia			
	Solfafa Nogebisaya Leah			
	Sekolome Nnana Agnes			
	Monyane Nceba Alfred			
	Mashiqa Ntombizodwa Selina			
	Nyila Dumile Isaac			
	Dlamini Molefe Phillip			
	Leteane Kamohelo Goodwill			
	Buang Janet Kathleen Fedile			



19	<b>Cllr PT Ramatisa</b>	<b>YES</b>			
	Nkala Nomasoto Anna				
	Mojaki Maletsatsi Jeanette				
	Kapoko Tankiso Edward				
	Moloke Mapaseka Sanna				
	Magquaka Pongo Isaac				
	Ramatisa Morongoenyana Roslina				
	Sempapalele Ntoane Nehemia				
	Matsau Tshiu Daniel				
	Makhalanyane Diphapang Ismael				
	Moshane Maseng Jacob				
20	<b>Cllr BB Nkonka</b>	<b>YES</b>			
	Thathe Sani Mamoroke Sophia				
	Mofokeng Rosy				
	Machedi Dimakatso Patricia				
	Chabangu Hloekile Harriet				
	Mololo Nteleko Ishmael				
	Letsatsi Mantota Ela				
	Lekoni Anna Moselantja				
	Sefotha Motshewa Adelina				
	Molefi Lordwick Gift				
	Towa Manana Selinah				
21	<b>Cllr SJ Pholo</b>	<b>YES</b>			
	Caleni Paseka Elias				
	Mahlaku Simon Maleho				
	Tjatji Masabata Selina				
	Roberts Mapulane Emily				
	Mokulutlo Tebogo Clement				
	Moletsane Anna Selloane				
	Pitso Moeketsi Shadrack				
	Xaba Molelekeng Martha				
	Ramatsoe M Marie				
	Sanda Buyisiswa Cornelia				
22	<b>Cllr IP Poo</b>	<b>YES</b>			
	Mphatsoe Lilly				
	Dlamini Nomhlolo Hlophekile				
	Mashoe Mahlabane Abraham				
	Matlabe Selloane Paulina				
	Motsiri Ntshiuoa Elizabeth				
	Phakisi Naledi Vincent				
	Maghosha Dikeledi Eunice				
	Botipe Mamajeremane Liesbet				
	Ninini Xolile France				
	Jack Siphiwe				
23	<b>Cllr KR Tlake</b>	<b>YES</b>			
	Mahlaba Diabo Dinah				
	Nyengule Ndaba Sam				



	Seforo Rethabile Gladys				
	Moahloli Mosiuoa Jonas				
	Moloi Vuyiswa Lucia				
	Moletsane Lekgowe Daniel				
	Tshofu Lahlwiwe Magdeline				
	Selekisho Shuping Adam				
	Mkula SF				
	Moshe Kelebogile Angelina				
24	<b>Cllr MA Mphikeleli</b>	<b>YES</b>			
	Van Wyk Nokoko Maria				
	Majake Adelinah Ntshisane				
	Moji Matshele Phina				
	Sikitu Nowethu				
	Taaso Sello Victor				
	Zwelibanzi Thunzi				
	Pheko Mpoyakae Emily				
	Mphithi Lungiswa Julia				
	Pule Sekonyela Jacob				
	Njokweni Mbulelo				
25	<b>Cllr TD Nthako</b>	<b>YES</b>			
	Hlalele Tsunyana Klaas				
	Mphasa Tau Petrus				
	Sothoane Mohau				
	Mokheseng Molahlehi Shadrack				
	Namanyane Lefulesele Anna				
	Sondag Ntatowa Maria				
	Moeketsi Tsiliso Hlomoane				
	Mokgahlane Keboletse Sannah				
	Tshiloane Dineo Mavis				
	Ntjenga Paseka Meshack				
26	<b>Cllr SJ Tsatsa</b>	<b>YES</b>			
	Khemise Engelina				
	Mahase Motlatso Vincent				
	Mtyantombi Makosonke Hendrik				
	Mkuzula Mhlabeni Petrus				
	Mphuthi Pinky Matlakala				
	Nyathi Mamokete Sophia				
	Mqokolo Zanele				
	Lelimo Noeleen Annah				
	Metula Ludidi Alexander				
	Motswahole Mamodala Elizabeth				
27	<b>Cllr MS Van Rooyen</b>	<b>YES</b>			
	Kabi Tshehlo Alfred				
	Dire Malefu Magriet				
	Saai Boy				
	Khosa Nosipho Desiree				



	Hlalele Zakaia Thabiso				
	Mokoma Nkululeko Azania				
	Makhathet Joy Donald				
	Duiker Maolehile Elisa				
	Mlangeni Nompi Mavis				
	Kabi Dineo Evelyn				
28	<b>Cllr T Mosia</b>	<b>YES</b>			
	Magwala Christopher Thabo				
	Naniso Florence Hlekotani				
	Radebe Matsiliso Margaret				
	Motaung Oupa Petrus				
	Letsolo Morena Edwin				
	Chabane Nelson Motlalentoa				
	Khumalo Bongani Ezra				
	Letsie Veronica Moleboheng				
	Jentu Danile				
	Fubu Moses Lumkile				
29	<b>Cllr DM Mafa</b>	<b>YES</b>			
	Mokhere Mokhali Joshua				
	Khohliso Thelma Thandeka				
	Nkone Ntebaleng				
	Menyatso Pontsho Priscilla				
	Thibeli Mantshesane Lydia				
	Morake Mahlomola Victor				
	Tsenyeho Teboho Alfred				
	Mtata Mokaimang Amos				
	Seloni Thabo Paulus				
	Nkatho Tlale Jacob				
30	<b>Cllr M Molefi</b>	<b>YES</b>			
	Soldati Noxolo Phyllis				
	Male Nozuko Princess				
	Ndiza Dumisani Sabata Gerald				
	Mogapi Sehalula Elizabeth				
	Nkambule Nonhlanhla Winnifrienda				
	Beje Thobeka Patricia				
	Potsane Refiloe Jacob				
	Ngamlani Vincent Themba				
	Maboea Hanyane Johan				
	Lekale Mothobi Paulus				
31	<b>Cllr HA Mokhomo</b>	<b>YES</b>			
	Semela Alfred Ramolo				
	Morake Lehlohonolo McDonald				
	Mohoje Mpho Given				
	Ndlazi Nosiphewe Silda				
	Ninzi Gcinikhaya Milton				
	Malebo Sehloho Nathnael				



	Nodunyelwa Mzwakhe			
	Kekana Pulane Julia			
	Ramatusa NS			
	Mokutu Mpoetsi Roseline			
32	<b>Cllr HCT Van Schalkwyk</b>	<b>YES</b>		
	Jaho Mbulelo Samson			
	Dithebe Selloane Elizabeth			
	Qakoshe Malekodi Sina			
	Mphale Thabiso Johannes			
	Chakalane Mapontsho Julia			
	Koto Matlapane Alleta			
	Van der Westhuizen Francina Carolina			
	Ntholeng Mosala Mathews			
	Goetsch Alan Victor			
	Matthysen Vernon Henry			
33	<b>Cllr C Malherbe</b>	<b>YES</b>		
	Mokhothu Pulane Annah			
	Tyaliti Vuyelwa			
	Rankali Michael Sello			
	Thulo Mosoeu Abram			
	Monosi Mkhethi			
	Mabine Ramanki Frans			
	Cronje Hendrik Jacobus			
	Hamer Johannes			
	Doig Dorothy Claudia			
34	<b>Cllr A Daly</b>	<b>YES</b>		
	Letaoana Lefu Zacharia			
	Sothoane Mmathota Rosina			
	Chwane Masetonki Miriam			
	Khosa Mitta			
	Sitshisa Zukiswa			
	Thakeli Mapuleng Anna			
	Temeki Manono			
	Brand Lettie			
	Badenhorst Lyndall			
	Janse Van Rensburg Werner			
35	<b>Cllr NR Manzana</b>	<b>YES</b>		
	Tshabalala Maseabata Wendy			
	Weymers Evodia Lerato			
	Tlhobo Modiehi Imorgan			
	Mafabatho Kelebogile Prudence			
	Ntsala Masimone Pacalina			
	Matumbu Bulelwa			
	Mabote Nteboheng Julia			
	Hlaole Ramosoeu Joel			
	Kayane Mamoipone Emily			



	Ncaphayi Mbulelo			
36	<b>Cllr MJ Khothule</b>	<b>YES</b>		
	Mabele Baby Beverly			
	Velebayi Mthandazo Isaac			
	Ramongalo Tsietsi Dirk			
	Seli Sello Abram			
	Kgopane Wilhemina Matseko			
	Xozwa Luzoko Gerald			
	Mokabo Molefi Lazarus			
	Mojaki Tshidinyana Lydia			
	Nchoba Dieketseng Judith			
	Rakgoale Mathapelo Yvonne			
	Mokati Maletsie			
				<b>T.E</b>



## APPENDIX F – WARD INFORMATION

WARD TITLE: WARD NAME (NUMBER)				
Capital Projects: Seven Largest in Year 0 (Full List at Appendix O)				
No.	Project Name and detail	Start Date	End Date	R' 000 Total Value
1				
2				
3				
4				
5				
6				
7				
8				
				TF.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
WW Civils And Constructors	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
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
Down Touch Inv	Fencing At Construction Site Kutlwanoeng	11-May-15	10-Apr-18	Infra	R 8 490 956.89
Amadwala Trading 363	Supply and delivery of Road Patching Material	Aug-16	Jul-19	Infra	Per rates
Tendiwanga JV Simphonya	Melodring Construction of 2km paved roads and stormwater drain	07/04/2017	15/12/2017	Infra	17 375 336.00
Kgotha Contractors	Nyakallong Construction of Stormwater System Phase 1	08/03/2017	30/11/2017	Infra	11 402 923.00
Don't Touch Investments	Construction of Dr Mgoma road in Thabong	13-Mar-17	30-Jul-17	Infra	10 446 572.00

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**APPENDIX K.1 – REVENUE COLLECTION PERFORMANCE BY VOTE**

REVENUE COLLECTION PERFORMANCE BY VOTE						
Vote Description	Year -1	Current: Year 0		Year 0 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Council General	512 905	462 031	618 247	406 776	-12%	-34%
Office of the Executive Mayor						
Office of the Speaker						
Office of the Municipal Manager	121 104					
Corporate Services						
Finance	229 163	538 727	537 727	549 644	2%	2%
Human Resource						
Community Services	103 400	83 979	83 979	106 528	27%	27%
Public Safety and transport	7 192	20 072	20 072	3 398	-83%	-83%
Economic Development	5 951					
Engineering services	–	217 216	61 000	165 216	-24%	171%
Water/ Sewerage	349 341	490 824	490 824	539 530	10%	10%
Electricity	800 768	637 540	637 540	555 429	-13%	-13%
Housing	46 988	30 000	30 000	16 035	-47%	-47%
<b>Total Revenue by Vote</b>	<b>2 176 811</b>	<b>2 480 389</b>	<b>2 480 389</b>	<b>2 332 557</b>	<b>-6%</b>	<b>-6%</b>

**TK.1**



**APPENDIX K.2 – REVENUE COLLECTION PERFORMANCE BY SOURCE**

Description	REVENUE COLLECTION PERFORMANCE BY SOURCE					
	Year -1		Year 0		Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	201 665	279 252	279 252	292 762	5%	5%
Property rates - penalties & collection charges						
Service Charges - electricity revenue	790 989	627 540	627 540	555 429	-11%	-11%
Service Charges - water revenue	217 346	343 077	343 077	368 245	7%	7%
Service Charges - sanitation revenue	128 861	147 748	147 748	171 285	16%	16%
Service Charges - refuse revenue	72 517	83 979	83 979	106 528	27%	27%
Service Charges - other						
Rentals of facilities and equipment	11 469	30 000	20 000	16 035	-46%	-20%
Interest earned - external investments		3 456	3 456	1 359	-61%	-61%
Interest earned - outstanding debtors	121 104	128 855	128 855	173 993	35%	35%
Dividends received	18	19	19	-	-100%	-100%
Fines	4 374	20 000	20 000	3 280	-84%	-84%
Licences and permits	42	72	72	119	65%	65%
Agency services	11 230	25 000	-	11 509	-54%	-100%
Transfers recognised - operational	389 542	406 776	406 776	396 776	-2%	-2%
Other revenue	84 291	178 400	213 400	70 020	-61%	-67%
Gains on disposal of PPE	20 000	50 000	50 000	-	-100%	-100%
Environmental Protection						
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>2 324 173</b>	<b>2 324 173</b>	<b>2 167 341</b>	<b>-7%</b>	<b>-7%</b>
<b>TK.2</b>						



APPENDIX L – CONDITIONAL GRANTS: EXCLUDING MIG

Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Water Services Infrastructure Grant	30 000	30 000	24 000	0	0	0
Integrated National Electrification Grant	5 000	5 000	5 000	0	0	0
<i>Other Specify:</i>	0	0	0	0	0	0
<b>Total</b>	<b>35 000</b>	<b>35 000</b>	<b>29 000</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* 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**

<b>CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME*</b>						
<b>Description</b>	<b>Year -1</b>	<b>Year 0</b>		<b>Planned Capital expenditure</b>		
	<b>Actual</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual Expenditure</b>	<b>FY + 1</b>	<b>FY + 2</b>
<b>Capital expenditure by Asset Class</b>						
<b>Infrastructure - Total</b>	<b>48 095</b>	<b>105 763</b>	<b>105 763</b>	<b>36 530</b>		
<b>Infrastructure: Road transport - Total</b>	15 256	29 186	29 186	33 060		
<i>Roads, Pavements &amp; Bridges</i>	2 499	29 186	29 186	33 060		
<i>Storm water</i>	12 757					
<b>Infrastructure: Electricity - Total</b>	2 240	5 445	5 445	2 369		
<i>Generation</i>	0					
<i>Transmission &amp; Reticulation</i>	1 800	5 000	5 000	2 369		
<i>Street Lighting</i>	440	445	445			
<b>Infrastructure: Water - Total</b>	40	64 620	64 620	1 101		
<i>Dams &amp; Reservoirs</i>						
<i>Water purification</i>						
<i>Reticulation</i>	40	64 620	64 620	1 101		
<b>Infrastructure: Sanitation - Total</b>	22 829					
<i>Reticulation</i>						
<i>Sewerage purification</i>	22 829					
<b>Infrastructure: Other - Total</b>	7 730	6 513	6 513			
<i>Waste Management</i>						
<i>Transportation</i>						
<i>Gas</i>						
<i>Other</i>	7 730	6 513	6 513			
<b>Community - Total</b>	<b>24 029</b>	<b>5 639</b>	<b>5 639</b>	<b>36 101</b>		
<i>Other</i>	24 029	5 639	5 639	36 101		

*Table continued next page*



Table continued from previous page

CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME*							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Heritage assets - Total</b>	0						
Buildings							
Other							
<b>Investment properties - Total</b>	0						
Housing development							
Other							
<b>Other assets</b>	0						
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							
<b>Agricultural assets</b>	0						
List sub-class							
<b>Biological assets</b>	0						
List sub-class							
<b>Intangibles</b>	0						
Computers - software & programming							
Other (list sub-class)							
<b>Total Capital Expenditure on new assets</b>	0						
<b>Specialised vehicles</b>	0						
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*							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	<b>16 677</b>				<b>117 280</b>	<b>79 639</b>	<b>82 655</b>
<b>Infrastructure: Road transport -Total</b>	<b>1 852</b>				<b>13 159</b>	<b>13 883</b>	<b>14 646</b>
Roads, Pavements & Bridges					12 189	12 859	13 566
Storm water					970	1 024	1 080
<b>Infrastructure: Electricity – Total</b>	<b>0</b>				<b>12 912</b>	<b>10 752</b>	<b>9 641</b>
Generation							
Transmission & Reticulation					12 912	10 752	9 641
Street Lighting							
<b>Infrastructure: Sanitation - Total</b>	<b>7 912</b>	<b>49 814</b>	<b>49 814</b>	<b>81 432</b>	<b>41 178</b>	<b>43 442</b>	<b>45 832</b>
Reticulation							
Sewerage purification					41 178	43 442	45 832
<b>Infrastructure: Water - Total</b>	<b>6 913</b>				<b>44 202</b>	<b>7 744</b>	<b>8 171</b>
Dams & Reservoirs					44 202	7 744	8 171
Water purification							
Reticulation							
Other							
<b>Infrastructure: Other - Total</b>	<b>23 705</b>				<b>5 829</b>	<b>3 818</b>	<b>4 365</b>
Waste Management							
Transportation							
Other							
<b>Heritage assets</b>	<b>0</b>						
Buildings							
Other							

Table continued next page



Table continued from previous page

CAPITAL EXPENDITURE - UPGRADE/RENEWAL PROGRAMME*							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Investment properties</b>	<b>0</b>						
Housing development							
Other							
<b>Other assets</b>	<b>7 125</b>						
Other	7 125						
<b>Agricultural assets</b>	<b>0</b>						
Computers - software & programming							
Other ( <i>list sub-class</i> )							
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>56 560</b>	<b>49 814</b>	<b>49 814</b>	<b>81 432</b>	<b>163 406</b>	<b>126 750</b>	<b>132 355</b>
<b>Specialised vehicles</b>	<b>0</b>						
Refuse							
Fire							
Conservancy							
Ambulances							

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

**TM.2**



**APPENDIX N – CAPITAL PROJECT BY PROGRAMME YEAR 0**

<b>CAPITAL PROGRAMME BY PROJECT: YEAR 0</b>					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	R' 000 Variance (Act - OB) %
<b>CEMETERIES</b>					
Kutwanong: Creation and Upgrading of Cemeteries	45	45	42	-7%	-7%
Melodong: Creation and Upgrading of Cemeteries	45	45	45	-	-
Phomolong: Creation and Upgrading of Cemeteries	45	45	43	-4%	-4%
Virginia: Creation and Upgrading of Cemeteries	45	45	41	-9%	-9%
Bronville: Creation and Upgrading of Cemeteries	45	45	21	-53%	-53%
Mmamahabane: Creation and Upgrading of Cemeteries	2 300	2 300	2 961	-29%	-29%
<b>ROADS AND STORMWATER</b>					
Nyakallong: Construction of storm water system – phase 1	6 220	6 220	9 453	52%	52%
Thabong: Construction of 1.26km paved streets and storm water channel in Themba, Lonerly and Boyd (Old Thabong)	448	448	218	-51%	-51%
Thabong: Construction of 1.54km paved streets and storm water channel in Thokoza, Hlahala and Thuhlwane	507	507	1 220	141%	141%
Construction of Dr Mgoma road in Thabong	2 236	2 236	4 274	91%	91%
Melodong: Construction of roads, sidewalks & stormwater	11 436	11 436	10 962	-4%	-4%
Thabong: Upgrading of 1,5km gravel road to concrete paving blocks	8 338	8 338	6 243	-25%	-25%
<b>WASTE WATER</b>					
Nyakalong:WWTP Upgrade	8 882	8 882	13 135	48%	48%
Matjhabeng: Upgrading of 7 electrical panels at sewer pump stations	50	50	-	-100%	-100%
Whites: Septic Tank System	416	416	-	-100%	-100%
Virginia: WWTP Sludge Management	11 899	11 899	24 389	105%	105%
Welkom (Thabong) T16: Construction Waterborne Sanitation for 1300 Stands	205	205	1 452	608%	608%
Mmamahabane service 54 stands, build toilet structures and connect to existing network.	20	20	194	870%	870%



Upgrading of Mmamahabane WWTW	8 692	8 692	13 898	60%	60%
Kutlwanong: Upgrading of Outfall sewer	4 250	4 250	1 754	-59%	-59%
Upgrade and refurbish T8 pump station to address new developments.	5 000	5 000	4 347	-13%	-13%
Upgrade of Kutlwanong WWTW Phase 2 to accommodate the new 3000 Stands	6 400	6 400	1 411	-78%	-78%
Upgrading of Phomolong Pumpstation	4 000	4 000	13 367	234%	234%
Refurbishment of Theronia WWTW and Purified Effluent System	30 000	30 000	4 971	-83%	-83%
<b>WATER</b>					
Thabong: Installation of Zonal Water meters & Valves	3 481	3 481	-	-100%	-100%
Allanridge replacement of old galvanized steel	257	257	-	-100%	-100%
Thabong X20 (Hani Park): Extension of network, house connections and meters (180 stands)	882	882	-	-100%	-100%
Upgrade and Create New Sports and Recreational Facilities Phase 3 Thabong Stadium, Zuka Baloi Stadium & Kopano Indoor Centre	856	856	5 293	518%	518%
Meloding: Upgrading of Indoor Sports Complex	997	997	13 955	1300%	1300%
Thabong: Upgrading of the far east hall indoor sports and recreational facility	14 301	14 301	2 061	-86%	-86%
<b>LOCAL ECONOMIC DEVELOPMENT AND TAXI RANKS</b>					
Welkom: Upgrading & Provision of New Facilities for Streets Traders	78	78	78	-	-
Welkom: Industrial park SMME Zone Fencing/ Paving & Shelter	801	801	-	-100%	-100%
Welkom Regional Taxi Centres	2 236	2 236	604	-73%	-73%
<b>SOLID WASTE MANAGEMENT</b>					
Upgrading of Welkom Landfill Site	3 288	3 288	1 681	-49%	-49%
<b>ELECTRICITY</b>					
Matjhabeng High Mast Lights installation at Bronville and Meloding	445	445		-100%	-100%
Upgrading of Urania 132kV 20MVA Sub-Station	5 000	5 000	631	-87%	-87%
<b>PMU</b>					
PMU	6 061	6 061	10 960	81%	81%
<b>COUNIL</b>					
Municipal Buildings	3 510	3 510	920	-74%	-74%
Office Furniture and Equipment	2 500	2 500	1 553	-38%	-38%
Fleet and Equipment	20 000	20 000	30	-100%	-100%



Information Communication Technology	5 000	5 000	540	-89%	-89%
<b>TOTAL</b>	<b>181 216</b>	<b>181 216</b>	<b>157 109</b>	<b>-13%</b>	<b>-13%</b>
				<b>T. N</b>	

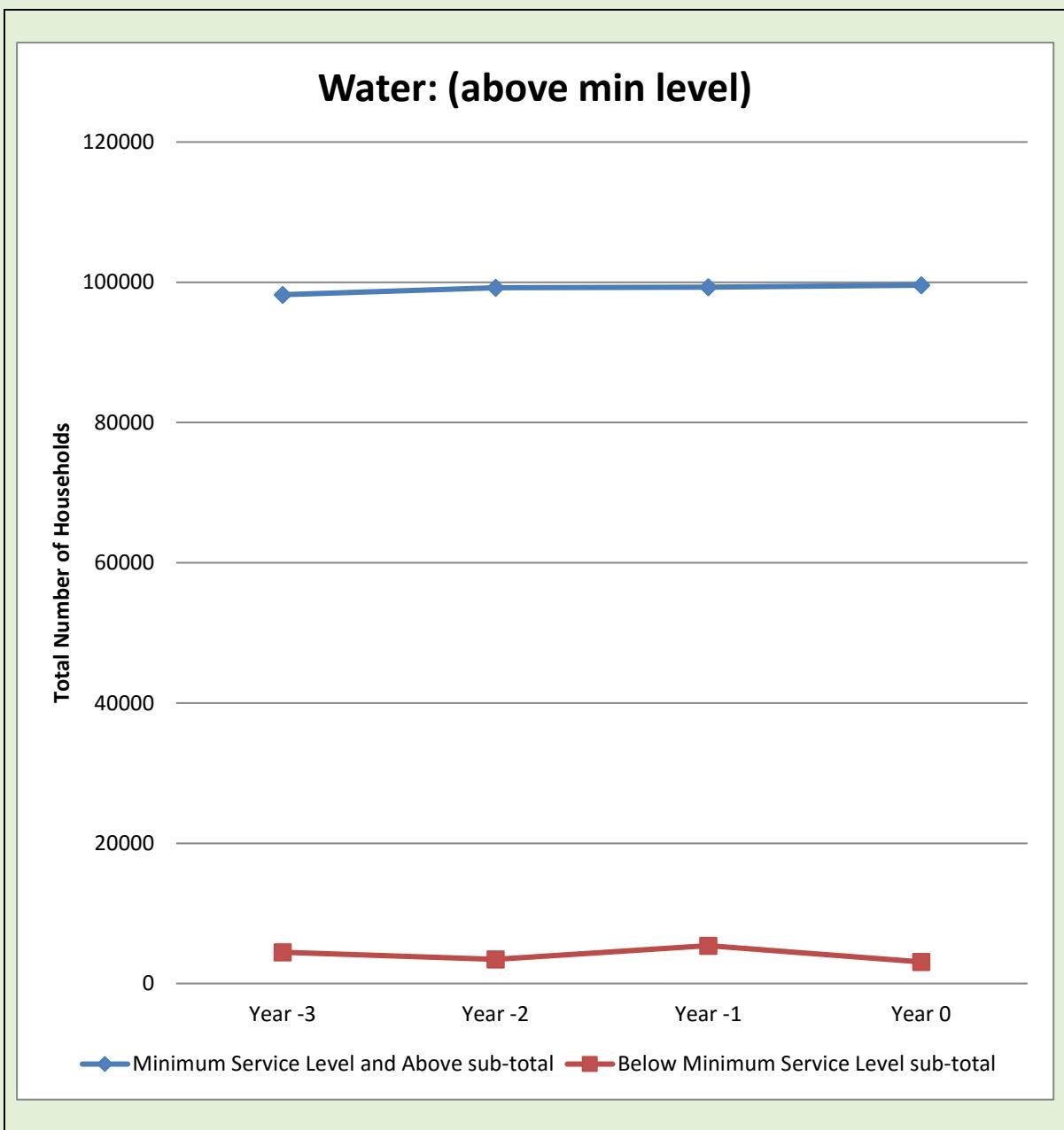


## APPENDIX A10 -2 – SERVICES

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

HOUSEHOLDS - WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM				
Description	Year -3	Year -2	Year -1	Year 0
Household	Outcome	Outcome	Outcome	Actual
<b>Formal Settlements</b>				
Total households	100 000	100 000	100 000	93 951
Households below minimum service level	25 000	25 000	25 000	9 626
Proportion of households below minimum service level	25%	25%	25%	10%
<b>Informal Settlements</b>				
Total households	100 000	100 000	100 000	26 043
Households below minimum service level	25 000	25 000	25 000	4 850
Proportion of households below minimum service level	25%	25%	25%	19%

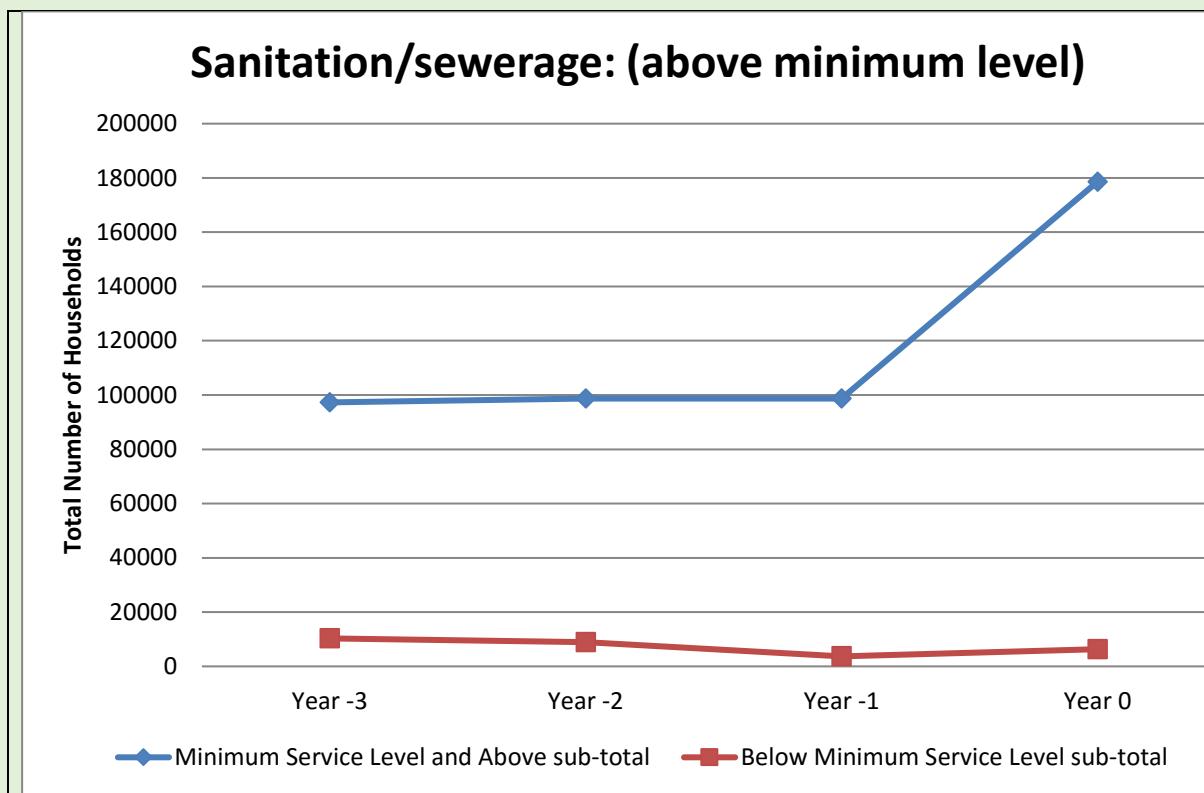




Description	SANITATION SERVICE DELIVERY LEVELS					
	*Households					
	Year -3 Outcome No.	Year -2 Outcome No.	Year -1 Outcome No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b><u>Sanitation/sewerage: (above minimum level)</u></b>						
Flush toilet (connected to sewerage)	95 708	97 135	97 135	103 172	103 172	149
Flush toilet (with septic tank)	956	956	956	178	178	948
Chemical toilet	111	111	111	0	0	956
Pit toilet (ventilated)	512	512	512	244	244	111
Other toilet provisions (above min. service level)	0	0	0	8 922	8 922	27 581
<i>Minimum Service Level and Above sub-total</i>	<i>97 287</i>	<i>98 714</i>	<i>98 714</i>	<i>112 516</i>	<i>112 516</i>	<i>178</i>
<i>Minimum Service Level and Above Percentage</i>	<i>90,4%</i>	<i>91,8%</i>	<i>96,4%</i>	<i>86,6%</i>	<i>86,6%</i>	<i>596</i>
<b><u>Sanitation/sewerage: (below minimum level)</u></b>						
Bucket toilet	5 195	5 195	0	14 600	14 600	0
Other toilet provisions (below min. service level)	2 170	743	0	0	0	0
No toilet provisions	2 930	2 930	3 680	2 792	2 792	6297
<i>Below Minimum Service Level sub-total</i>	<i>10 295</i>	<i>8 868</i>	<i>3 680</i>	<i>17 392</i>	<i>17 392</i>	<i>6297</i>
<i>Below Minimum Service Level Percentage</i>	<i>9,6%</i>	<i>8,2%</i>	<i>3,6%</i>	<i>13,4</i>	<i>13,4</i>	<i>3,4%</i>
<b>Total households</b>	<b>107 582</b>	<b>107 582</b>	<b>102 394</b>	<b>129 908</b>	<b>129 908</b>	<b>184 893</b>

HOUSEHOLDS – SANITATION SERVICE DELIVERY LEVELS BELOW THE MINIMUM				
Description	Year -3	Year -2	Year -1	Year 0
	Outcome	Outcome	Outcome	Outcome
<b>Formal Settlements</b>				
Total households	107 582	98 714	98 714	184 893
Households below minimum service level	10 725	8 868	3 680	6 297
Proportion of households below minimum service level	10%	9%	4%	3%
<b>Informal Settlements</b>				
Total households	4 467	4 467	6 150	4 105
Households below minimum service level	4 313	4 313	6 150	3 013
Proportion of households below minimum service level	97%	97%	100%	73%

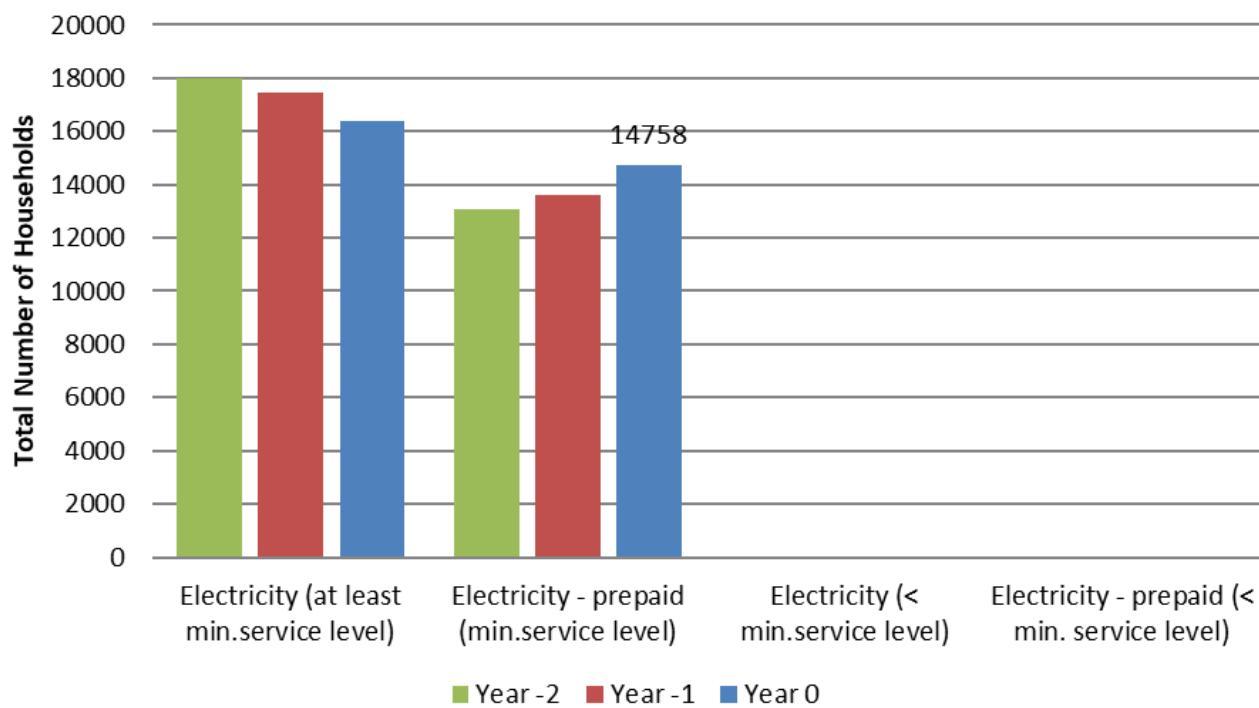




ELECTRICITY SERVICE DELIVERY LEVELS				
Description	Households			
	Year -3	Year -2	Year -1	Year 0
	Actual	Actual	Actual	Actual
<i>Energy: (above minimum level)</i>				
Electricity (at least min. service level)	17 915	17 984	17 463	16 368
Electricity - prepaid (min. service level)	12 500	13 076	13 624	14 758
<i>Minimum Service Level and Above sub-total</i>	30 415	31 060	31 087	31 126
<i>Minimum Service Level and Above Percentage</i>	98%	97%	97%	97%
<i>Energy: (below minimum level)</i>				
Electricity (< min. service level)	0	0	0	0
Electricity - prepaid (< min. service level)	0	0	0	0
Other energy sources	584	872	931	924
<i>Below Minimum Service Level sub-total</i>	584	872	931	924
<i>Below Minimum Service Level Percentage</i>	2%	3%	3%	3%
<b>Total number of households</b>				
	<b>30 999</b>	<b>31 932</b>	<b>32 018</b>	<b>32 050</b>

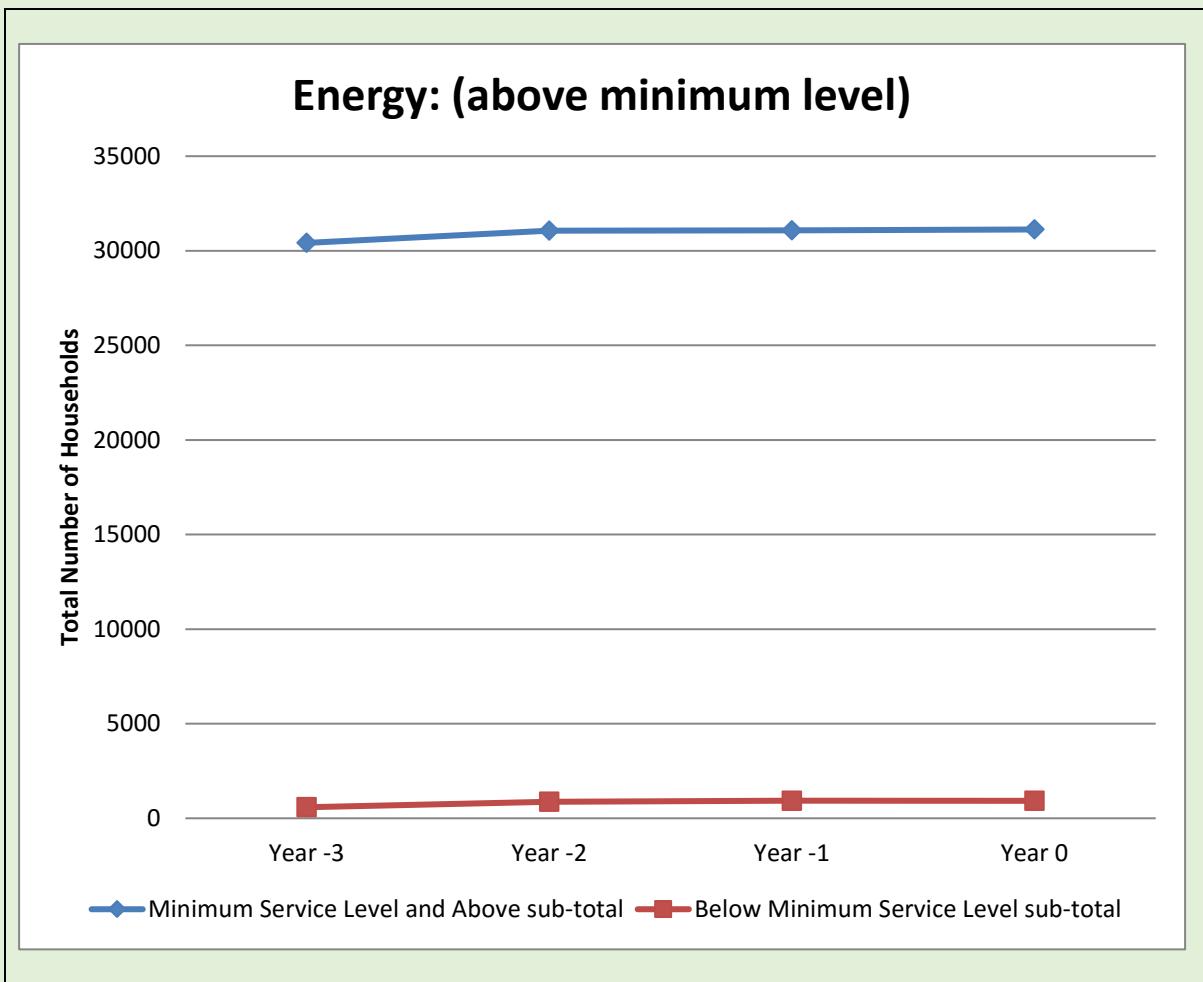


## Electricity



HOUSEHOLDS - ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
Description						Households
	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
Total households	31 303	31 021	31 959	31 126	31 126	31 126
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
<b>Informal Settlements</b>						
Total households	285	285	931	924	924	924
Households below minimum service level	0	0	931	924	924	924
Proportion of households below minimum service level	0%	0%	100%	100%	100%	100%

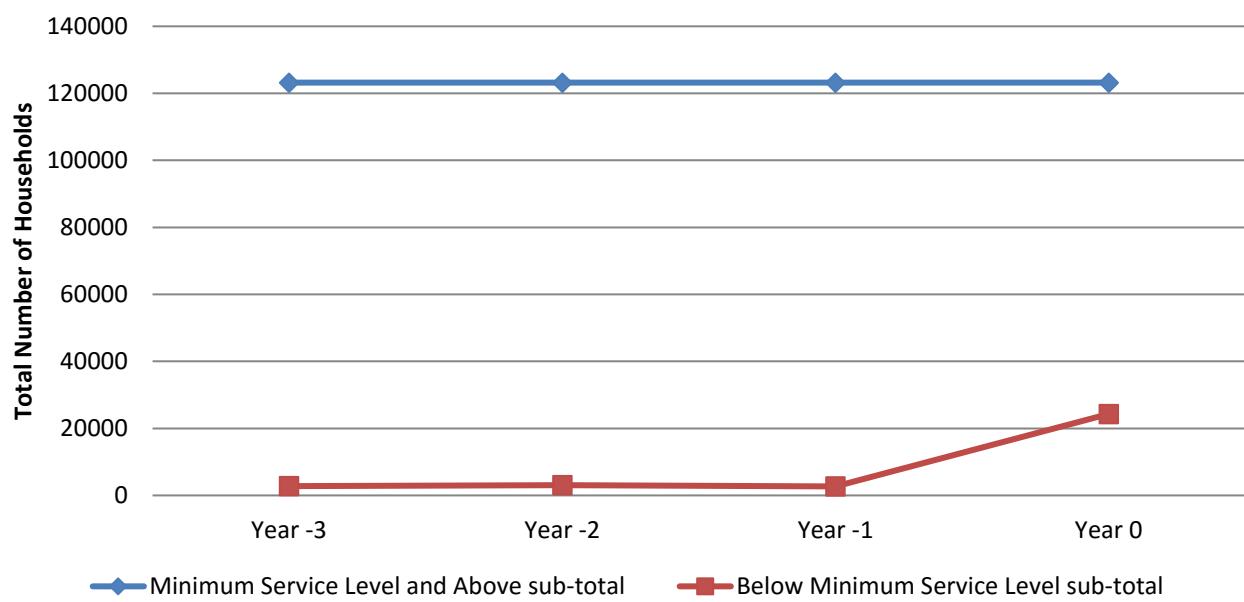




REFUSE REMOVAL SERVICE DELIVERY LEVELS				
Description	Year -3	Year -2	Year -1	Year 0
	Outcome	Outcome	Outcome	Actual
<b>Household</b>				
<b>Refuse Removal: (Minimum level)</b>				
Removed at least once a week	123 195	123 195	123 195	123 195
<i>Minimum Service Level and Above sub-total</i>	123 195	123 195	123 195	123 195
<i>Minimum Service Level and Above percentage</i>	98%	98%	98%	84%
<b>Refuse Removal: (Below minimum level)</b>				
Removed less frequently than once a week	655	547	565	19980
Using communal refuse dump	865	846	487	20
Using own refuse dump	655	547	565	4000
Other rubbish disposal	502	952	938	300
No rubbish disposal	112	123	124	0
<i>Below Minimum Service Level sub-total</i>	2 790	3 015	2 678	24 300
<i>Below Minimum Service Level percentage</i>	2%	2%	2%	16%
<b>Total number of households*</b>	<b>5 685</b>	<b>5 699</b>	<b>5 523</b>	<b>147 495</b>
REFUSE REMOVAL SERVICE DELIVERY LEVELS				
Description	Year -3	Year -2	Year -1	Year 0
	Outcome	Outcome	Outcome	Actual
<b>Household</b>				
<b>Refuse Removal: (Minimum level)</b>				
Removed at least once a week	123 195	123 195	123 195	123 195
<i>Minimum Service Level and Above sub-total</i>	123 195	123 195	123 195	123 195
<i>Minimum Service Level and Above percentage</i>	98%	98%	98%	84%
<b>Refuse Removal: (Below minimum level)</b>				
Removed less frequently than once a week	655	547	565	19980
Using communal refuse dump	865	846	487	20
Using own refuse dump	655	547	565	4000
Other rubbish disposal	502	952	938	300
No rubbish disposal	112	123	124	0
<i>Below Minimum Service Level sub-total</i>	2 790	3 015	2 678	24 300
<i>Below Minimum Service Level percentage</i>	2%	2%	2%	16%
<b>Total number of households*</b>	<b>5 685</b>	<b>5 699</b>	<b>5 523</b>	<b>147 495</b>



## Refuse Removal: (Minimum level)



**VOLUME IV ANNUAL FINANCIAL STATEMENTS (AFS)**



Matjhabeng Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2018

Draft



## **Matjhabeng Local Municipality**

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### **General Information**

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**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 on the demarcated map published for FS184.

**Executive Mayor**

Members of the Mayoral Committee

Speelman NW

Speelman - Executive Major

Direko DR - Spatial planning and land use management.

Kabi M - Policy and planning

Khalipha TD - Human Settlement

Lushaba TB - Community Services

Manase SD - Finance

Mawela VE - Corporate Services

Morris VR - Public Safety

Radebe MC - Local Economic Development

Radebe ML - Intergrated Development Planning

Tshopo ME - Technical Services / Infrastructure

Badenhost MJM

Badenhost HS

Botha PF

Chaka MS

Claasen Malherbe C

Daly A

Jacobs EJ

Khetsi LE

Khethule MJ

Letlhake TW

Liphoko SJ

Macingwane TM

Mafa D

Mafaisa MG

Mahlumba BH

Manenye AJ

Manzana NR

Marais JS

Masienyane MD (MPAC Chair)

Masina XN

Meli TS

Moipatle KV

Mokhomo HA

Molefi M

Molelekoa PMI

Mojola NJ

Monjovo NE

Moshoeu ZS

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## **Matjhabeng Local Municipality**

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### **General Information**

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Mosia TJ  
Mphikeleli MA  
Mthebere NA  
Nkonka TD  
Ngeobo ME  
Nthako TD  
Ntsebeng MH  
Ntuli BN  
Phofeli NM  
Pholo SJ  
Poo IP  
Presente LN  
Rakaki MM  
Ramabobu BM  
Ramalefane SJ  
Ramatisa PT  
Sebotsa MM  
Senxeni ME (Resigned: 16 May 2018)  
Sephiri MJ  
Sethole MA  
Stofile B (Speaker)  
Styger A  
Taljaard SMD  
Theligoane TJ  
Thelingoane NE  
Tlake KR  
Tsatsa SJ  
Tshabangu SE  
Tsoaeli MS (Resigned: 26 February 2018)  
Tsupa MR (Deceased: 17 February 2018)  
Van Rooyen MS  
Van Schalkwyk HCT

**Grading of local authority** Local High Capacity Municipality (Grade 5)

**Chief Finance Officer (CFO)** Panyani T

**Accounting Officer** Tsoaeli T

**Registered office** Civic Centre  
319 Stateway  
Welkom  
Free State  
9460

**Postal address** P O Box 708  
Welkom  
Free State  
9460

**Bankers** ABSA Bank Limited

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## **Matjhabeng Local Municipality**

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### **General Information**

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#### **Attorneys**

A full list of attorneys used during the year is available at the municipal offices.

#### **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.co.za](http://www.matjhabeng.co.za)

Draft

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## **Matjhabeng Local Municipality**

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### **Index**

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

	<b>Page</b>
Accounting officer's Responsibilities and Approval	5
Accounting officer's Report	6
Statement of Financial Position	7
Statement of Financial Performance	8
Statement of Changes in Net Assets	9
Cash Flow Statement	10
Statement of Comparison of Budget and Actual Amounts	11 - 15
Accounting Policies	16 - 39
Notes to the Annual Financial Statements	40 - 90

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

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## **Matjhabeng Local Municipality**

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### **Accounting officer's Responsibilities and Approval**

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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 annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual 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 annual financial statements and was given unrestricted access to all financial records and related data.

The annual 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 annual 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 places 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 annual 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 2019 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 annual financial statements set out on pages 6 to 90, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2018.

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**Tsoaeli T  
Municipal Manager**

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## **Matjhabeng Local Municipality**

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### **Accounting officer's Report**

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The accounting officer submits his report for the year ended 30 June 2018.

#### **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 annual 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 2018, the municipality had an accumulated surplus (deficit) of 1,601,697,834 and that the municipality's total liabilities exceed its assets by 1,601,697,834.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent 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**

During a council meeting held ????(2017: 31 August 2017) council resolved to write off the following amounts in respect of Irregular expenditure and Fruitless and wasteful expenditure as follows:

Council certified an amount of (2017: R413 701 258.00) incurred during the financial year as irrecoverable and to be written off as irregular expenditure.

Council certified an amount of (2017: R157 128 450) incurred during the financial year as irrecoverable and to be written off as fruitless and wasteful expenditure.

#### **4. Accounting Officer**

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

Surname and initials  
Tsoaeli T

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## Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	9	9,980,776	6,727,272
Other receivables	10	23,097,912	22,594,263
Receivables from non-exchange transactions	11	124,233,821	123,606,074
VAT receivable	12	463,871,319	404,250,075
Receivables from exchange transactions	13	720,984,212	628,351,286
Cash and cash equivalents	14	25,850	2,768,694
		<b>1,342,193,890</b>	<b>1,188,297,664</b>
<b>Non-Current Assets</b>			
Investment property	2	943,569,451	943,569,451
Property, plant and equipment	3	4,469,211,633	4,474,627,747
Heritage assets	4	7,104,349	7,104,349
Other financial assets	5	299,957	332,598
Receivables from non exchange transaction (non current)	7	21,334	27,871
Receivables from exchange transaction (non current)	8	225,695	276,196
		<b>5,420,432,419</b>	<b>5,425,938,212</b>
<b>Total Assets</b>		<b>6,762,626,309</b>	<b>6,614,235,876</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Bank overdraft	14	19,785,479	7,644,182
Unspent conditional grants and receipts	15	23,305,342	-
Payables from exchange transactions	17	4,580,798,604	3,753,085,016
Consumer deposits	18	39,131,537	38,320,875
Employee benefit obligation	6	13,380,800	12,535,673
		<b>4,676,401,762</b>	<b>3,811,585,746</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	6	432,083,743	437,313,953
Provisions	16	52,442,967	50,390,727
		<b>484,526,710</b>	<b>487,704,680</b>
<b>Total Liabilities</b>		<b>5,160,928,472</b>	<b>4,299,290,426</b>
<b>Net Assets</b>			
Accumulated surplus		<b>1,601,697,837</b>	<b>2,314,945,450</b>
		1,601,697,834	2,314,945,450

\* See Note 42



## Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	19	1,097,788,518	1,055,961,258
Rental of facilities and equipment	20	12,132,862	12,969,471
Commissions received	21	10,479,040	11,118,362
Other income	22	26,619,660	20,474,250
Interest received	23	181,805,444	154,335,991
Dividends received	23	17,952	14,033
Licences and permits		-	79,752
<b>Total revenue from exchange transactions</b>		<b>1,328,843,476</b>	<b>1,254,953,117</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	24	298,917,135	279,795,592
<b>Transfer revenue</b>			
Government grants & subsidies	25	541,199,099	505,354,800
Donations received	26	-	209,300,121
Fines		366,518	5,040,953
<b>Total revenue from non-exchange transactions</b>		<b>840,482,752</b>	<b>999,491,466</b>
<b>Total revenue</b>		<b>2,169,326,228</b>	<b>2,254,444,583</b>
<b>Expenditure</b>			
Employee related costs	27	(676,691,267)	(654,633,722)
Remuneration of councillors	28	(31,500,573)	(28,791,000)
Depreciation and amortisation	29	(9,583,580)	(210,591,424)
Debt Impairment	31	(524,615,299)	(492,051,500)
Finance costs	30	(206,013,450)	(225,560,705)
Bulk purchases	32	(954,323,854)	(893,422,074)
Contracted services	33	(159,969,387)	(167,483,478)
General Expenses	34	(382,849,236)	(280,020,597)
<b>Total expenditure</b>		<b>(2,945,546,646)</b>	<b>(2,952,554,500)</b>
<b>Operating deficit</b>			
Actuarial gain / (loss) on employee benefits		<b>(776,220,418)</b>	<b>(698,109,917)</b>
Fair value adjustments	35	63,005,439	6,265,561
		(32,642)	1,608
<b>Deficit for the year</b>		<b>62,972,797</b>	<b>6,267,169</b>
		<b>(713,247,621)</b>	<b>(691,842,748)</b>

\* See Note 42



## **Matjhabeng Local Municipality**

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### **Statement of Changes in Net Assets**

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 01 July 2016</b>	<b>3,006,788,198</b>	<b>3,006,788,198</b>
Changes in net assets		
Surplus for the year	(691,842,748)	(691,842,748)
Total changes	(691,842,748)	(691,842,748)
<b>Restated* Balance at 01 July 2017</b>	<b>2,314,945,455</b>	<b>2,314,945,455</b>
Changes in net assets		
Surplus for the year	(713,247,621)	(713,247,621)
Total changes	(713,247,621)	(713,247,621)
<b>Balance at 30 June 2018</b>	<b>1,601,697,834</b>	<b>1,601,697,834</b>

Note(s)

Draft

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\* See Note 42





## Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### Cash Flow Statement

Figures in Rand

Note(s)	2018	2017 Restated*
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#### Cash flows from operating activities

##### Receipts

Sale of goods and services	-	1,110,657,899
Grants	-	504,350,504
Interest income	181,805,444	2,207,220
Dividends received	17,952	14,033
Other receipts	-	54,147,559
	<b>181,823,396</b>	<b>1,671,377,215</b>

##### Payments

Employee costs	-	(650,570,382)
Suppliers	-	(863,645,013)
Finance costs	(206,013,450)	(260,194)
	<b>(206,013,450)</b>	<b>(1,514,475,589)</b>
	<b>13,416,334</b>	<b>-</b>
	<b>(10,773,720)</b>	<b>156,901,626</b>

#### Undefined difference compared to the cash generated from operations note

#### Net cash flows from operating activities

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#### Cash flows from investing activities

Purchase of property, plant and equipment	3	(548,800)	(159,530,453)
Proceeds from sale of property, plant and equipment	3	265,626	-
Proceeds from sale of financial assets		(1)	-
Proceeds from sale of receivables from non exchange transaction (non current)		6,537	-
Proceeds from sale of receivables from exchange transaction (non current)		50,501	-
		<b>(226,137)</b>	<b>(159,530,453)</b>

#### Net cash flows from investing activities

#### Cash flows from financing activities

Movement in other liability 1		-	(11,163,507)
		<b>(10,999,857)</b>	<b>(13,792,334)</b>
Cash and cash equivalents at the beginning of the year		(4,875,488)	8,916,845
<b>Cash and cash equivalents at the end of the year</b>	<b>14</b>	<b>(15,875,345)</b>	<b>(4,875,489)</b>

\* See Note 42

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## Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	1,202,344,000	-	<b>1,202,344,000</b>	1,097,788,518	<b>(104,555,482)</b>	
Rental of facilities and equipment	30,000,000	(10,000,000)	<b>20,000,000</b>	12,132,862	<b>(7,867,138)</b>	
Interest received (trading)	128,855,000	-	<b>128,855,000</b>	177,971,191	<b>49,116,191</b>	
Licences and permits	72,000	-	<b>72,000</b>	-	<b>(72,000)</b>	
Commissions received	25,000,000	-	<b>25,000,000</b>	10,479,040	<b>(14,520,960)</b>	
Other income	178,400,000	35,000,000	<b>213,400,000</b>	26,619,660	<b>(186,780,340)</b>	
Interest received - investment	3,456,000	-	<b>3,456,000</b>	1,516,387	<b>(1,939,613)</b>	
Dividends received	19,000	-	<b>19,000</b>	17,952	<b>(1,048)</b>	
<b>Total revenue from exchange transactions</b>	<b>1,568,146,000</b>	<b>25,000,000</b>	<b>1,593,146,000</b>	<b>1,326,525,610</b>	<b>(266,620,390)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	279,252,000	-	<b>279,252,000</b>	298,917,135	<b>19,665,135</b>	
<b>Transfer revenue</b>						
Government grants & subsidies	562,992,000	-	<b>562,992,000</b>	541,199,099	<b>(21,792,901)</b>	
Fines	20,000,000	-	<b>20,000,000</b>	366,518	<b>(19,633,482)</b>	
<b>Total revenue from non-exchange transactions</b>	<b>862,244,000</b>	-	<b>862,244,000</b>	<b>840,482,752</b>	<b>(21,761,248)</b>	
<b>Total revenue</b>	<b>2,430,390,000</b>	<b>25,000,000</b>	<b>2,455,390,000</b>	<b>2,167,008,362</b>	<b>(288,381,638)</b>	
<b>Expenditure</b>						
Employee related cost	(678,372,000)	-	<b>(678,372,000)</b>	(676,691,267)	<b>1,680,733</b>	
Remuneration of councillors	(28,539,000)	-	<b>(28,539,000)</b>	(31,500,573)	<b>(2,961,573)</b>	
Depreciation and amortisation	(87,000,000)	-	<b>(87,000,000)</b>	(9,583,580)	<b>77,416,420</b>	
Finance costs	(112,763,000)	(14,364,000)	<b>(127,127,000)</b>	(206,013,450)	<b>(78,886,450)</b>	
Debt Impairment	(135,000,000)	-	<b>(135,000,000)</b>	(524,615,299)	<b>(389,615,299)</b>	
Bulk purchases	(851,493,000)	-	<b>(851,493,000)</b>	(954,323,854)	<b>(102,830,854)</b>	
Contracted Services	(68,495,000)	(150,367,000)	<b>(218,862,000)</b>	(159,969,387)	<b>58,892,613</b>	
General Expenses	(361,159,000)	164,731,000	<b>(196,428,000)</b>	(382,849,236)	<b>(186,421,236)</b>	
<b>Total expenditure</b>	<b>(2,322,821,000)</b>	-	<b>(2,322,821,000)</b>	<b>(2,945,546,646)</b>	<b>(622,725,646)</b>	
<b>Operating deficit</b>	<b>107,569,000</b>	<b>25,000,000</b>	<b>132,569,000</b>	<b>(778,538,284)</b>	<b>(911,107,284)</b>	
Gain on disposal of assets and liabilities	50,000,000	-	<b>50,000,000</b>	-	<b>(50,000,000)</b>	
Actuarial gains / Loss) on employee benefits	-	-	-	63,005,439	<b>63,005,439</b>	
Fair value adjustments	-	-	-	(32,642)	<b>(32,642)</b>	
<b>Deficit before taxation</b>	<b>50,000,000</b>	-	<b>50,000,000</b>	<b>62,972,797</b>	<b>12,972,797</b>	
<b>Deficit before taxation</b>	<b>157,569,000</b>	<b>25,000,000</b>	<b>182,569,000</b>	<b>(715,565,487)</b>	<b>(898,134,487)</b>	

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## **Matjhabeng Local Municipality**

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### **Statement of Comparison of Budget and Actual Amounts**

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>157,569,000</b>	<b>25,000,000</b>	<b>182,569,000</b>	<b>(715,565,487)</b>	<b>(898,134,487)</b>	

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## Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	365,000,000	-	<b>365,000,000</b>	9,980,776	<b>(355,019,224)</b>	
Other receivables	200,000,000	-	<b>200,000,000</b>	23,097,912	<b>(176,902,088)</b>	
Receivables from non-exchange transactions	-	-	-	124,233,821	<b>124,233,821</b>	
VAT receivable	-	-	-	463,871,319	<b>463,871,319</b>	
Receivables from exchange transactions	2,200,000,000	-	<b>2,200,000,000</b>	583,363,849	<b>(1,616,636,151)</b>	
Cash and cash equivalents	416,776,000	-	<b>416,776,000</b>	25,850	<b>(416,750,150)</b>	
	<b>3,181,776,000</b>	-	<b>3,181,776,000</b>	<b>1,204,573,527</b>	<b>(1,977,202,473)</b>	
<b>Non-Current Assets</b>						
Investment property	-	-	-	943,569,451	<b>943,569,451</b>	
Property, plant and equipment	4,517,977,000	-	<b>4,517,977,000</b>	4,469,211,633	<b>(48,765,367)</b>	
Heritage assets	-	-	-	7,104,349	<b>7,104,349</b>	
Other financial assets	-	-	-	299,957	<b>299,957</b>	
Receivables from non exchange transaction (non current)	-	-	-	21,334	<b>21,334</b>	
Receivables from exchange transaction (non current)	-	-	-	225,695	<b>225,695</b>	
	<b>4,517,977,000</b>	-	<b>4,517,977,000</b>	<b>5,420,432,419</b>	<b>902,455,419</b>	
<b>Total Assets</b>	<b>7,699,753,000</b>	-	<b>7,699,753,000</b>	<b>6,625,005,946</b>	<b>(1,074,747,054)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Payables from exchange transactions	2,300,000,000	-	<b>2,300,000,000</b>	4,580,798,604	<b>2,280,798,604</b>	
Consumer deposits	-	-	-	39,131,537	<b>39,131,537</b>	
Employee benefit obligation	-	-	-	13,380,800	<b>13,380,800</b>	
Unspent conditional grants and receipts	-	-	-	23,305,342	<b>23,305,342</b>	
Bank overdraft	-	-	-	19,785,479	<b>19,785,479</b>	
	<b>2,300,000,000</b>	-	<b>2,300,000,000</b>	<b>4,676,401,762</b>	<b>2,376,401,762</b>	
<b>Non-Current Liabilities</b>						
Employee benefit obligation	-	-	-	432,083,743	<b>432,083,743</b>	
Provisions	320,000,000	-	<b>320,000,000</b>	52,442,967	<b>(267,557,033)</b>	
	<b>320,000,000</b>	-	<b>320,000,000</b>	<b>484,526,710</b>	<b>164,526,710</b>	
<b>Total Liabilities</b>	<b>2,620,000,000</b>	-	<b>2,620,000,000</b>	<b>5,160,928,472</b>	<b>2,540,928,472</b>	
<b>Net Assets</b>	<b>5,079,753,000</b>	-	<b>5,079,753,000</b>	<b>1,464,077,474</b>	<b>(3,615,675,526)</b>	

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## **Matjhabeng Local Municipality**

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### **Statement of Comparison of Budget and Actual Amounts**

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	5,079,753,000		- 5,079,753,000	1,464,077,474	(3,615,675,526)	

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## Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						

#### Cash Flow Statement

##### Cash flows from operating activities

###### Receipts

Sale of goods and services	1,280,234,000	-	1,280,234,000	-	(1,280,234,000)
Grants	552,992,000	-	552,992,000	-	(552,992,000)
Interest income	145,890,000	-	145,890,000	-	(145,890,000)
Dividends received	19,000	-	19,000	-	(19,000)
Other receipts	203,989,000	-	203,989,000	-	(203,989,000)
	<b>2,183,124,000</b>	-	<b>2,183,124,000</b>	-	<b>(2,183,124,000)</b>

###### Payments

Employee costs	(1,930,872,000)	-	(1,930,872,000)	-	1,930,872,000
Suppliers	(32,850,000)	-	(32,850,000)	-	32,850,000
Finance costs	(127,127,000)	-	(127,127,000)	-	127,127,000
	<b>(2,090,849,000)</b>	-	<b>(2,090,849,000)</b>	-	<b>2,090,849,000</b>
<b>Net cash flows from operating activities</b>	<b>92,275,000</b>	-	<b>92,275,000</b>	-	<b>(92,275,000)</b>

##### Cash flows from investing activities

Purchase of property, plant and equipment	(156,216,000)	-	(156,216,000)	-	156,216,000
Proceeds from sale of property, plant and equipment	60,000,000	-	60,000,000	-	(60,000,000)

###### Net cash flows from investing activities

	<b>(96,216,000)</b>	-	<b>(96,216,000)</b>	-	<b>96,216,000</b>
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Net increase/(decrease) in cash and cash equivalents	(3,941,000)	-	(3,941,000)	-	3,941,000
Cash and cash equivalents at the beginning of the year	335,417,000	-	335,417,000	-	(335,417,000)

<b>Cash and cash equivalents at the end of the year</b>	<b>331,476,000</b>	-	<b>331,476,000</b>	-	<b>(331,476,000)</b>
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The accounting policies on pages 16 to 39 and the notes on pages 40 to 90 form an integral part of the annual financial statements.

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## **Matjhabeng Local Municipality**

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### **Accounting Policies**

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#### **1. Presentation of Annual Financial Statements**

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

#### **1.2 Going concern assumption**

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

#### **1.3 Significant judgements and sources of estimation uncertainty**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual 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 annual 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 has 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.

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## **Matjhabeng Local Municipality**

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### **Accounting Policies**

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

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

##### **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 16 - Provisions.

##### **Useful lives of Property Plant and Equipment**

The municipality's management determines the estimated useful lives and related depreciation charges for the 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 (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 6.

##### **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.

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## **Matjhabeng Local Municipality**

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### **Accounting Policies**

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#### **1.4 Investment property (continued)**

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

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

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

#### **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.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

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, its 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.

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## **Matjhabeng Local Municipality**

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Annual Financial Statements for the year ended 30 June 2018

### **Accounting Policies**

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#### **1.5 Property, plant and equipment (continued)**

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

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

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

##### **Subsequent measurements:**

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for Land and buildings and electrical infrastructure which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated 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:

<b>Item</b>	<b>Depreciation method</b>	<b>Average useful life</b>
Land	Straight line	indefinite
Buildings	Straight line	2 - 50 years
Transport assets	Straight line	4 - 15 years
Infrastructure	Straight line	3 - 100 years
Other movable assets	Straight line	2 - 20 years
Landfill rehabilitation assets	Straight line	8 - 20 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.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

#### **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 a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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#### **1.6 Site restoration and dismantling cost (continued)**

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.

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

##### **Derecognition**

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

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

#### **1.8 Financial instruments**

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

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

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#### **1.8 Financial instruments (continued)**

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

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

A financial asset is:

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

A financial 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 of 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.

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#### **1.8 Financial instruments (continued)**

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

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

#### **Classification**

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

<b>Class</b>	<b>Category</b>
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:

<b>Class</b>	<b>Category</b>
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.



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#### **1.8 Financial instruments (continued)**

##### **Subsequent measurement of financial assets and financial liabilities**

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

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

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

##### **Fair value measurement considerations**

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

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

##### **Reclassification**

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

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

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

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

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

##### **Gains and losses**

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

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

##### **Impairment and uncollectability of financial assets**

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

Financial assets measured at amortised cost:

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#### **1.8 Financial instruments (continued)**

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

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

#### **Financial assets measured at cost:**

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

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#### **1.8 Financial instruments (continued)**

##### **Derecognition**

###### **Financial assets**

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expires, 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 recognises the new financial asset, financial liability or servicing liability at fair value.

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

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

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity shall 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, expired or waived.

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

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#### **1.8 Financial instruments (continued)**

The difference between the carrying amount of a financial liability (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 recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets.

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 cash basis. The municipality is liable to account for VAT at a standard rate (2017: 14%), 15% effective from 1 April 2018 in terms of section 7(1)(a) of the VAT Act in respect of supply of goods and 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 account 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 building 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 the remaining balance of the liability.

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

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#### **1.10 Leases (continued)**

##### **Operating leases - lessor**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

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

##### **Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

#### **1.11 Inventories**

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost that 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.

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#### **1.12 Impairment of cash-generating assets (continued)**

A cash-generating unit is the smallest identifiable group of assets held with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

##### **Identification**

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

##### **Recognition and measurement (individual asset)**

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

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#### **1.12 Impairment of cash-generating assets (continued)**

##### **Cash-generating units**

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

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

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

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

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

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

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

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

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

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



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#### **1.12 Impairment of cash-generating assets (continued)**

##### **Reversal of impairment loss**

The municipality assesses 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 managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

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

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#### **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:

- the period of time over which an asset is expected to be used by the municipality; or
- 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



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#### **1.14 Employee benefits (continued)**

- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

#### **Short-term employee benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

#### **Post-employment benefits**

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

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

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



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#### **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 surplus (deficit).

##### **A contingent liability is:**

- a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence and 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 services potential will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

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

##### **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.



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#### **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 services performed to date as a percentage of total services to be performed.



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#### **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.

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#### **1.18 Revenue from non-exchange transactions**

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a 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, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

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

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

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

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

#### **Recognition**

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

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

#### **Measurement**

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

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

#### **Taxes**

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



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#### **1.18 Revenue from non-exchange transactions (continued)**

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.

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 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -  
(a) this Act; or



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#### **1.24 Irregular expenditure (continued)**

- (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 year 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 written off.

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 the 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 accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2017 to 30/06/2018.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual 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**

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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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.



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### **Accounting Policies**

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#### **1.26 Related parties (continued)**

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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 deposit are subsequently recorded in accordance with 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 criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.



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#### **1.1 Standards and interpretations issued, but not yet effective**

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods:

##### **GRAP 34: Separate Financial Statements**

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers definitions, preparation of separate financial statements, disclosure, transitional provisions and 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 sets the effective date for the standard.

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

##### **GRAP 35: Consolidated Financial Statements**

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers definitions, control, accounting requirements, investment entities: fair value requirement, transitional provisions and 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 sets the effective date for the standard.

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

##### **GRAP 36: Investments in Associates and Joint Ventures**

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers definitions, significant influence, equity method, application of the equity method, separate financial statements, transitional provisions and 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 sets the effective date for the standard.

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

##### **GRAP 37: Joint Arrangements**

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

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#### **. New standards and interpretations (continued)**

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers definitions, joint arrangements, financial statements and parties to a joint arrangement, separate financial statements, transitional provisions and 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 sets the effective date for the standard.

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

#### **GRAP 38: Disclosure of Interests in Other Entities**

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers definitions, disclosing information about interests in other entities, significant judgements and assumptions, investment entity status, interests in controlled entities, interests in joint arrangements and associates, interests in structured entities that are not consolidated, non-qualitative ownership interests, controlling interests acquired with the intention of disposal, transitional provisions and 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 sets the effective date for the standard.

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

#### **GRAP 110 (as amended 2016): Living and Non-living Resources**

Amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23; and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when a living resource is revalued; To clarify acceptable methods of depreciating assets; and To define a bearer plant and include bearer plants within the scope of GRAP 17 or GRAP 110, while the produce growing on bearer plants will remain within the scope of GRAP 27

The effective date of the amendment is for years beginning on or after 01 April 2020.

The municipality expects to adopt the amendment for the first time in the 2020 annual financial statements.

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

#### **GRAP 18 (as amended 2016): Segment Reporting**

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#### **. New standards and interpretations (continued)**

Amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the amendment is for years beginning on or after 01 April 2020.

The municipality expects to adopt the amendment for the first time in the 2021 annual financial statements

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

#### **GRAP 20: Related parties**

The objective of this standard is to ensure that a reporting entity's annual 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 annual 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:

- 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.



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#### **. New standards and interpretations (continued)**

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 of the amendment is for years beginning on or after 01 April 2019.

The municipality expects to adopt the amendment for the first time in the 2020 annual financial statements

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

#### **GRAP 32: 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 amendment is for years beginning on or after 01 April 2019

The municipality expects to adopt the amendment for the first time in the 2020 annual financial statements

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

#### **GRAP 108: 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.

The effective date of the amendment is for years beginning on or after 01 April 2019.

The municipality expects to adopt the amendment for the first time in the 2020 annual financial statements.

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

#### **GRAP 109: Accounting by Principals and Agents**

The objective of this Standard is 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 Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

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#### **. New standards and interpretations (continued)**

The effective date of the amendment is for years beginning on or after 01 April 2019

The municipality expects to adopt the amendment for the first time in the 2020 annual financial statements.

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

#### **IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset**

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

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

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date for the interpretation.

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

#### **IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land**

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the interpretation for the first time in the 2020 annual financial statements.

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

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#### **. New standards and interpretations (continued)**

##### **IGRAP 19: Liabilities to Pay Levies**

This Interpretation of the Standards of GRAP provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

To clarify the accounting for a liability to pay a levy, this Interpretation of the Standards of GRAP addresses the following issues:

- What is the obligating event that gives rise to the recognition of a liability to pay a levy?
- Does economic compulsion to continue to operate in a future period create a constructive obligation to pay a levy that will be triggered by operating in that future period?
- Does the going concern assumption imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period?
- Does the recognition of a liability to pay a levy arise at a point in time or does it, in some circumstances, arise progressively over time?
- What is the obligating event that gives rise to the recognition of a liability to pay a levy that is triggered if a minimum threshold is reached?

Consensus reached in this interpretation:

- The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation;
- An entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period;
- The preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period;
- The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time;
- If an obligation to pay a levy is triggered when a minimum threshold is reached, the accounting for the liability that arises from that obligation shall be consistent with the principles established in this Interpretation of the Standards of GRAP; and
- An entity shall recognise an asset, in accordance with the relevant Standard of GRAP, if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the interpretation for the first time in the 2020 annual financial statements.

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



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## **Matjhabeng Local Municipality**

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#### **2. Investment property**

	2018		2017	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation	Accumulated depreciation and accumulated impairment
Investment property	943,569,451	-	943,569,451	943,569,451

#### **Reconciliation of investment property - 2018**

	Opening balance	Total	
		Investment property	943,569,451

#### **Reconciliation of investment property - 2017**

	Opening balance	Total		
		Investment property	732,286,404	209,300,121

#### **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.

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#### 3. Property, plant and equipment

	2018		2017	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
Land and buildings	135,720,027	(38,448,689)	97,271,338	135,720,027
Transport assets	129,143,105	(57,002,537)	72,140,568	129,143,105
Infrastructure	8,250,370,146	(4,013,104,635)	4,237,265,511	8,249,143,554
Other moveable assets	39,290,505	(21,657,636)	17,632,869	4,013,104,635
Landfill rehabilitation assets	79,660,789	(34,759,442)	44,901,347	4,236,038,919
<b>Total</b>	<b>8,634,184,572</b>	<b>(4,164,972,939)</b>	<b>4,469,211,633</b>	<b>8,632,674,806</b>
				(4,158,047,059)
				<b>4,474,627,747</b>

#### Reconciliation of property, plant and equipment - 2018

	Opening balance	Difference	Additions	Disposals	Other changes, movements	Depreciation	Total
Land and buildings	97,271,338	-	-	-	-	-	97,271,338
Transport assets	72,140,568	-	-	-	-	-	72,140,568
Infrastructure	4,236,038,919	(350,830,997)	-	-	352,057,589	-	4,237,265,511
Other movable assets	17,084,069	-	548,800	-	-	-	17,632,869
Landfill rehabilitation assets	52,092,853	-	-	(265,626)	-	(6,925,880)	44,901,347
<b>Total</b>	<b>4,474,627,747</b>	<b>(350,830,997)</b>	<b>548,800</b>	<b>(265,626)</b>	<b>352,057,589</b>	<b>(6,925,880)</b>	<b>4,469,211,633</b>



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#### **3. Property, plant and equipment (continued)**

##### **Reconciliation of property, plant and equipment - 2017**

Land and buildings  
Transport assets  
Infrastructure  
Other movable assets  
Landfill rehabilitation assets

<b>Opening balance</b>	<b>Additions</b>	<b>Depreciation</b>	<b>Total</b>
98,177,499	2,938,708	(3,844,869)	97,271,338
80,690,082	99,250	(8,648,764)	72,140,568
4,274,676,603	148,191,628	(186,829,312)	4,236,038,919
15,079,735	6,317,943	(4,313,609)	17,084,069
59,143,839	(96,115)	(6,954,871)	52,092,853
<b>4,527,767,758</b>	<b>157,451,414</b>	<b>(210,591,425)</b>	<b>4,474,627,747</b>

##### **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 significantly impacted the delivery of goods and services of the entity (Carrying amount)**

Transport assets - 9,467,408

A total number of 46 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 refused 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 Sheriffs records. The assets were taken by the Sheriff on 21 October 2014.

Some of these assets were released on 07 July 2017 after arrangements were made with supplier.

##### **Reconciliation of Work-in-Progress 2018**

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#### 3. Property, plant and equipment (continued)

##### Reconciliation of Work-in-Progress 2017

	Included within Infrastructure	Included within Community	Included within Buildings	Total
Work in progress	261,386,196	86,506,093	2,938,708	350,830,997

The municipality did not have any long overdue work in progress projects that have taken significant longer periods to complete.

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.

##### Expenditure incurred to repair and maintain property, plant and equipment

###### Repairs and maintenance per class of asset

Buildings	-	3,194,667
Infrastructure	-	56,865,797
Vehicles	-	11,803,950
	<b>-</b>	<b>71,864,414</b>

#### 4. Heritage assets

	2018		2017	
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation
Historical buildings	4,747,835	-	4,747,835	4,747,835
Mayoral chains	2,356,514	-	2,356,514	2,356,514
<b>Total</b>	<b>7,104,349</b>	<b>-</b>	<b>7,104,349</b>	<b>7,104,349</b>

##### Reconciliation of heritage assets 2018

	Opening balance	Total
Historical buildings	4,747,835	4,747,835
Mayoral chains	2,356,514	2,356,514
	<b>7,104,349</b>	<b>7,104,349</b>

##### Reconciliation of heritage assets 2017

	Opening balance	Total
Historical buildings	4,747,835	4,747,835
Mayoral chains	2,356,514	2,356,514
	<b>7,104,349</b>	<b>7,104,349</b>



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#### **4. Heritage assets (continued)**

##### **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.

#### **5. Other financial assets**

##### **Designated at fair value**

Unlisted shares	299,957	332,598
The unlisted shares consist of 17,238(2017:17,238) equity shares in Senwes Limited and 26,435 (2017: 26,435) equity shares in Senwesbel Limited.		

##### **Non-current assets**

Designated at fair value	299,957	332,598

##### **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 2**

Class 1 (Unlisted shares)	299,957	332,598

##### **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 - - -



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#### **6. 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  
Present value of the long service award benefit

(397,510,384)	(408,950,821)
(47,954,159)	(40,898,805)
<b><u>(445,464,543)</u></b>	<b><u>(449,849,626)</u></b>

Non-current liabilities  
Current liabilities

(432,083,743)	(437,313,953)
(13,380,800)	(12,535,673)
<b><u>(445,464,543)</u></b>	<b><u>(449,849,626)</u></b>

These obligations are not funded arrangements, 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

449,849,626	405,964,772
(4,385,083)	43,884,854
<b><u>445,464,543</u></b>	<b><u>449,849,626</u></b>

Net expense recognised in the statement of financial performance

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#### 6. Employee benefit obligations (continued)

##### Net expense recognised in the statement of financial performance

Service cost	27,546,728	23,436,725
Interest cost	43,609,301	37,877,201
Actuarial (gains) losses	(63,005,439)	(6,265,561)
Expected benefits paid	(12,535,673)	(11,163,511)
	<b>(4,385,083)</b>	<b>43,884,854</b>

##### Post - retirement medical aid plan

The municipality has a post-employment medical aid fund for its pensioners. The post-retirement medical aid are in accordance with Resolutions 8 of the South African Local Government Bargaining Council (SALGBC), signed on 17 January 2003, which state that an employee who retires from employment with an employer and who immediately prior to his or her retirement, enjoys the benefits of 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 norms of the cost of his or her medical aid scheme contributions as at the date 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 norms 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.

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

- Bonitas
- Hosmed
- Discovery
- 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 be come entitled upon completion of five years of service and every five years thereafter. These leave benefits are in accordance with paragraph 11 of South African Government Bargaining Council (SALGBC) collective agreement on conditions of service for the Free State division of SALGA which was signed on July 2010.

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

Years of service completed	Percentage of annual salary as a bonus	Additional Leave days
> 5 Years	2%	5 days
> 10 Years	3%	10 days
> 15 Years	4%	15 days
> 20 Years	5%	15days
> 24 - 45 Years	6%	15 days

##### Calculation of actuarial gains and losses

Actuarial (gains) / losses - Long service	2,607,393	91,946
Actuarial (gains) / losses – Medical aid	(65,612,832)	(6,357,507)
	<b>(63,005,439)</b>	<b>(6,265,561)</b>

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#### 6. Employee benefit obligations (continued)

##### Key assumptions used

Assumptions used at the reporting date:

CPI (Medical aid)	6.14 %	6.82 %
CPI (Long service)	5.44 %	5.52 %
Discount rate (Medical aid)	9.79 %	9.94 %
Discount rate (Long service)	8.92 %	8.72 %
Medical aid inflation rate (Medical aid)	7.64 %	8.32 %
Net discount rate (Long service award)	2.33 %	2.07 %
Net discount rate (Medical aid)	2.00 %	1.50 %
Salary increase rate (Long service award)	6.44 %	6.52 %
Continuation percentage	100.00 %	100.00 %

##### Other assumptions

The effect of one percentage increase / decrease in the net discount rate is as follows for the 2018 financial year:

	% One percentage point increase	% One percentage point decrease
Employer's accrued liability (long service awards)	51,088,680	45,119,188
Current service cost (long service awards)	4,459,275	3,881,713
Interest cost (long service awards)	4,389,890	3,859,087
Employer's accrued liability (medical aid)	466,940,437	341,356,303
Current service cost (medical aid)	26,240,393	17,727,664
Interest cost (medical aid)	45,238,901	32,948,603

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

	2018	2017	2016	2015	2014
Defined benefit obligation	(445,464,543)	(449,849,626)	(405,964,772)	(349,773,364)	(322,410,090)



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#### **6. Employee benefit obligations (continued)**

##### **Defined contribution plan**

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

These plans are subject to the Pension Fund Act, 1995 (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 specific contributions.

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

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

Sufficient information was not available to use defined benefit accounting for the fund and it was accounted for as defined contribution plan 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 is 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 membership distribution of the participating employers.

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

The amount recognised as an expense (income) for defined contribution plans is	(4,385,083)	43,884,854
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#### **7. Receivables from non exchange transaction (non current)**

Consumer receivables rates - non-current portion	21,334	27,871
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##### **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 2018, receivables from non-exchange transaction (non-current) of R1 069 153 (2017: R1 133 295) were impaired and provided for.

The following factors were 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.

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#### 8. Receivables from exchange transaction (non current)

Receivables from exchange transactions - non-current portion	225,695	276,196
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#### 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 2018, receivables from exchange transaction (non-current) of R10 202 898 (2017: R9 609 739) were impaired and provided for.

The following factors were 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. Inventories

Consumable stores	7,720,735	4,785,336
Water	2,260,041	1,941,936
	<b>9,980,776</b>	<b>6,727,272</b>

Stock loss due the theft (2017: Case number 95/02/2017).

- 216,888

Inventories recognised as an expense during the year - water refer to note 32 533,251,274 468,651,889

Inventories recognised as an expense during the year - Other. Refer to note 34.

#### Inventory pledged as security

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

#### 10. Other receivables

Accrued interest	22,158	64,222
Consumer deposits receivables	5,884,740	5,884,740
Deposits	9,850	9,850
Sundry receivables	7,355,511	6,809,798
Traffic fines receivables	9,825,653	9,825,653
	<b>23,097,912</b>	<b>22,594,263</b>

#### Other receivables pledged as security

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

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#### **10. Other receivables (continued)**

##### **Fair value of other receivables**

The carrying value of other receivables approximate their fair values.

##### **Other receivables past due but not impaired**

The carrying value of other receivables approximate their fair values.

##### **Trade and other receivables impaired**

As of 30 June 2018, 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.

#### **11. Receivables from non-exchange transactions**

Consumer receivables - rates	342,612,455	311,218,706
Allowance for impairment - rates	(218,378,634)	(187,612,632)
	<b>124,233,821</b>	<b>123,606,074</b>

##### **Receivables from non-exchange transactions pledged as security**

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

##### **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**

At 30 June 2018, R 14,855,065 (2017: R 7,708,429) were past due but not impaired.

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

1 month past due	530,094	317,076
2 months past due	493,231	354,016
3 months past due	13,831,740	7,037,338

##### **Rates aging**

Current (0 -30 days)	19,198,724	18,353,268
31 - 60 days	7,969,313	8,304,823
61 - 90 days	7,143,549	7,547,819
91 days +	309,391,356	278,173,962
Less: Allowance for impairment	(219,447,787)	(188,745,927)
	<b>124,255,155</b>	<b>123,633,945</b>

##### **Fair value of receivables from non-exchange transactions**

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

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#### 11. Receivables from non-exchange transactions (continued)

##### Receivables from non-exchange transactions impaired:

As of 30 June 2018, receivables from non-exchange transactions of R 219,447,787 (2017: R 188,745,927) were impaired and provided for.

The following factors were 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. VAT receivable

VAT	463,871,319	404,250,075
-----	-------------	-------------

#### 13. Receivables from exchange transactions

##### Gross balances

Electricity	279,529,365	256,439,743
Water	1,170,228,195	989,882,473
Sewerage	468,863,706	386,802,316
Refuse	305,788,780	261,249,361
Other receivables	6,258,128	3,973,078
Rental	70,360,982	59,156,816
Sundries	104,371,642	93,419,672
Unmetered consumption - Water	46,161,763	46,575,226
Unmetered consumption - Electricity	91,458,600	73,215,306
Less: Non current consumer receivables (arrangements)	(10,428,593)	(9,885,935)
	<b>2,532,592,568</b>	<b>2,160,828,056</b>

##### Less: Allowance for impairment

Electricity	(158,999,550)	(141,210,727)
Water	(916,681,544)	(778,272,326)
Sewerage	(356,886,036)	(292,445,969)
Refuse	(240,276,214)	(202,356,399)
Rentals	(61,230,821)	(50,639,929)
Sundries	(82,693,381)	(74,133,423)
Other receivables	(5,043,708)	(3,027,736)
Less: Non current consumer receivables (arrangements)	10,202,898	9,609,739
	<b>(1,811,608,356)</b>	<b>(1,532,476,770)</b>

##### Net balance

Electricity	120,529,815	115,229,016
Water	253,546,651	211,610,147
Sewerage	111,977,670	94,356,347
Refuse	65,512,566	58,892,962
Rentals	9,130,161	8,516,887
Sundries	21,678,261	19,286,249
Other receivables	1,214,420	945,342
Unmetered consumption - Water	46,161,763	46,575,226
Unmetered consumption - Electricity	91,458,600	73,215,306
Less: Non current consumer receivables (arrangements)	(225,695)	(276,196)
	<b>720,984,212</b>	<b>628,351,286</b>

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#### 13. Receivables from exchange transactions (continued)

##### **Electricity**

Current (0 -30 days)	40,482,787	41,569,055
31 - 60 days	13,594,584	12,055,073
61 - 90 days	8,775,174	7,823,852
91 + days	216,676,820	194,991,763
Less: Impairment	(158,999,550)	(141,210,727)
	<b>120,529,815</b>	<b>115,229,016</b>

##### **Water**

Current (0 -30 days)	28,722,293	44,561,919
31 - 60 days	35,748,335	25,449,343
61 - 90 days	23,962,650	36,447,533
91 + days	1,081,794,917	883,423,678
Less: Impairment	(916,681,544)	(778,272,326)
	<b>253,546,651</b>	<b>211,610,147</b>

##### **Sewerage**

Current (0 -30 days)	13,948,886	12,871,708
31 - 60 days	11,341,998	13,631,524
61 - 90 days	10,952,996	8,947,181
91 + days	432,619,826	351,351,903
Less: Impairment	(356,886,036)	(292,445,969)
	<b>111,977,670</b>	<b>94,356,347</b>

##### **Refuse**

Current (0 -30 days)	8,430,650	7,974,627
31 - 60 days	6,512,270	8,830,600
61 - 90 days	6,327,360	5,773,118
91 + days	284,518,500	238,671,016
Less: Impairment	(240,276,214)	(202,356,399)
	<b>65,512,566</b>	<b>58,892,962</b>

##### **Rentals**

Current (0 -30 days)	3,206,478	2,715,969
31 - 60 days	1,088,104	873,003
61 - 90 days	1,058,208	858,361
91 + days	65,008,192	54,709,483
Less: Impairment	(61,230,821)	(50,639,929)
	<b>9,130,161</b>	<b>8,516,887</b>

##### **Sundries**

Current (0 -30 days)	2,080,114	2,809,091
31 - 60 days	1,599,701	1,700,878
61 - 90 days	1,265,827	2,480,463
91 + days	99,426,000	86,429,240
Less: Impairment	(82,693,381)	(74,133,423)
	<b>21,678,261</b>	<b>19,286,249</b>



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#### **13. Receivables from exchange transactions (continued)**

##### **Other**

Current (0 -30 days)	18,122	40,516
31 - 60 days	2,075,595	17,986
61 - 90 days	8,841	15,837
91 + days	4,155,570	3,898,739
Less: Impairment	(5,043,708)	(3,027,736)
	<b>1,214,420</b>	<b>945,342</b>

##### **Unmetered consumption - water**

Current (0 -30 days)	46,161,762	46,575,226
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##### **Unmetered consumption - Electricity**

Current (0 -30 days)	91,458,600	73,215,306
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#### 13. Receivables from exchange transactions (continued)

##### Summary of receivables by customer classification

###### **Consumers**

Current (0 -30 days)	65,039,118	81,091,001
31 - 60 days	62,924,106	54,501,933
61 - 90 days	45,192,726	57,123,416
91 + days	1,997,173,320	1,671,055,537
	<hr/>	<hr/>
Less: Allowance for impairment	2,170,329,270	1,863,771,887
	(1,736,170,384)	(1,474,135,709)
	<hr/>	<hr/>
	<b>434,158,886</b>	<b>389,636,178</b>

###### **Business, Industrial and commercial**

Current (0 -30 days)	40,810,224	40,250,611
31 - 60 days	12,838,065	12,270,694
61 - 90 days	10,157,200	9,505,326
91 + days	403,463,746	349,619,113
	<hr/>	<hr/>
Less: Allowance for impairment	467,269,235	411,645,744
	(262,869,105)	(225,362,417)
	<hr/>	<hr/>
	<b>204,400,130</b>	<b>186,283,327</b>

###### **Farms and agriculture**

Current (0 -30 days)	3,607,414	3,371,329
31 - 60 days	1,524,854	1,386,477
61 - 90 days	1,388,336	1,354,521
91 + days	45,864,108	33,542,855
	<hr/>	<hr/>
Less: Allowance for impairment	52,384,712	39,655,182
	(40,197,264)	(29,895,793)
	<hr/>	<hr/>
	<b>12,187,448</b>	<b>9,759,389</b>

###### **Indigents**

Current (0 -30 days)	108,547	4,109
31 - 60 days	81,057	2,047
61 - 90 days	82,106	11,052
91 + days	1,987,842	1,424,978
Less: Allowance for impairment	(2,022,288)	(1,438,516)
	<hr/>	<hr/>
	<b>237,264</b>	<b>3,670</b>

###### **National and Provincial Government**

Current (0 -30 days)	6,522,750	6,176,835
31 - 60 days	2,561,818	2,699,845
61 - 90 days	2,674,239	1,896,057
91 + days	45,102,164	32,859,791
	<hr/>	<hr/>
	<b>56,860,971</b>	<b>43,632,528</b>

##### Receivables from exchange transactions pledged as security

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

##### 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.

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#### **13. Receivables from exchange transactions (continued)**

##### **Fair value of receivables from exchange transactions:**

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

##### **Receivables from exchange transactions past due but not impaired**

As at 30 June 2018 consumer receivables of R 50,338,220 (2017: R 37,455,693) were past due but not impaired.

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

1 month past due	2,561,818	2,699,485
2 months past due	2,674,239	1,896,057
3 months past due	45,102,164	32,859,791

##### **Receivables from exchange transactions impaired**

As of 30 June 2018, receivables from exchange transactions of 1,821,811,254 (2017: 1,532,476,770) were impaired and provided for.

The following factors were considered in determining the impairment:

- The aging of the outstanding debt.
- Whether or not any payments was received during the year.
- Whether the account is active or inactive.
- whether the account is that of an owner

#### **14. Cash and cash equivalents**

Cash and cash equivalents consist of:

Cash on hand and advances	9,474	9,474
Short-term deposits	16,376	2,759,220
Bank overdraft	(19,785,479)	(7,644,182)
	<b>(19,759,629)</b>	<b>(4,875,488)</b>

Current assets	25,850	2,768,694
Current liabilities	(19,785,479)	(7,644,182)
	<b>(19,759,629)</b>	<b>(4,875,488)</b>

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.

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#### 14. Cash and cash equivalents (continued)

##### Cash and cash equivalents pledged as collateral

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

##### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
ABSA Primary cheque account	3,110,990	4,451,405	(482,599)	(17,225,817)	(5,130,060)	(836,542)
Acc no (40-5370-5465)						
ABSA Market Cheque account	283,643	100,315	918,032	(2,559,662)	(2,514,123)	(1,766,943)
Acc no (40-5644-3399)						
FNB-Collection Cheque account	-	-	873,828	-	-	873,828
Acc no (542-3117-3409)						
ABSA - Savings account	11,000	2,754,004	9,870,795	11,000	2,754,004	9,870,795
Acc no (91-9461-7107)						
ABSA Savings account	1,099	1,064	1,000	1,099	1,059	1,000
Acc no (91-0668-4115)						
ABSA Savings account	1,088	1,056	1,000	1,088	1,051	1,000
Acc no (91-1114-1338)						
ABSA Savings account	1,132	1,065	1,000	1,132	1,060	1,000
Acc no (91-0668-4238)						
ABSA Savings account	1,028	1,016	1,000	1,028	1,014	1,000
Acc no (91-0668-4157)						
ABSA Savings account	1,028	1,016	1,000	1,028	1,014	1,000
Acc no (91-2351-5666)						
FNB Call account	-	-	5,140	-	-	5,140
Acc no (614-0400-1177)						
FNB Call account	-	-	756,093	-	-	756,093
Acc no (620-0350-3019)						
<b>Total</b>	<b>3,411,008</b>	<b>7,310,941</b>	<b>11,946,289</b>	<b>(19,769,104)</b>	<b>(4,884,981)</b>	<b>8,907,371</b>

#### 15. Unspent conditional grants and receipts

##### Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts			
Integrated national electrification program grant (INEP)		4,117,341	-
Municipal water services infrastructure grant (MWSIG)		19,188,001	-
		<b>23,305,342</b>	-

##### Movement during the year

Balance at the beginning of the year	-	1,004,295
Additions during the year	564,504,441	504,350,505
Income recognition during the year	(541,199,099)	(505,354,800)
	<b>23,305,342</b>	-

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

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

See note 25 for reconciliation of grants from National/Provincial Government.

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**15. Unspent conditional grants and receipts (continued)**

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#### 16. Provisions

##### Reconciliation of provisions - 2018

	Opening Balance	Discounting	Change in the net discount rate	Closing balance
Rehabilitation of landfill sites	50,390,727	2,317,866	(265,626)	52,442,967

##### Reconciliation of provisions - 2017

	Opening Balance	Discounting	Change in the net discount rate	Closing balance
Rehabilitation of landfill sites	49,457,418	1,029,424	(96,115)	50,390,727

#### 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 consultant through investigation to determine the best estimated rehabilitation cost for the waste disposal sites at the end of its useful lives.

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

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

Landfill	Estimated useful lives
Allanridge	7 years (2017: 8 years)
Henneman (Phomolong)	10 years (2017: 11 years)
Odendaalsrus	22 years (2017: 23 years)
Virginia (Transfer station)	10 years (2017: 11 years)
Bronville (Welkom)	4 years (2017: 5 years)

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

#### Discount rate assumptions

The key assumptions used in the valuation, with prior year's assumptions shown for comparison, are summarised as follows:

	30 June 2018	30 June 2017	30 June 2016
Discount rate (D)	8.84 %	8.78 %	8.76 %
Consumer price inflation (CPI)	4.60 %	5.00 %	5.58 %

#### Movement in the closing balance of the provision

Reconciliation of landfill sites - 30 June 2018	Opening balance 1 July 2016	Discounting	Movement due to change in the net discount rate	Closing balance 30 June 2018
Odendaalsrus	10,791,445	(39,092)	(129,651)	10,622,702
Bronville (Welkom)	24,449,312	1,643,905	(57,490)	26,035,727
Allanridge	5,034,551	277,337	(20,464)	5,291,424

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#### 16. Provisions (continued)

Henneman (Phomolong)	8,062,865	347,303	(46,248)	8,363,920
Virginia (Transfer station)	2,052,554	88,413	(11,773)	2,129,194
	<b>50,390,727</b>	<b>2,317,866</b>	<b>(265,626)</b>	<b>52,442,967</b>

#### Reconciliation of landfill sites - 30 June 2017

	Opening balance 1 July 2016	Discounting	Movement due to change in the net discount rate	Closing balance 30 June 2017
Odendaalsrus	11,372,703	(535,523)	(45,735)	10,791,445
Bronville (Welkom)	23,256,849	1,214,951	(22,488)	24,449,312
Allanridge	4,871,488	170,474	(7,411)	5,034,551
Henneman (Phomolong)	7,936,096	143,094	(16,325)	8,062,865
Virginia (Transfer station)	2,020,282	36,427	(4,155)	2,052,554
	<b>49,457,418</b>	<b>1,029,423</b>	<b>(96,114)</b>	<b>50,390,727</b>

#### 17. Payables from exchange transactions

Accrued bonus	9,337,881	8,699,634
Accrued leave pay	75,820,523	67,057,194
Deferred income - pre paid electricity	600,000	1,600,000
Deposits received - hall and facilities	15,175	15,175
Eskom	1,890,894,280	1,464,169,380
Payments received in advanced from consumer receivables	52,128,979	48,826,585
Salary control account	62,342,131	42,577,765
Sedibeng Water	2,299,167,866	1,886,576,057
Trade payables	190,491,769	233,563,226
	<b>4,580,798,604</b>	<b>3,753,085,016</b>

#### 18. Consumer deposits

Electricity and water	38,530,296	37,792,822
Key deposit	601,241	528,053
	<b>39,131,537</b>	<b>38,320,875</b>

Guarantees held in lieu of electricity and water deposits amounted to R 6,050,466 (2017: R 6,040,465)

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.

#### 19. Service charges

Sale of electricity	571,437,614	556,343,610
Sale of water	317,719,704	342,295,037
Sewerage and sanitation charges	150,463,909	149,194,731
Refuse removal	98,072,835	93,709,261
Less: Income forgone - indigents	(39,905,544)	(41,396,044)
Less: Municipal utilities	-	(44,185,337)
	<b>1,097,788,518</b>	<b>1,055,961,258</b>

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#### **20. Rental of facilities and equipment**

##### **Premises**

Rental of living quarters

11,627,139      12,548,473

##### **Facilities and equipment**

Rental of facilities

505,723      420,998

**12,132,862      12,969,471**

#### **21. Commision received**

Commissions received

10,479,040      11,118,362

#### **22. Other income**

Connection fees

240,141      991,399

Disconnection fees

13,315,855      9,600,169

Meter fees

10,934      1,267,474

Monitoring fees

-      925,093

Services rendered

-      2,386,749

Sundry income

10,243,132      3,636,771

Sundry services

2,809,598      1,666,595

**26,619,660      20,474,250**

#### **23. Investment revenue**

##### **Dividend revenue**

Unlisted shares - Local

17,952      14,033

##### **Interest revenue**

Bank and investments

1,516,387      2,207,220

Interest charged on consumer receivables

177,971,191      152,128,771

Provisions

2,317,866      -

**181,805,444      154,335,991**

**181,823,396      154,350,024**

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#### **24. Property rates**

##### **Rates received**

Commercial	136,926,795	125,361,490
Residential	92,086,667	86,085,094
Small holdings and farms	6,621,278	8,733,892
State	63,282,395	59,615,116
	<hr/>	<hr/>
	161,990,340	154,434,102
		- - -

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**

Residential	- 5,340,389,912
Commercial	- 12,724,813,001
State	- 3,231,362,480
Municipal	- 1,809,671,200
Small holdings and farms	- 119,219,000
	<hr/>
	- 13,225,455,593

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.

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## Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

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#### 25. Government grants and subsidies

##### Operating grants

Equitable share	393,631,000	385,851,295
Finance management grant (FMG)	2,145,000	1,810,000
Extended public works program (EPWP)	1,000,000	1,131,000
Sector education and training authority (SETA)	1,056,441	1,199,505
Subsidies received	1,456,000	2,000,000
	<b>399,288,441</b>	<b>391,991,800</b>

##### Capital grants

Municipal infrastructure grant (MIG)	136,216,000	113,363,000
Water services infrastructure grant (WSIG)	4,811,999	-
Integrated national electrification program grant (INEP)	882,659	-
	<b>141,910,658</b>	<b>113,363,000</b>
	<b>541,199,099</b>	<b>505,354,800</b>

##### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	147,568,100	119,503,505
Unconditional grants received	393,631,000	385,851,295
	<b>541,199,100</b>	<b>505,354,800</b>

##### Equitable share

Current-year receipts	393,631,000	385,851,295
Conditions met - transferred to revenue	(393,631,000)	(385,851,295)
	-	-

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

##### Municipal Infrastructure Grant (MIG)

Current-year receipts	136,216,000	113,363,000
Conditions met - transferred to revenue	(136,216,000)	(113,363,000)
	-	-

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

##### Finance Management Grant (FMG)

Current-year receipts	2,145,000	1,810,000
Conditions met - transferred to revenue	(2,145,000)	(1,810,000)
	-	-

The purpose of this grant is to promote and support reforms to financial management and the implementation of MFMA.

##### Integrated National Electrification Program (INEP)

Current-year receipts	5,000,000	600,001
Conditions met - transferred to revenue	(882,659)	-
	-	-

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<b>25. Government grants and subsidies (continued)</b>		
Grant withheld by National Treasury through equitable share	- (600,001)	-
	<b>4,117,341</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 15).

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 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 that to the satisfaction that of the National Treasury that the unspent allocation is committed with identifiable project.

#### Energy Efficiency and Demand Side Management Program (EEDSM)

Current-year receipts	- 404,294	
Grant withheld by National Treasury through equitable share	- (404,294)	
	<b>-</b>	<b>-</b>

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

#### Extended Public Works Programme (EPWP)

Current-year receipts	1,000,000	1,131,000
Conditions met - transferred to revenue	(1,000,000)	(1,131,000)
	<b>-</b>	<b>-</b>

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.

#### Sector Education and Training Authority (SETA)

Current-year receipts	1,056,441	1,199,506
Conditions met - transferred to revenue	(1,056,441)	(1,199,506)
	<b>-</b>	<b>-</b>

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

#### Subsidies

Current-year receipts - Cogta	456,000	2,000,000
Current year receipt - Provincial Treasury	1,000,000	-
Conditions met - transferred to revenue	(1,456,000)	(2,000,000)
	<b>-</b>	<b>-</b>

Cooperative Governance and Traditional Affairs paid for the professional fees based on the turn around plan on behalf of the municipality, during the current financial year a balance of the professional fees was paid in to the municipality's bank account, iProvincial Treasury paid audit fees on behalf of the municipality to the Auditor General.

#### Water Services Infrastructure Grant (WSIG)

Current-year receipts	24,000,000	-
Conditions met - transferred to revenue	(4,811,999)	-
	<b>19,188,001</b>	<b>-</b>

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## **Matjhabeng Local Municipality**

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#### **25. Government grants and subsidies (continued)**

Conditions still to be met - remain liabilities (see note 15).

The purpose of this grant is to address water and sanitation challenges that come with the aging infrastructure.

\* In terms of 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 that to the satisfaction that of the National Treasury that the unspent allocation is committed with identifiable project.

#### **Changes in level of government grants**

Based on the allocations set out in the Division of Revenue Act, (Act 10 of 2010), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

#### **26. Donations received**

Infrastructure & Investment property

- 209,300,121

During the current financial year two properties, Merriespruit and Masimong were donated by 'the Department of Human Settlement and Harmony Gold Mine to the municipality.

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## Matjhabeng Local Municipality

(Registration number FS 184)

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#### 27. Employee related costs

Salaries	355,740,732	357,793,739
13th Cheque	19,093,527	25,216,218
Pension	55,677,042	52,280,431
Other long term employee benefits	1,308,608	1,910,089
Employee benefit - medical aid	31,381,487	29,231,458
Group life insurance	3,952,304	1,552,792
Housing allowances	3,927,642	3,664,008
Leave pay provision charge	15,731,874	11,958,399
Medical aid	43,496,892	37,359,426
Other allowances	40,149,855	25,543,063
Overtime payments	66,418,739	67,307,940
Transport allowance	30,786,525	31,489,024
UIF	3,603,047	3,661,965
SDL	5,422,993	5,665,170
	<b>676,691,267</b>	<b>654,633,722</b>

#### Remuneration of Municipal Manager - Lepheane MF

Annual Remuneration	-	1,769,030
Contributions to UIF, Medical and Pension Funds	-	69,660
Leave pay	-	407,050
	<b>-</b>	<b>2,245,740</b>

The Municipal Manager was placed on special leave as per the council resolution (5/2/2)(5/1/2/1) dated 14 February 2017, his services to the municipality was officially terminated on 30 June 2017( contract ended).

#### Remuneration of Municipal Manager - Tsoali TE

Annual Remuneration	1,503,671	1,106,985
Car Allowance	381,635	363,894
Contributions to UIF, Medical and Pension Funds	-	206,285
Leave pay	237,549	-
	<b>2,122,855</b>	<b>1,677,164</b>

The Acting Municipal Manager (Tsoali T) has been appointed on a full time basis as the Municipal Manager from 02 August 2017.

#### Remuneration of Chief Financial Officer - Williams LB

Annual Remuneration	647,464	693,101
Car Allowance	210,851	187,142
Contributions to UIF, Medical and Pension Funds	153,124	126,915
	<b>1,011,439</b>	<b>1,007,158</b>

Manager Budget (Williams LB) has been acting as the Chief Financial Officer from 14th February 2017 until 15 May 2017, the appointment was further extended by three months until first week of August 2017.

#### Remuneration of Chief Financial Officer - Sejake S

Annual Remuneration	684,530	-
Car Allowance	225,775	-
Contributions to UIF, Medical and Pension Funds	114,402	-
	<b>1,024,707</b>	-

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#### 27. Employee related costs (continued)

Revenue Manager (Sejake S) has been acting as the Chief financial Officer from 16th August 2017 until 15 November 2017.

##### Remuneration of Chief Financial Officer - Panyani T

Annual Remuneration	662,473	-
Car Allowance	221,424	-
Contributions to UIF, Medical and Pension Funds	9,493	-
	<b>893,390</b>	<b>-</b>

Chief Financial Officer (Panyani T) was appointed on full time basis as from the 1st of December 2017.

##### Remuneration of Director Strategic and support services - Makofane TB

Annual Remuneration	1,188,685	1,189,349
Contributions to UIF, Medical and Pension Funds	37,874	37,203
	<b>1,226,559</b>	<b>1,226,552</b>

##### Remuneration of Director Corporate services - Wetes FF

Annual Remuneration	1,299,753	1,219,790
Contributions to UIF, Medical and Pension Funds	62,598	60,991
	<b>1,362,351</b>	<b>1,280,781</b>

##### Remuneration of Director Infrastructure services - Maswanganyi HB

Annual Remuneration	945,820	946,649
Car Allowance	245,350	240,000
Contributions to UIF, Medical and Pension Funds	43,528	42,879
	<b>1,234,698</b>	<b>1,229,528</b>

##### Remuneration of Director Community Services - Mogopodi MRE

Annual Remuneration	-	845,354
Car Allowance	-	83,603
Contributions to UIF, Medical and Pension Funds	-	113,389
	<b>-</b>	<b>1,042,346</b>

Director Corporate Services (Mogopodi MRE) left the services of the municipality from 28 February 2017.

##### Remuneration of Director Community Services - Atolo MT

Annual Remuneration	662,473	647,459
Car Allowance	234,046	216,768
Contributions to UIF, Medical and Pension Funds	150,520	140,899
	<b>1,047,039</b>	<b>1,005,126</b>

Senior manager council admin (Mr Atolo MT) has been acting as Director community services from 01 March 2017 to 30 May 2017.

##### Remuneration of Director Community Services - Molawa J

Annual Remuneration	715,231	-
Car Allowance	210,478	-

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#### 27. Employee related costs (continued)

Contributions to UIF, Medical and Pension Funds

157,203	-
<b>1,082,912</b>	<b>-</b>

Unit manager (Molawa J) has been acting as Director community services from 01 June 2017 to 30 August 2017, the appointment was further extended for three months until 30 November 2017.

#### Remuneration of Director Community Services - Tindleni ZK

Annual Remuneration

573,236 -

Car Allowance

77,000 -

Contributions to UIF, Medical and Pension Funds

118,883 -

<b>769,119</b>	<b>-</b>
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Director community services (Tindleni ZK) was appointed on full time basis as from 01 December 2017.

#### Remuneration of Director Local Economic Development & Planning - Msweli XF

Annual Remuneration

- 969,188

Car Allowance

- 77,000

Contributions to UIF, Medical and Pension Funds

- 38,919

<b>-</b>	<b>1,085,107</b>
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Director Local Economic Development & Planning (Msweli XF) left the service of the municipality from 28 February 2017.

#### Remuneration Director Local Economic Development & Planning - Mothekhe MMG

Annual Remuneration

694,046 639,186

Car Allowance

231,796 213,264

Contributions to UIF, Medical and Pension Funds

168,337 158,623

<b>1,094,179</b>	<b>1,011,073</b>
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Senior manager Town Planning and Housing (Mothekhe MMG) was acting as Director Local Development and Planning from 01 May 2017 to 30 May 2017, the appointment was further extended for three months ending 30 August 2017.

#### Remuneration of Local Economic Development & Planning - Golele KBA

Annual Remuneration

951,798 -

Car Allowance

216,000 -

Contributions to UIF, Medical and Pension Funds

13,130 -

<b>1,180,928</b>	<b>-</b>
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Head of Legal Services (Golele KBA) has been acting as Director Local Economic Development & Planning from 01 September 2017 to 30 November 2017, the appointment was extended further from 01 January 2018 until 30 June 2018.

#### 28. Remuneration of councillors

Executive Mayor

1,060,728 1,050,798

Councillors

30,439,845 27,740,202

<b>31,500,573</b>	<b>28,791,000</b>
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#### 28. Remuneration of councillors (continued)

##### In-kind benefits

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

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

The Speaker the use of separate Council owned vehicles for official duties and one part time driver.

Details of remuneration for the year ended 30 June 2018 Name of councillor	Annual remuneration	Car allowance	Contributions to UIF, medical aid and pension funds	Total
Badenhost MJ	270,554	76,584	-	347,138
Badenhost HS	270,554	76,584	-	347,138
Botha PF	238,903	76,584	31,650	347,137
Chaka MS	258,114	76,584	15,576	350,274
Claasen Malherbe C	270,554	76,584	-	347,138
Daly A	270,554	76,584	-	347,138
Direko DR	571,517	181,501	17,280	770,298
Jacobs EJ	254,978	76,584	15,576	347,138
Jama BL	44,061	12,554	-	56,615
Kabi M	532,145	181,501	53,159	766,805
Khalipha TD	576,531	181,501	17,280	775,312
Khetsi LE	256,142	76,584	15,576	348,302
Khotlhele MJ	254,978	76,584	15,576	347,138
Kopela MP	230,629	64,543	-	295,172
Lethake TW	273,899	76,584	15,576	366,059
Liphoko SJ	266,546	76,584	4,007	347,137
Lushaba TB	569,303	181,501	16,000	766,804
Macingwane TM	254,978	76,584	15,576	347,138
Mafa DM	240,088	76,584	31,650	348,322
Mafaisa MG	238,903	76,584	31,650	347,137
Mahlumba BH	299,680	98,284	35,972	433,936
Manenye AJ	254,978	76,584	15,576	347,138
Manese SD	568,024	181,501	17,280	766,805
Manzana NR	238,903	76,584	31,650	347,137
Marais JS	270,554	76,584	-	347,138
Masienyane MD	622,276	89,335	57,837	769,448
Masina XN	241,307	76,584	30,411	348,302
Mawela VE	537,974	181,501	47,330	766,805
Meli TS	239,391	76,584	31,650	347,625
Moipatle KV	238,903	76,584	31,650	347,137
Mokhomoh HA	302,724	98,284	36,063	437,071
Molefi M	310,296	-	36,842	347,138
Molelekoa PMI	255,466	76,584	15,576	347,626
Moloja NW	241,940	76,584	31,650	350,174
Monjovo NE	238,903	76,584	31,650	347,137
Morris VR	622,418	181,501	17,280	821,199
Moshoeu ZS	256,142	76,584	15,576	348,302
Mosia TJ	254,978	76,584	15,576	347,138
Mphikeleli MA	315,662	98,284	19,989	433,935
Mthebere NA	261,914	76,584	8,640	347,138
Nkonka BB	238,903	76,584	31,650	347,137
Nqeobe ME	260,019	76,584	10,535	347,138
Nthako MH	255,466	76,584	15,576	347,626
Ntsebeng MH	241,552	76,584	31,650	349,786
Ntuli BN	255,466	76,584	15,576	347,626

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#### 28. Remuneration of councillors (continued)

Phofeli NM	253,274	76,584	17,280	347,138
Pholo SJ	240,647	76,584	31,559	348,790
Poo IP	245,084	70,564	31,978	347,626
Presente LN	270,554	76,584	-	347,138
Radebe MC	535,282	181,501	53,159	769,942
Radebe ML	555,863	181,501	29,541	766,905
Rakaki MM	254,978	76,584	15,576	347,138
Ramabobu BM	270,554	76,584	-	347,138
Ramalefane SJ	245,084	70,564	31,978	347,626
Ramatissa PT	311,479	-	35,659	347,138
Schlebus CT	(19,962)	(6,021)	-	(25,983)
Sebotsa MM	238,903	76,584	31,650	347,137
Senxezi ME	254,438	76,584	17,280	348,302
Sephiri MJ	539,746	181,501	53,159	774,406
Sithole MA	252,348	76,584	18,205	347,137
Speelman NW	809,412	242,002	-	1,051,414
Stofile B	565,973	193,601	55,631	815,205
Styger A	270,554	76,584	-	347,138
Taljaard SMD	253,274	76,584	17,280	347,138
Thelingoane TJ	256,142	76,584	15,576	348,302
Thelingoane NE	238,903	76,584	31,651	347,138
Tlake KR	241,223	76,584	29,331	347,138
Tsatsa SJ	238,903	76,584	31,651	347,138
Thabangu SE	270,554	76,584	-	347,138
Tsopo ME	568,024	181,501	17,280	766,805
Tsoali MS	212,557	63,820	12,904	289,281
Tsupa MR	139,549	44,674	18,274	202,497
Van Rooyen MS	270,554	76,584	-	347,138
Van Rooyen KV	44,060	12,554	-	56,614
Van Schalkwyk HCT	254,978	76,584	15,576	347,138
<b>23,050,702</b>	<b>6,825,585</b>	<b>1,541,495</b>	<b>31,417,782</b>	

#### Details of remuneration for the year ended 30 June 2017

##### Name of councillor

	Annual remuneration	Car allowance	Contributions to UIF, medical aid and pension funds	Total
Badenhorst MJ	240,075	72,250	2,265	314,590
Badenhorst HS	216,422	64,462	-	280,884
Banyane ME	24,026	7,502	2,265	33,793
Beneke R	24,026	7,502	2,265	33,793
Botha PF	213,672	72,250	28,490	314,412
Chaka CP	26,140	7,502	2,265	35,907
Chaka MS	267,547	-	13,248	280,795
Claasen Malherbe C	216,422	64,462	-	280,884
Dali VN	22,777	7,502	3,518	33,797
Daly A	216,422	64,462	-	280,884
De Villiers MT	24,026	7,502	2,265	33,793
Direko DR	15,971	4,076	-	20,047
Direko DR	484,969	144,049	8,640	637,658
Fanie DS	24,026	7,502	2,265	33,793
Fourie JJC	24,026	7,502	2,265	33,793
Jacobs EJ	206,287	64,462	9,935	280,684
Kabi M	36,901	11,578	4,958	53,437
Kabi ME	427,450	144,048	28,973	600,471
Khalipha TD	442,314	144,049	14,400	600,763
Khalipha TD	35,866	11,578	4,958	52,402
Khetsi LE	206,287	64,462	9,935	280,684
Khethule MJ	206,287	64,462	9,935	280,684

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#### 28. Remuneration of councillors (continued)

Kockera SC	22,777	7,502	3,518	33,797
Lethlape TW	208,759	64,462	7,513	280,734
Liphoko SJ	216,422	64,462	-	280,884
Lushaba TB	15,971	4,076	-	20,047
Lushaba TB	490,332	144,049	12,281	646,662
Mabote TL	24,026	7,502	2,265	33,793
Macingwane TM	207,523	64,462	8,724	280,709
Mafa MD	216,865	72,250	28,489	317,604
Mafaisa MG	198,160	64,462	18,074	280,696
Mafongozi ZV	24,026	7,502	2,265	33,793
Mahlumba BH	262,754	69,580	16,403	348,737
Mokgowe PV	23,812	7,502	3,518	34,832
Malefane DE	24,026	7,502	2,265	33,793
Manenye AJ	206,287	64,462	9,935	280,684
Manese SD	384,219	123,487	7,200	514,906
Manzana NR	202,274	64,462	13,955	280,691
Marais JS	242,384	72,250	-	314,634
Masienyane MD	54,458	17,423	6,513	78,394
Masienyane MD	15,317	5,028	1,440	21,785
Masienyane MD	464,284	86,877	40,207	591,368
Masina XN	244,968	64,462	7,513	316,943
Mawela VE	142,739	45,109	2,880	190,728
Mbambo AX	22,777	7,502	3,518	33,797
Mbana AM	14,531	4,076	1,440	20,047
Mbana AM	51,855	18,667	6,889	77,411
Mbana AM	223,345	72,498	7,200	303,043
Meli TS	215,840	72,250	27,378	315,468
Menyatso KJ	53,104	18,667	5,637	77,408
Mfebe MSE	51,855	18,667	6,889	77,411
Mholo PP	26,140	7,502	2,265	35,907
Mlangeni MG	24,026	7,502	2,265	33,793
Moipatle KV	198,160	64,462	18,074	280,696
Mokhomo HA	281,109	77,367	29,561	388,037
Mokotedi TG	24,026	7,502	2,265	33,793
Molef M	260,500	-	21,386	281,886
Moilekoa PMI	233,249	72,250	12,201	317,700
Moilekoa PA	23,812	7,502	3,518	34,832
Molete TN	24,026	7,502	2,265	33,793
Moloja NJ	192,707	64,462	23,532	280,701
Molupe RT	22,777	7,502	3,518	33,797
Monjovo NE	214,707	72,250	28,490	315,447
Morris VR	37,981	11,578	4,958	54,517
Morris VR	442,314	144,049	14,400	600,763
Mosala MS	24,026	7,502	2,265	33,793
Moshoeu ZS	206,287	64,462	9,935	280,684
Mosia TJ	208,602	64,462	8,724	281,788
Mothege MA	25,061	7,502	2,265	34,828
Motshabi MP	53,104	18,667	5,637	77,408
Mphikeleli MA	291,796	77,367	13,272	382,435
Mthebere NA	216,422	64,462	-	280,884
Naude HJ	18,127	5,789	2,265	26,181
Ngangelizwe S	70,786	24,890	8,768	104,444
Ngesi TM	106,254	30,278	-	136,532
Nkonka BB	192,707	64,462	23,532	280,701
Nqeobo ME	93,263	27,844	-	121,107
Nqeobo ME	24,026	7,502	2,265	33,793
Nthako TD	220,930	52,884	8,724	282,538
Ntlele KI	24,026	7,502	2,265	33,793
Ntsebeng MH	191,267	64,462	24,972	280,701

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		2018	2017
<b>28. Remuneration of councillors (continued)</b>			
Ntsebeng MH	51,855	18,667	6,889
Nthuli BN	206,287	64,462	9,936
Petleki KI	22,777	7,502	3,518
Phetise ME	24,891	7,502	3,518
Phofeli NM	210,662	64,462	5,760
Pholo SJ	200,089	64,462	17,977
Pina NJ	24,026	7,502	2,265
Poo IP	250,558	4,076	26,114
Presente LN	216,422	64,462	-
Qwesha GL	22,777	7,502	3,517
Radebe MC	36,901	11,578	4,958
Radebe ML	14,531	4,076	1,440
Radebe MC	419,819	144,049	37,716
Radebe ML	448,200	144,049	12,960
Radebe ML	51,855	18,667	6,889
Rakaki MM	206,287	64,462	9,935
Ramabobu BM	175,226	51,713	-
Ramalefane SJ	254,697	-	26,114
Ramatisa PT	257,114	-	23,695
Riet MI	25,061	7,502	2,265
Rubulane L	53,104	18,667	5,637
Schlebusch CJ	189,606	64,462	26,576
Sebotsa MM	220,540	41,305	18,881
Senxezi ME	207,782	64,462	8,640
Sephiri MJ	15,317	5,028	1,440
Sephiri MJ	424,957	141,681	37,716
Sephiri MJ	51,855	18,667	6,889
Sifatya Z	24,026	7,502	2,265
Sithole MA	206,287	64,462	9,935
Speelman NW	24,026	7,502	2,265
Speelman NW	740,766	205,588	-
Stofile B	543,636	184,382	44,913
Styger BA	240,075	72,250	2,265
Taliwe FE	59,720	18,667	5,637
Taljaard SDM	222,986	72,250	19,358
Thateng MJ	25,061	7,502	2,265
Thelingoane TJ	229,940	72,250	12,201
Thelingoane NE	196,924	64,462	19,313
Tlake KR	225,101	72,250	19,358
Tlhone ML	42,073	8,526	4,320
Tlhone ML	63,900	5,184	8,246
Tsatsa SJ	213,672	72,250	28,490
Tshabangu SE	216,422	64,462	-
Tshopo ME	15,971	4,076	-
Tshopo ME	450,954	144,049	5,760
Tsoaeli ME	207,753	64,462	9,935
Tsubane ME	23,812	7,502	3,518
Tsubella KS	29,249	3,758	2,642
Tsupa MR	200,505	64,462	17,973
Twala MJ	53,104	18,667	5,637
Van Rooyen MS	240,075	72,250	2,265
Van Rooyen KV	25,061	7,502	2,265
Van Schalkwyk HCT	229,940	72,250	12,201
Vanga NM	22,777	7,502	3,517
Madumise MM (Court Order)	23,875	-	23,875
	<b>21,180,734</b>	<b>6,102,767</b>	<b>1,248,130</b>
			<b>28,531,631</b>

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#### 29. Depreciation and amortisation

Property, plant and equipment	9,583,580	210,591,424
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#### 30. Finance costs

Bank	313,815	260,195
Employee benefits	43,609,301	37,877,201
Trade and other payables	162,090,334	186,393,885
Provisions	-	1,029,424
	<b>206,013,450</b>	<b>225,560,705</b>

#### 31. Debt impairment

Contributions to bad debt provision	524,615,299	492,051,500
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#### Reconciliation of allowance for impairment

Balance at the beginning of the year	(1,730,832,436)	(1,379,340,642)
Contributions to allowance	(524,615,297)	(350,487,460)
Prior period error - contributions to allowance	-	(141,564,040)
VAT provision on impairment	(20,404,844)	(189,379,045)
Prior period error - VAT provision on impairment	-	141,564,040
Debt impairment written off against the allowance	234,593,536	188,374,711
	<b>(2,041,259,041)</b>	<b>(1,730,832,436)</b>

Prior Period error on Impairment

The prior year contribution to allowance was understated and the VAT provision on impairment was overstated by the same amount.

#### 32. Bulk purchases

Electricity	421,072,580	424,770,185
Water	533,251,274	468,651,889
	<b>954,323,854</b>	<b>893,422,074</b>

#### 33. Contracted services

Legal services	53,237,025	19,103,569
Meter reading services	26,543,041	14,118,945
Professional services	43,817,259	59,713,281
Security services	36,372,062	61,485,946
Valuation services	-	13,061,737
	<b>159,969,387</b>	<b>167,483,478</b>



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#### 34. General expenses

Advertising	-	4,698,442
Audit fees	6,565,556	7,181,583
Bank charges	3,911,241	3,273,312
Cleaning	-	906,057
Commission paid	3,202,212	-
Connection and disconnection of meters	-	11,178,089
Community development and training	3,176,478	8,765,464
Consumables	10,419,532	-
Entertainment	246,584	1,507,566
Insurance	23,779,421	27,480,548
Conferences and seminars	-	241,973
Marketing	-	130,500
Medical expenses	-	156,450
Motor vehicle expenses	9,955,617	61,320,766
Pest control	-	240,719
Fuel and oil	36,627,711	-
Postage and courier	7,242,020	-
Printing and stationery	749,464	2,706,756
Repairs and maintenance	89,956,723	71,864,414
Royalties and license fees	-	5,939,030
Staff welfare	841,874	-
Subscriptions and membership fees	3,049,498	8,662,085
Telephone and fax	4,708,814	11,283,640
Training	1,668,382	2,626,631
Subsistence and travel	4,338,849	4,561,965
Assets expensed	2,250	1,105,828
Uniforms	8,789,084	12,772,265
Sundry expense	-	6,468,794
Expired traffic fines	-	9,797,847
Operating cost of equipment	1,548,739	15,022,073
Expense 10	156,069,092	-
Chemicals	-	88,800
Other expenses	6,000,095	39,000
	<b>382,849,236</b>	<b>280,020,597</b>

#### 35. Fair value adjustments

Other financial assets		
• Other financial assets (Designated as at FV through P&L)	(32,642)	1,608

#### 36. Auditors' remuneration

Fees	6,565,556	7,181,583
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#### 37. Cash (used in) generated from operations

Deficit	(713,247,621)	(691,842,748)
<b>Adjustments for:</b>		
Depreciation and amortisation	9,583,580	210,591,424
Fair value adjustments	32,642	(1,608)
Finance costs - Trade and other payable	-	186,393,885
Debt impairment	524,615,299	492,051,500
Movements in retirement benefit assets and liabilities	(4,385,083)	23,436,725
Movements in provisions	2,052,240	1,029,424
Donations received	-	(209,300,121)
Actuarial gains / (loss)	-	(6,265,561)
Interest received - receivables	-	(152,128,771)
Finance cost - Employee benefit obligation	-	37,877,201
<b>Changes in working capital:</b>		
Inventories	(3,253,504)	2,327,965
Other receivables	(503,649)	4,464,771
Consumer debtors	(617,248,225)	(220,153,694)
Other receivables from non-exchange transactions	(627,747)	(4,945,256)
Payables from exchange transactions	827,713,588	750,890,895
VAT	(59,621,244)	(268,590,401)
Unspent conditional grants and receipts	23,305,342	(1,004,295)
Consumer deposits	810,662	2,070,291
	<b>(10,773,720)</b>	<b>156,901,626</b>

#### 38. Financial instruments disclosure

##### Categories of financial instruments

2018

##### Financial assets

	<b>At fair value</b>	<b>At cost</b>	<b>Total</b>
Other receivables	-	23,097,912	23,097,912
Receivables from non exchange transactions	-	124,233,821	124,233,821
Receivables from exchange transactions	-	720,984,212	720,984,212
Cash and cash equivalents	-	25,850	25,850
Other financial assets	299,957	-	299,957
Receivables from non-exchange transactions (non current)	-	21,334	21,334
Receivables from exchange transactions (non current)	-	225,695	225,695

##### Financial liabilities

	<b>At cost</b>	<b>Total</b>
Payables from exchange transactions	4,580,798,604	4,580,798,604
Consumer deposits	39,131,537	39,131,537
Cash and cash equivalents (Bank overdraft)	19,785,479	19,785,479
Unspent conditional grants and receipts	23,305,342	23,305,342

2017

##### Financial assets

	<b>At fair value</b>	<b>At cost</b>	<b>Total</b>
Other receivables	-	22,594,263	22,594,263
Receivables from non-exchange transactions	-	123,606,074	123,606,074

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#### 38. Financial instruments disclosure (continued)

Receivables from exchange transactions	-	628,351,286	628,351,286
Cash and cash equivalents	-	2,768,694	2,768,694
Other financial assets	332,598	-	332,598
Receivables from non exchange transactions (non current assets)	-	27,871	27,871
Receivables from exchange transactions (non current)	-	276,196	276,196

#### Financial liabilities

	At cost	Total
Payables from exchange transactions	3,753,085,016	3,753,085,016
Consumer deposits	38,320,875	38,320,875
Cash and cash equivalents (Bank overdraft)	7,644,182	7,644,182

#### 39. Commitments

##### Authorised capital expenditure

###### Already contracted for but not provided for

• Property, plant and equipment	- 77,144,143
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<b>Total capital commitments</b>	<b>- 77,144,143</b>
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This committed expenditure relates to infrastructure projects and will be financed by available bank facilities, funds internally generated and grants received.

##### Operating leases - as lessee (expense)

###### Minimum lease payments due

- within one year	- 1,236,257
- in second to fifth year inclusive	- 2,197,571
	<b>- 3,433,828</b>

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of three years. No contingent rent is payable.

#### 40. Contingencies

##### Nature of litigation

	Possible rand value of claim 2018	Possible rand value of claim 2017	Number of litigations 2018	Number of litigations 2017
Civil litigations	- 42,411,478	-	-	14
Claims for services rendered	- 3,482,813	-	-	4
Conveyancing	-	-	-	1
Eviction notice	- 60,000	-	-	6
Interdict application	-	-	-	2
Labour related matter	- 5,892,934	-	-	11
Legal opinion	-	-	-	3
Motion proceedings	- 162,689	-	-	2
Public liability claim	- 849,134	-	-	5
	<b>- 52,859,048</b>	-	<b>48</b>	

Several claims are in the process against the municipality (a register containing all the detail is available at the municipal offices), the nature and amount of the different litigations are listed above.

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#### 40. Contingencies (continued)

##### 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 and amount of the different litigations are as follows:

Nature of litigations	Possible rand value of claim - 2018	Possible rand value of claim - 2017	Number of litigations - 2018	Number of litigations - 2017
Civil litigations	-	314,782	-	1
Labour related matter	-	298,414	-	2
Legal opinion	-	10,343,637	-	1
		<b>- 10,956,833</b>		<b>4</b>

#### 41. Related parties

##### Relationships

Members of key management  
Members of council

Refer to note 27  
Refer to note 28

##### Related party transactions

###### Purchases from (sales to) related parties:

MBV Security - 14,271,987

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.

#### 42. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

?????Explan

##### Statement of financial position

2017

	Note	As previously reported	Correction of error	Restated
VAT	12	451,214,336	(46,964,261)	404,250,075

##### Statement of financial performance

2017

	Note	As previously reported	Correction of error	Restated
Debt impairment	31	350,487,460	141,564,040	492,051,500

##### Cash flow statement

2017

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#### **43. Comparative figures**

Prior year figures were restated due to prior period errors and misclassifications. Refer to note 42 , prior period errors.

#### **44. 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.

##### **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.

<b>At 30 June 2018</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
Payables from exchange transactions	4,580,798,604	-	-	-
Consumer deposits	39,131,537	-	-	-
Unspent conditional grant and receipts	28,305,342	-	-	-
Bank overdraft	19,785,479	-	-	-
	-	-	-	-

<b>At 30 June 2017</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
Payables from exchange transactions	3,753,085,016	-	-	-
Consumer deposits	38,320,875	-	-	-
Bank overdraft	7,644,182	-	-	-
	-	-	-	-

##### **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.

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

<b>Financial instrument</b>	<b>2018</b>	<b>2017</b>
Other financial assets	299,957	332,598
Other receivables	23,097,912	22,594,263
Receivables from non-exchange transactions	124,233,821	123,606,074
Receivables from exchange transactions	720,984,212	628,351,286
Cash and cash equivalents	25,850	2,768,694
Receivables from non-exchange transactions (non current)	21,334	27,871
Receivables from exchange transactions (non current)	225,695	276,196

##### **Market risk**

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#### 44. Risk management (continued)

##### 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.

#### 45. Going concern

We draw attention to the fact that at 30 June 2018, the municipality had an accumulated surplus (deficit) of R 1,601,697,834 and that the municipality's total liabilities exceed its assets by R 1,601,697,834.

The municipality had a deficit of R XXXX (2017: R 550 278 707) for the year. The current liabilities exceeds the current assets by R XXX (2017: R2 576 323 820).

#### 46. Events after the reporting date

During a council meeting held XXX (2017: 31 August 2017) council resolved to write off the following amounts in respect of Irregular expenditure and Fruitless and wasteful expenditure as follows:

Council certified an amount of XXX (2017: R413 701 258.00) incurred during the financial year as irrecoverable and to be written off as irregular expenditure.

Council certified an amount of XXX (2017: R157 128 450) incurred during the financial year as irrecoverable and to be written off as fruitless and wasteful expenditure.

#### 47. Unauthorised expenditure

Opening balance	- 977,994,508
Unauthorised expenditure	- 1,031,091,788
Less: Amounts written off by council	- (977,994,508)
	<b>- 1,031,091,788</b>

#### 48. Fruitless and wasteful expenditure

Opening balance	- 165,096,365
Fruitless and wasteful expenditure	- 186,771,314
Less: Amounts written off by council	- (157,128,450)
	<b>- 194,739,229</b>

##### Details of fruitless and wasteful expenditure

Eskom	- 182,169,995
Payables from exchange transactions	- 243,124
Late contribution on pension fund	- 504,904
Interest and penalties - SARS (VAT)	- 2,954,548
Interest and penalties - Compensation commission	- 898,743
	<b>- 186,771,314</b>

#### 49. Irregular expenditure

Opening balance	- 429,171,360
Add: Irregular expenditure - current year	- 323,171,276
Less: Amounts written off by council	- (413,701,258)
	<b>- 338,641,378</b>



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#### **49. Irregular expenditure (continued)**

##### **Analysis of expenditure awaiting write off per age classification:**

Current year	-	323,171,276
Prior years	-	15,470,102
	<hr/>	<hr/>
		<b>338,641,378</b>

##### **Details of irregular expenditure – current year**

	<b>Disciplinary steps taken/criminal proceedings</b>	
Non compliance with MFMA and SCM regulations	None	1
Non compliance with Office bears Act	None	1
		<hr/>
		<b>2</b>

Irregular expenditure amounting to RXXX 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 RXXX 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

#### **50. Additional disclosure in terms of Municipal Finance Management Act**

##### **Contributions to organised local government (SALGA)**

Opening balance	7,377,331	5,792,809
Current year subscription / fee	-	7,437,331
Amount paid - current year	-	(5,852,809)
	<hr/>	<hr/>
	<b>7,377,331</b>	<b>7,377,331</b>

Being the subscription fee to the South African Local Government Association.

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#### **50. Additional disclosure in terms of Municipal Finance Management Act (continued)**

##### **Material losses**

Distribution losses - Electricity	- 74,080,387
Distribution losses - Water	- 299,865,808
	<hr/> <b>- 373,946,195</b>

##### **Electricity losses**

An average of XXX% (2017: 13.25%) of bulk electricity purchased during the year were loss due to distribution losses incurred during the year.

##### **Water losses**

An average of XXX% (2017: 51.30%) of bulk water purchased during the year were loss due to distribution losses incurred during the year.

##### **Fraud investigations**

The municipality conducted the following fraud investigations for the prior financial year:

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

As at 30 June 2018 these cases were still under investigation:

##### **Case number 451/02/2016 - Fraud by service provider**

The service provider Tiro Ya Nnene 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 Elof 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 Ricmisa 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.



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#### **50. Additional disclosure in terms of Municipal Finance Management Act (continued)**

##### **Audit fees**

Opening balance	1,311,497	1,527,162
Current year audit fees	7,484,978	8,187,005
Interest charged	238,738	81,805
Amount paid - current year	(4,028,591)	(6,957,312)
Amount paid - previous years	(1,311,497)	(1,527,163)
Audit fees paid by Treasury	(1,000,000)	-
	<b>2,695,125</b>	<b>1,311,497</b>

##### **PAYE, UIF and SDL**

Opening balance	8,664,918	7,829,628
Current year payroll deductions and council contributions	105,646,044	104,711,329
Amount paid - current year	(76,672,233)	(96,046,411)
Amount paid - previous years	(8,664,918)	(7,829,628)
	<b>28,973,811</b>	<b>8,664,918</b>

##### **Pension and Medical Aid deductions**

Opening balance	13,241,948	12,410,258
Current year payroll deductions and council contributions	166,483,467	154,224,320
Amount paid - current year	(152,338,065)	(140,982,372)
Amount paid - previous years	(13,241,948)	(12,410,258)
	<b>14,145,402</b>	<b>13,241,948</b>

##### **VAT**

VAT receivable	463,871,319	404,250,075
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#### 50. 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 2018:

**30 June 2018**

	Outstanding less than 90 days	Outstanding more than 90 days	Total
Badenhorst MJM	-	1,997	1,997
Chaka MS	-	17,896	17,896
Khotlule MJ	-	172,324	172,324
Mafaisa MG	-	35,942	35,942
Mahlumba BH	-	12,138	12,138
Manenye AJ	-	40,853	40,853
Manese SD	-	66,195	66,195
Meli TS	-	18,189	18,189
Moleleko PMI	-	8,447	8,447
Monjovo NE	-	1,204	1,204
Mthebere NA	-	4,752	4,752
Nthako TD	-	3,274	3,274
Ntsebeng MH	-	792	792
Pholo SJ	-	60,055	60,055
Ramabodu BM	-	30,393	30,393
Ramatisa PT	-	12,393	12,393
Tshabangu SE	-	1,016	1,016
Tsoaeli MS	-	31,173	31,173
	<b>-</b>	<b>519,033</b>	<b>519,033</b>

**30 June 2017**

	Outstanding less than 90 days	Outstanding more than 90 days	Total
Badenhorst MJM	-	4,555	4,555
Chaka CP	-	23,747	23,747
Khotlule MJ	-	132,490	132,490
Mafaisa MG	-	34,032	34,032
Mahlumba BH	-	11,691	11,691
Manenye AJ	-	58,033	58,033
Meli TS	-	21,555	21,555
Moleleko PMI	-	6,053	6,053
Mthebere NA	-	22,281	22,281
Ngosi TM	-	194,816	194,816
Nthako TD	-	605	605
Pholo SJ	-	50,361	50,361
Ramatisa PT	-	18,038	18,038
Schlebusch CJ	-	9,212	9,212
Tlhone ML	-	23,866	23,866
Tshabangu SE	-	1,016	1,016
	<b>-</b>	<b>612,351</b>	<b>612,351</b>



## Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand

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#### 51. 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 annual financial statements.

#### 30 June 2018

	Exceptional cases	Sole suppliers	Emergency	Total
July 2017	1	-	-	1
August 2017	1	-	-	1
September 2017	1	-	-	1
October 2017	1	-	-	1
November 2017	1	-	-	1
December 2017	1	-	-	1
January 2018	1	-	-	1
February 2018	1	-	-	1
March 2018	1	-	-	1
May 2018	1	-	-	1
June 2018	1	-	-	1
	<b>11</b>	-	-	<b>11</b>

#### 30 June 2017

	Exceptional cases	Sole suppliers	Emergency	Total
July 2016	85,932	-	2,457,349	2,543,281
August 2016	7,384	-	3,735,355	3,742,739
September 2016	10,000	-	1,949,073	1,959,073
October 2016	118,125	-	1,096,712	1,214,837
November 2016	50,000	-	1,060,665	1,110,665
December 2016	-	-	1,217,227	1,217,227
January 2017	-	-	2,721,074	2,721,074
February 2017	185,378	-	237,723	423,101
March 2017	80,289	-	3,431,585	3,511,874
April 2017	-	-	3,562,629	3,562,629
May 2017	-	-	918,620	918,620
June 2017	-	-	1,190,555	1,190,555
	<b>537,108</b>	-	<b>23,578,567</b>	<b>24,115,675</b>

#### 52. Budget differences

##### Material differences between budget and actual amounts

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.

