



2017/2018

ANNUAL REPORT

Volume I



CONTENTS

| | |
|----------------------------------------------------------------------------|---------------------------------------------------------------|
| REVISED ANNUAL REPORT TEMPLATE..... | 6 |
| | |
| CHAPTER 1:- | MAYOR'S FOREWORD AND EXECUTIVE SUMMARY |
| COMPONENT A: | MAYOR'S FOREWORD..... |
| COMPONENT B | EXECUTIVE SUMMARY..... |
| 1.1 | MUNICIPAL MANAGER'S OVERVIEW..... |
| 1.2 | MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW... |
| 1.3 | SERVICE DELIVERY OVERVIEW..... |
| 1.4 | FINANCIAL HEALTH OVERVIEW..... |
| 1.6 | AUDITOR GENERAL REPORT YEAR 0..... |
| 1.7 | STATUTORY ANNUAL REPORT PROCESS..... |
| | 21 |
| | |
| CHAPTER 2:- | GOVERNANCE |
| COMPONENT A: | POLITICAL AND ADMINISTRATIVE GOVERNANCE |
| 2.1 | POLITICAL GOVERNANCE..... |
| 2.2 | ADMINISTRATIVE GOVERNANCE..... |
| COMPONENT B: | INTERGOVERNMENTAL RELATIONS |
| 2.3 | INTERGOVERNMENTAL RELATIONS..... |
| COMPONENT C: | PUBLIC ACCOUNTABILITY AND PARTICIPATION |
| 2.4 | PUBLIC MEETINGS..... |
| 2.5 | IDP PARTICIPATION AND ALIGNMENT..... |
| COMPONENT D: | CORPORATE GOVERNANCE |
| 2.6 | RISK MANAGEMENT..... |
| 2.7 | SUPPLY CHAIN MANAGEMENT..... |
| 2.8 | BY-LAWS..... |
| 2.9 | WEBSITES..... |
| | 44 |
| | |
| CHAPTER 3:-SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1) | |
| COMPONENT A: | BASIC SERVICES |
| 3.1 | WATER PROVISION..... |
| 3.2 | WASTE WATER (SANITATION) PROVISION..... |
| 3.3 | ELECTRICITY..... |
| 3.4 | WASTE MANAGEMENT..... |
| 3.5 | HOUSING..... |
| | 70 |



| | | |
|-----------------------------------------------------------------|--------------------------------------------------------------|-----|
| 3.6 | FREE BASIC SERVICES AND INDIGENT SUPPORT..... | 75 |
| COMPONENT B: ROAD TRANSPORT | | |
| 3.7 | ROADS..... | 80 |
| 3.8 | TRANSPORT (VEHICLE LICENSING & PUBLIC BUS OPERATION) | 86 |
| 3.9 | WASTE WATER (STORMWATER DRAINAGE) | 89 |
| COMPONENT C: PLANNING & DEVELOPMENT | | |
| 3.10 | PLANNING..... | 95 |
| 3.11 | LED (INCLUDING TOURISM & MARKET PLACES) | 98 |
| COMPONENT D: COMMUNITY & SOCIAL SERVICES | | |
| 3.12 | LIBRARIES..... | 105 |
| 3.13 | CEMETERIES..... | 109 |
| 3.14 | SOCIAL PROGRAMMES..... | 114 |
| COMPONENT E: SECURITY AND SAFETY | | |
| 3.19 | LEGAL, RISK MANAGEMENT..... | 117 |
| 3.20 | POLICE (TRAFFIC – PUBLIC SAFETY) | 118 |
| 3.21 | FIRE..... | 121 |
| 3.22 | OTHER – DISASTER MANAGEMENT..... | 125 |
| COMPONENT F: PARKS, SPORT & RECREATION | | |
| 3.23 | PARKS, SPORTS & RECREATION INCLUDING CEMETORIES..... | 129 |
| COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES | | |
| 3.24 | EXECUTIVE AND COUNCIL..... | 133 |
| 3.25 | FINANCIAL SERVICES..... | 138 |
| 3.26 | HUMAN RESOURCES SERVICES..... | 142 |
| 3.27 | INFORMATION & COMMUNICATION TECHNOLOGY (ICT) SERVICES..... | 145 |
| 3.28 | PROPERTY, LEGAL, RISK MANAGEMENT & PROCUREMENT SERVICES..... | 148 |

CHAPTER 4:- ORGANISATIONAL DEVELOPMENT PERFORMANCE

| | | |
|-------------------------------------------------------------|-----------------------------------------|-----|
| COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL | | |
| 4.1 | EMPLOYEE TOTALS AND VACANCIES..... | 150 |
| COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE | | |
| 4.2 | POLICIES..... | 154 |
| 4.3 | INJURIES, SICKNESS AND SUSPENSIONS..... | 156 |
| 4.4 | PERFORMANCE REWARDS..... | 161 |



| | | |
|---------------------------------------------------|-------------------------------------------------------------|-----|
| COMPONENT C: | CAPACITATING THE MUNICIPAL WORKFORCE | |
| 4.5 | SKILLS DEVELOPMENT AND TRAINING..... | 163 |
| COMPONENT D: | MANAGING THE WORKFORCE EXPENDITURE | |
| 4.6 | EMPLOYEE EXPENDITURE..... | 168 |
| CHAPTER 5:- | FINANCIAL PERFORMANCE | |
| COMPONENT A: | STATEMENTS OF FINANCIAL PERFORMANCE | |
| 5.1 | STATEMENTS OF FINANCIAL PERFORMANCE..... | 180 |
| 5.2 | GRANTS..... | |
| 5.3 | ASSET MANAGEMENT..... | |
| 5.4 | FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS..... | |
| COMPONENT B: | SPENDING AGAINST CAPITAL BUDGET | |
| 5.5 | CAPITAL EXPENDITURE..... | |
| 5.6 | SOURCES OF FINANCE..... | |
| 5.7 | CAPITAL SPENDING ON 5 LARGEST PROJECTS..... | |
| 5.8 | BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW..... | |
| COMPONENT C: | CASH FLOW MANAGEMENT AND INVESTMENTS | |
| 5.9 | CASH FLOW..... | |
| 5.10 | BORROWING AND INVESTMENTS..... | |
| CHAPTER 6:- AUDITOR GENERAL AUDIT FINDINGS | | |
| COMPONENT A: | AUDITOR GENERAL OPINION YEAR -1 | |
| 6.1 | AUDITOR GENERAL REPORT YEAR -1 (PREVIOUS YEAR - 2017)..... | 188 |
| GLOSSARY | | |
| APPENDICES | | |
| APPENDIX A: | COUNCILLORS, COMMITTEE ALLOCATION & COUNCIL ATTENDANCE..... | |
| APPENDIX B: | COMMITTEES AND COMMITTEE PURPOSES..... | |
| APPENDIX C: | THIRD TIER ADMINISTRATIVE STRUCTURE..... | |
| APPENDIX D: | FUNCTIONS OF MUNICIPALITY / ENTITY..... | |
| APPENDIX E: | WARD REPORTING..... | |
| APPENDIX F: | WARD INFORMATION..... | |



5

| | |
|--------------------------------------------------------------------------------|------------|
| APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS..... | 205 |
| APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE..... | 206 |
| APPENDIX K(ii): REVENUE COLLECTION PERFORMANCE BY SOURCE..... | 207 |
| APPENDIX L: CONDITIONAL GRANTS RECEIVED EXCLUDING MIG..... | 208 |
| APPENDIX M (i): CAPITAL EXPENDITURE (NEW ASSETS PROGRAMME)..... | 209 |
| APPENDIX M (ii): CAPITAL EXPENDITURE (UPGRADE / RENEWAL PROGRAMME)..... | 211 |
| APPENDIX N: CAPITAL PROGRAMME BY PROJECT YEAR 0..... | 213 |
| APPENDIX A10 – 2: SERVICES..... | 214 |
| VOLUME V: ANNUAL FINANCIAL STATEMENTS..... | 220 |



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.

**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

**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 |
| TOTAL | 201 915 | 203 117 | 405 032 |

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 Kutlwana 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 |
| TOWNS | | |
| ALLANRIDGE | 663 | 3 315 |
| HENNEMAN | 958 | 4 311 |
| ODENDAALSRUS | 2 213 | 9 959 |
| RIEBEECKSTAD | 3 092 | 15 460 |
| VENTERSBURG | 359 | 1 616 |
| VIRGINIA | 4 454 | 22 270 |
| WELKOM | 9 708 | 48 540 |
| Sub-Total | 21 447 | 105 471 |
| TOWNSHIPS | | |
| BRONVILLE | 2 159 | 12 306 |
| KUTLWANONG | 11 966 | 70 599 |
| MELODING | 10 482 | 60 796 |
| MMAMAHABANE | 2 345 | 14 070 |
| NYAKALLONG | 4 010 | 24 060 |
| PHOMOLONG | 4 871 | 29 226 |
| THABONG | 29 064 | 165 665 |
| WHITES | 55 | 314 |
| Sub-Total | 64 952 | 377 582 |
| INFORMAL SETTLEMENTS | | |
| NYAKALLONG | 177 | 974 |
| KUTLWANONG | 1 505 | 8 278 |
| THABONG/BRONVILLE | 2 262 | 12 441 |
| MELODING | 821 | 4 516 |
| PHOMOLONG | 539 | 2 965 |
| MMAMAHABANE | 379 | 2 085 |
| Sub-Total | 5683 | 31 259 |
| Total | 92 082 | 514 312 |

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.

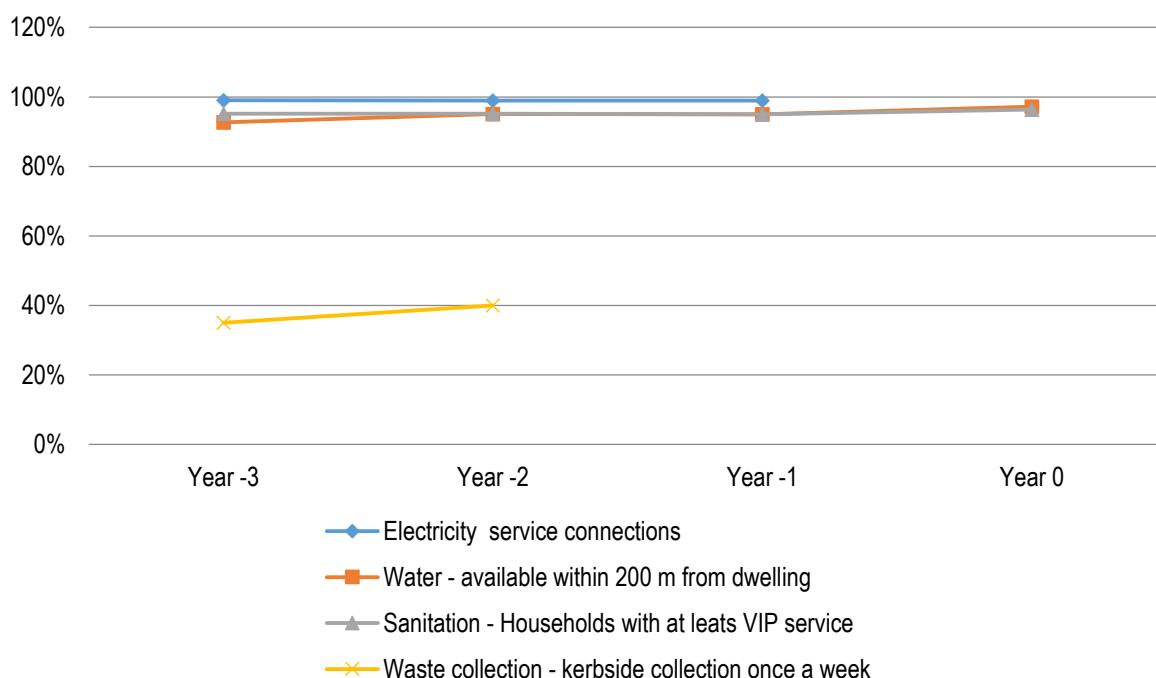
T.1.2.9



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 Kutwanong 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 |
| Net Total* | 157 568 | 157 568 | 361 452 |

* Note: surplus/(deficit)

T 1.4.2

OPERATING RATIOS

DETAIL

%

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

T 1.4.3

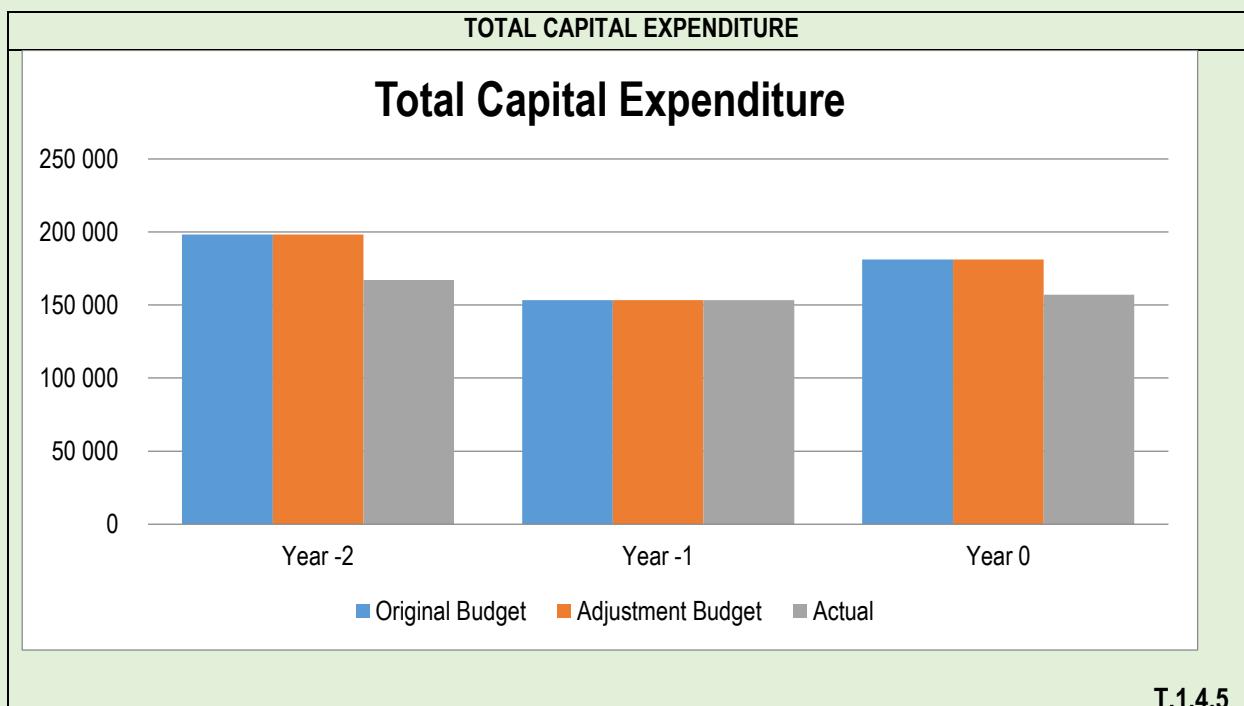
TOTAL CAPITAL EXPENDITURE: YEAR -2 TO YEAR 0

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

| COMMENT ON CAPITAL EXPENDITURE OUTSTANDING |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <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> |

T 1.4.5.1



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 th 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 | March 2018 | Immediately after the Audit Report is presented to Council |
| 15 | Council adopts Oversight Report | | 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 / May 2019 | April 2019 |
| 18 | Commencement of draft Budget/IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input. | | 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 Khalipha



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

COUNCILLORS

T.2.1.1

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 Lethlape



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



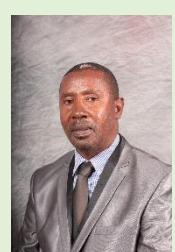
Ward 12
Cllr Moshoeu



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 Mokhomlo



Ward 32
Van Schalkwyk



Ward 33
Cllr Malherbe



Ward 34
Cllr Daly



Ward 35
Cllr Manzana



Ward 36
Cllr Khothule



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 1st August 2017;

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

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

Mr Fezile Wetes as the Executive Director responsible for Corporate Support Services, who was employed in the Municipality from the 1st 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 1st February 2015; and

Me Zingisa Tindleni who has been employed as the Executive Director for Community Services and Public Safety effective from the 1st 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**

Mr Barry Golele



**EXECUTIVE DIRECTOR
COMMUNITY SERVICES &
LAW ENFORCEMENT**

Me Zingisa Tindleni



**EXECUTIVE DIRECTOR
INFRASTRUCTURE**

Me. Betty Maswanganyi



**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. 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 th 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 responsibility of 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 regard to the promulgation.

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

| Municipal Website: Content and Currency of Material | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------|
| Documents published on the Municipality's / Entity's Website | Yes / No | Publishing Date |
| Current annual and adjustments budgets and all budget-related documents | Yes | 31st July 2017 |
| All current budget-related policies | Yes | 31st July 2017 |
| The previous annual report (Year -1) | Yes | 1st March 2017 |
| The annual report (Year 0) published/to be published | Yes | 12th 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 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 August 2018 |

T 2.9.1

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. I

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.

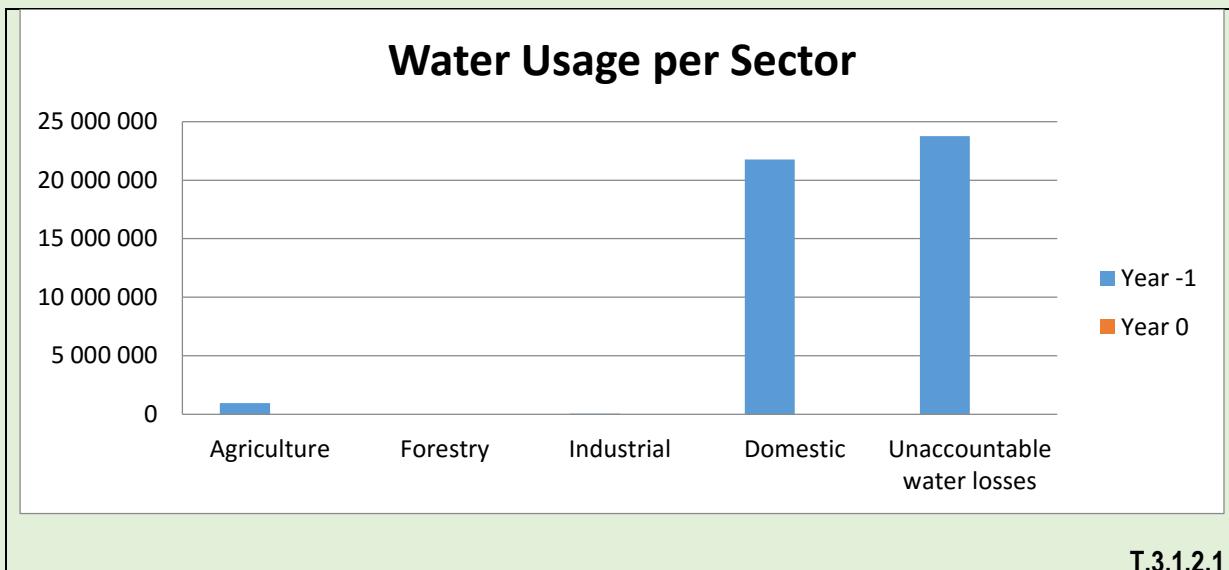
T 3.1.1

| 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 | | | |
| | | | | | |
| | | | | | |

T.3.1.2

WATER USE BY SECTOR





T.3.1.2.1

COMMENT ON WATER USE BY SECTOR:

Due to excessive water losses, the Municipality embarked on a project to reduce water losses. 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

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

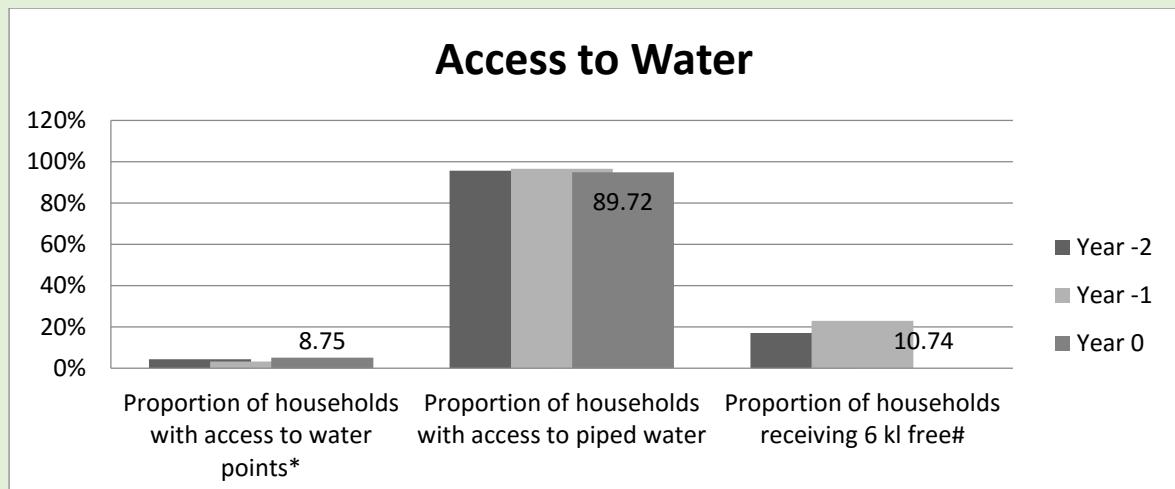


| | | | | | | |
|-----------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| No water supply | | | | | | |
| <i>Below Minimum Service Level sub-total</i> | 4 467 | 3 467 | 5 400 | 0 | 0 | 0 |
| <i>Below Minimum Service Level Percentage</i> | 4% | 3% | 4% | 0% | 0% | 0% |
| Total number of households* | 102 695 | 102 875 | 102 695 | 106 510 | 106 510 | 106 510 |
| | | | | | | T 3.1.3 |

| Description | Households | | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------|----|---------|
| | Year -3 Actual No. | Year -2 Actual No. | Year -1 Actual No. | Year 0 | | |
| Formal Settlements | | | | | | |
| Total households | 86 284 | 87 711 | 90 969 | | | |
| 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% |
| Informal Settlements | | | | | | |
| Total households | 7 183 | 6 183 | 6 150 | | | |
| 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> | | | | | | |
| | | | | | | T 3.1.4 |

| ACCESS TO WATER | | | |
|-----------------|-------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------|
| | Proportion of households with access to water points* | Proportion of households with access to piped water | Proportion of households receiving 6 kl free# |
| Year -2 | 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 (viii) | | | |
| | | | | | | | | | | |
| 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 | 5000 |
| | Service all hydrants and Valves once a year | 190 | 307 | 190 | 0 | | 500 | 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 |
| | | 5000 | 3750 | | | | 5000 | 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% |
| Total | 79 | 404 | 197 | 207 | 51% |

T 3.1.7

| FINANCIAL PERFORMANCE YEAR 0: WATER SERVICES | | | | | |
|----------------------------------------------|-----------|-----------------|-------------------|----------------|--------------------|
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 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% |
| Total Operational Expenditure | | 477 716 | 477 716 | 361 342 | -24% |
| Net Operational Expenditure | | 134 639 | 134 639 | 347 899 | 61% |

T 3.1.8

| CAPITAL EXPENDITURE YEAR 0: WATER SERVICES | | | | | |
|----------------------------------------------------------------------|--------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | Year 0 | | | | |
| | 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

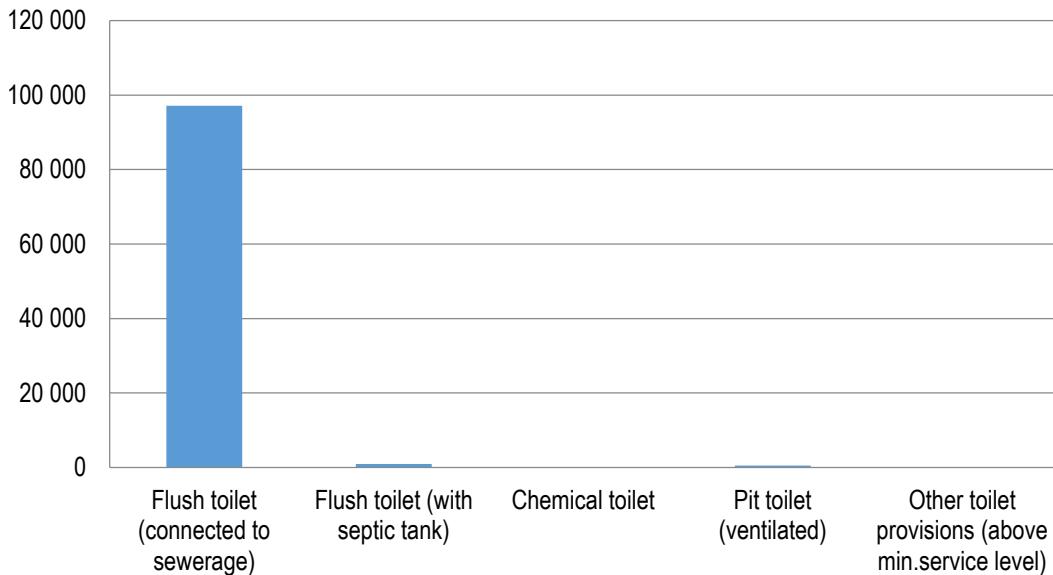
Due to environmental requirements associated with sewerage, the Municipality spent a major portion of its budget on upgrading these services. However, several challenges still exist. The upgrading of the Waste Water Treatment Works (WWTW) especially gets high priority.

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



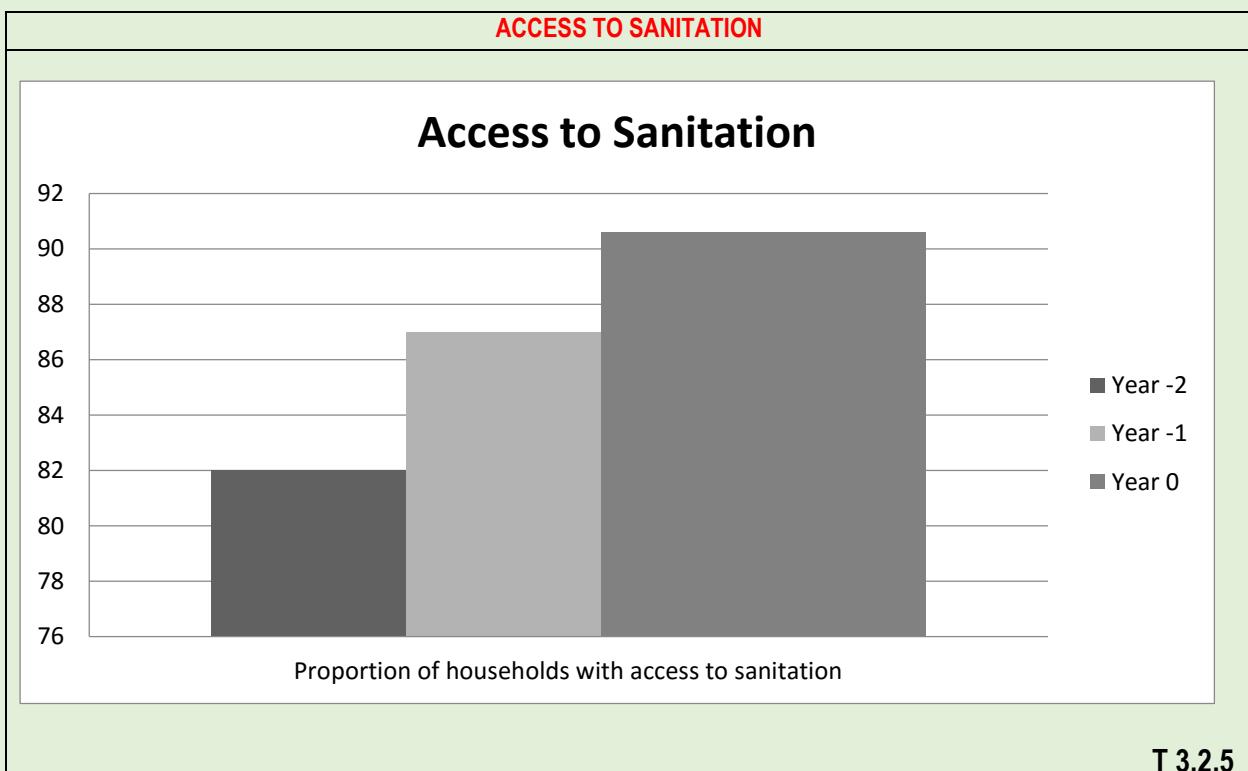
T 3.2.2



| Description | SANITATION SERVICE DELIVERY LEVELS | | | | | |
|----------------------------------------------------------|------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|----------------|
| | *Households | | | | | |
| | Year -3 Outcome No. | Year -2 Outcome No. | Year -1 Outcome No. | Original Budget No. | Adjusted Budget No. | Actual No. |
| <u>Sanitation/sewerage:</u> (above minimum level) | | | | | | |
| 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% |
| <u>Sanitation/sewerage:</u> (below minimum level) | | | | | | |
| 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% |
| Total households | 107 582 | 102 394 | 102 394 | 102 394 | 102 394 | 102 394 |
| | | | | | | T 3.2.3 |

| Description | HOUSEHOLDS - SANITATION SERVICE DELIVERY LEVELS BELOW THE MINIMUM | | | | | |
|------------------------------------------------------|-------------------------------------------------------------------|--------------------------|--------------------------|---------------------------|---------------------------|----------------|
| | Households | | | | | |
| | Year -3 Actual No. | Year -2 Actual No. | Year -1 Actual No. | Original Budget No. | Adjusted Budget No. | Actual No. |
| Formal Settlements | | | | | | |
| 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% | | | |
| Informal Settlements | | | | | | |
| 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% | | | |
| | | | | | | T 3.2.4 |





| 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 | | |
| | | *Previous Year | | *Previous Year | *Current Year | | *Current Year | *Current Year | *Following Year |
| (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| Service Objective | | | | | | | | | |
| To 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% |
| Total | 65 | 153 | 67 | 86 | 56% |

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

T 3.2.7

| FINANCIAL PERFORMANCE YEAR 0: SANITATION SERVICES | | | | | |
|---------------------------------------------------|---------------|-----------------|-------------------|----------------|--------------------|
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | -150 033 | -147 748 | -147 748 | -169 979 | 15% |
| Expenditure: | | | | | |
| 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% |
| Total Operational Expenditure | 56 024 | 111 558 | 111 558 | 108 641 | -3% |
| Net Operational Expenditure | 94 009 | 36 190 | 36 190 | 61 338 | 69% |

T 3.2.8



| CAPITAL EXPENDITURE YEAR 0: SANITATION SERVICES | | | | | | |
|-----------------------------------------------------------------------------------------|---------------|--------------------------|---------------------------|--------------------------------------|----------------------------|----------------|
| Capital Projects | Year 0 | | | | | R' 000 |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value | |
| Total All | 79 814 | 79 814 | 81 433 | 2% | | |
| 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 | |
| Kutlwanong: 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 Kutlwanong 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 | |
| | | | | | | T 3.2.9 |

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Sewer networks were extended and maintained but due to shortage of funding and resources, some major challenges exist. 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:

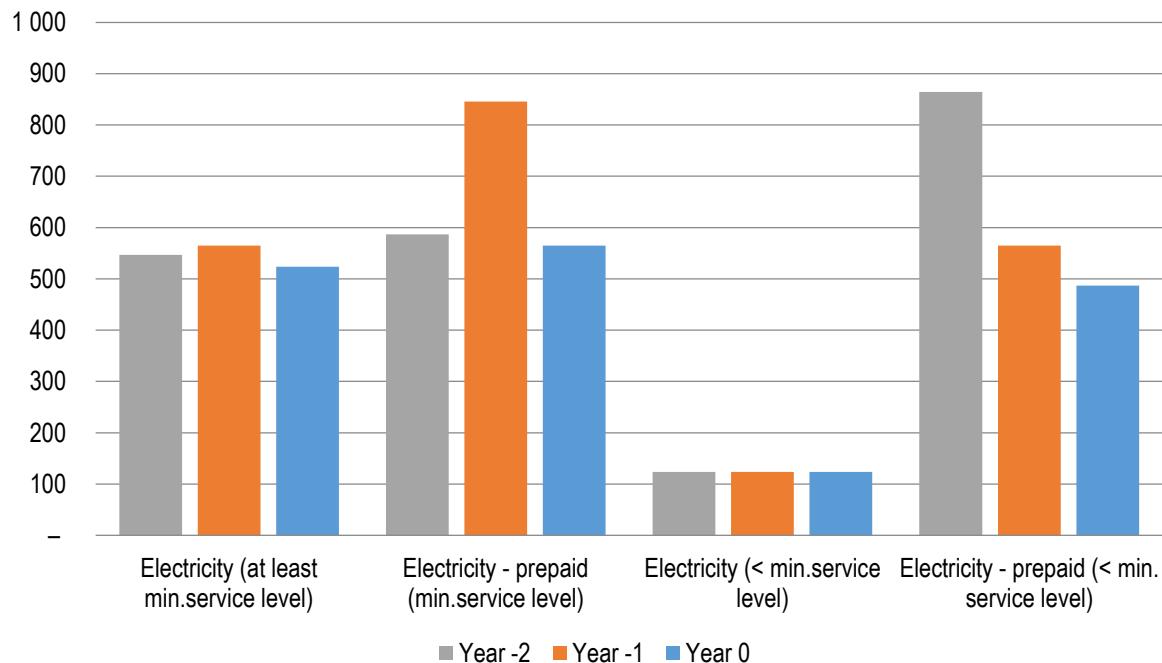
- Allanridge Unit
- Odendaalsrus Unit
- Welkom Unit
- Riebeeckstad Unit
- Bronville Unit
- Virginia Unit
- Hennenman Unit
- Ventersburg Unit

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

ELECTRICITY

Electricity



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. |
| <u>Energy: (above minimum level)</u> | | | | |
| 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% |
| <u>Energy: (below minimum level)</u> | | | | |
| 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% |
| Total number of households | 31 380 | 32 018 | 32 050 | 35316 |
| | | | | T 3.3.3 |

| HOUSEHOLDS - ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM | | | | | |
|--------------------------------------------------------------------|---------|---------|-----------------|-----------------|----------------|
| Description | Year -3 | Year -2 | Year -1 | Households | |
| | Actual | Actual | Original Budget | Adjusted Budget | Actual |
| | No. | No. | No. | No. | No. |
| Formal Settlements | | | | | |
| 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% |
| Informal Settlements | | | | | |
| 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% |
| | | | | | T 3.3.4 |



| 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) |
| | | | | | | | | | |
| Service Objective xxx | | | | | | | | | |
| <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 |
| T 3.3.5 | | | | | | | | | |



| Employees: Electricity Services | | | | | |
|---------------------------------|-----------|------------|-----------|----------------------------------|-----------------------------------|
| Job Level | Year -1 | Year 0 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 2 | 0 | 1 | 0 | 1 | 100% |
| 3 | 1 | 2 | 1 | 1 | 50% |
| 5/4 | 4 | 4 | 4 | 0 | 0% |
| 6 | 2 | 11 | 2 | 9 | 82% |
| 8/7 | 1 | 13 | 1 | 12 | 92% |
| 8 | 3 | 5 | 3 | 2 | 40% |
| 9 | 12 | 21 | 9 | 12 | 57% |
| 10/9 | 1 | 2 | 1 | 1 | 50% |
| 10 | 2 | 3 | 2 | 1 | 33% |
| 11 | 0 | 2 | 0 | 2 | 100% |
| 12/11 | 3 | 13 | 3 | 10 | 77% |
| 14/13 | 6 | 12 | 6 | 6 | 50% |
| 15 | 1 | 2 | 1 | 1 | 50% |
| 16/15 | 10 | 32 | 10 | 22 | 69% |
| 16 | 2 | 10 | 2 | 8 | 80% |
| 18/17 | 18 | 45 | 38 | 7 | 16% |
| Total | 37 | 178 | 83 | 95 | 53% |

T 3.3.6



| Financial Performance Year 0: Electricity Services | | | | | |
|----------------------------------------------------|----------------|-----------------|-------------------|----------------|--------------------|
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | -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% |
| Total Operational Expenditure | 641 136 | 510 470 | 510 470 | 248 641 | 51% |
| Net Operational Expenditure | 87 964 | 117 070 | 117 070 | 370 242 | 216% |
| | | | | | T 3.3.7 |

| Capital Expenditure Year 0: Electricity Services | | | | | |
|---------------------------------------------------------------------------|--------------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 25800 | 25800 | 881 | 3% | |
| 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 |
| | | | | | T 3.3.8 |

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.

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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



| SOLID WASTE SERVICE DELIVERY LEVELS | | | | |
|---------------------------------------------------|--------------------------|--------------------------|--------------------------|-------------------------|
| Description | Households | | | |
| | Year -3 Actual No. | Year -2 Actual No. | Year -1 Actual No. | Year 0 Actual No. |
| Solid Waste Removal: (Minimum level) | | | | |
| 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% |
| Solid Waste Removal: (Below minimum level) | | | | |
| 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% |
| Total number of households | 2 799 | 2 876 | 2 876 | 2 876 |
| | T 3.4.2 | | | |

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

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



| WASTE MANAGEMENT SERVICE POLICY OBJECTIVES TAKEN FROM IDP | | | | | | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------|--------------------------------------|------------------------------------|---------------------------|------|
| Service Objectives Service Indicators (i) | Outline Service Targets (ii) | Year -1 | | Year 0 | | Year 1 | Year 3 | | |
| | | Target *Previous Year (iii) | Actual (iv) | Target *Previous Year (v) | Actual *Current Year (vi) | Target *Current Year (viii) | Target *Current Year (ix) | *Following Year (x) | |
| | | Service Objective | | | | | | | |
| 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 |
| Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role. | | | | | | | | | |

T 3.4.4



| Employees: Waste Management, Waste Disposal and Other Services | | | | | |
|----------------------------------------------------------------|------------|------------|------------|----------------------------------|-----------------------------------|
| Job Level | Year -1 | | Year 0 | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| No. | No. | No. | No. | 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% |
| Total | 324 | 465 | 324 | 135 | 29% |

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

T 3.4.5

| Employees: Waste Disposal and Other Services | | | | | |
|----------------------------------------------|------------|------------|------------|----------------------------------|-----------------------------------|
| Job Level | Year -1 | | Year 0 | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| No. | No. | No. | No. | 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% |
| Total | 324 | 465 | 324 | 135 | 29% |

NB: Same Information accounted for under Table 3.4.5.

T 3.4.6



| FINANCIAL PERFORMANCE YEAR 0: SOLID WASTE MANAGEMENT SERVICES | | | | | |
|---------------------------------------------------------------|---------------|-----------------|-------------------|----------------|--------------------|
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | -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% |
| Total Operational Expenditure | 88 479 | 91 718 | 91 718 | 120 193 | 31% |
| Net Operational Expenditure | 5 240 | 7 839 | 7 839 | 14 826 | 89% |
| | | | | | T 3.4.7 |

| FINANCIAL PERFORMANCE YEAR 0: WASTE DISPOSAL AND OTHER SERVICES | | | | | |
|-----------------------------------------------------------------|----------------|-----------------|-------------------|----------------|--------------------|
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | -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% |
| Total Operational Expenditure | 88 479 | 91 718 | 91 718 | 120 193 | 31% |
| Net Operational Expenditure | 5 240 | 7 839 | 7 839 | 14 826 | 89% |
| Total Operational Revenue | -93 719 | 83 879 | 83 879 | 105 367 | 26% |
| | | | | | T 3.4.8 |

| 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% | |
| | | | | | T 3.4.9 |



COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL

The Directorate provided Waste Management Services to 5 749 service points of which constitute 147 495 constitute 123 195 formal and 24300 informal households. The service provision to households is carried out once a week and collection is done from Kerb Stone; the industries are serviced twice a week and commercial is serviced three times a week. Other services include street cleaning, paper picking and rubble removal. The cleaning services are carried out on a daily basis whilst the rubble removal is carried out as per request.

Recycling is not yet formalised and is being carried out by private service providers (reclaimers) collecting from the individual street waste pickers and landfill sites waste pickers.

The Odendaalsrus landfill site has just been provided with the Buy-Back Centre and the landfill site waste pickers are yet to be formalised into cooperatives through the national Waste Pickers Association.

The Welkom Landfill site is in the process of being upgraded and it is going to be provided with the Buy-Back Centre and Drop-off facility as the initiative to venture in waste recycling from the landfill site whilst the systems are being set to sort the waste from the source (households)

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

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

T 3.4.10



3.5 HOUSING

INTRODUCTION TO HOUSING

The Department's core mandate is to facilitate the provision of low and middle income housing to the qualifying members within the legal parameters (National, Provincial, Local Government).

Land Affairs

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

Housing Development

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

Housing Administration

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

Residential Rental Accommodation

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

T 3.5.1

PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC HOUSING

| Year end | Total households (formal and informal settlements) | Households in formal settlements | Percentage of HHs in formal settlements |
|----------|-------------------------------------------------------|-------------------------------------|--------------------------------------------|
| Year -3 | 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 | | Actual *Current Year (vi) | Target *Current Year (viii) | Target *Current Year (ix) | *Following Year (x) |
| | | *Previous Year (v) | *Current Year (vii) | | | | | | |
| Service Objective xxx | | | | | | | | | |
| To promote security of tenure | Audit rental units | 800 | 371 | 4392 | 4392 | - | 0 | - | - |
| T 3.5.3 | | | | | | | | | |



| Job Level | Employees: Housing Services | | | | | |
|-----------|-----------------------------|-------|-----------|----------------------------------|-----------------------------------|---------|
| | Year -1 | | Year 0 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) | |
| No. | No. | No. | No. | No. | % | |
| 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 | | | | | | |
| Total | 18 | 33 | 18 | 15 | 45% | |
| | | | | | | T 3.5.4 |



| FINANCIAL PERFORMANCE YEAR 0: SOLID WASTE MANAGEMENT SERVICES | | | | | |
|---------------------------------------------------------------|---------|-----------------|-------------------|---------|--------------------|
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | -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% |
| Total Operational Expenditure | 22 396 | 23 510 | 23 510 | 18 253 | -22% |
| Net Operational Expenditure | 10 799 | 6 490 | -3 510 | -18 253 | 185% |
| | | | | | T 3.5.5 |

| 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> | | | | | T 3.5.6 |



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 site 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

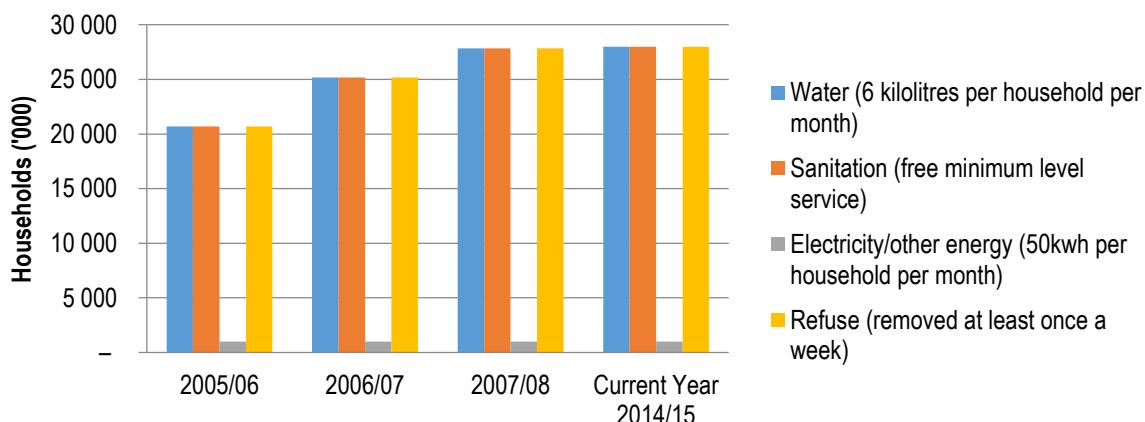
INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

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 | | | | |
| Total | 42 108 919 | | | | |

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 (iii) | (iv) | *Previous Year (v) | (vi) | (vii) | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| Service Objective | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| NB: no capital budget allocated to PSE System, Theronia WWTW currently dysfunctional, therefore any PSE available. | | | | | | | | | |
| T 3.6.5 | | | | | | | | | |



COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality provided free basic services to 19 539 indigents.

T 3.6.6



COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (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 m² of potholes in formal roads to reduce deterioration and ensure safe usage thereof (m²).

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

Kilometers

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

T 3.7.2

TARRED ROAD INFRASTRUCTURE

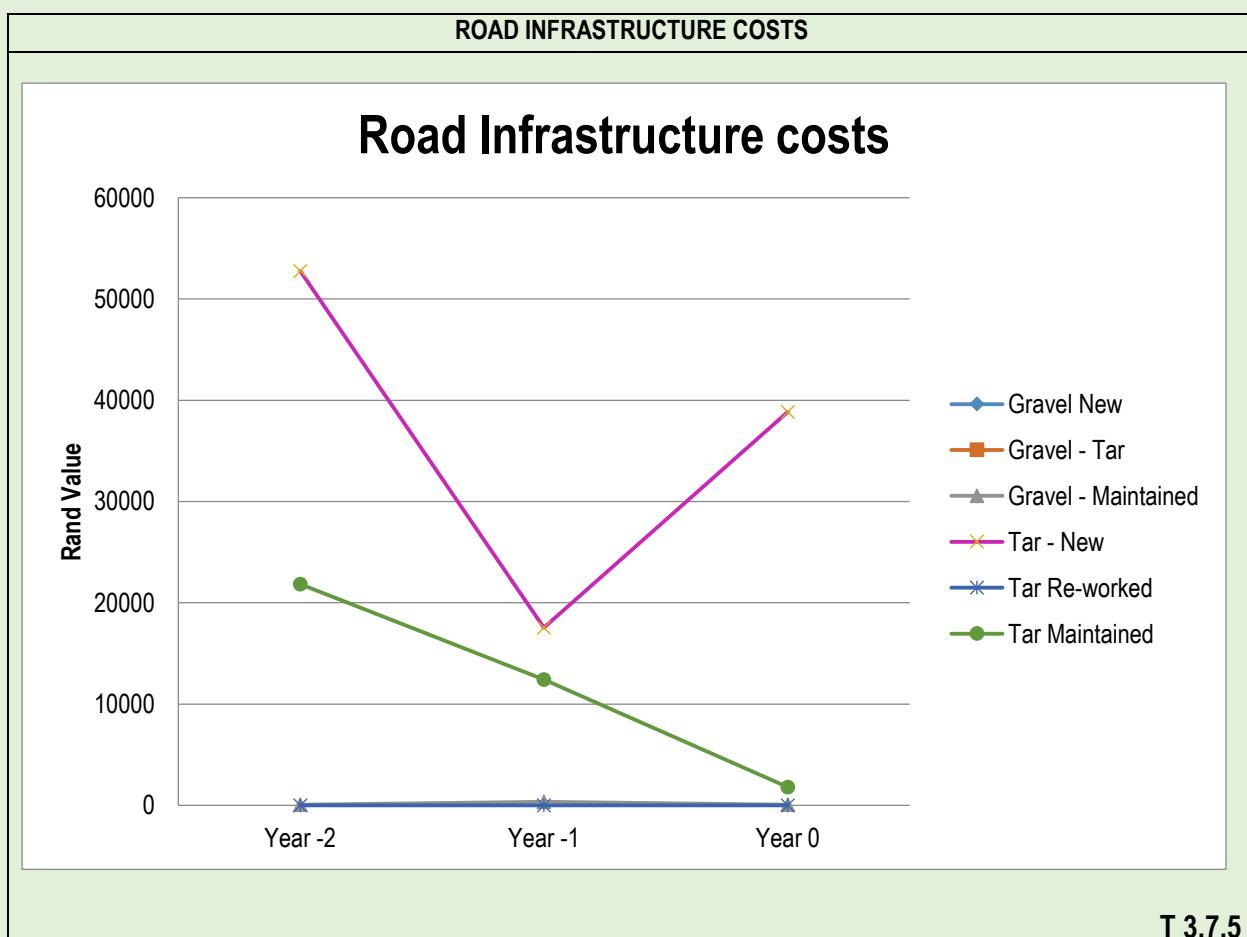
Kilometers

| | Total tarred roads | New tar/paved roads | Existing tar roads re-tarred | Existing tar roads re-sheeted | Tar roads maintained |
|---------|--------------------|---------------------|------------------------------|-------------------------------|----------------------|
| 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 | Maintained |
| Year -2 | | | 68 | 38 851 | 0 | 1 816 |
| Year -1 | | | 779 | 22 381 | 13 000 | 2 212 |
| Year 0 | | | | | | |
| | | | | | | 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 *Previous Year (iii) | Actual (iv) | Target *Previous Year (v) | Actual *Current Year (vi) | | Target *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| | | | | | | | | | |
| Service Objective | | | | | | | | | |
| To develop and maintain road and storm water infrastructure | Construct 10km new distributor roads/ bus/ taxi roads to improve traffic flow and improve 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 ² | 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 ² of potholes in formal roads to reduce deterioration and ensure safe usage thereof (m ²). | Patch 15 800 m ² of potholes in formal roads to reduce deterioration and ensure safe usage thereof (m ²). | 0 | 0 | 0 | 15 800 m ² | 10970m ² | 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 |
| Meloding: Construction of roads, sidewalks & storm water 2.2 km | Meloding: 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% |

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

T 3.7.7



| FINANCIAL PERFORMANCE YEAR 0: ROAD SERVICES | | | | | |
|---------------------------------------------|---------------|-----------------|-------------------|----------------|--------------------|
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 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% |
| Total Operational Expenditure | 16 433 | 250 271 | 250 271 | 64 158 | -74% |
| Net Operational Expenditure | 16 433 | -250 271 | -250 271 | -64 148 | -74% |
| T 3.7.8 | | | | | |

| CAPITAL EXPENDITURE YEAR 0: ROAD SERVICES | | | | | |
|------------------------------------------------------------------------------------------------------------------|---------------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 29 186 | 32 371 | | | |
| 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 |
| T 3.7.9 | | | | | |

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

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

T 3.7.10



3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)
INTRODUCTION TO TRANSPORT

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

T 3.8.1
EMPLOYEES: FLEET MANAGEMENT

| Job Level | Year -1 | Year 0 | | | |
|-----------|------------------|--------------|------------------|--------------------------------------------|-------------------------------------------|
| | Employees 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 | | |
| Total | 13 | 43 | 19 | 26 | 60% |

T 3.8.2


COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL

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

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 | | |
| Total | 13 | 43 | 19 | 26 | 60% |
| <p>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.</p> | | | | | |
| T 3.8.4 | | | | | |



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

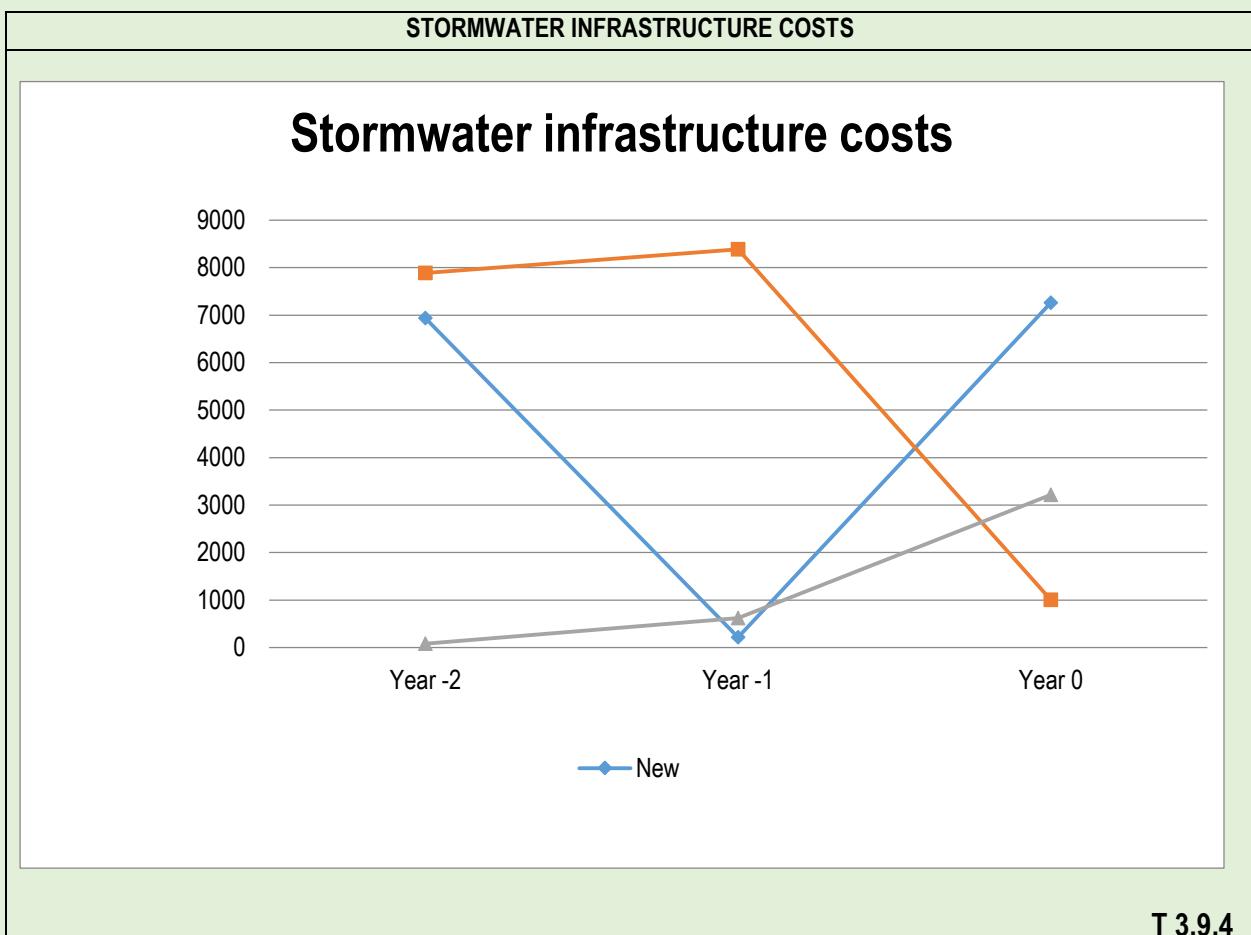
| STORMWATER INFRASTRUCTURE | | | | |
|---------------------------|----------------------------|--------------------------|-------------------------------|-----------------------------------------------|
| | Total Storm water measures | New Storm water measures | Storm water measures upgraded | Kilometres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

T 3.9.2

| COST OF CONSTRUCTION/MAINTENANCE | | | |
|----------------------------------|----------------------|----------|------------|
| | R' 000 | | |
| | Storm water Measures | | |
| | New | Upgraded | Maintained |
| Year -2 | 218 | 8 389 | 620 |
| Year -1 | 7 262 | 1 004 | 3 216 |
| Year 0 | | | |

T 3.9.3





T 3.9.4



| STORMWATER 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) | Target *Current Year (ix) | *Following Year (x) | |
| Service Objective | | | | | | | | | |
| To develop and maintain road and storm water infrastructure. | Upgrade 2km of main storm water in Phomolong and Mmamahabane | 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 |
| | | | | | | | | | |
| T.3.9.5 | | | | | | | | | |



| Employees: Storm water 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 | 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 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 |
| Total Operational Revenue | 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% |
| Total Operational Expenditure | 16 433 | 250 271 | 250 271 | 64 158 | -74% |
| Net Operational Expenditure | 16 433 | -250 271 | -250 271 | -64 148 | -74% |
| | | | | | T.3.9.7 |

| CAPITAL EXPENDITURE YEAR 0: STORMWATER SERVICES | | | | | |
|-----------------------------------------------------------------------------------------------------------------|--------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | R' 000 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | | 29 186 | 32 371 | | |
| 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 |
| Meloding: 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 |
| | | | | | T.3.9.8 |

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Some storm water challenges were addressed in several townships (Thabong, Phomolong, Mmamahabane and Kutlwana) 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 No. | Posts No. | Employees No. | Vacancies (fulltime equivalents) No. | Vacancies (as a % of total posts) % |
| 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 | | | | | |
| Total | 4 | 19 | | | 0% |
| | | | | | T 3.10.4 |



| FINANCIAL PERFORMANCE YEAR 0: PLANNING SERVICES | | | | | | |
|-------------------------------------------------|---------------|-----------------|-------------------|----------------|--------------------|-----------------|
| Details | Year 0 | | | | | R'000 |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget | |
| Total Operational Revenue | 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% | |
| Total Operational Expenditure | 16 433 | 250 271 | 250 271 | 64 158 | -74% | |
| Net Operational Expenditure | 16 433 | -250 271 | -250 271 | -64 148 | -74% | |
| | | | | | | T 3.10.5 |

| 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 | |
| Total All | | 29 186 | 32 371 | | | / |
| 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, 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 | |
| | | | | | | T.3.10.6 |



3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

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

Accordingly, the implementation plans were developed by all the Divisions of the Department as encapsulated in the Service Delivery and Budget Implementation Plan (SDBIP). Noteworthy is the fact that some of the targets were reliant on the funding from the Municipality for their implementation whilst 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

| Sector | Year -2 | Year -1 | Year 0 |
|-------------------------------------------|--------------|---------|-----------------|
| 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 | | |
| Total | 236,5 | | |
| | | | T.3.11.2 |



| ECONOMIC EMPLOYMENT BY SECTOR | | | |
|-------------------------------------------|------------------|----------------|-----------------------|
| Sector | Year 1 No. | Year -1 No. | Jobs 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 | | |
| Total | 1 887 000 | | |

T.3.11.3

COMMENT ON LOCAL JOB OPPORTUNITIES

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

T 3.11.4

| JOBS CREATED DURING YEAR 0 BY LED INITIATIVES (EXCLUDING EPWP PROJECTS) | | | | |
|-------------------------------------------------------------------------|---------------------|---------------------------------------------------|---------------------------------------|------------------------------------------|
| Total Jobs created / Top 3 initiatives | Jobs created No. | Jobs lost / displaced by other initiatives No. | Net total jobs created in year No. | Method of validating jobs created / lost |
| Total (all initiatives) | | | | |
| Year -2 | 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 | | |
| * - 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 (vii) | | |
| | | *Current Year (viii) | *Current Year (ix) | *Following Year (x) | | | | | |
| Service Objective xxx | | | | | | | | | |
| <i>Training of people in essential skills: x, y, z</i> | | | | | | | | | |
| Number of people trained (including retrained 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. | 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% |

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 3.11.8



| FINANCIAL PERFORMANCE YEAR 0: LOCAL ECONOMIC DEVELOPMENT SERVICES | | | | | |
|-------------------------------------------------------------------|---------|-----------------|-------------------|---------|--------------------|
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 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% |
| Total Operational Expenditure | 14 074 | 19 124 | 19 124 | 16 594 | -13% |
| Net Operational Expenditure | 13 685 | -19 124 | -19 124 | -16 348 | -15% |
| | | | | | T.3.11.9 |

| 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 |
| | | | | | T.3.11.10 |



COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Despite the fact that the LED Strategy was not approved by Council and still remains a draft that is going through the review process, it is worth noting that certain programmes were executed in promoting economic development and tourism. To this extent 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 | FOLLOWING 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. | % |
| 1 | | | | | 0% |
| 2 | | | | | 0% |
| 3 | 1 | 1 | 1 | 0 | 0% |
| 5 | | | | | 0% |
| 5/4 | 0 | 2 | 0 | 2 | 100% |
| 5 | | | | | 0% |
| 6 | | | | | 0% |
| 7/6 | 0 | 4 | 0 | 4 | 100% |
| 7 | | | | | |
| 8/7 | | | | | |
| 8 | 1 | 2 | 1 | 1 | 50% |
| 9 | | | | | 0% |
| 10/9 | 0 | 15 | 7 | 8 | 53% |
| 10 | | | | | 0% |
| 11 | | | | | 0% |
| 12/9 | | | | | 0% |
| 12/11 | 14 | 41 | 17 | 24 | 59% |
| 12 | | | | | 0% |
| 13 | | | | | 0% |
| 14/13 | 0 | 1 | 0 | 1 | 100% |
| 14 | | | | | 0% |
| 15 | | | | | 0% |
| 16/15 | | | | | 0% |
| 16 | | | | | 0% |
| 17 | | | | | 0% |
| 18/17 | 20 | 21 | 20 | 1 | 5% |
| Total | 36 | 87 | 46 | 41 | 47% |

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

T 3.12.4



| FINANCIAL PERFORMANCE YEAR 0: LIBRARIES; ARCHIVES; COMMUNITY FACILITIES; OTHER | | | | | |
|--------------------------------------------------------------------------------|------------------|-----------------|-------------------|--------|--------------------|
| DETAILS | YEAR 1 ACTUAL | YEAR 0 | | | |
| | | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | -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% |
| Total Operational Expenditure | 14953 | 58 916 | 58 916 | 50 914 | -14% |
| Net Operational Expenditure | 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 | | | | | |
| No Projects | | | | | |
| 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> | Outline Service Targets | Year -1 | | Year 0 | | | Year 1 | Year 3 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year | | *Previous Year | *Current Year | | *Current Year | *Current Year | *Following Year |
| (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| Service Objective | | | | | | | | | |
| To provide adequate burial space for the community | Develop New Mmamahabane cemetery | 1 | 0 | 1 | 1 | 0 | - | - | - |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

T 3.13.3



| Job Level | Employees: Cemeteries and Crematoriums | | | | | |
|-----------|----------------------------------------|-------|-----------|----------------------------------|-----------------------------------|--|
| | Year -1 | | Year 0 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) | |
| | No. | No. | No. | No. | % | |
| 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 in Table 3.4.5

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 |
| Total Operational Revenue | -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% |
| Total Operational Expenditure | 3 522 | 11 896 | 11 896 | 9 893 | -17% |
| Net Operational Expenditure | 2 289 | -10 896 | -10 896 | 8 234 | 24% |
| | | | | | T 3.13.5 |

| 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 |
| Total All | 2 525 | 2 525 | 3 153 | 20% | |
| 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 |
| | | | | | T 3.13.6 |





3.14 SOCIAL PROGRAMMES

| Child Care; Aged Care; Social Programs 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 (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| Service Indicators (i) | (ii) | 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 |



| Job Level | Employees: Child Care; Aged Care; Social Programmes | | | | | |
|-----------|-----------------------------------------------------|-------|-----------|----------------------------------|-----------------------------------|--|
| | Year -1 | | Year 0 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) | |
| No. | No. | No. | No. | No. | % | |
| 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

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

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

T 3.19.4



COMPONENT E: SECURITY AND SAFETY**3.20 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



3.21 FIRE**INTRODUCTION TO FIRE SERVICES****OVERVIEW**

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

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

OPERATIONAL

- Residential Fires
- Institutional fires
- Public assembly fires
- Commercial fires
- Industry fires
- Utility fires
- Transport fires
- 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 | | | | |
| 2 | Total of other incidents attended in the year | 374 | | | | |
| 3 | Average turnout time - urban areas | 12 minutes | | | | |
| 4 | Average turnout time - rural areas | 25 min | | | | |
| 5 | Fire fighters in post at year end | 78 | | | | |
| 6 | Total fire appliances at year end | 2 | | | | |
| 7 | Average number of appliance off the road during the year | 10 | | | | |
| T 3.21.2 | | | | | | |

| FIRE SERVICE POLICY OBJECTIVES TAKEN FROM IDP | | | | | | | | | |
|----------------------------------------------------------------|-----------------------------------|-------------------------|--------|-----------------------|-----------------------|--------|-------------------------|-----------------------|------------------------|
| Service Objectives | Outline Service Targets | Year -1 | | Year 0 | | | Year 1 | Year 3 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *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% |

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

T 3.21.4



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 effect 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 *Current Year (vi) | | Target *Current Year (vii) | *Current Year (viii) | (*Following Year (ix)) |
| | | | | | | | | | |
| Service Objective | | | | | | | | | |
| 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 No. | Posts No. | Employees No. | Vacancies (fulltime equivalents) No. | Vacancies (as a % of total posts) % |
| 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% |
| Total | 411 | 586 | 262 | 324 | 68.4% |
| <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> | | | | | |
| 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 |
| Total Operational Revenue | 0 | - | - | 34 | |
| Expenditure: | | | | | |
| Employees | 2 728 | 3 018 | 3 018 | 2 710 | -20% |
| Repairs and Maintenance | 0 | - | - | - | |
| Other | 2 334 | 32 | 32 | 22 | -31% |
| Total Operational Expenditure | 5 063 | 3 050 | 3 050 | 2 732 | -10% |
| Net Operational Expenditure | 5 063 | 3 050 | 3 050 | 2 699 | -12% |
| T 3.23.4 | | | | | |



| CAPITAL EXPENDITURE YEAR 0: SPORT AND RECREATION | | | | | | |
|------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------------|---------------------------|--------------------------------------|----------------------------|-----------------|
| Capital Projects | Year 0 | | | | | R' 000 |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value | |
| Total All | 16 153 | 16 153 | 21 308 | 32% | | |
| 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 | |
| | | | | | | T 3.23.5 |

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:

| Political Party | Total | PR | Ward |
|---------------------------------|-------|----|------|
| 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) |
| Service Objective | | | | | | | | | |
| 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 material 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 | | | | | | | | | |



| Job Level | Employees: The Political Office | | | | | |
|--------------|---------------------------------|--------------|--------------|----------------------------------|-----------------------------------|---|
| | Year -1 | | Year 0 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) | % |
| No. | 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% | |
| Total | 2 337 | 3 725 | 2 337 | 1 388 | 37% | |

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

T 3.24.4

| FINANCIAL PERFORMANCE YEAR 0: THE EXECUTIVE AND COUNCIL | | | | | |
|---------------------------------------------------------|---------|-----------------|-------------------|---------|--------------------|
| Details | Year -1 | | Year 0 | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 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% |
| Total Operational Expenditure | 222 590 | 103 971 | 103 971 | 141 678 | 36% |
| Net Operational Expenditure | 281 887 | 358 060 | 358 060 | 390 473 | 9% |
| | | | | | T 3.24.5 |



| 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 | |
| Total All | 26 010 | 26 010 | 2 502 | -90% | | T 3.24.6 |
| 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% | - | |



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

Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.

T 3.25.3



| Employees: Financial Services | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------|------------------|--------------------------------------------|-------------------------------------------|
| Job Level | Year -1 | Year 0 | | | |
| | Employees 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 | |
| 5/4 | 7 | 13 | 7 | 6 | |
| 7/6 | 3 | 14 | 3 | 11 | |
| 8 | 8 | 24 | 8 | 16 | |
| 10/9 | 43 | 64 | 43 | 21 | |
| 12/11 | 74 | 77 | 74 | 3 | |
| 14/13 | 1 | 6 | 1 | 5 | |
| 16/15 | 0 | 8 | 0 | 8 | 100 |
| 18/17 | 9 | 10 | 9 | 1 | |
| Total | 154 | 224 | 154 | 70 | |
| <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> | | | | | |
| T.3.25.4 | | | | | |

| FINANCIAL PERFORMANCE YEAR 0: FINANCIAL SERVICES | | | | | |
|--------------------------------------------------|----------------|-----------------|-------------------|----------------|--------------------|
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | -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% |
| Total Operational Expenditure | 122 088 | 312 471 | 312 471 | 136 630 | -56% |
| Net Operational Expenditure | 7 284 | 226 308 | 226 308 | 206 944 | -9% |
| T 3.25.5 | | | | | |



| CAPITAL EXPENDITURE YEAR 0: FINANCIAL SERVICES | | | | | | R' 000 |
|------------------------------------------------|--------|-------------------|--------------------|-------------------------------|---------------------|----------|
| Capital Projects | Year 0 | | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value | |
| Total All | | | | | | |
| 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 | 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 | 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 | 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 | | | | | | | | | |
| | | | | | | | | | |



| Job Level | Employees: Human Resource Services | | | | |
|--------------|------------------------------------|--------------|------------------|-----------------------------------------|----------------------------------------|
| | 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 | | | | | |
| Total | 22 | 41 | 22 | 19 | 46% |
| | | | | | T 3.26.4 |



| FINANCIAL PERFORMANCE YEAR 0: HUMAN RESOURCE SERVICES | | | | | |
|-------------------------------------------------------|---------|-----------------|-------------------|--------|--------------------|
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 0 | - | - | - | |
| 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% |
| Total Operational Expenditure | 9 143 | 15 926 | 15 926 | 12 629 | -21% |
| Net Operational Expenditure | 9 143 | 15 926 | 15 926 | 12 629 | -21% |
| T 3.26.5 | | | | | |

| 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 | | | | | |
| T 3.26.6 | | | | | |



3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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



| Job Level | Employees: ICT Services | | | | |
|-----------|-------------------------|--------------|------------------|--------------------------------------------|-------------------------------------------|
| | 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 | |
| | | | | | T 3.27.4 |



| Financial Performance Year 0: ICT Services | | | | | |
|--------------------------------------------|---------|-----------------|-------------------|-----------------|--------------------|
| Details | Year -1 | | Year 0 | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 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% |
| Total Operational Expenditure | 8 369 | 18 444 | 18 444 | 14 964 | -19% |
| Net Operational Expenditure | 8 369 | 18 444 | 18 444 | 14 964 | -19% |
| | | | | T 3.27.5 | |

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

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

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

T 3.28.4


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

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

INTRODUCTION

The 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

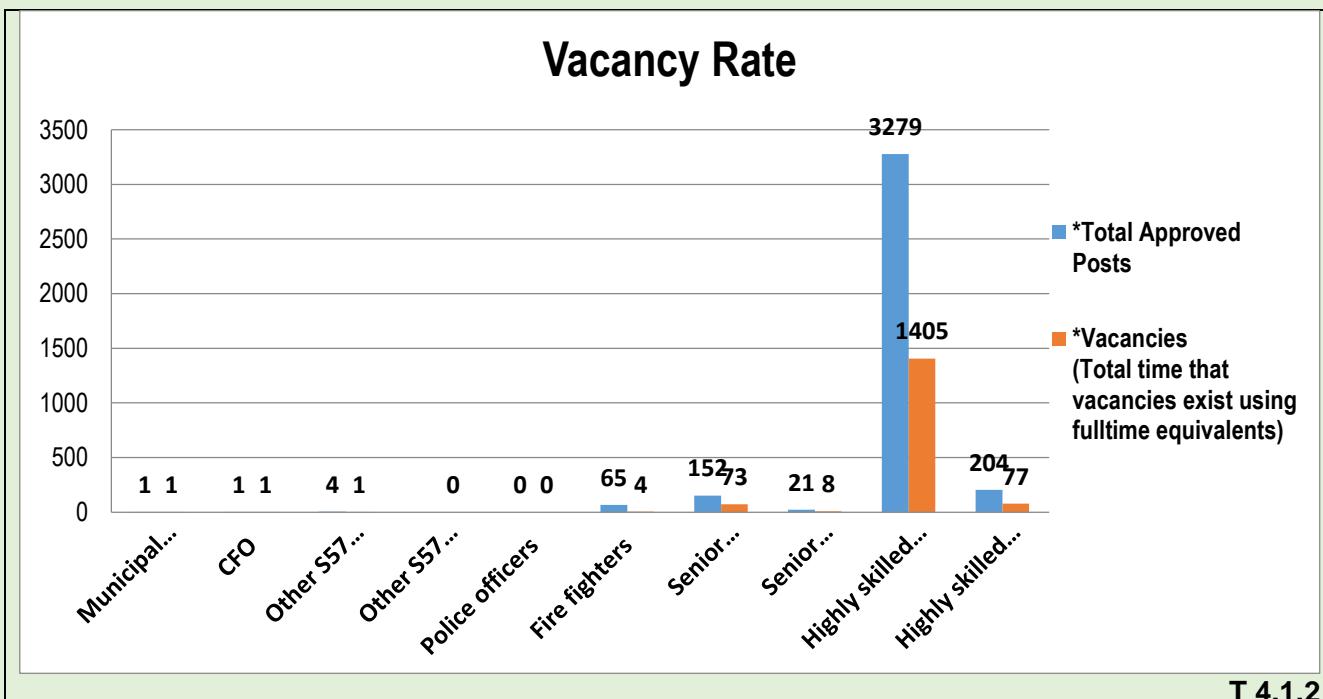
| Description | Employees | | | | | |
|--------------------------------------------------------------|------------------|--------------------------|------------------|------------------|----------------|--|
| | Year -1 | | Year 0 | | | |
| | Employees No. | Approved Posts No. | Employees No. | Vacancies 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 otherServices | | 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% | |
| Totals | 2306 | 3796 | 2155 | 1 569 | 41% | |

T 4.1.1



| 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 |
| Total | 3727 | 1570 | 42,13 |
| | | | |
| | | | |





T 4.1.2

| Turn-over Rate | | | |
|----------------|-----------------------------------------------|-----------------------------------------------|-----------------|
| Details | Appointments during the Financial Year No. | Terminations during the Financial Year No. | Turn-over Rate* |
| 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 30th 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 | | | |
| 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 | | | |
| 8 | Employment Equity | | | 23-Feb-05 |
| 9 | Exit Management | | | |
| 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 | | | |
| 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 | | | |
| 14 | Job Evaluation | | | |
| 15 | Leave | | | |
| 16 | Occupational Health and Safety | | | |
| 17 | Official Housing | | | |
| 18 | Official Journeys | | | |
| 19 | Official transport to attend Funerals | | | |
| 20 | Official Working Hours and Overtime | | | |
| 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 | | | |
| 23 | Performance Management and Development | | | |
| 24 | Recruitment, Selection and Appointments | | | |
| 25 | Remuneration Scales and Allowances | | | |
| 26 | Resettlement | | | |



| | | | | |
|----|------------------------------------------------------|------|------|----------------------|
| 27 | Sexual Harassment | | 100% | Adopted on 22/7/2008 |
| 28 | Skills Development | 100% | | Adopted on 30/4/2002 |
| 29 | Smoking | | | |
| 30 | Special Skills | | | |
| 31 | Work Organisation | | | |
| 32 | Uniforms and Protective Clothing | | | |
| 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

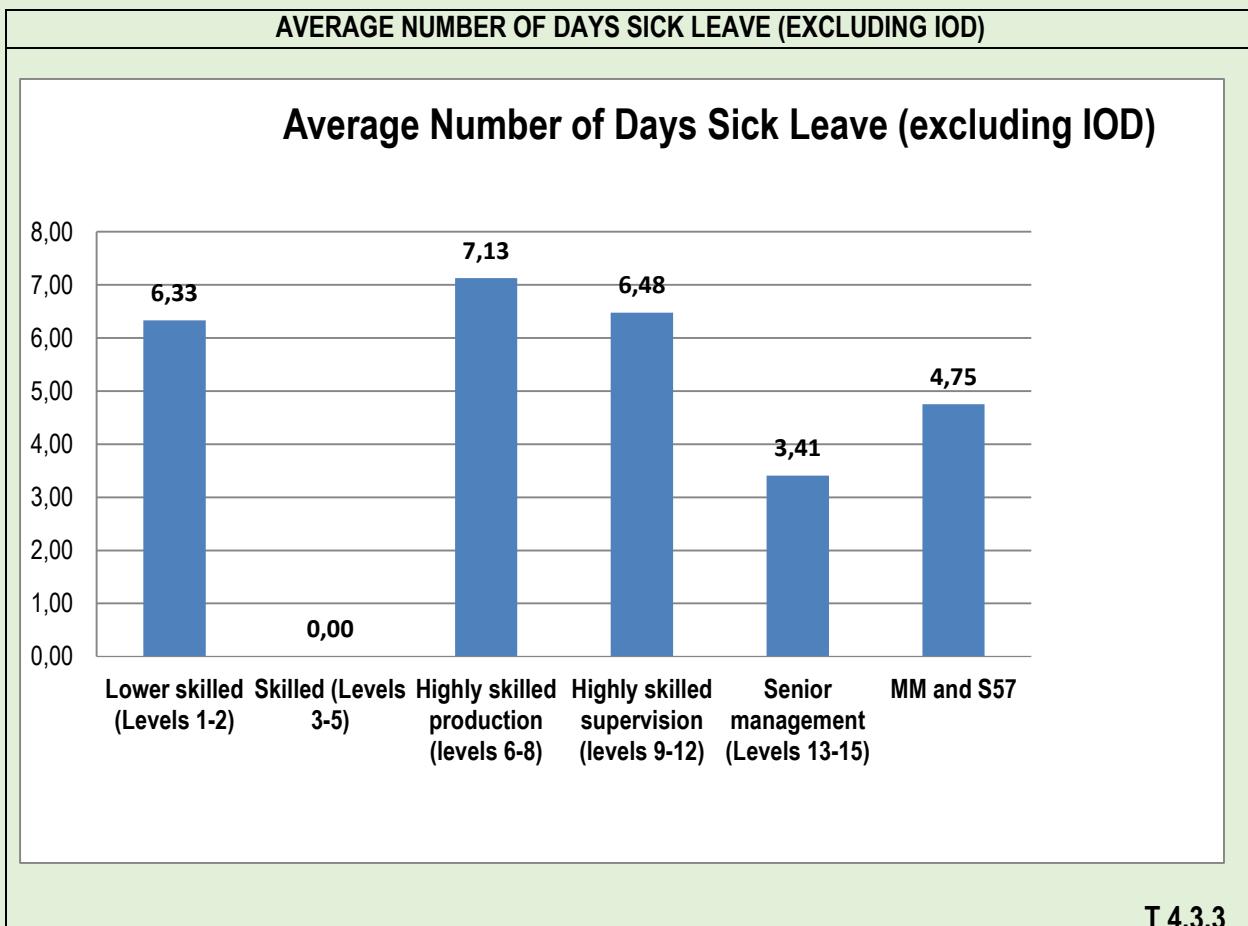


4.3 INJURIES, SICKNESS AND SUSPENSIONS

| 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 |
| Total | 911 | 33 | 4% | 28 | 974735 |
| T 4.3.1 | | | | | |

| 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 |
| Total | 11953 | 7% | 1183 | 2222 | 5,38 | R 789 9040.32 |
| T 4.3.2 | | | | | | |





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) | <p>Gross negligence by allowing a member of public to work without proper appointment processes</p> <p>Put council's name in disrepute by allowing a member of public to work without payment and not being employed by the Municipality</p> | 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) | <p>1. Fraudulent appointment letters to member of the Public in exchange for money.</p> <p>2. Fraudulent action by the employee by forging the signature of the Municipal Manager.</p> | 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 |
| T 4.3.5 | | | | |



| DISCIPLINARY ACTION TAKEN ON CASES OF FINANCIAL MISCONDUCT | | | |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------------|
| POSITION | NATURE OF ALLEGED MISCONDUCT AND RAND VALUE OF ANY LOSS TO THE MUNICIPALITY | DISCIPLINARY ACTION TAKEN | DATE FINALIZED |
| 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 300kg 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 effected 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 | | | | |
|-------------------------------------------------------------------------------------|-------------------------------|------------------------------------|-------------------------|-----------------------------------------|--------------------------------------------|
| | Beneficiary profile | | | | |
| | Gender | Total number of employees in group | Number of beneficiaries | Expenditure on rewards Year 1 R' 000 | Proportion of beneficiaries within group % |
| Lower skilled (Levels 1-2) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Skilled (Levels 3-5) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Highly skilled production (levels 6-8) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Highly skilled supervision (levels 9-12) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Senior management (Levels 13-15) | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| MM and S57 | Female | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 |
| Total | | 0 | 0 | 0 | 0 |
| Has the statutory municipal calculator been used as part of the evaluation process? | | | | | 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)) |
|------------------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| Financial Officials | | | | | | |
| <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 |
| Supply Chain Management Officials | | | | | | |
| <i>Heads of supply chain management units</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Supply chain management senior managers</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 33 | 0 | 33 | 27 | 3 | 27 |

T 4.5.2

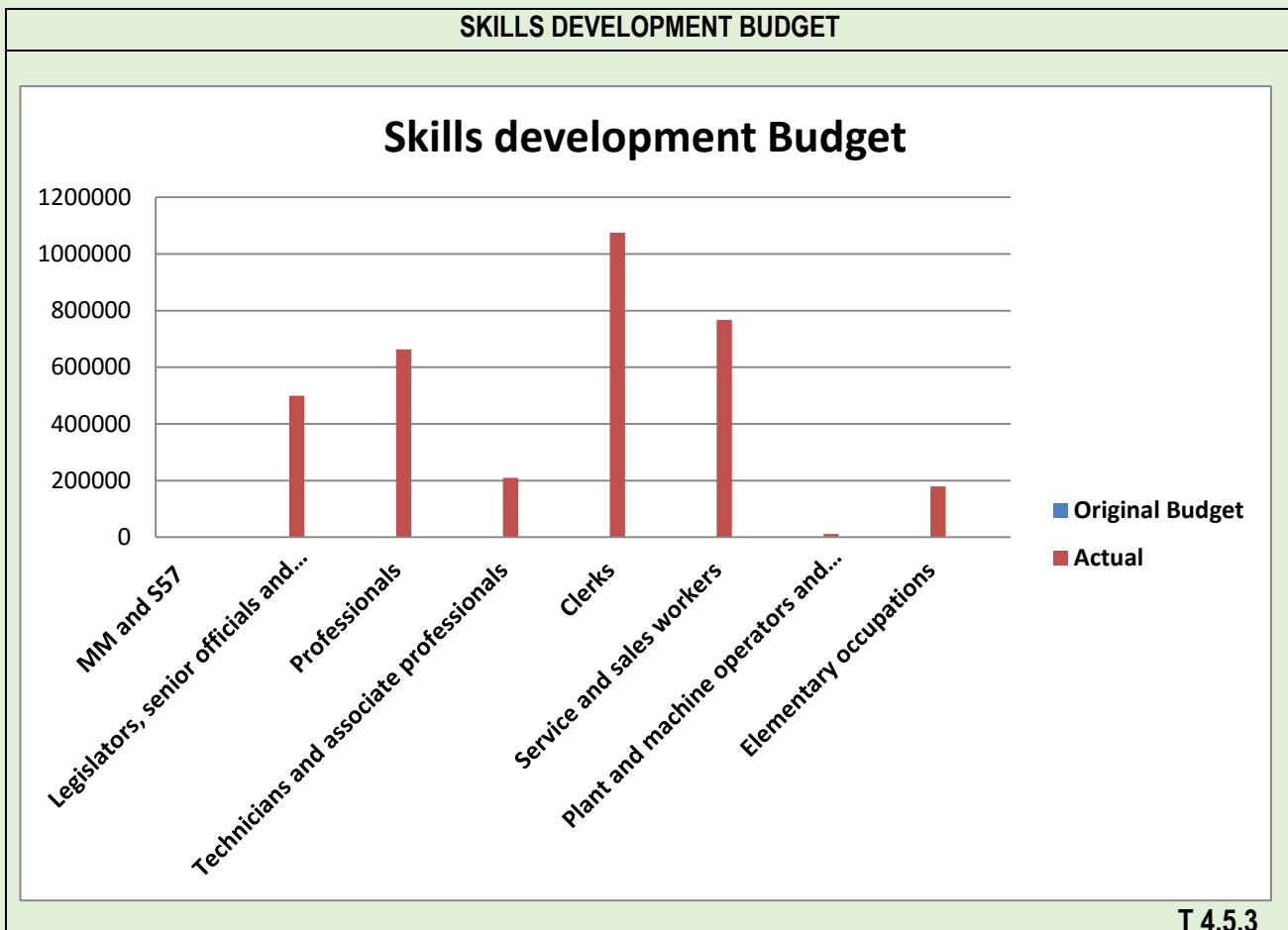


SKILLS DEVELOPMENT EXPENDITURE

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 |





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



| DESIGNATION | STATUS IN TERMS OF COMPETENCY LEVELS |
|---------------------------------------|--------------------------------------------|
| Municipal Manager | Meets minimum competency levels |
| CFO | Meets minimum competency levels. |
| Executive Director LED and Planning | Awaiting LGSETA accreditation certificate. |
| Executive Director Community Services | Meets minimum competency levels |
| Executive Director Infrastructure | Meets minimum competency levels |
| Executive Director Strategic Support | Meets minimum competency levels |
| Executive Director Corporate Services | 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 |
| T 4.5.4 | |



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 |
| Total | | 0 |
| T 4.6.2 | | |

| EMPLOYEES WHOSE SALARY LEVELS EXCEED THE GRADE DETERMINED BY JOB EVALUATION | | | | |
|-----------------------------------------------------------------------------|---------------------|----------------------|--------------------|----------------------|
| Occupation | Number of employees | Job evaluation level | Remuneration level | Reason for deviation |
| 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 |
| NONE | | | | T 4.6.3 |

| 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 |
| NB: All positions have been approved in line with the HR policies of the organization. | | | | |
| | | | | T 4.6.4 |



COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE

No positions were upgraded during the year under review.

T 4.6.5**DISCLOSURES OF FINANCIAL INTERESTS**

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

Councillors 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. On the main, the chapter deals with attachments of the draft annual financial statements as well as the final audit report to be provided by office of the Auditor General after the audit process is complete.

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 draft annual financial statements for the 2017/2018 will be submitted separately to office of the Auditor General on the 31st August 2018.

T.5.1.0**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

FINANCIAL PERFORMANCE OF OPERATIONAL SERVICES

R '000

| Description | Year -1 | Year 0 | | Year 0 Variance | | |
|------------------------------------|------------------|------------------|--------------------|------------------|-----------------|--------------------|
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| Operating Cost | | | | | | |
| Water | 666 342 | 589 274 | 589 274 | 361 342 | -63% | -63% |
| Waste Water (Sanitation) | 60 841 | 111 558 | 111 558 | 108 641 | -3% | -3% |
| Electricity | 1001 421 | 477 716 | 477 716 | 248 641 | -48% | -48% |
| Waste Management | 104 824 | 91 718 | 91 718 | 120 193 | -31% | -31% |
| Housing | 21 034 | 23 510 | 23 510 | 18 253 | -22% | -22% |
| Component A: sub-total | 1 854 462 | 1 293 776 | 1 293 776 | 857 070 | -34% | -34% |
| Waste Water (Storm water Drainage) | 0 | 158 554 | 158 554 | 64 158 | -59% | -59% |
| Roads | 45 769 | 158 554 | 158 554 | 64 158 | -59% | -59% |
| Transport | 0 | | | | | |
| Component B: sub-total | 45 769 | 158 554 | 158 554 | 64 158 | -59% | -59% |
| Planning | 27 745 | | | | | |
| Local Economic Development | 13 650 | 19 124 | 19 124 | 16 594 | -13% | -13% |
| Component B: sub-total | 41 395 | 19 124 | 19 124 | 16 594 | -13% | -13% |
| Planning (Strategic & Regulatory) | 0 | | | | | |
| Local Economic Development | 0 | | | | | |
| Component C: sub-total | 0 | | | | | |
| Community & Social Services | 215 525 | 105 754 | 105 754 | 99 540 | -6% | -6% |
| Environmental Protection | 2 309 | | | 7 626 | 100% | 100% |
| Health | 0 | 0 | 0 | 0 | - | - |
| Security and Safety | 166 515 | 162 688 | 162 688 | 157 042 | -4% | -4% |
| Sport and Recreation | 98 790 | 88 599 | 88 599 | 2 732 | -97% | -97% |
| Corporate Policy Offices and Other | 60 624 | 58 915 | 58 915 | 50 914 | -14% | -14% |
| Component D: sub-total | 543 763 | 415 956 | 415 956 | 317 854 | -24% | -24% |
| Total Expenditure | 2 485 389 | 1 887 410 | 1 887 410 | 1 255 676 | -33% | -33% |

5.2 GRANTS

T 5.1.2

GRANT PERFORMANCE

R' 000

| Description | Year -1 | Year 0 | | Year 0 Variance | | |
|---------------------------------------------|---------|---------|--------------------|-----------------|---------------------|------------------------|
| | Actual | Budget | Adjustments Budget | Actual | Original Budget (%) | Adjustments Budget (%) |
| Operating Transfers and Grants | | | | | | |
| National Government: | | | | | | |
| Equitable share | 391 992 | 406 776 | 406 776 | 406 776 | - | - |
| Municipal Systems Improvement | 385 851 | 393 631 | 393 631 | 393 631 | - | - |
| Department of Water Affairs | - | | | | | |
| Levy replacement | 6 141 | 13 145 | 13 145 | 13 145 | - | - |
| Other transfers/grants [insert description] | | | | | | |
| Provincial Government: | - | - | - | - | | |

| | | | | | | |
|-------------------------------------------------------|----------------|----------------|----------------|----------------|---|---|
| Health subsidy | - | - | - | - | | |
| Housing | - | - | - | - | | |
| Ambulance subsidy | - | - | - | - | | |
| Sports and Recreation | - | - | - | - | | |
| Other transfers/grants [insert description] | | | | | | |
| District Municipality: [insert description] | - | - | - | - | | |
| Other grant providers: [insert description] | - | - | - | - | | |
| Total Operating Transfers and Grants | 391 992 | 406 776 | 406 776 | 406 776 | - | - |

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 |
| Parastatals | | | | | | |
| A - "Project 1" | 0 | | | | | |
| A - "Project 2" | 0 | | | | | |
| B - "Project 1" | 0 | | | | | |
| B - "Project 2" | 0 | | | | | |
| Foreign Governments/Development Aid Agencies | | | | | | |
| A - "Project 1" | 0 | | | | | |
| A - "Project 2" | 0 | | | | | |

| | | | | | | |
|--------------------------------------------------------|---|--|--|--|--|----------------|
| B - "Project 1" | 0 | | | | | |
| B - "Project 2" | 0 | | | | | |
| Private Sector / Organisations | | | | | | |
| A - "Project 1" | 0 | | | | | |
| A - "Project 2" | 0 | | | | | |
| B - "Project 1" | 0 | | | | | |
| B - "Project 2" | 0 | | | | | |
| <i>No Grants received from sources other than DoRA</i> | | | | | | |
| | | | | | | T 5.2.3 |

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

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

T 5.3.1

| | |
|-------------------------------------------------------|-----|
| TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0 | R1m |
| Asset 1 | |

| Name | | | | |
|-----------------------------------|---------|---------|---------|--------|
| Description | | | | |
| Asset Type | | | | |
| Key Staff Involved | | | | |
| Staff Responsibilities | | | | |
| | Year -3 | Year -2 | Year -1 | Year 0 |
| Asset Value | 6 841 | 0 | 0 | |
| Capital Implications | | | | |
| Future Purpose of Asset | | | | |
| Describe Key Issues | | | | |
| Policies in Place to Manage Asset | | | | |
| Asset 2 | | | | |
| Name | | | | |
| Description | | | | |
| Asset Type | | | | |
| Key Staff Involved | | | | |
| Staff Responsibilities | | | | |
| | Year -3 | Year -2 | Year -1 | Year 0 |
| Asset Value | 4 039 | 1 498 | | |
| Capital Implications | | | | |
| Future Purpose of Asset | | | | |
| Describe Key Issues | | | | |
| Policies in Place to Manage Asset | | | | |
| T 5.3.2 | | | | |

COMMENT ON ASSET MANAGEMENT

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

T.5.3.3

| REPAIR AND MAINTENANCE EXPENDITURE: YEAR 0 | | | | |
|---------------------------------------------------|------------------------|--------------------------|---------------|------------------------|
| | R'000 | | | |
| | Original Budget | Adjustment Budget | Actual | Budget variance |
| Repairs and Maintenance Expenditure | 245 455 | 78 355 | 110 871 | -54% |
| | | | | T 5.3.4 |

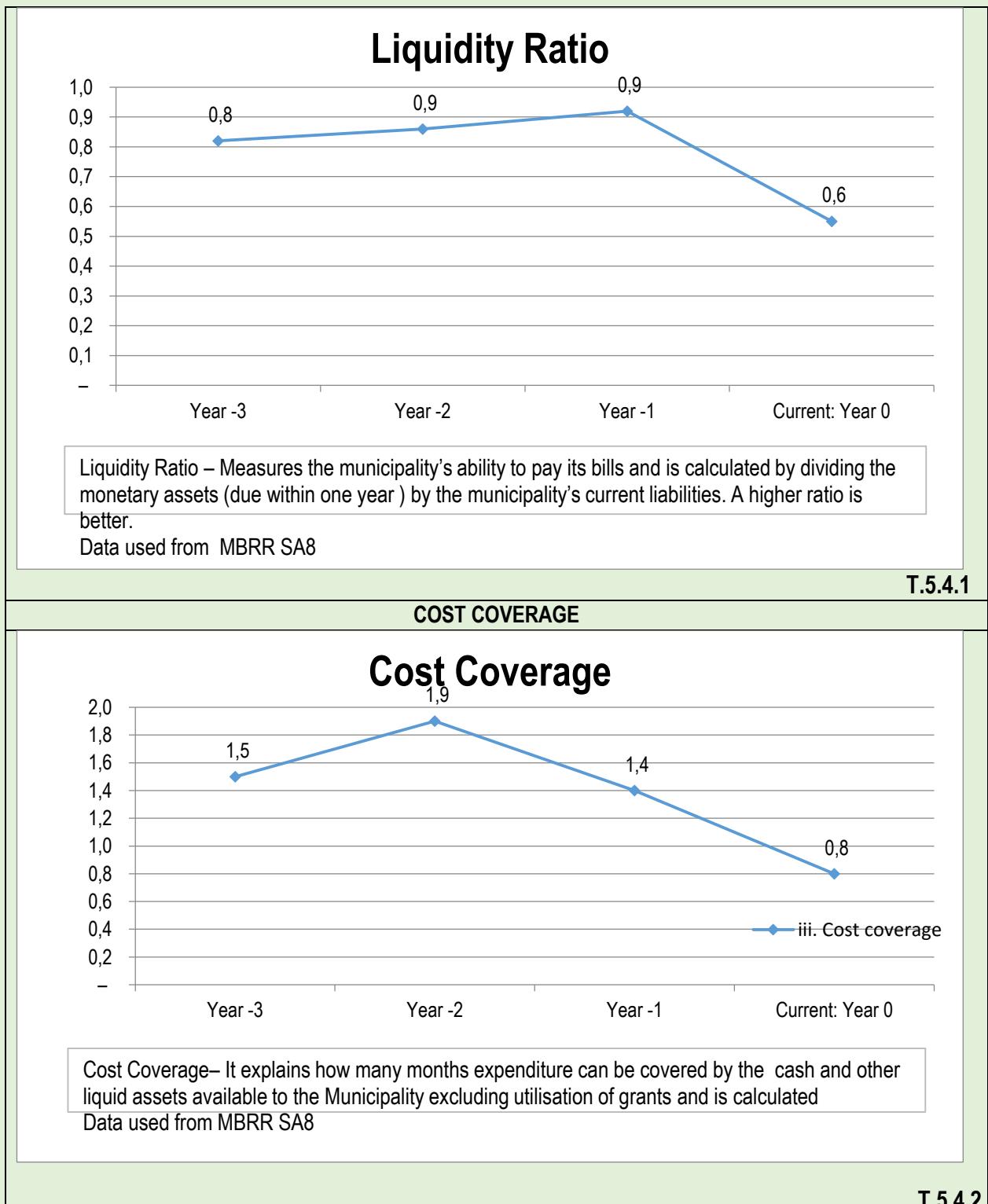
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

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 is 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

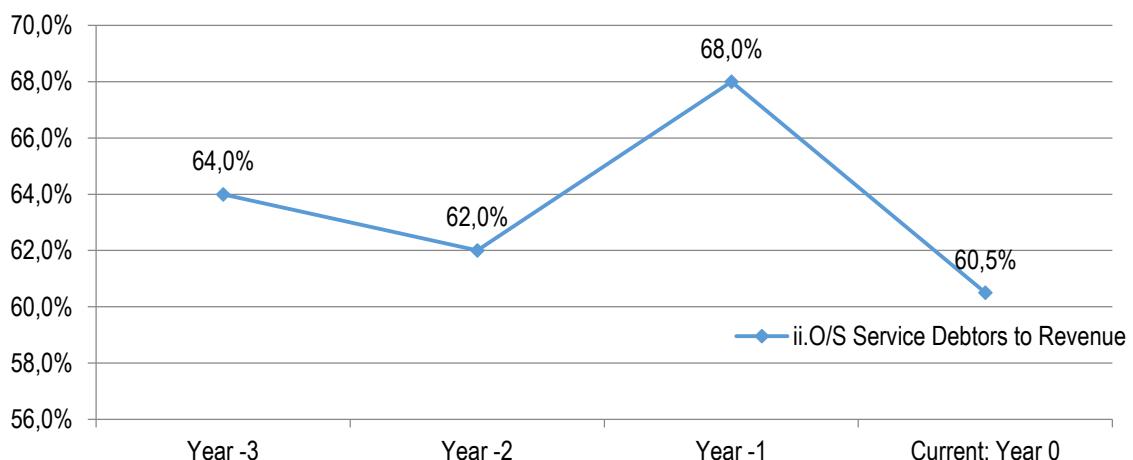
T 5.3.4.1

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

| |
|-----------------|
| LIQUIDITY RATIO |
|-----------------|



Total Outstanding Service Debtors



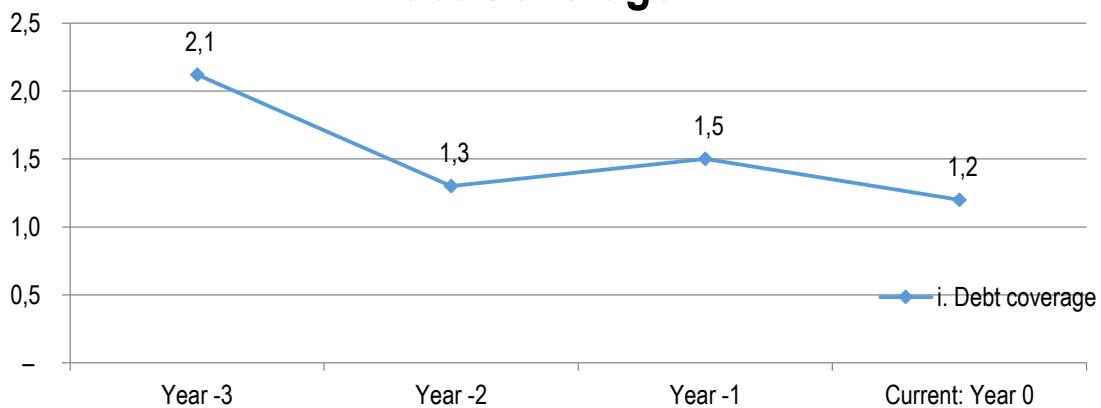
Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

Data used from MBRR SA8

T.5.4.3

DEBT COVERAGE

Debt Coverage

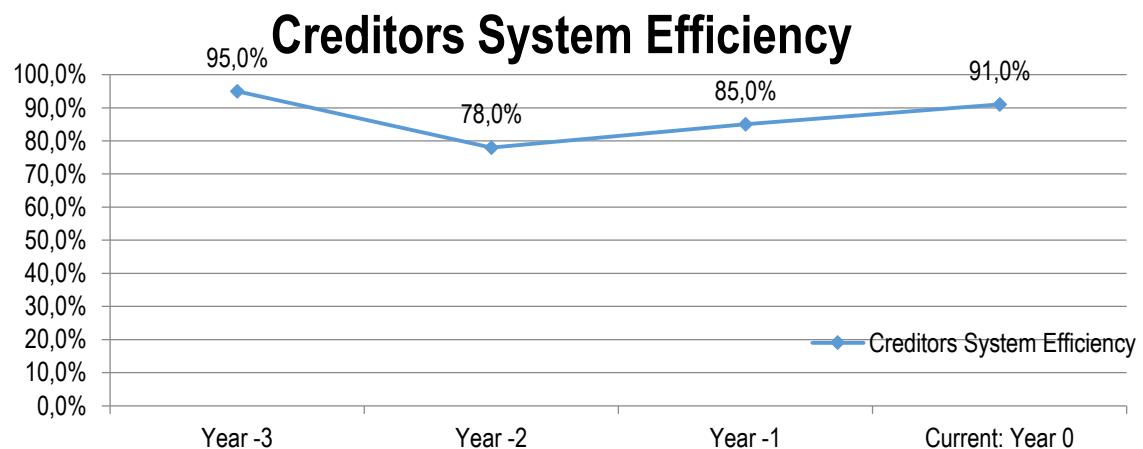


Debt Coverage – The number of times debt payments can be accommodated within Operating revenue (excluding grants). This in turn represents the ease with which debt payments can be accommodated by the municipality

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).

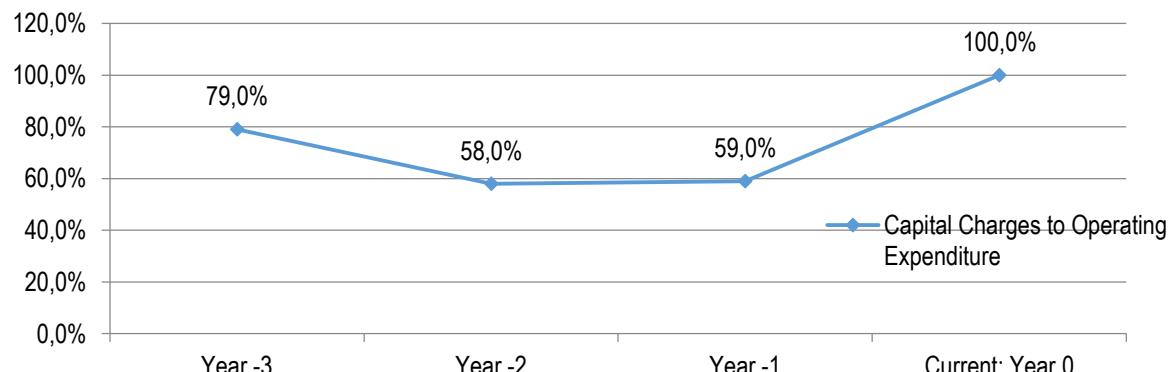
This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T.5.4.5

CAPITAL CHARGES TO OPERATING EXPENDITURE

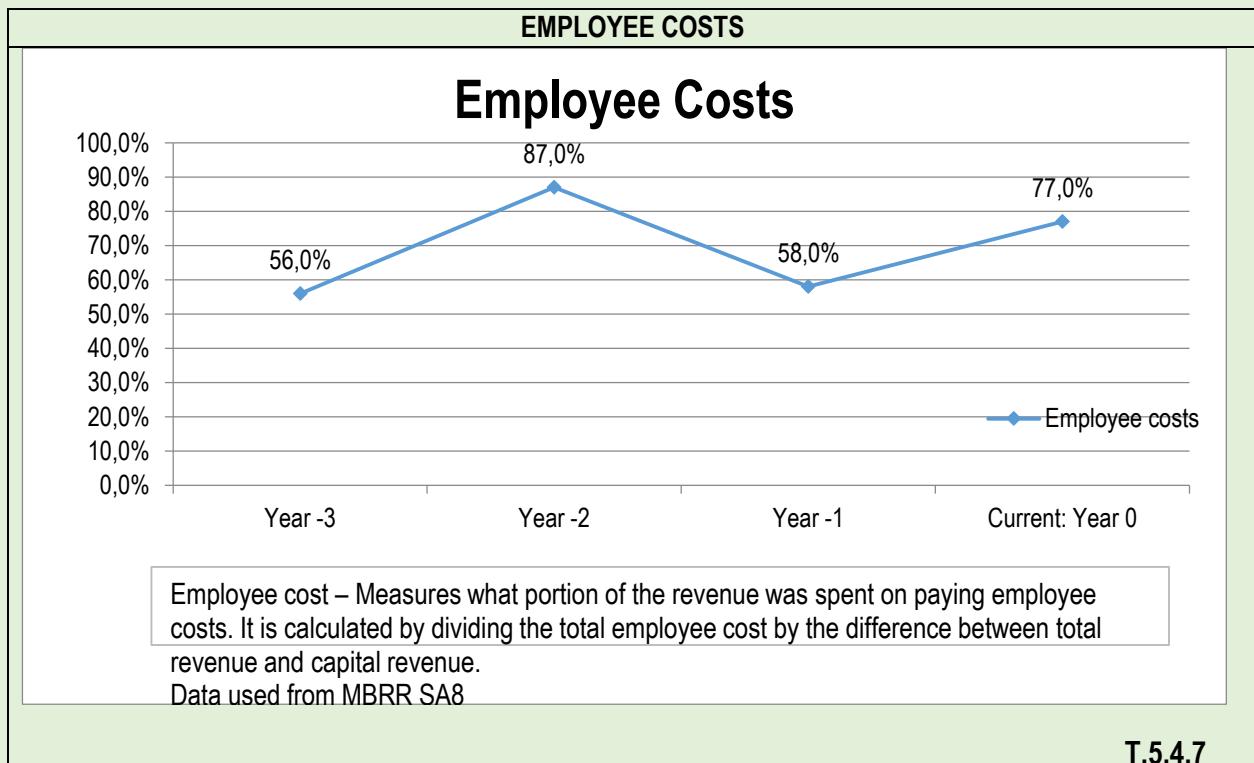
Capital Charges to Operating Expenditure



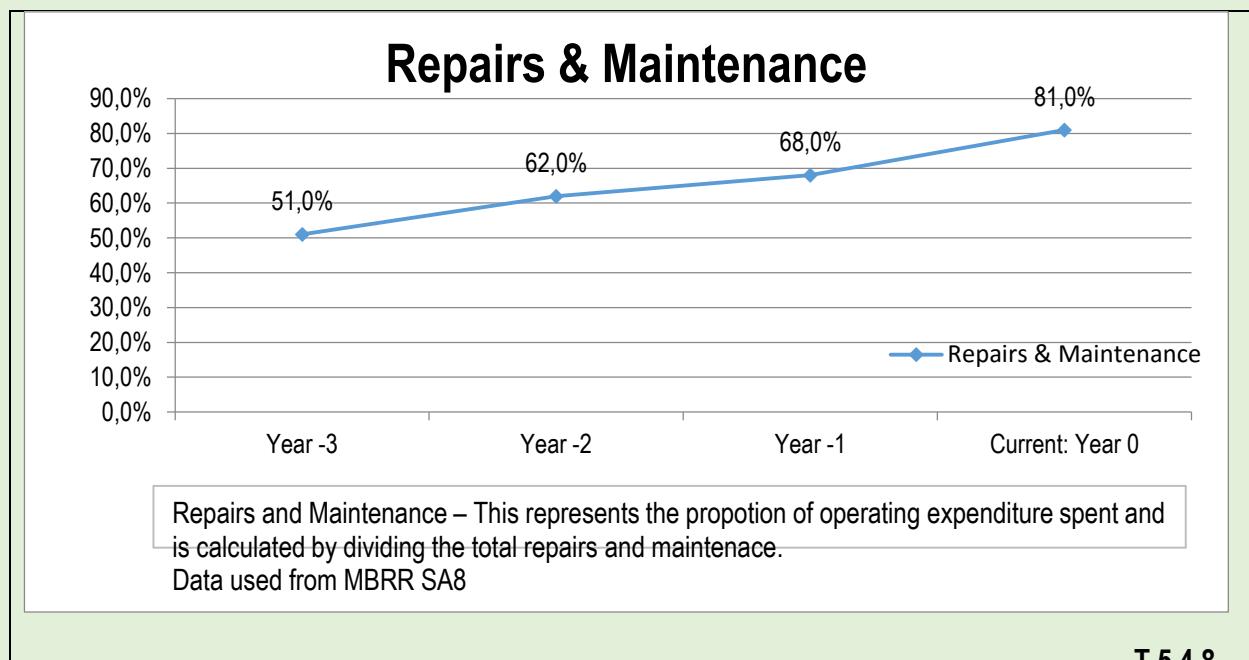
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

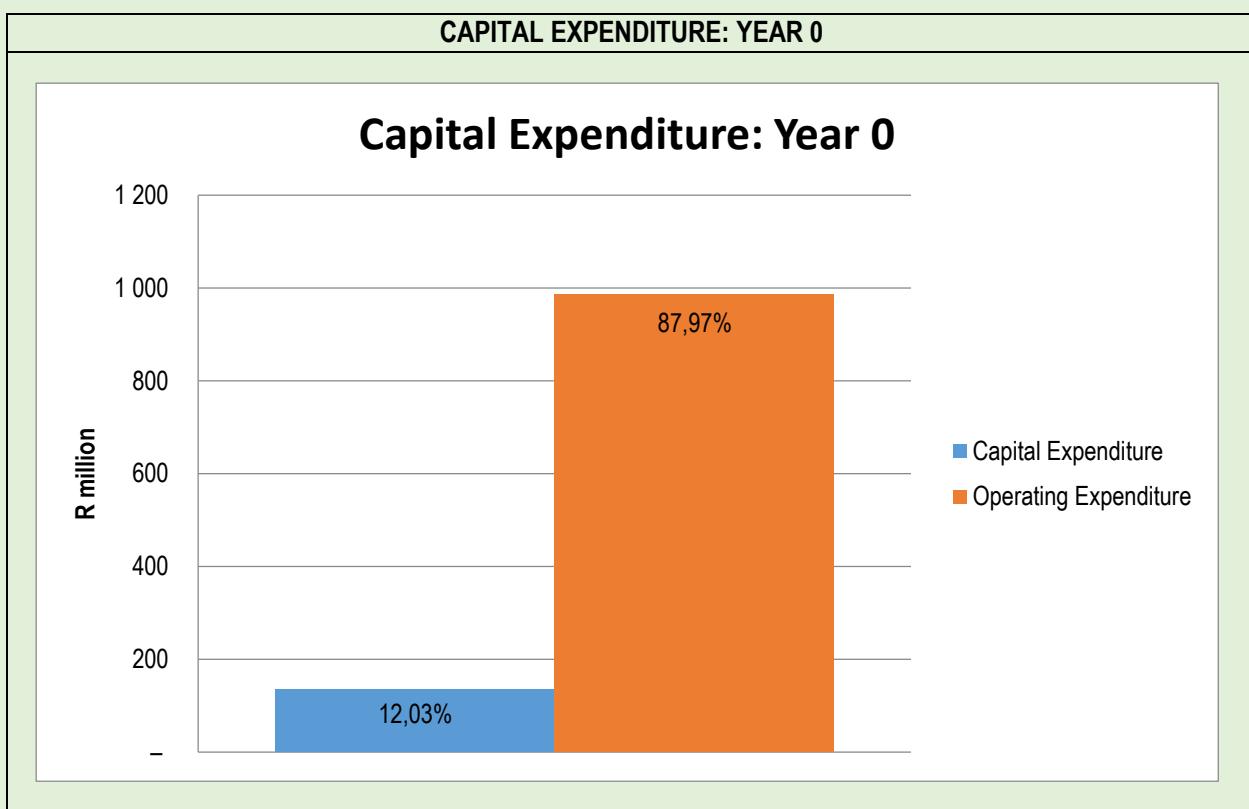
T.5.4.6



REPAIRS & MAINTENANCE



T.5.4.8

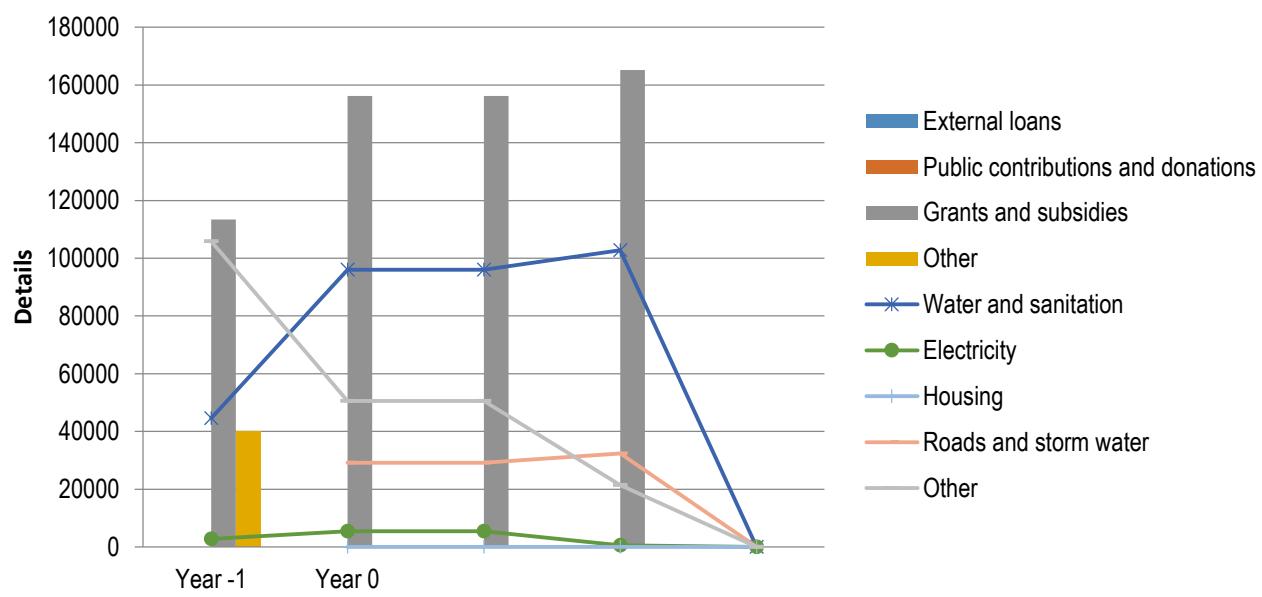
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET**5.5 CAPITAL EXPENDITURE**

T.5.5.1

5.6 SOURCES OF FINANCE

SOURCE OF FINANCE AND CAPITAL EXPENDITURE

Source of Finance and Capital Expenditure



T.5.6.1

CAPITAL EXPENDITURE - FUNDING SOURCES: YEAR -1 TO YEAR 0

R' 000

| Details | | Year -1 | | Year 0 | | |
|----------------------------|------------------------------------|----------------|----------------------|-------------------|----------------|-------------------------------|
| | | Actual | Original Budget (OB) | Adjustment Budget | Actual | Adjustment to OB Variance (%) |
| Source of finance | | | | | | |
| | External loans | 0 | | | | |
| | Public contributions and donations | 0 | | | | |
| | Grants and subsidies | 113 363 | 156 216 | 156 216 | 165 216 | 6% |
| | Other | 40 000 | | | | |
| Total | | 153 363 | 156 216 | 156 216 | 165 216 | 6% |
| Percentage of finance | | | | | | |
| | External loans | 0,0% | | | | |
| | Public contributions and donations | 0,0% | | | | |
| | Grants and subsidies | 100,0% | | | | |
| | Other | 0,0% | | | | |
| Capital expenditure | | | | | | |

185

| | | | | | | |
|----------------------------------|----------------|----------------|----------------|----------------|-------------|-------------|
| Water and sanitation | 44 621 | 95 967 | 95 967 | 102 741 | 7% | 7% |
| Electricity | 2 842 | 5 445 | 5 445 | 632 | -88% | -88% |
| Housing | 0 | 0 | 0 | 0 | - | - |
| Roads and storm water | 0 | 29 186 | 29 186 | 32 371 | 11% | 11% |
| Other | 25 987 | 130 598 | 130 598 | 21 365 | -84% | -84% |
| Total | 153 363 | 181 216 | 181 216 | 157 109 | -13% | -13% |
| PERCENTAGE OF EXPENDITURE | | | | | | |
| Water and sanitation | 26,4% | 53% | 53% | 65% | | |
| Electricity | 1,9% | 3% | 3% | 0,4% | | |
| Housing | 0,0% | 0% | 0% | 0% | | |
| Roads and storm water | 14,7% | 16% | 16% | 21% | | |
| Other | 57,0% | 72% | 72% | 14% | | |
| T 5.6.1 | | | | | | |

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

| Name of Project | CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS* | | | | R | |
|-----------------------------------------------------------|--------------------------------------------|-------------------|--------------------|--------------------------|-----------------------|-------------------------|
| | Original Budget | Adjustment Budget | Actual Expenditure | Variance: Current Year 0 | Original Variance (%) | Adjustment variance (%) |
| A - Name of Project | | | | | | |
| B - Name of Project | | | | | | |
| C - Name of Project | | | | | | |
| D - Name of Project | | | | | | |
| E - Name of Project | | | | | | |
| * Projects with the highest capital expenditure in Year 0 | | | | | | |
| Name of Project - A | | | | | | |
| Objective of Project | | | | | | |
| Delays | | | | | | |
| Future Challenges | | | | | | |
| Anticipated citizen benefits | | | | | | |

| | |
|------------------------------|--|
| Name of Project - B | |
| Objective of Project | |
| Delays | |
| Future Challenges | |
| Anticipated citizen benefits | |
| Name of Project - C | |
| Objective of Project | |
| Delays | |
| Future Challenges | |
| Anticipated citizen benefits | |
| Name of Project - D | |
| Objective of Project | |
| Delays | |
| Future Challenges | |
| Anticipated citizen benefits | |
| Name of Project - E | |
| Objective of Project | |
| Delays | |
| Future Challenges | |
| Anticipated citizen benefits | |

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 | | Households (HHs) | |
| | No. HHs | % HHs | **Service level below minimum standard | |
| | | | No. HHs | % HHs |
| Water | | | | |
| Sanitation | | | | |
| Electricity | | | | |
| Waste management | | | | |
| Housing | | | | |

T.5.8.2

MUNICIPAL INFRASTRUCTURE GRANT (MIG)* EXPENDITURE YEAR 0 ON SERVICE BACKLOGS

R' 000

| Details | Budget | Adjustments Budget | Actual | Variance | | Major conditions applied by donor (continue below if necessary) |
|--------------------------------------------------|--------|--------------------|--------|----------|--------------------|-----------------------------------------------------------------|
| | | | | Budget | Adjustments Budget | |
| Infrastructure - Road transport | | | | | | |
| Roads, Pavements & Bridges | | | | | | |
| Storm water | | | | | | |
| Infrastructure - Electricity | | | | | | |
| Generation | | | | | | |
| Transmission & Reticulation | | | | | | |
| Street Lighting | | | | | | |
| Infrastructure - Water | | | | | | |
| Dams & Reservoirs | | | | | | |
| Water purification | | | | | | |
| Reticulation | | | | | | |
| Infrastructure - Sanitation | | | | | | |
| Reticulation | | | | | | |
| Sewerage purification | | | | | | |
| Infrastructure - Other | | | | | | |
| Waste Management | | | | | | |
| Transportation | | | | | | |
| Gas | | | | | | |
| Other Specify: | | | | | | |
| Community facilities (Sport, Taxi & Str traders) | | | | | | |
| PMU support | | | | | | |
| Total | | | | | | T.5.8.3 |

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

| Description | CASH FLOW OUTCOMES | | | | R'000 |
|--------------------------------------------|--------------------|-----------------|-----------------|-----------------|--------|
| | Year -1 | Current: Year 0 | | | |
| | | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | |
| Receipts | | | | | |
| Ratepayers and other | 1 130 022 | 1 484 | 1 484 | 1 009 | |
| Government - operating | 388 792 | 396 776 | 396 776 | 396 776 | |
| Government - capital | 113 363 | 156 216 | 156 216 | 165 216 | |
| Interest | 122 604 | 145 890 | 145 890 | 28 548 | |
| Dividends | 18 | 19 | 19 | - | |
| Payments | | | | | |
| Suppliers and employees | (1 705 587) | (2 210 059) | (2 210 059) | (1 820 778) | |

| | | | | |
|---------------------------------------------------|------------------|------------------|------------------|------------------|
| Finance charges | (105 980) | (112 763) | (112 763) | (1 952) |
| Transfers and Grants | (32 850) | - | - | (42 737) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | (50 321) | (139 698) | (139 698) | (266 020) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts | | | | |
| Proceeds on disposal of PPE | | | | |
| Decrease (Increase) in non-current debtors | | | | |
| Decrease (increase) other non-current receivables | | | | |
| Decrease (increase) in non-current investments | | | | |
| Payments | | | | |
| Capital assets | (133 363) | (181 216) | (181 216) | (157 108) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (133 363) | | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts | | | | |
| Short term loans | 10 000 | | | |
| Borrowing long term/refinancing | | | | |
| Increase (decrease) in consumer deposits | 15 000 | | | |
| Payments | | | | |
| Repayment of borrowing | | | | |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | 25 000 | | | |
| NET INCREASE/ (DECREASE) IN CASH HELD | 326 500 | (320 914) | (320 914) | (665 511) |
| Cash/cash equivalents at the year begin: | 8 917 | 335 417 | 335 417 | |
| Cash/cash equivalents at the year-end: | 335 417 | 14 503 | 14 503 | |

Source: MBRR A7

T 5.9.1

5.10 BORROWING AND INVESTMENTS

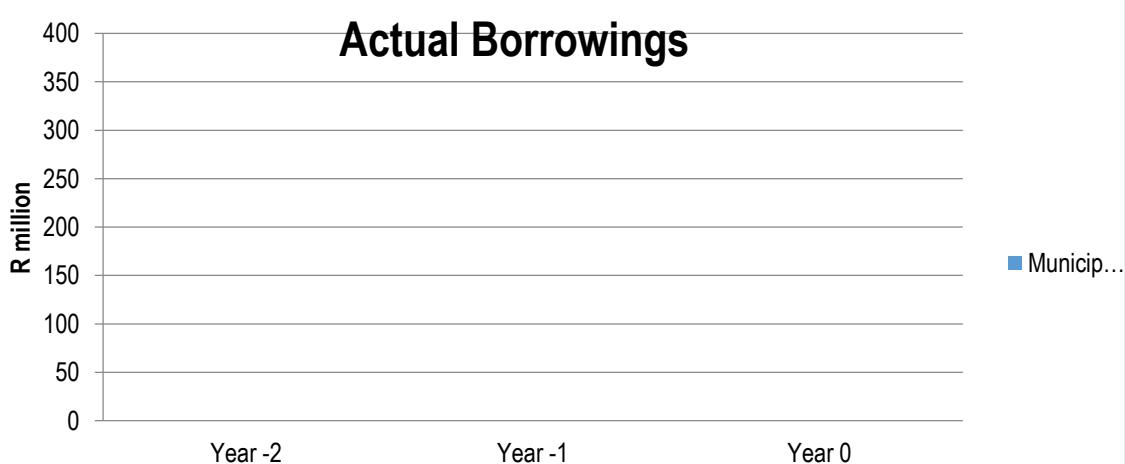
| ACTUAL BORROWINGS: YEAR -2 TO YEAR 0 | | | | R' 000 |
|--------------------------------------------|---------|---------|--------|--------|
| Instrument | Year -2 | Year -1 | Year 0 | |
| Municipality | 0 | 0 | 0 | |
| Long-Term Loans (annuity/reducing balance) | 0 | 0 | 0 | |
| Long-Term Loans (non-annuity) | | | | |
| Local registered stock | | | | |
| Instalment Credit | | | | |
| Financial Leases | | | | |
| PPP liabilities | | | | |
| Finance Granted By Cap Equipment Supplier | | | | |
| Marketable Bonds | | | | |
| Non-Marketable Bonds | | | | |
| Bankers Acceptances | | | | |
| Financial derivatives | | | | |

189

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

T 5.10.2

ACTUAL BORROWINGS



T.5.10.3

| MUNICIPAL AND ENTITY INVESTMENTS | | | |
|--------------------------------------------|---------------|--------------|------------------|
| Investment* type | Year -2 | Year -1 | R' 000 Year 0 |
| | Actual | Actual | Actual |
| Municipality | | | |
| Securities - National Government | | | |
| Listed Corporate Bonds | | | |
| Deposits – Bank | 11 199 | 2 759 | 16 |
| Deposits - Public Investment Commissioners | | | |
| Deposits - Corporation for Public Deposits | | | |
| Bankers Acceptance Certificates | | | |
| Negotiable Certificates of Deposit - Banks | | | |
| Guaranteed Endowment Policies (sinking) | | | |
| Repurchase Agreements – Banks | 18 239 | | |
| Municipal Bonds | | | |
| Other | | | |
| Municipality sub-total | 29 438 | 2 759 | 16 |
| Municipal Entities | | | |
| Securities - National Government | | | |
| Listed Corporate Bonds | | | |
| Deposits – Bank | | | |
| Deposits - Public Investment Commissioners | | | |
| Deposits - Corporation for Public Deposits | | | |
| Bankers Acceptance Certificates | | | |
| Negotiable Certificates of Deposit - Banks | | | |
| Guaranteed Endowment Policies (sinking) | | | |
| Repurchase Agreements – Banks | | | |
| Other | | | |
| Entities sub-total | 0 | 0 | 0 |
| Consolidated total: | 29 438 | 2 759 | 16 |
| | | | T 5.10.4 |

CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

6.1 AUDITOR GENERAL REPORT YEAR -1 (PREVIOUS YEAR)



Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

General Information

Legal form of entity

An organ of state within the local sphere of government exercising executive and legislative authority.

Nature of business and principal activities

Providing municipal services, infrastructure development and furthering the interest of the local community in the Matjhabeng area, Free State Province.

The following is included in the scope of operation

Area FS184, as a high capacity local municipality, as demarcated by the Demarcation Board and indicated in the demarcation map published for FS184

Grading of local authority

Local high capacity municipality.

Executive Mayor

Members of the Mayoral Committee

Speelman NW

Speelman NW - 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 M L - Integrated development Planning

Tshopo M E - Technical Services / infrastructure

Badebhurst M J M

Badenhorst HS

Botha P F

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 M D (MPAC Chair)

Masina XN

Meli T S

Councillors

Moipatle KV
Mokhomo H A
Molefi M
Molelekoa P M I
Moloja NJ
Monjovo N E

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

General Information

| | |
|--------------------------------------|--------------------------------------------------------------|
| Moshoeu ZS | |
| Mosia TJ | |
| Mphikeleli M A | |
| 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 | |
| Schleborch CJ (Resigned 31/05/2017) | |
| Sebotsa MM | |
| Senxezi ME | |
| Sephiri MJ | |
| Sithole MA | |
| Stofile B (Speaker) | |
| Styger A | |
| Taljaard S M D | |
| Thelingoane TJ | |
| Thelingoane NE | |
| Tlake K R | |
| Tsatsa SJ | |
| Tshabangu SE | |
| Tsoaeli MS | |
| Tsupa MR | |
| Van Rooyen MS | |
| Van Schalkwyk HCT | |
| Accounting Officer | Tsoaeli T |
| Chief Financial Officer (CFO) | Sejake S (Acting) |
| Registered office | Civic Centre 319 Stateway Welkom Free State 9460 |
| Postal address | PO Box 708 Welkom Free State 9460 |

Bankers

ABSA Bank Limited
First National Bank

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

General Information

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.fs.gov.za

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Index

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

| Index | Page |
|------------------------------------------------------|-------------|
| 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 |
| Accounting Policies | 15 - 37 |
| Notes to the Financial Statements | 38 - 86 |

Abbreviations

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 6 to 86, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2017.

**Tsoaeli T
Municipal Manager**

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2017.

1. Review of activities

Main business and operations

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

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

2. Going concern

We draw attention to the fact that at 30 June 2017, the municipality had accumulated surplus of R 2 361 909 711 and that the municipality's total assets exceed its liabilities by R 2 361 909 711.

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

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

3. Subsequent events

During a council meeting held 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 R413 701 258.00 incurred during 2016/2017 financial year as irrecoverable and to be written off as irregular expenditure.

Council certified an amount of R157 128 450 incurred during 2016/2017 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 the date of this report is as follows:

Surname and initials:
Tsoaeli T

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Financial Position as at 30 June 2017

Figures in Rand

| Note(s) | 2017 | 2016 |
|---------|-----------|------|
| | Restated* | |

Assets

| | | | |
|--------------------------------------------|----|----------------------|----------------------|
| Current Assets | | | |
| Inventories | 10 | 6 727 272 | 9 055 237 |
| Other receivables | 11 | 22 594 263 | 27 059 034 |
| Receivables from non-exchange transactions | 12 | 123 606 074 | 131 261 067 |
| VAT receivable | 13 | <u>451 214 336</u> | <u>182 623 935</u> |
| Receivables from exchange transactions | 14 | <u>628 351 286</u> | <u>589 688 720</u> |
| Cash and cash equivalents | 15 | <u>2 768 694</u> | <u>11 520 330</u> |
| | | 1 235 261 925 | 951 208 323 |
| Non-Current Assets | | | |
| Investment property | 3 | 943 569 450 | 732 286 404 |
| Property, plant and equipment | 4 | 4 474 627 747 | 4 527 767 758 |
| Heritage assets | 5 | 7 104 349 | 7 104 349 |
| Other financial assets | 6 | 332 598 | 330 990 |
| Receivables from non exchange transaction | 8 | <u>27 871</u> | <u>511 134</u> |
| Receivables from exchange transaction | 9 | <u>276 196</u> | <u>4 060 246</u> |
| | | 5 425 938 211 | 5 272 060 881 |
| Total Assets | | 6 661 200 136 | 6 223 269 204 |

Liabilities

| | | | |
|-----------------------------------------|----|----------------------|----------------------|
| Current Liabilities | | | |
| Bank overdraft | 15 | <u>7 644 182</u> | <u>2 603 485</u> |
| Unspent conditional grants and receipts | 16 | - | 1 004 295 |
| Payables from exchange transactions | 18 | 3 753 085 015 | 2 815 800 231 |
| Consumer deposits | 19 | <u>38 320 875</u> | <u>36 250 584</u> |
| Employee benefit obligation | 7 | <u>12 535 673</u> | <u>11 163 511</u> |
| | | 3 811 585 745 | 2 866 822 106 |
| Non-Current Liabilities | | | |
| Employee benefit obligation | 7 | 437 313 953 | 394 801 261 |
| Provisions | 17 | 50 390 727 | 49 457 418 |

| | | |
|--------------------------|----------------------|----------------------|
| | 487 704 680 | 444 258 679 |
| Total Liabilities | 4 299 290 425 | 3 311 080 785 |
| Net Assets | 2 361 909 711 | 2 912 188 419 |
| Accumulated surplus | 2 361 909 711 | 2 912 188 419 |

* See Note 44

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Financial Performance

Figures in Rand

| Note(s) | 2017 | 2016 Restated* |
|---------|------|-------------------|
|---------|------|-------------------|

Revenue

Revenue from exchange transactions

| | | | |
|-------------------------------------------------|----|----------------------|----------------------|
| Service charges | 20 | 1 055 961 257 | 944 122 582 |
| Rental of facilities and equipment | 21 | 12 969 472 | 9 117 277 |
| Commissions received | 22 | <u>11 118 362</u> | <u>11 122 174</u> |
| Other income | 23 | <u>20 474 249</u> | <u>27 147 462</u> |
| Interest received | 24 | <u>154 335 991</u> | <u>127 102 109</u> |
| Dividends received | 24 | 14 033 | 17 251 |
| Licences and permits | 27 | 79 752 | 67 371 |
| Total revenue from exchange transactions | | 1 254 953 116 | 1 118 696 226 |

Revenue from non-exchange transactions

Taxation revenue

| | | | |
|----------------|----|-------------|-------------|
| Property rates | 25 | 279 795 592 | 262 455 047 |
|----------------|----|-------------|-------------|

Transfer revenue

| | | | |
|-------------------------------|----|------------------|-------------------|
| Government grants & subsidies | 26 | 505 354 799 | 527 662 693 |
| Donations received | 28 | 209 300 121 | 40 887 463 |
| Fines | 54 | <u>5 040 953</u> | <u>11 207 303</u> |

Total revenue from non-exchange transactions

| | | | |
|----------------------|--|----------------------|----------------------|
| Total revenue | | 2 254 444 581 | 1 960 908 732 |
|----------------------|--|----------------------|----------------------|

Expenditure

| | | | |
|-----------------------------|----|----------------------|----------------------|
| Employee related costs | 29 | (654 633 722) | (611 810 850) |
| Remuneration of councillors | 30 | <u>(28 790 999)</u> | <u>(27 190 642)</u> |
| Depreciation | 31 | <u>(210 591 424)</u> | <u>(207 909 516)</u> |
| Finance costs | 32 | <u>(225 560 704)</u> | <u>(119 574 046)</u> |
| Debt impairment | 33 | <u>(350 487 460)</u> | <u>(642 251 730)</u> |
| Repairs and maintenance | 34 | (71 864 414) | (39 768 465) |
| Bulk purchases | 34 | (893 422 073) | (854 953 164) |

201

| | | | |
|----------------------------------------------|----|------------------------|------------------------|
| Contracted services | 35 | (167 483 479) | (110 460 829) |
| General Expenses | 36 | (208 156 182) | (157 826 422) |
| Impairment loss | 56 | - | (255 832) |
| Total expenditure | | (2 810 990 457) | (2 772 001 496) |
| Operating deficit | | (556 545 876) | (811 092 764) |
| Actuarial gain / (loss) on employee benefits | 7 | 6 265 561 | (20 628 827) |
| Fair value adjustments | 37 | 1 608 | 38 323 690 |
| Gain on disposal of assets and liabilities | 55 | - | 16 098 |
| | | 6 267 169 | 17 710 961 |
| Deficit for the year | | (550 278 707) | (793 381 803) |

* See Note 44

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Changes in Net Assets

Figures in Rand

| | Accumulated surplus | Total net assets |
|-------------------------------------------------------|------------------------|----------------------|
| Opening balance as previously reported | 3 683 788 029 | 3 683 788 029 |
| Adjustments | 21 782 191 | 21 782 191 |
| Prior year adjustments | | |
| Balance at 01 July 2015 as restated* | 3 705 570 220 | 3 705 570 220 |
| Changes in net assets | | |
| Surplus for the year as previously reported | (750 719 211) | (750 719 211) |
| Total changes | (750 719 211) | (750 719 211) |
| Opening balance as previously reported | 2 954 851 009 | 2 954 851 009 |
| Adjustments | | |
| Prior year adjustments | (42 662 593) | (42 662 593) |
| Restated* Balance at 01 July 2016 as restated* | 2 912 188 419 | 2 912 188 419 |
| Changes in net assets | | |
| Surplus for the year | (550 278 708) | (550 278 708) |
| Total changes | (550 278 708) | (550 278 708) |
| Balance at 30 June 2017 | 2 361 909 711 | 2 361 909 711 |

* See Note 44

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Cash Flow Statement

Figures in Rand

| Note(s) | 2017 | 2016 Restated* |
|---------|------|-------------------|
|---------|------|-------------------|

Cash flows from operating activities

Receipts

| | | |
|----------------------------|---------------|---------------|
| Sale of goods and services | 1 110 657 899 | 853 818 583 |
| Grants | 504 350 504 | 522 642 502 |
| Interest income | 2 207 220 | 3 230 005 |
| Dividends received | 14 033 | 17 251 |
| Other receipts | 54 147 559 | 53 057 432 |
| | 1 671 377 215 | 1 432 765 773 |

Payments

| | | |
|----------------|-----------------|-----------------|
| Employee costs | (650 570 382) | (600 014 777) |
| Suppliers | (863 645 013) | (736 560 343) |
| Finance costs | (260 194) | (114 539) |
| | (1 514 475 589) | (1 336 689 659) |

Net cash flows from operating activities

| | | |
|----|--------------------|-------------------|
| 39 | 156 901 626 | 96 076 114 |
|----|--------------------|-------------------|

Cash flows from investing activities

| | | | |
|-----------------------------------------------------|---|---------------|--------------|
| Purchase of property, plant and equipment | 4 | (159 530 453) | (93 156 132) |
| Proceeds from sale of property, plant and equipment | 4 | - | 16 450 |
| Proceeds from sale of financial assets | | - | 18 862 179 |

| | | | |
|-------------------------------------------------------------|-----------|---------------------|------------------|
| Net cash flows from investing activities | | (159 530 453) | (74 277 503) |
| Cash flows from financing activities | | | |
| Employee benefit obligation payments | | (11 163 507) | (12 848 529) |
| Net increase/(decrease) in cash and cash equivalents | | (13 792 334) | 8 950 082 |
| Cash and cash equivalents at the beginning of the year | | 8 916 845 | (33 240) |
| Cash and cash equivalents at the end of the year | 15 | (4 875 489) | 8 916 842 |

* See Note 44

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

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 | | | | | | |
| Statement of Financial Performance | | | | | | |
| Revenue | | | | | | |
| Revenue from exchange transactions | | | | | | |
| Service charges | 1 196 988 000 | - | 1 196 988 000 | 1 055 961 257 | (141 026 743) | Note 57.1 |
| Rental of facilities and equipment | 11 469 000 | - | 11 469 000 | 12 969 472 | 1 500 472 | Note 57.2 |
| Licences and permits | 42 000 | - | 42 000 | 79 752 | 37 752 | Note 57.3 |
| Commissions received | 11 230 000 | - | 11 230 000 | 11 118 362 | (111 638) | < 10% |
| Other income | 84 292 000 | - | 84 292 000 | 20 474 249 | (63 817 751) | Note 57.4 |
| Interest received - investment | 122 604 000 | - | 122 604 000 | 154 335 991 | 31 731 991 | Note 57.5 |
| Gains on disposal of assets | 20 000 000 | 20 000 000 | 40 000 000 | - | (40 000 000) | Note 57.6 |
| Dividends received | 18 000 | - | 18 000 | 14 033 | (3 967) | Note 57.7 |
| Total revenue from exchange transactions | 1 446 643 000 | 20 000 000 | 1 466 643 000 | 1 254 953 116 | (211 689 884) | |
| Revenue from non-exchange transactions | | | | | | |
| Taxation revenue | | | | | | |
| Property rates | 201 665 000 | - | 201 665 000 | 279 795 592 | 78 130 592 | Note 57.8 |
| Transfer revenue | | | | | | |

Revenue from non-exchange transactions

Taxation revenue

Property rates

Transfer revenue

204

| | | | | | | |
|-----------------------------------------------------|------------------------|-------------------|-------------------------|------------------------|----------------------|------------|
| Government grants & subsidies | 502 155 000 | - | 502 155 000 | 505 354 799 | 3 199 799 | <10% |
| Public contributions and donations | - | - | - | 209 300 121 | 209 300 121 | Note 57.9 |
| Fines | 4 374 000 | - | 4 374 000 | 5 040 953 | 666 953 | Note 57.10 |
| Total revenue from non-exchange transactions | 708 194 000 | - | 708 194 000 | 999 491 465 | 291 297 465 | |
| Total revenue | 2 154 837 000 | 20 000 000 | 2 174 837 000 | 2 254 444 581 | 79 607 581 | |
| Expenditure | | | | | | |
| Employee cost | (620 099 000) | - | (620 099 000) | (654 633 722) | (34 534 722) | <10% |
| Remuneration of councillors | (28 552 000) | - | (28 552 000) | (28 790 999) | (238 999) | <10% |
| Depreciation | (87 000 000) | - | (87 000 000) | (210 591 424) | (123 591 424) | Note 57.11 |
| Impairment loss | (70 000 000) | - | (70 000 000) | - | 70 000 000 | Note 57.12 |
| Finance costs | (105 980 000) | - | (105 980 000) | (225 560 704) | (119 580 704) | Note 57.13 |
| Debt impairment | - | - | - | (350 487 460) | (350 487 460) | Note 57.14 |
| Repairs and maintenance | (230 691 000) | - | (230 691 000) | (71 864 414) | 158 826 586 | Note 57.15 |
| Bulk purchases | (676 436 000) | - | (676 436 000) | (893 422 073) | (216 986 073) | Note 57.16 |
| Contracted Services | (80 000 000) | - | (80 000 000) | (167 483 479) | (87 483 479) | Note 57.17 |
| General Expenses | (137 977 000) | - | (137 977 000) | (208 156 183) | (70 179 183) | Note 57.18 |
| Total expenditure | (2 036 735 000) | | -(2 036 735 000) | (2 810 990 458) | (774 255 458) | |
| Operating Surplus | 118 102 000 | 20 000 000 | 138 102 000 | (556 545 877) | (694 647 877) | |
| Actual gain (loss) on employee benefits | - | - | - | 6 265 561 | 6 265 561 | Note 57.19 |
| Fair value adjustments | - | - | - | 1 608 | 1 608 | Note 57.20 |
| | - | - | - | 6 267 169 | 6 267 169 | |
| Deficit before taxation | 118 102 000 | 20 000 000 | 138 102 000 | (550 278 708) | (688 380 708) | |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|------------------------|-----------------|-------------|--------------|------------------------------------|--------------------------------------------|-----------|
| <u>Figures in Rand</u> | | | | | | |
| Actual Amount | 118 102 000 | 20 000 000 | 138 102 000 | (550 278 708) | (688 380 708) | |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--------------------------------------------|-----------------|-------------|---------------|------------------------------------|--------------------------------------------|-----------|
| Figures in Rand | | | | | | |
| Statement of Financial Position | | | | | | |
| Assets | | | | | | |
| Current Assets | | | | | | |
| Inventories | 365 000 000 | - | 365 000 000 | 6 727 272 | (358 272 728) | 57.21 |
| Other receivables | 100 000 000 | - | 100 000 000 | 22 594 263 | (77 405 737) | 57.22 |
| Receivables from non-exchange transactions | - | - | - | 123 606 075 | 123 606 075 | 57.23 |
| VAT receivable | - | - | - | 451 214 336 | 451 214 336 | 57.24 |
| Receivables from exchange transactions | 2 200 000 000 | - | 2 200 000 000 | 628 351 286 | (1 571 648 714) | 57.23 |
| Cash and cash equivalents | 70 000 000 | - | 70 000 000 | 2 768 694 | (67 231 306) | >15% |
| | 2 735 000 000 | - | 2 735 000 000 | 1 235 261 926 | (1 499 738 074) | |
| Non-Current Assets | | | | | | |
| Investment property | 480 000 000 | - | 480 000 000 | 943 569 450 | 463 569 450 | 57.27 |
| Property, plant and equipment | 5 000 000 000 | - | 5 000 000 000 | 4 474 627 747 | (525 372 253) | 57.26 |
| Heritage assets | - | - | - | 7 104 349 | 7 104 349 | 57.24 |
| Other financial assets | 1 322 000 | - | 1 322 000 | 332 598 | (989 402) | 57.28 |
| Receivables from non exchange transaction | - | - | - | 27 871 | 27 871 | 57.23 |
| Receivables from exchange transaction | 7 000 000 | - | 7 000 000 | 276 196 | (6 723 804) | 57.23 |
| | 5 488 322 000 | - | 5 488 322 000 | 5 425 938 211 | (62 383 789) | |
| Total Assets | 8 223 322 000 | - | 8 223 322 000 | 6 661 200 137 | (1 562 121 863) | |
| Liabilities | | | | | | |
| Current Liabilities | | | | | | |
| Payables from exchange transactions | 1 900 000 000 | - | 1 900 000 000 | 3 753 085 017 | 1 853 085 017 | 57.25 |
| Consumer deposits | 30 000 000 | - | 30 000 000 | 38 320 875 | 8 320 875 | 57.36 |
| Employee benefit obligation | - | - | - | 12 535 673 | 12 535 673 | 57.28 |
| Bank overdraft | - | - | - | 7 644 182 | 7 644 182 | 57.37 |
| | 1 930 000 000 | - | 1 930 000 000 | 3 811 585 747 | 1 881 585 747 | |
| Non-Current Liabilities | | | | | | |
| Employee benefit obligation | 300 000 000 | - | 300 000 000 | 437 313 953 | 137 313 953 | 57.28 |
| Provisions | 20 000 000 | - | 20 000 000 | 50 390 727 | 30 390 727 | 58.28 |
| | 320 000 000 | - | 320 000 000 | 487 704 680 | 167 704 680 | |

| | | | | |
|--------------------------------------------------------------------|----------------------|------------------------|----------------------|------------------------|
| Total Liabilities | 2 250 000 000 | - 2 250 000 000 | 4 299 290 427 | 2 049 290 427 |
| Net Assets | 5 973 322 000 | - 5 973 322 000 | 2 361 909 710 | (3 611 412 290) |
| Net Assets | | | | |
| Net Assets Attributable to Owners of Controlling Entity | | | | |
| Reserves | | | | |
| Accumulated surplus | 5 973 322 000 | - 5 973 322 000 | 2 361 909 710 | (3 611 412 290) |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash 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 | | | | | | |
| Property rates, penalties & collection charges | 181 498 000 | - | 181 498 000 | - | (181 498 000) | |
| Service charges | 1 048 679 000 | - | 1 048 679 000 | 921 278 854 | (127 400 146) | |
| Grants | 502 155 000 | - | 502 155 000 | 504 350 504 | 2 195 504 | >10% |
| Interest income | 122 604 000 | - | 122 604 000 | 2 207 220 | (120 396 780) | |
| Dividends received | 18 000 | - | 18 000 | 14 033 | (3 967) | >10% |
| Other revenue | 81 343 000 | - | 81 343 000 | 54 147 559 | (27 195 441) | 57.29 |
| | 1 936 297 000 | - | 1 936 297 000 | 1 481 998 170 | (454 298 830) | |
| Payments | | | | | | |
| Suppliers and employee costs | (1 705 588 000) | - | (1 705 588 000) | (1 324 836 349) | 380 751 651 | 57.25 |
| Finance costs | (105 980 000) | - | (105 980 000) | (260 195) | 105 719 805 | 57.30 |
| Other payments | (32 850 000) | - | (32 850 000) | - | 32 850 000 | 57.25 |
| | (1 844 418 000) | - | (1 844 418 000) | (1 325 096 544) | 519 321 456 | |
| Net cash flows from operating activities | 91 879 000 | - | 91 879 000 | 156 901 626 | 65 022 626 | |
| Cash flows from investing activities | | | | | | |
| Proceeds from sale of property, plant and equipment | 20 000 000 | 20 000 000 | 40 000 000 | - | (40 000 000) | 57.31 |
| Decrease/(Increase) in non current debtors | 287 983 000 | - | 287 983 000 | - | (287 983 000) | 57.32 |
| Decrease/(Increase) in non current debtors | 35 000 000 | - | 35 000 000 | - | (35 000 000) | 57.32 |
| Purchase of capital assets | (133 363 000) | (20 000 000) | (153 363 000) | (159 530 453) | (6 167 453) | >10% |
| Net cash flows from investing activities | 209 620 000 | - | 209 620 000 | (159 530 453) | (369 150 453) | |
| Cash flows from financing activities | | | | | | |
| Increase/(Decrease) in consumer deposits | 15 000 000 | - | 15 000 000 | - | (15 000 000) | 57.32 |
| Short term loans | 10 000 000 | - | 10 000 000 | - | (10 000 000) | 57.33 |
| Employee Benefit obligation payment | - | - | - | (11 163 507) | (11 163 507) | 57.34 |
| Net cash flows from financing activities | 25 000 000 | - | 25 000 000 | (11 163 507) | (25 000 000) | |
| Net increase/(decrease) in cash and cash equivalents | 326 499 000 | - | 326 499 000 | (13 792 334) | (329 127 827) | |

209

| | | | | | | |
|-------------------------------------------------------------|------------------|---|------------------|--------------------|------------------|-------|
| Cash and cash equivalents at the beginning of the year | (322 324 000) | - | (322 324 000) | 8 916 845 | 331 240 845 | 57.35 |
| Cash and cash equivalents at the end of the year | 4 175 000 | - | 4 175 000 | (4 875 489) | 2 113 018 | |

Reconciliation

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

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

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

These accounting policies are consistent with the previous period and in some cases additional information was included in the accounting policies.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

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

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

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

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

Fair value estimation

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

market interest rate that is available to the municipality for similar financial instruments.

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

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

Provisions

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

Useful lives of waste and water network and other assets

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

Employee benefit obligation

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 7.

Provision for impairment of receivables

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

1.4 Investment property

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

- use in the production or supply of goods or services or for

212

- 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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.4 Investment property (continued)

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

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.

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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.5 Property, plant and equipment (continued)

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:

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

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

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

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

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

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

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

1.6 Site restoration and dismantling cost

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

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 assets on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

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

1.8 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest

method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

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 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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

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:

| Class | Category |
|--------------------------------------------|--------------------------------------------|
| Other Financial assets | Financial asset measured at fair value |
| Other receivables | Financial asset measured at amortised cost |
| Receivables from non-exchange transactions | Financial asset measured at amortised cost |
| Receivables from exchange transactions | Financial asset measured at amortised cost |
| Cash and cash equivalents | Financial asset measured at amortised cost |

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

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.8 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

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

Reclassification

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

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

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

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.8 Financial instruments (continued)

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

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

Financial assets measured at cost:

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.8 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as

having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.8 Financial instruments (continued)

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

Presentation

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

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

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

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

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.9 Tax

Value added tax (VAT)

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance

230

charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.10 Leases (continued)

Operating leases - lessor

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

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

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

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

Operating leases - lessee

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

1.11 Inventories

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

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

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

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

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

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

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

Identification

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that noncash-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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

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 held with the primary objective of generating a commercial return

that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

1.14 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot

be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

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 measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

Post-employment benefits

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

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

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.14 Employee benefits (continued)

Other long term employee benefit

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

1.15 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

Provisions are not recognised for future operating deficits.

A contingent liability is:

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

Decommissioning, restoration and similar liability

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

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

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.16 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.17 Revenue from exchange transactions (continued)

Interest, royalties and dividends

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

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

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

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

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

1.18 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

Recognition

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

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Measurement

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

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

Taxes

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

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

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

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

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

Fines

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

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

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

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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.22 Unauthorised expenditure (continued)

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 Irregular expenditure

Irregular expenditure as defined in section 32 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury circular 68 which was issued in terms of sections 32 of the Municipal Finance Management Act, Act 56 of 2003 on 10 May 2013 requires the following:

Irregular expenditure that was incurred and identified during the current financial and which was written off before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which approval for write off is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only written off in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not written off by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been written off and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 Budget information

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

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.25 Budget information (continued)

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 01/07/2016 to 30/06/2017.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.

1.26 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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

1.27 Events after reporting date

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

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

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

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

1.28 Consumer deposits

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

1.29 Unspent conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

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

GRAP 20: Related parties

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

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

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

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

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

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

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

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the

reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

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

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

- Control;

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2. New standards and interpretations (continued)

- Related party transactions; and
- Remuneration of management

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

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

Impact of this standard is currently being assessed.

GRAP32: Service Concession Arrangements: Grantor

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

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

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

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

Impact of this standard is currently being assessed.

GRAP108: Statutory Receivables

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

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

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

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

Impact of this standard is currently being assessed.

GRAP 109: Accounting by Principals and Agents

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

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 standard is not yet set by the Minister of Finance.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2. New standards and interpretations (continued)

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard. The Impact of this standard is currently being assessed.

iGRAP 17 Service Concession Arrangement 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 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 arrangement

The effective dates is not yet gazetted by the minister

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard. The Impact of this standard is currently being assessed.

3. Investment property

| | 2017 | | | 2016 | | |
|---------------------|------------------|-----------------------------------------------------|----------------|------------------|-----------------------------------------------------|----------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Investment property | 943 569 450 | - | 943 569 450 | 732 286 404 | - | 732 286 404 |

Reconciliation of investment property - 2017

| | Opening balance | Additions | Transfers | Total |
|---------------------|-----------------|-------------|-----------|-------------|
| Investment property | 732 286 404 | 209 300 121 | 1 982 925 | 943 569 450 |

Reconciliation of investment property - 2016

| | Opening balance | Fair value adjustments | Total |
|---------------------|-----------------|------------------------|-------------|
| Investment property | 693 954 498 | 38 331 906 | 732 286 404 |

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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

4. Property, plant and equipment

| | 2017 | | 2016 | |
|--------------------------------|----------------------|-----------------------------------------------------|----------------------|----------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation |
| Land and buildings | 135 720 027 | (38 448 689) | 97 271 338 | 132 781 319 |
| Transport assets | 129 143 105 | (57 002 537) | 72 140 568 | 129 043 855 |
| Infrastructure | 8 249 143 554 | (4 013 104 635) | 4 236 038 919 | 8 100 951 927 |
| Other movable assets | 38 741 705 | (21 657 636) | 17 084 069 | 32 423 762 |
| Landfill rehabilitation assets | 79 926 415 | (27 833 562) | 52 092 853 | 80 022 530 |
| Total | 8 632 674 806 | (4 158 047 059) | 4 474 627 747 | 8 475 223 393 |
| | | | | (3 947 455 635) |
| | | | | 4 527 767 758 |

Reconciliation of property, plant and equipment - 2017

| | Opening balance | Additions | Depreciation | Total |
|--------------------------------|----------------------|--------------------|----------------------|----------------------|
| Land and buildings | 98 177 499 | 2 938 708 | (3 844 869) | 97 271 338 |
| Transport assets | 80 690 082 | 99 250 | (8 648 764) | 72 140 568 |
| Infrastructure | 4 274 676 603 | 148 191 628 | (186 829 312) | 4 236 038 919 |
| Other movable assets | 15 079 735 | 6 317 943 | (4 313 609) | 17 084 069 |
| Landfill rehabilitation assets | 59 143 839 | (96 115) | (6 954 870) | 52 092 854 |
| | 4 527 767 758 | 157 451 414 | (210 591 424) | 4 474 627 748 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

| | Opening balance | Additions | Additions through entity combinations | Disposals | Depreciation | Impairment loss | Total |
|--------------------------------|----------------------|--------------------|---------------------------------------|--------------|----------------------|------------------|----------------------|
| Land and buildings | 102 022 368 | - | - | - | (3 844 869) | - | 98 177 499 |
| Transport assets | 82 797 153 | 6 509 144 | - | (352) | (8 430 526) | (185 337) | 80 690 082 |
| Infrastructure | 4 333 275 171 | 126 689 603 | - | - | (185 288 171) | - | 4 274 676 603 |
| Other movable assets | <u>17 687 186</u> | <u>844 848</u> | - | - | (3 381 803) | (70 496) | <u>15 079 735</u> |
| Landfill rehabilitation assets | 64 455 317 | - | 1 652 667 | - | (6 964 145) | - | 59 143 839 |
| | 4 600 237 195 | 134 043 595 | 1 652 667 | (352) | (207 909 514) | (255 833) | 4 527 767 758 |

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 10 611 502

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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

4. 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 |

Reconciliation of Work-in-Progress 2016

| | Included within Infrastructure | Included within Community | Total |
|------------------|-----------------------------------------------|------------------------------------------|--------------|
| Work in progress | 187 632 902 | 51 213 245 | 238 846 147 |

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.

262

Repairs and maintenance per class of asset

| | | |
|----------------|-------------------|-------------------|
| Buidings | 3 194 667 | 2 348 636 |
| Infrastructure | 56 865 797 | 35 262 863 |
| Vehicles | 11 803 950 | 2 156 966 |
| | 71 864 414 | 39 768 465 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

5. Heritage assets

| | 2017 | | | 2016 | | |
|----------------------|------------------|-------------------------------|------------------|------------------|-------------------------------|------------------|
| | Cost / Valuation | Accumulated impairment losses | Carrying value | Cost / Valuation | Accumulated impairment losses | Carrying value |
| Historical buildings | 4 747 835 | - | 4 747 835 | 4 747 835 | - | 4 747 835 |
| Mayoral chains | 2 356 514 | - | 2 356 514 | 2 356 514 | - | 2 356 514 |
| Total | 7 104 349 | - | 7 104 349 | 7 104 349 | - | 7 104 349 |

Reconciliation of heritage assets 2017

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

Reconciliation of heritage assets 2016

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

Pledged as security

None of these assets were pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

6. Other financial assets

Designated at fair value

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|
| Unlisted shares | 332 598 | 330 990 |
| The unlisted shares consist of 17,238 (2016:17,238) equity shares in Senwes Limited and 26,435 (2016:26,435) equity shares in Senwesbel Limited. | | |

Non-current assets

| | | |
|--------------------------|---------|---------|
| Designated at fair value | 332 598 | 330 990 |
|--------------------------|---------|---------|

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

6. Other financial assets (continued)

Financial assets at fair value

Fair value hierarchy of financial assets at fair value

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

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

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

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

Level 2

Class 1 (Unlisted shares)

332 598

330 990

Renegotiated terms

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

Financial assets pledged as collateral

Collateral

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

7. Employee benefit obligations

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

Carrying value

Present value of the post employment medical aid benefit

~~(408 950 821)~~ ~~(368 850 962)~~

Present value of the long service awards benefit

~~(40 898 805)~~ ~~(37 113 810)~~

(449 849 626) (405 964 772)

Non-current liabilities

~~(437 313 953)~~ ~~(394 801 261)~~

Current liabilities

~~(12 535 673)~~ ~~(11 163 511)~~

(449 849 626) (405 964 772)

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

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

265

| | | |
|------------------------------------------------------------------|--------------------|--------------------|
| Opening balance | 405 964 772 | 349 773 364 |
| Net expense recognised in the statement of financial performance | 43 884 854 | 56 191 408 |
| | 449 849 626 | 405 964 772 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

7. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

| | | |
|----------------------------|-------------------|-------------------|
| Service cost | 23 436 725 | 17 499 056 |
| Interest cost | 37 877 201 | 30 912 050 |
| Actuarial (gains) / losses | (6 265 561) | 20 628 827 |
| Expected benefits paid | (11 163 511) | (12 848 525) |
| | 43 884 854 | 56 191 408 |

Post-retirement medical aid plan

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

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

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

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

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

| Years of service completed | Percentage of annual salary as bonus | Additional leave days |
|----------------------------|--------------------------------------|-----------------------|
| > 5 Years | 2% | 5 days |
| > 10 Years | 3% | 10 days |
| > 15 Years | 4% | 15 days |
| > 20 Years | 5% | 15 days |
| > 25 - 45 Years | 6% | 15 days |

Calculation of actuarial gains and losses

| | | |
|-------------------------------------------|--------------------|-------------------|
| Actuarial (gains) / losses - long service | 91 946 | 7 393 777 |
| Actuarial (gains) / losses - medical aid | (6 357 507) | 13 235 050 |
| | (6 265 561) | 20 628 827 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

7. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

| | | |
|--------------------------------------------|----------|----------|
| CPI (medical aid) | 6.82 % | 7.07 % |
| CPI (long service) | 5.52 % | 6.34 % |
| Discount rate (Medical aid) | 9.94 % | 9.54 % |
| Discount rates used (long service awards) | 8.72 % | 8.65 % |
| Medical aid inflation rates (medical aid) | 8.32 % | 8.57 % |
| Net discount rate (long service awards) | 2.07 % | 0.93 % |
| Net discount rate (medical aid) | 1.50 % | 0.93 % |
| Salary increase rate (long service awards) | 6.52 % | 7.00 % |
| Continuation percentage | 100.00 % | 100.00 % |

Other assumptions

The effect of a one percentage increase / decrease in the net discount rate is as follows for the 2017 financial year:

| | 1% point increase | 1% point decrease |
|----------------------------------------------------|----------------------|----------------------|
| Employer's accrued liability (long service awards) | 43 723 279 | 38 345 505 |
| Employer's expenses cost (long service awards) | 3 930 410 | 3 389 219 |
| Employer's accrued liability (medical aid) | 352 390 788 | 480 131 001 |
| Service cost (medical aid) | 19 923 394 | 29 028 099 |
| Interest (long service awards) | 3 696 792 | 3 228 747 |
| Interest (medical aid) | 38 010 669 | 42 481 710 |

The municipality expects to pay benefits of R9,888,182 towards post-retirement medical aid and R2,647,491 towards long service benefits to its employee benefits in the next financial year.

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

| | 2017 R | 2016 R | 2015 R | 2014 R | 2013 R |
|----------------------------|---------------|---------------|---------------|---------------|---------------|
| Defined benefit obligation | (449 849 626) | (405 964 772) | (349 773 364) | (322 410 090) | (305 077 529) |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

7. Employee benefit obligations (continued)

Defined contribution plan

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

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

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

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

South African Local Authorities Pension Fund (SALA)

- Free State Municipal Pension Fund (FSMPF)

- Municipal Councilors Pension Fund (MCPF)

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

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

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

The amount recognised as an expense for the defined contribution plan is

43 884 854 56 191 408

8. Receivables from non exchange transaction

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 2017, receivables from non-exchange transaction (non-current) of R1 133 295 (2016: R1 980 562) were impaired and provided for.

The following factors was considered in determining the impairment: -

270

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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

9. Receivables from exchange transaction

| | | |
|-------------------------------------|----------------|------------------|
| Non current arrangements - services | 9 885 935 | 20 257 060 |
| Allowance for impairment | (9 609 739) | (16 196 814) |
| | 276 196 | 4 060 246 |

Services aging for arrangements

| | | |
|----------|---------|-----------|
| 91+ days | 276 196 | 4 060 246 |
|----------|---------|-----------|

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 2017, receivables from exchange transaction (non-current) of R9 609 739 (2016: R16 196 814) 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.

10. Inventories

| | | |
|-----------------------------------|------------------|------------------|
| Consumable stores | 4 785 336 | 7 499 133 |
| Water in reservoirs and pipelines | 1 941 936 | 1 556 104 |
| | 6 727 272 | 9 055 237 |

Stock losses due to theft (2017: Case number 95/02/2017),(2016: Case number 596/06/2016)

216 888

81 239

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

468 651 889

451 755 625

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

Inventory pledged as security

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

11. Other receivables

| | | |
|------------------------------|-------------------|-------------------|
| Accrued interest | 64 222 | 106 572 |
| Consumer deposits receivable | 5 884 740 | 5 884 740 |
| Deposits | 9 850 | 9 850 |
| Sundry receivables | 6 809 798 | 3 142 722 |
| Traffic fines receivable | 9 825 653 | 17 915 150 |
| | 22 594 263 | 27 059 034 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

11. Other receivables (continued)

Other receivables pledged as security

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

Fair value of other receivables

The carrying value of consumer deposits approximate their fair values.

Other receivables past due but not impaired

None of the other receivables are considered to be impaired.

Other receivables impaired:

As of 30 June 2017, none of the other receivables were impaired and provided for.

The following factors was considered in determining the impairment: -

Aging of the outstanding debt.

- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

12. Receivables from non-exchange transactions

| | | |
|----------------------------------|--------------------|--------------------|
| Consumer receivables - rates | 311 218 706 | 304 942 921 |
| Allowance for impairment - rates | (187 612 632) | (173 681 854) |
| | 123 606 074 | 131 261 067 |

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 2017, R7 708 429.79 (2016: R34 465 028.50) were past due but not impaired.

| | | |
|-------------------|-----------|------------|
| 1 month past due | 317 076 | 8 443 858 |
| 2 months past due | 354 016 | 5 027 868 |
| 3 months past due | 7 037 338 | 20 993 303 |

Rates aging

| | | |
|----------------------|-------------|-------------|
| Current (0 -30 days) | 18 353 268 | 20 396 614 |
| 31 - 60 days | 8 304 823 | 12 175 846 |
| 61 - 90 days | 7 547 819 | 11 269 804 |
| 91 days + | 278 173 962 | 263 592 353 |

| | | |
|--------------------------------|--------------------|--------------------|
| Less: Allowance for impairment | (188 745 927) | (175 662 416) |
| | 123 633 945 | 131 772 201 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

12. Receivables from non-exchange transactions (continued)

Fair value of receivables

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

Receivables from non-exchange transactions impaired:

As of 30 June 2017, receivables from non-exchange transactions of R188 745 927 (2016: R175 662 416) were impaired and provided for.

The following factors was considered in determining the impairment: -

Aging of the outstanding debt.

- Whether or not any payment was received during the year.

- Whether the account is active or inactive.

- Whether the account is that of an owner or a tenant.

Renegotiated terms:

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

13. VAT receivable

| | | |
|-----|-------------|-------------|
| VAT | 451 214 336 | 182 623 935 |
|-----|-------------|-------------|

14. Receivables from exchange transactions

Gross balances

| | | |
|-------------------------------------------------------|----------------------|----------------------|
| Electricity | 256 439 743 | 218 888 057 |
| Water | 989 882 473 | 827 087 969 |
| Sewerage | 386 802 316 | 315 515 909 |
| Refuse | 261 249 361 | 213 330 414 |
| Other receivables | 3 973 078 | 4 571 836 |
| Rentals | 59 156 816 | 49 799 357 |
| Sundries | 93 419 672 | 85 704 088 |
| Unmetered consumption - water | 46 575 226 | 21 229 023 |
| Unmetered consumption - electricity | 73 215 306 | 61 300 537 |
| Less: Non-current consumer receivables (Arrangements) | (9 885 935) | (20 257 060) |
| | 2 160 828 056 | 1 777 170 130 |

Less: Allowance for impairment

| | | |
|-------------------------------------------------------|---------------|---------------|
| Electricity | (141 210 727) | (117 335 467) |
| Water | (778 272 326) | (593 406 095) |
| Sewerage | (292 445 969) | (240 983 687) |
| Refuse | (202 356 399) | (166 776 359) |
| Rentals | (50 639 929) | (30 281 866) |
| Sundries | (74 133 423) | (52 114 723) |
| Other receivables | (3 027 736) | (2 780 029) |
| Less: Non-current consumer receivables (Arrangements) | 9 609 739 | 16 196 814 |

275

(1 532 476 770) (1 187 481 412)

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

14. Receivables from exchange transactions (continued)**Net balance**

| | | |
|-------------------------------------------------|--------------------|--------------------|
| Electricity | 115 229 016 | 101 552 591 |
| Water | 211 610 146 | 233 681 874 |
| Sewerage | 94 356 347 | 74 532 222 |
| Refuse | 58 892 962 | 46 554 056 |
| Rentals | 8 516 887 | 19 517 491 |
| Sundries | 19 286 250 | 33 589 365 |
| Other receivables | 945 342 | 1 791 807 |
| Unmetered consumption - water | 46 575 226 | 21 229 023 |
| Unmetered consumption - electricity | 73 215 306 | 61 300 537 |
| Non-current consumer receivables (Arrangements) | (276 196) | (4 060 246) |
| | 628 351 286 | 589 688 720 |

Electricity

| | | |
|----------------------|--------------------|--------------------|
| Current (0 -30 days) | 41 569 055 | 36 294 677 |
| 31 - 60 days | 12 055 073 | 14 550 075 |
| 61 - 90 days | 7 823 851 | 6 983 545 |
| 91 + days | 194 991 763 | 161 059 761 |
| Less: Impairment | (141 210 727) | (117 335 467) |
| | 115 229 015 | 101 552 591 |

Water

| | | |
|----------------------|--------------------|--------------------|
| Current (0 -30 days) | 44 561 919 | 53 473 992 |
| 31 - 60 days | 25 449 343 | 33 175 663 |
| 61 - 90 days | 36 447 532 | 21 276 106 |
| 91+ days | 883 423 678 | 719 162 209 |
| Less: Impairment | (778 272 326) | (593 406 096) |
| | 211 610 146 | 233 681 874 |

Sewerage

| | | |
|----------------------|-------------------|-------------------|
| Current (0 -30 days) | 12 871 708 | 11 311 220 |
| 31 - 60 days | 13 631 524 | 8 829 417 |
| 61 - 90 days | 8 947 181 | 8 206 870 |
| 91+ days | 351 351 903 | 287 168 402 |
| Less: Impairment | (292 445 969) | (240 983 687) |
| | 94 356 347 | 74 532 222 |

Refuse

| | | |
|----------------------|-------------------|-------------------|
| Current (0 -30 days) | 7 974 627 | 6 927 306 |
| 31 - 60 days | 8 830 600 | 5 306 232 |
| 61 - 90 days | 5 773 118 | 5 027 914 |
| 91+ days | 238 671 016 | 196 068 963 |
| Less: Impairment | (202 356 399) | (166 776 359) |
| | 58 892 962 | 46 554 056 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

14. Receivables from exchange transactions (continued)**Rentals**

| | | |
|----------------------|------------------|-------------------|
| Current (0 -30 days) | 2 715 969 | 698 592 |
| 31 - 60 days | 873 003 | 692 311 |
| 61 - 90 days | 858 361 | 695 457 |
| 91+ days | 54 709 483 | 47 712 998 |
| Less: Impairment | (50 639 929) | (30 281 866) |
| | 8 516 887 | 19 517 492 |

Sundries

| | | |
|----------------------|-------------------|-------------------|
| Current (0 -30 days) | 2 809 091 | 2 779 062 |
| 31 - 60 days | 1 700 878 | 2 629 583 |
| 61 - 90 days | 2 480 463 | 2 177 667 |
| 91+ days | 86 429 240 | 78 068 217 |
| Less: Impairment | (74 133 423) | (52 114 723) |
| | 19 286 249 | 33 539 806 |

Sundry receivables consist mainly of connection fees, escort fees, miscellaneous fees as per tariff list, pounding fees and driving fees.

Other

| | | |
|----------------------|----------------|------------------|
| Current (0 -30 days) | 40 516 | 95 193 |
| 31 - 60 days | 17 986 | 22 593 |
| 61 - 90 days | 15 836 | 13 873 |
| 91+ days | 3 898 739 | 4 440 177 |
| Less: Impairment | (3 027 736) | (2 780 030) |
| | 945 341 | 1 791 806 |

Unmetered consumption - water

| | | |
|----------------------|------------|------------|
| Current (0 -30 days) | 46 575 226 | 21 229 023 |
|----------------------|------------|------------|

Unmetered consumption - electricity

| | | |
|----------------------|------------|------------|
| Current (0 -30 days) | 73 215 306 | 61 300 537 |
|----------------------|------------|------------|

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

14. Receivables from exchange transactions (continued)

Summary of receivables by customer classification

Consumers

| | | |
|--------------------------------|----------------------|----------------------|
| Current (0 -30 days) | 81 091 001 | 79 005 751 |
| 31 - 60 days | 54 501 933 | 54 850 684 |
| 61 - 90 days | 57 123 416 | 39 260 011 |
| 91+ days | 1 671 055 537 | 1 389 090 723 |
| | <u>1 863 771 887</u> | <u>1 562 207 169</u> |
| Less: Allowance for impairment | (1 474 135 709) | (1 141 125 215) |
| | 389 636 178 | 421 081 954 |

Business, Industrial and commercial

| | | |
|--------------------------------|--------------------|--------------------|
| Current (0 -30 days) | 40 250 611 | 31 279 626 |
| 31 - 60 days | 12 270 694 | 14 093 803 |
| 61 - 90 days | 9 505 326 | 9 271 877 |
| 91+ days | 349 619 113 | 316 382 331 |
| | <u>411 645 744</u> | <u>371 027 637</u> |
| Less: Allowance for impairment | (225 362 417) | (204 713 465) |
| | 186 283 327 | 166 314 172 |

National and provincial government

| | | |
|----------------------|-------------------|-------------------|
| Current (0 -30 days) | 6 176 835 | 7 893 944 |
| 31 - 60 days | 2 699 845 | 5 858 899 |
| 61 - 90 days | 1 896 057 | 4 685 234 |
| 91 + days | 32 859 791 | 4 219 563 |
| | 43 632 528 | 22 657 640 |

Indigents

| | | |
|--------------------------------|------------------|------------------|
| Current (0 -30 days) | 4 109 | 26 454 |
| 31 - 60 days | 2 047 | 87 306 |
| 61 - 90 days | 11 052 | 41 379 |
| 91 + days | 1 424 978 | 2 559 767 |
| | <u>1 442 186</u> | <u>2 714 906</u> |
| Less: Allowance for impairment | (1 438 516) | (2 714 906) |
| | 3 670 | - |

Farms and agriculture

| | | |
|--------------------------------|--------------|--------------|
| Current (0 -30 days) | 3 371 329 | 2 962 810 |
| 31 - 60 days | 1 386 477 | 2 491 026 |
| 61 - 90 days | 1 354 521 | 2 392 735 |
| 91 + days | 33 542 855 | 44 761 283 |
| Less: Allowance for impairment | (29 895 793) | (36 825 715) |

280

9 759 389 15 782 139

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

14. Receivables from exchange transactions (continued)

Receivables from exchange transactions past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2017, R 37 455 693 (2016: R 27 144 485) were past due but not impaired.

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

| | | |
|-------------------|------------|------------|
| 1 month past due | 2 699 845 | 10 814 218 |
| 2 months past due | 1 896 057 | 3 064 512 |
| 3 months past due | 32 859 791 | 13 265 755 |

Receivables from exchange transactions pledged as security

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

Credit quality of receivables from exchange transactions

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

Receivables from exchange transactions impaired:

As of 30 June 2017, receivables from exchange transactions of R1 532 476 770 (2016: R1 187 481 412) were impaired and provided for.

The following factors was considered in determining the impairment: -

Aging of the outstanding debt.

- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

Renegotiated terms:

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

Fair value of receivables from exchange transactions:

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

15. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---------------------------|--------------------|------------------|
| Cash on hand and advances | 9 474 | 9 474 |
| Short-term deposits | 2 759 220 | 10 637 028 |
| Collections account | - | 873 828 |
| Bank overdraft | (7 644 182) | (2 603 485) |
| | (4 875 488) | 8 916 845 |

| | | |
|---------------------|-------------|-------------|
| Current assets | 2 768 694 | 11 520 330 |
| Current liabilities | (7 644 182) | (2 603 485) |

282

(4 875 488) 8 916 845

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:

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

| Figures in Rand | 2017 | 2016 |
|-----------------|------|------|
|-----------------|------|------|

15. Consumer debtors disclosure (continued)

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

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

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

Cash and cash equivalents pledged as collateral

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

The municipality had the following bank accounts

| Account number / description | Bank statement balances | | | Cash book balances | | |
|-----------------------------------------------------------|-------------------------|-------------------|------------------|--------------------|------------------|-----------------|
| | 30 June 2017 | 30 June 2016 | 30 June 2015 | 30 June 2017 | 30 June 2016 | 30 June 2015 |
| ABSA - Primary cheque account Acc no (40-5370-5465) | 4 451 405 | (482 599) | 2 187 120 | (5 130 060) | (836 542) | (775 550) |
| ABSA Market Cheque account Acc no (40-5644-3399) | 100 315 | 918 032 | 1 497 072 | (2 514 123) | (1 766 943) | (793 822) |
| FNB Collection Cheque account - Acc no (542-3117-3409) | - | 873 828 | 785 576 | - | 873 828 | 785 576 |
| ABSA Savings account Acc no (91-9461-7107) | 2 754 004 | 9 870 795 | 1 000 | 2 754 004 | 9 870 795 | 1 000 |
| ABSA Savings account Acc no (91-0668-4115) | 1 064 | 1 000 | 1 201 | 1 059 | 1 000 | 1 201 |
| ABSA Savings account Acc no (91-1114-1338) | 1 056 | 1 000 | 1 011 | 1 051 | 1 000 | 1 011 |
| ABSA Savings account Acc no (91-0668-4238) | 1 065 | 1 000 | 1 077 | 1 060 | 1 000 | 1 077 |
| ABSA Savings account Acc no (91-0668-4157) | 1 016 | 1 000 | 1 001 | 1 014 | 1 000 | 1 001 |
| ABSA Savings account Acc no (91-2351-5666) | 1 016 | 1 000 | 1 002 | 1 014 | 1 000 | 1 002 |
| FNB Call account Acc no (614- 04001177) | - | 5 140 | 5 074 | - | 5 140 | 5 074 |
| FNB Call account Acc no (620- 0350-3019) | - | 756 093 | 709 079 | - | 756 093 | 709 079 |
| Total | 7 310 941 | 11 946 289 | 5 190 213 | (4 884 981) | 8 907 371 | (63 351) |

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

| | | |
|----------------------------------------------------------------|---|---------|
| Integrated national electrification programme (INEP) | - | 600 001 |
| Energy efficiency and demand side management programme (EEDSM) | - | 404 294 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

16. Unspent conditional grants and receipts (continued)

Movement during the year

| | | |
|--------------------------------------|---------------|------------------|
| Balance at the beginning of the year | 1 004 295 | 6 024 486 |
| Additions during the year | 504 350 505 | 522 142 502 |
| Income recognition during the year | (505 354 800) | (527 162 693) |
| | - | 1 004 295 |

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

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. See note 26 for reconciliation of grants from National/Provincial Government.

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

17. Provisions

Reconciliation of provisions - 2017

| | Opening Balance | Discounting | Change in the net discount rate | Total |
|----------------------------------|-----------------|-------------|---------------------------------|------------|
| Rehabilitation of landfill sites | 49 457 418 | 1 029 424 | (96 115) | 50 390 727 |

Reconciliation of provisions - 2016

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

Rehabilitation of landfill sites

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002).

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

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

The discount rate used for the landfill sites is based on a risk free rate which is in line with the useful life of the landfill sites. The municipality has five active landfill sites, as per the asset register:

| Landfill | Estimated useful life |
|-----------------------------|------------------------------|
| Allanridge | 8 years (2016: 9 years) |
| Henneman (Phomolong) | 11 years (2016: 12 years) |
| Odendaalsrus | 23 years (2016: 24 years) |
| Virginia (Transfer Station) | 11 years (2016: 12 years) |
| Bronville (Welkom) | 5 years (2016: 6 years) |

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

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

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

| | 30 June 2017 | 30 June 2016 | 30 June 2015 |
|-------------------|--------------|--------------|--------------|
| Discount rate (D) | 8.78 % | 8.76 % | 9.08 % |

286

| | | | |
|-------------------------------------|--------|--------|--------|
| Consumer price inflation (C) | 5.00 % | 5.58 % | 6.70 % |
| Net discount rate $((1+D)/(1+H)-1)$ | 3.60 % | 3.02 % | 2.23 % |

Movement in the closing balance of the provision

**Active landfill sites -
30 June 2016**

| | Opening balance 1 July 2015 | Discounting | Movement due to change in net discount rate | Closing balance 30 June 2016 |
|--------------------|--------------------------------------------|--------------------|----------------------------------------------------------------|---------------------------------------------|
| Odendaalsrus | 12 649 265 | (2 050 839) | 774 277 | 11 372 703 |
| Bronville (Welkom) | 22 554 307 | 296 171 | 406 371 | 23 256 849 |
| Allanridge | 4 833 489 | (89 122) | 127 121 | 4 871 488 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

17. Provisions (continued)

| | | | | |
|-----------------------------|-------------------|--------------------|------------------|-------------------|
| Henneman (Phomolong) | 8 056 132 | (394 951) | 274 915 | 7 936 096 |
| Virginia (Transfer Station) | 2 050 839 | (100 542) | 69 985 | 2 020 282 |
| | 50 144 032 | (2 339 283) | 1 652 669 | 49 457 418 |

Active landfill sites - 30 June 2017

| | Opening balance 1 July 2016 | Discounting | Movement due to change in 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 |
| | 49 457 418 | 1 029 423 | (96 114) | 50 390 727 |

18. Payables from exchange transactions

| | | |
|--------------------------------------------------------|----------------------|----------------------|
| Accrued bonus | 8 699 633 | 8 390 026 |
| Accrued leave pay | 67 057 194 | 64 977 157 |
| Deferred income - pre paid electricity | 1 600 000 | 1 300 000 |
| Deposits received - halls and facilities | 15 175 | 31 904 |
| Eskom | 1 464 169 380 | 957 081 689 |
| Payments received in advance from consumer receivables | 48 826 585 | 39 099 724 |
| Salary control accounts | 42 577 765 | 35 290 424 |
| Sedibeng Water | 1 886 576 057 | 1 552 021 591 |
| Trade payables | 233 563 226 | 157 607 716 |
| | 3 753 085 015 | 2 815 800 231 |

Fair value of trade and other payables

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

19. Consumer deposits

| | | |
|-----------------------|-------------------|-------------------|
| Electricity and water | 37 792 822 | 36 173 545 |
| Key deposits | 528 053 | 77 039 |
| | 38 320 875 | 36 250 584 |

Guarantees held in lieu of electricity and water deposits amounted to R 6,040,465 (2015: 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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

20. Service charges

| | | |
|-----------------------------------|----------------------|--------------------|
| Sale of electricity | 556 343 610 | 488 626 226 |
| Sale of water | 342 295 037 | 322 440 413 |
| Sewerage and sanitation charges | 149 194 731 | 128 256 386 |
| Refuse removal | 93 709 261 | 78 928 071 |
| Less: Income foregone - indigents | (41 396 044) | (45 666 204) |
| Less: Municipal utilities | (44 185 337) | (28 462 310) |
| | 1 055 961 258 | 944 122 582 |

21. Rental of facilities and equipment**Premises**

| | | |
|----------|------------|-----------|
| Premises | 12 548 473 | 8 790 737 |
|----------|------------|-----------|

Facilities and equipment

| | | |
|----------------------|-------------------|------------------|
| Rental of facilities | 420 998 | 326 540 |
| | 12 969 471 | 9 117 277 |

22. Commission received

| | | |
|----------------------|------------|------------|
| Commissions received | 11 118 362 | 11 122 174 |
|----------------------|------------|------------|

23. Other income

| | | |
|--------------------|-------------------|-------------------|
| Connection fees | 991 399 | 834 970 |
| Disconnection fees | 9 600 169 | 15 595 105 |
| Meter fees | 1 267 474 | 1 905 176 |
| Monitoring fees | 925 093 | 942 173 |
| Services rendered | 2 386 749 | 2 414 801 |
| Sundry income | 3 636 771 | 3 619 092 |
| Sundry services | 1 666 595 | 1 836 145 |
| | 20 474 250 | 27 147 462 |

24. Interest and dividends received**Dividend revenue**

| | | |
|-------------------------|--------|--------|
| Unlisted shares - Local | 14 033 | 17 251 |
|-------------------------|--------|--------|

Interest revenue

| | | |
|------------------------------------------|--------------------|--------------------|
| Bank and investments | 2 207 220 | 3 230 005 |
| Interest charged on consumer receivables | 152 128 771 | 123 872 104 |
| | 154 335 991 | 127 102 109 |
| | 154 350 024 | 127 119 360 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

25. Property rates

Rates received

| | | |
|-----------------------------------|--------------------|--------------------|
| Commercial | 125 361 490 | 169 549 572 |
| Residential | 86 085 094 | 83 795 254 |
| Small holdings and farms | 8 733 892 | 8 208 120 |
| State | <u>59 615 116</u> | <u>1 179 009</u> |
| Less: Income foregone - indigents | - | (276 908) |
| | 279 795 592 | 262 455 047 |

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

Valuations

| | | |
|--------------------------|-----------------------|-----------------------|
| Commercial | 5 340 389 912 | 4 323 778 590 |
| Residential | 12 724 813 001 | 12 574 978 411 |
| Small holdings and farms | 3 231 362 480 | 3 233 122 480 |
| State | <u>1 809 671 200</u> | <u>1 532 569 900</u> |
| Exempted | 119 219 000 | 1 271 624 102 |
| | 23 225 455 593 | 22 936 073 483 |

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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

26. Government grants and subsidies

Operating grants

| | | |
|------------------------------------------------|--------------------|--------------------|
| Equitable share | 385 851 295 | 402 908 668 |
| Extended public works program (EPWP) | 1 131 000 | 1 072 000 |
| Finance management grant (FMG) | 1 810 000 | 1 675 000 |
| Municipal systems improvement grant (MSIG) | - | 930 000 |
| Subsidies received | 2 000 000 | 500 000 |
| Sector education and training authority (SETA) | 1 199 505 | 3 330 319 |
| | 391 991 800 | 410 415 987 |

Capital grants

| | | |
|----------------------------------------------------------------|--------------------|--------------------|
| Energy efficiency and demand side management programme (EEDSM) | - | 2 595 706 |
| Municipal infrastructure grant (MIG) | 113 363 000 | 114 651 000 |
| | 113 363 000 | 117 246 706 |
| | 505 354 800 | 527 662 693 |

Conditional and Unconditional

Included in above are the following grants and subsidies received:

| | | |
|-------------------------------|--------------------|--------------------|
| Conditional grants received | 119 503 505 | 124 754 025 |
| Unconditional grants received | 385 851 295 | 402 908 668 |
| | 505 354 800 | 527 662 693 |

Equitable Share

| | | |
|--------------------------------------|---------------|---------------|
| Current year receipts | 385 851 295 | 402 908 668 |
| Conditions met - transfer to revenue | (385 851 295) | (402 908 668) |
| | - | - |

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 | 113 363 000 | 114 651 000 |
| Conditions met - transferred to revenue | (113 363 000) | (114 651 000) |
| | - | - |

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

Finance Management Grant (FMG)

| | | |
|-----------------------------------------|-------------|-------------|
| Current-year receipts | 1 810 000 | 1 675 000 |
| Conditions met - transferred to revenue | (1 810 000) | (1 675 000) |
| | - | - |

293

The purpose of this grant is to promote and support reforms to financial management and the implementation of the MFMA.

Municipal systems improvement grant (MSIG)

| | | |
|-----------------------------------------|---|-----------|
| Current-year receipts | - | 930 000 |
| Conditions met - transferred to revenue | - | (930 000) |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

26. Government grants and subsidies (continued)

The purpose of this grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government and the Municipal Systems Act, 2000 (Act No. 32 of 2000).

Integrated national electrification program (INEP)

| | | |
|-------------------------------------------------------------|-----------|----------------|
| Balance unspent at beginning of year | 600 001 | 1 018 931 |
| Current-year receipts | - | 600 000 |
| Grant withheld by National Treasury through equitable share | (600 001) | (1 018 930) |
| | - | 600 001 |

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

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

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

Energy efficiency and demand side management programme (EEDSM)

| | | |
|-------------------------------------------------------------|-----------|----------------|
| Balance unspent at beginning of year | 404 294 | 1 936 848 |
| Current-year receipts | - | 3 000 000 |
| Conditions met - transferred to revenue | - | (2 595 706) |
| Grant withheld by National Treasury through equitable share | (404 294) | (1 936 848) |
| | - | 404 294 |

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

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

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

Expanded public works programme (EPWP)

| | | |
|-------------------------------------------------------------|-------------|-------------|
| Balance unspent at beginning of year | - | 743 889 |
| Current-year receipts | 1 131 000 | 1 072 000 |
| Conditions met - transferred to revenue | (1 131 000) | (1 072 000) |
| Grant withheld by National Treasury through equitable share | - | (743 889) |
| | - | - |

The purpose of this grant is to subsidise municipalities to expand on work creation efforts through the use of labour intensive

295

delivery methods in identified focus areas.

Sector education and training authority (SETA)

| | | |
|-----------------------------------------|-------------|-------------|
| Balance unspent at beginning of year | - | 2 324 817 |
| Current-year receipts | 1 199 506 | 1 005 502 |
| Conditions met - transferred to revenue | (1 199 506) | (3 330 319) |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

26. Government grants and subsidies (continued)

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

Integrated National Electrification Programme (INEP)

| | | |
|-----------------------------------------|---|-------------|
| Current-year receipts | - | 6 900 000 |
| Conditions met - transferred to revenue | - | (6 900 000) |
| | - | - |

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

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

Subsidies

| | | |
|---------------------------------------------|-------------|-----------|
| Current-year receipts (Provincial Treasury) | - | 500 000 |
| Current-year receipts (Cogta) | 2 000 000 | - |
| Conditions met - transferred to revenue | (2 000 000) | (500 000) |
| | - | - |

Cooperative Governance and Traditional Affairs paid for the professional fees based on the turn around plan on behalf of the Municipality, in the prior year Provincial Treasury paid audit fees on behalf of the municipality to the Auditor General.

Changes in level of government grants

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

27. Licences and permits

| | | |
|----------------------|--------|--------|
| Licences and permits | 79 752 | 67 371 |
| | - | - |

28. Donations received

| | | |
|--------------------------------------|-------------|------------|
| Infrastructure & Investment property | 209 300 121 | 40 887 463 |
| | - | - |

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

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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

29. Employee related costs

| | | |
|-----------------------------------|--------------------|--------------------|
| Basic salaries | 357 793 739 | 342 152 912 |
| Bonuses | 25 216 218 | 23 495 894 |
| Pension | 52 280 431 | 47 253 894 |
| Other long term employee benefits | 1 910 089 | 2 294 440 |
| Employee benefits - medical aid | 29 231 458 | 21 499 080 |
| Group life insurance | 1 552 792 | 1 353 647 |
| Housing allowances | 3 664 008 | 3 676 556 |
| Leave pay provision charge | 11 958 399 | 17 771 803 |
| Medical aid | 37 359 426 | 29 655 910 |
| Other allowances | 25 543 063 | 19 598 254 |
| Overtime payments | 67 307 940 | 63 497 852 |
| Transport allowance | 31 489 024 | 30 859 660 |
| UIF | 3 661 965 | 3 440 683 |
| SDL | 5 665 170 | 5 260 263 |
| | 654 633 722 | 611 810 848 |

Remuneration of Municipal Manager - Lepheane MF

| | | |
|-------------------------------------------------|------------------|------------------|
| Annual Remuneration | 1 769 030 | 1 745 493 |
| Leave pay | 407 050 | - |
| Contributions to UIF, Medical and Pension Funds | 69 660 | 43 846 |
| | 2 245 740 | 1 789 339 |

The Municipal Manager was placed on special leave as per the council resolution number (5/2/2)(5/1/2/1) dated 14 February 2017.

Remuneration of Municipal Manager - Tsoaeli TE

| | | |
|-------------------------------------------------|------------------|------------------|
| Annual Remuneration | 1 106 985 | 1 005 997 |
| Car Allowance | 363 894 | 363 894 |
| Contributions to UIF, Medical and Pension Funds | 206 285 | 182 864 |
| | 1 677 164 | 1 552 755 |

The Chief Financial Officer (Mr Tsoaeli) has been acting as Municipal Manager as from 15 February 2017.

Remuneration of Chief Financial Officer - Williams LB

| | | |
|-------------------------------------------------|------------------|---|
| Annual Remuneration | 693 101 | - |
| Car Allowance | 187 142 | - |
| Contributions to UIF, Medical and Pension Funds | 126 915 | - |
| | 1 007 158 | - |

Manager Budget (Williams LB) has beeing acting as the Chief Financial Officer as from 14 February 2017.

Remuneration of Director Infrastructure - Maswanganyi HB (Tlhabane)

| | | |
|---------------------|---------|---|
| Annual Remuneration | 946 649 | - |
| | | - |

299

| | | |
|-------------------------------------------------|------------------|---|
| Car Allowance | 240 000 | - |
| Contributions to UIF, Medical and Pension Funds | 42 879 | - |
| | 1 229 528 | - |

Remuneration of Director Corporate Support Services - Wetes FF

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

29. Employee related costs (continued)

| | | |
|-------------------------------------------------|------------------|------------------|
| Annual Remuneration | 1 219 790 | 994 699 |
| Contributions to UIF, Medical and Pension Funds | 60 991 | 25 011 |
| | 1 280 781 | 1 019 710 |

Remuneration of Director Community Services - Mogopodi MRE

| | | |
|-------------------------------------------------|------------------|------------------|
| Annual Remuneration | 845 354 | 989 446 |
| Car Allowance | 83 603 | 143 319 |
| Contributions to UIF, Medical and Pension Funds | 113 389 | 171 094 |
| | 1 042 346 | 1 303 859 |

The Director Corporate Services(Mogopodi MRE) left the services of the municipality as at 28 February 2017.

Remuneration Director Community Services - Atolo MT

| | | |
|-------------------------------------------------|------------------|---|
| Annual Remuneration | 647 459 | - |
| Car Allowance & Housing Subsidy | 216 768 | - |
| Contributions to UIF, Medical and Pension Funds | 140 899 | - |
| | 1 005 126 | - |

Remuneration Director Strategic Support Services - Makofane TB

| | | |
|-------------------------------------------------|------------------|------------------|
| Annual Remuneration | 1 189 349 | 1 156 318 |
| Contributions to UIF, Medical and Pension Funds | 37 203 | 24 913 |
| | 1 226 552 | 1 181 231 |

Remuneration Director Local Economic Development & Planning - Msweli XF

| | | |
|-------------------------------------------------|------------------|------------------|
| Annual Remuneration | 969 188 | 1 152 104 |
| Car Allowance | 77 000 | 132 000 |
| Contributions to UIF, Medical and Pension Funds | 38 919 | 47 731 |
| | 1 085 107 | 1 331 835 |

The Director Local Economic Development & Planning(Msweli XF) has left the services of the municipality as at 28 February 2017

Remuneration Director Local Development & Planning - Mothekhe MMG

| | | |
|-------------------------------------------------|------------------|---|
| Annual Remuneration | 639 186 | - |
| Car Allowance | 213 264 | - |
| Contributions to UIF, Medical and Pension Funds | 158 623 | - |
| | 1 011 073 | - |

30. Remuneration of councillors

301

| | | |
|-----------------|-------------------|-------------------|
| Executive Mayor | 1 050 798 | 964 775 |
| Councillors | 27 740 202 | 26 225 867 |
| | 28 791 000 | 27 190 642 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

30. Remuneration of councillors (continued)

In-kind benefits

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

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

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

Details of remuneration for the year ended 30 June

2017

| Name of councillor | Annual remuneration | Car allowance to UIF, medical and pension funds | 30 June 2017 Total |
|--------------------|------------------------|----------------------------------------------------------|-----------------------|
| Badenhorst MJ | 240 075 | 72 250 | 314 590 |
| Bedenhost HS | 216 422 | 64 462 | 280 884 |
| Banyane ME | 24 026 | 7 502 | 33 793 |
| Beneke R | 24 026 | 7 502 | 33 793 |
| Botha PF | 213 672 | 72 250 | 314 412 |
| Chaka CP | 26 140 | 7 502 | 35 907 |
| Chaka MS | 267 547 | - | 280 795 |
| Claasen Malherbe C | 216 422 | 64 462 | 280 884 |
| Dali VN | 22 777 | 7 502 | 33 797 |
| Daly A | 216 422 | 64 462 | 280 884 |
| De Villiers MT | 24 026 | 7 502 | 33 793 |
| Direko DR | 15 971 | 4 076 | 20 047 |
| Direko DR | 484 969 | 144 049 | 637 658 |
| Fanie DS | 24 026 | 7 502 | 33 793 |
| Fourie JJC | 24 026 | 7 502 | 33 793 |
| Jacobs EJ | 206 287 | 64 462 | 280 684 |
| Kabi M | 36 901 | 11 578 | 49 58 |
| Kabi ME | 427 450 | 144 048 | 600 471 |
| Khalipha TD | 442 314 | 144 049 | 600 763 |
| Khalipha TD | 35 866 | 11 578 | 49 58 |
| Khetsi LE | 206 287 | 64 462 | 280 684 |
| Khethule MJ | 206 287 | 64 462 | 280 684 |
| Kockera SC | 22 777 | 7 502 | 33 797 |
| Lethlape TW | 208 759 | 64 462 | 280 734 |
| Liphoko SJ | 216 422 | 64 462 | 280 884 |
| Lushaba TB | 15 971 | 4 076 | 20 047 |
| Lushaba TB | 490 332 | 144 049 | 646 662 |
| Mabote TL | 24 026 | 7 502 | 33 793 |
| Macingwane TM | 207 523 | 64 462 | 280 709 |
| Mafa DM | 216 865 | 72 250 | 317 604 |
| Mafaisa MG | 198 160 | 64 462 | 280 696 |
| Mafongosi ZV | 24 026 | 7 502 | 33 793 |
| Mahlumba BH | 262 754 | 69 580 | 348 737 |
| Makgowe PV | 23 812 | 7 502 | 34 832 |
| Malefane DE | 24 026 | 7 502 | 33 793 |
| Manenye AJ | 206 287 | 64 462 | 280 684 |

303

| | | | | |
|---------------|---------|---------|--------|---------|
| 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 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

30. Remuneration of councillors (continued)

| | | | | |
|---------------|---------|---------|--------|---------|
| 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 |
| Mokhomu HA | 281 109 | 77 367 | 29 561 | 388 037 |
| Mokotedi TG | 24 026 | 7 502 | 2 265 | 33 793 |
| Molefi M | 260 500 | - | 21 386 | 281 886 |
| Molelekao PMI | 233 249 | 72 250 | 12 201 | 317 700 |
| Molelekao 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 |
| Ntsebeng MH | 51 855 | 18 667 | 6 889 | 77 411 |
| Nthuli BN | 206 287 | 64 462 | 9 936 | 280 685 |
| Petleki KI | 22 777 | 7 502 | 3 518 | 33 797 |
| Phetise ME | 24 891 | 7 502 | 3 518 | 35 911 |
| Phofeli NM | 210 662 | 64 462 | 5 760 | 280 884 |
| Pholo SJ | 200 089 | 64 462 | 17 977 | 282 528 |
| Pina NJ | 24 026 | 7 502 | 2 265 | 33 793 |
| Poo IP | 250 558 | 4 076 | 26 114 | 280 748 |
| Presente LN | 216 422 | 64 462 | - | 280 884 |
| Qwesha GL | 22 777 | 7 502 | 3 517 | 33 796 |
| Radebe MC | 36 901 | 11 578 | 4 958 | 53 437 |
| Radebe ML | 14 531 | 4 076 | 1 440 | 20 047 |
| Radebe MC | 419 819 | 144 049 | 37 716 | 601 584 |
| Radebe ML | 448 200 | 144 049 | 12 960 | 605 209 |

305

| | | | | |
|---------------|---------|--------|--------|---------|
| Radebe ML | 51 855 | 18 667 | 6 889 | 77 411 |
| Rakaki MM | 206 287 | 64 462 | 9 935 | 280 684 |
| Ramabobu BM | 175 226 | 51 713 | - | 226 939 |
| Ramalefane SJ | 254 697 | - | 26 114 | 280 811 |
| Ramatisa | 257 114 | - | 23 695 | 280 809 |
| Riet MI | 25 061 | 7 502 | 2 265 | 34 828 |
| Rubulana L | 53 104 | 18 667 | 5 637 | 77 408 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

30. Remuneration of councillors (continued)

| | | | | |
|---------------------------|-------------------|------------------|------------------|-------------------|
| Schlebusch CJ | 189 606 | 64 462 | 26 576 | 280 644 |
| Sebotsa MM | 220 540 | 41 305 | 18 881 | 280 726 |
| Senxezi ME | 207 782 | 64 462 | 8 640 | 280 884 |
| Sephiri MJ | 15 317 | 5 028 | 1 440 | 21 785 |
| Sephiri MJ | 424 957 | 141 681 | 37 716 | 604 354 |
| Sephiri MJ | 51 855 | 18 667 | 6 889 | 77 411 |
| Sifatya Z | 24 026 | 7 502 | 2 265 | 33 793 |
| Sithole MA | 206 287 | 64 462 | 9 935 | 280 684 |
| Speelman NW | 24 026 | 7 502 | 2 265 | 33 793 |
| Speelman NW | 740 766 | 205 588 | - | 946 354 |
| Stofile B | 543 636 | 184 382 | 44 913 | 772 931 |
| Styger A | 240 075 | 72 250 | 2 265 | 314 590 |
| Taliwe FE | 59 720 | 18 667 | 5 637 | 84 024 |
| Taljaard SDM | 222 986 | 72 250 | 19 358 | 314 594 |
| Thateng MJ | 25 061 | 7 502 | 2 265 | 34 828 |
| Thelingoane TJ | 229 940 | 72 250 | 12 201 | 314 391 |
| Thelingoane NE | 196 924 | 64 462 | 19 313 | 280 699 |
| Tlake KR | 225 101 | 72 250 | 19 358 | 316 709 |
| Tlhone ML | 42 073 | 8 526 | 4 320 | 54 919 |
| Tlhone ML | 63 900 | 5 184 | 8 246 | 77 330 |
| Tsatsa SJ | 213 672 | 72 250 | 28 490 | 314 412 |
| Tshabangu SE | 216 422 | 64 462 | - | 280 884 |
| Tshopo ME | 15 971 | 4 076 | - | 20 047 |
| Tshopo ME | 450 954 | 144 049 | 5 760 | 600 763 |
| Tsoaeli ME | 207 753 | 64 462 | 9 935 | 282 150 |
| Tsubane ME | 23 812 | 7 502 | 3 518 | 34 832 |
| Tsubella KS | 29 249 | 3 758 | 2 642 | 35 649 |
| Tsupa MR | 200 505 | 64 462 | 17 973 | 282 940 |
| Twala MJ | 53 104 | 18 667 | 5 637 | 77 408 |
| Van Rooyen MS | 240 075 | 72 250 | 2 265 | 314 590 |
| Van Rooyen KV | 25 061 | 7 502 | 2 265 | 34 828 |
| Van Schalkwyk HCT | 229 940 | 72 250 | 12 201 | 314 391 |
| Vanga NM | 22 777 | 7 502 | 3 517 | 33 796 |
| Madumise MM(Court Order) | 23 875 | - | - | 23 875 |
| | 21 180 734 | 6 102 767 | 1 248 130 | 28 531 631 |

Details of remuneration for the year ended 30 June

2016

Name of councillor

| | Annual remuneration | Car allowance | Contributions to UIF, medical and pension funds | 30 June 2016 Total |
|----------------|------------------------|---------------|----------------------------------------------------------|-----------------------|
| Badenhorst MJ | 202 865 | 69 471 | 26 415 | 298 751 |
| Banyane ME | 202 865 | 69 471 | 26 415 | 298 751 |
| Beneke R | 202 865 | 69 471 | 26 415 | 298 751 |
| Botha PF | 187 839 | 69 471 | 41 441 | 298 751 |
| Chaka CP | 202 865 | 69 471 | 26 415 | 298 751 |
| Dali VN | 187 839 | 69 471 | 41 441 | 298 751 |
| De Villiers MT | 202 865 | 69 471 | 26 415 | 298 751 |
| Fanie DS | 202 865 | 69 471 | 26 415 | 298 751 |
| Fourie JJC | 202 865 | 69 471 | 26 415 | 298 751 |

| | | | | |
|--------------|---------|--------|--------|---------|
| Kabi M | 187 839 | 69 471 | 41 441 | 298 751 |
| Khalipha TD | 187 839 | 69 471 | 41 441 | 298 751 |
| Kockera SC | 187 839 | 69 471 | 41 441 | 298 751 |
| Mabote TL | 202 865 | 69 471 | 26 415 | 298 751 |
| Madumise MM | 202 865 | 69 471 | 26 415 | 298 751 |
| Mafa DM | 187 839 | 69 471 | 41 441 | 298 751 |
| Mafongosi ZF | 202 865 | 69 471 | 26 415 | 298 751 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

30. Remuneration of councillors (continued)

| | | | | |
|----------------|---------|---------|---------|---------|
| Makgowe PV | 187 839 | 69 471 | 41 441 | 298 751 |
| Malefane DE | 202 865 | 69 471 | 26 415 | 298 751 |
| Marais JS | 229 280 | 69 471 | - | 298 751 |
| Masienyane MD | 428 361 | 161 335 | 76 512 | 666 208 |
| Mbambo AX | 187 839 | 69 471 | 41 441 | 298 751 |
| Mbana AM | 458 540 | 172 858 | 80 903 | 712 301 |
| Meli TS | 187 839 | 69 471 | 41 441 | 298 751 |
| Menyatso KJ | 461 044 | 172 858 | 78 399 | 712 301 |
| Mfebe SE | 458 540 | 172 858 | 80 903 | 712 301 |
| Mholo PP | 202 865 | 69 471 | 26 415 | 298 751 |
| Mlangeni MG | 202 865 | 69 471 | 26 415 | 298 751 |
| Mokhomoh HA | 187 839 | 69 471 | 41 441 | 298 751 |
| Mokotedi TG | 202 865 | 69 471 | 26 415 | 298 751 |
| Molelekao PMI | 202 865 | 69 471 | 26 415 | 298 751 |
| Molelekao PA | 187 839 | 69 471 | 41 441 | 298 751 |
| Molete TN | 202 865 | 69 471 | 26 415 | 298 751 |
| Molupe RT | 187 839 | 69 471 | 41 441 | 298 751 |
| Monjovo NE | 187 839 | 69 471 | 41 441 | 298 751 |
| Morris VR | 187 839 | 69 471 | 41 441 | 298 751 |
| Mosala MS | 202 865 | 69 471 | 26 415 | 298 751 |
| Mothege MA | 202 865 | 69 471 | 26 415 | 298 751 |
| Motshabi MP | 473 566 | 172 858 | 65 877 | 712 301 |
| Mphikeli MA | 202 865 | 69 471 | 26 415 | 298 751 |
| Naude HJ | 202 865 | 69 471 | 26 415 | 298 751 |
| Ngangelizwe S | 630 392 | 230 478 | 102 862 | 963 732 |
| Ngeobo ME | 151 957 | 52 103 | 20 003 | 224 063 |
| Ntlele KI | 202 865 | 69 471 | 26 415 | 298 751 |
| Ntsebeng MH | 458 540 | 172 858 | 80 903 | 712 301 |
| Petleki KI | 187 839 | 69 471 | 41 441 | 298 751 |
| Phetise ME | 187 839 | 69 471 | 41 441 | 298 751 |
| Pina NJ | 202 865 | 69 471 | 26 415 | 298 751 |
| Qwesha GL | 187 839 | 69 471 | 41 441 | 298 751 |
| Radebe MC | 187 839 | 69 471 | 41 441 | 298 751 |
| Radebe ML | 458 540 | 172 858 | 80 903 | 712 301 |
| Riet MI | 202 865 | 69 471 | 26 415 | 298 751 |
| Rubulana L | 473 566 | 172 858 | 65 877 | 712 301 |
| Sephiri MJ | 458 540 | 172 858 | 80 903 | 712 301 |
| Sifatya Z | 202 865 | 69 471 | 26 415 | 298 751 |
| Speelman NW | 202 865 | 69 471 | 26 415 | 298 751 |
| Stofile B | 488 720 | 184 382 | 85 295 | 758 397 |
| Styger A | 202 865 | 69 471 | 26 415 | 298 751 |
| Taliwe FE | 473 566 | 172 858 | 65 877 | 712 301 |
| Taljaard SDM | 187 839 | 69 471 | 41 441 | 298 751 |
| Thateng MJ | 202 865 | 69 471 | 26 415 | 298 751 |
| Thelingoane TJ | 202 865 | 69 471 | 26 415 | 298 751 |
| Tlake KR | 187 839 | 69 471 | 41 441 | 298 751 |
| Tlhone ML | 567 700 | 48 000 | 96 601 | 712 301 |
| Tsatsa SJ | 187 839 | 69 471 | 41 441 | 298 751 |
| Tsubane ME | 187 839 | 69 471 | 41 441 | 298 751 |
| Tsubella KS | 233 270 | 34 800 | 30 681 | 298 751 |
| Twala MJ | 473 566 | 172 858 | 65 877 | 712 301 |
| Van Rooyen MS | 202 865 | 69 471 | 26 415 | 298 751 |

309

| | | | | |
|-------------------|-------------------|------------------|------------------|-------------------|
| Van Rooyen KV | 202 865 | 69 471 | 26 415 | 298 751 |
| Van Schalkwyk HCT | 202 865 | 69 471 | 26 415 | 298 751 |
| Vanga NM | 187 839 | 69 471 | 41 441 | 298 751 |
| | 17 986 800 | 6 260 583 | 2 930 384 | 27 177 767 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

31. Depreciation and amortisation

| | | |
|-------------------------------|-------------|-------------|
| Property, plant and equipment | 210 591 424 | 207 909 516 |
|-------------------------------|-------------|-------------|

32. Finance costs

| | | |
|--------------------------|--------------------|--------------------|
| Bank | 260 195 | 114 537 |
| Employee benefits | 37 877 201 | 30 912 050 |
| Trade and other payables | 186 393 885 | 90 886 741 |
| Provisions | 1 029 424 | (2 339 282) |
| | 225 560 705 | 119 574 046 |

33. Debt impairment

| | | |
|-------------------------------------|-------------|-------------|
| Contributions to bad debt provision | 350 487 460 | 642 251 730 |
|-------------------------------------|-------------|-------------|

Reconciliation of allowance for impairment

| | | |
|-----------------------------------------------|------------------------|------------------------|
| Balance at the beginning of the year | (1 379 340 642) | (903 419 595) |
| Contribution to allowance | (350 487 460) | (648 290 390) |
| VAT provision on impairment | (189 379 045) | - |
| Prior period error | - | 6 038 660 |
| Debt impairment written off against allowance | 188 374 711 | 166 330 683 |
| | (1 730 832 436) | (1 379 340 642) |

Prior Period error on Impairment

The prior year impairment was overstated with Matjhabeng accounts amounting to R6 038 660.

34. Bulk purchases

| | | |
|-------------|--------------------|--------------------|
| Electricity | 424 770 185 | 403 197 539 |
| Water | 468 651 889 | 451 755 625 |
| | 893 422 074 | 854 953 164 |

35. Contracted services

| | | |
|------------------------|--------------------|--------------------|
| Legal services | 19 103 569 | 18 258 434 |
| Meter reading services | 14 118 945 | 13 567 502 |
| Professional services | 59 713 281 | 30 517 964 |
| Security services | 61 485 946 | 42 812 969 |
| Valuation services | 13 061 737 | 5 303 960 |
| | 167 483 478 | 110 460 829 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

36. General expenses

| | | |
|----------------------------------------|--------------------|--------------------|
| Advertising | 4 698 442 | 5 746 504 |
| Audit fees | 7 181 583 | 7 196 542 |
| Bank charges | 3 273 312 | 2 965 664 |
| Cleaning | 906 057 | 1 159 716 |
| Community development and training | 8 765 464 | 2 940 345 |
| Conferences and seminars | 241 973 | 32 500 |
| Connection and disconnection of meters | 11 178 089 | 6 251 903 |
| Entertainment | 1 507 566 | 1 232 734 |
| Insurance | 27 480 548 | 34 327 170 |
| License fees | 5 939 030 | 5 038 910 |
| Marketing | 130 500 | 25 500 |
| Medical expenses | 156 450 | 470 |
| Motor vehicle expenses | 61 320 766 | 33 903 909 |
| Operating cost of equipment | 15 022 073 | 11 829 513 |
| Pest control | 240 719 | 40 552 |
| Printing and stationery | 2 706 756 | 2 414 032 |
| Subscriptions and membership fees | 8 662 085 | 9 369 748 |
| Subsistence and travel | 4 561 965 | 3 158 366 |
| Sundry expenses | 6 468 794 | 3 574 219 |
| Telephone and fax | 11 283 640 | 13 516 470 |
| Training | 2 626 631 | 2 165 232 |
| Uniforms | 12 772 265 | 9 973 251 |
| Expired traffic fines | 9 797 847 | - |
| Assets expensed | 1 105 828 | 963 171 |
| Chemicals | 88 800 | - |
| Other expenses | 39 000 | - |
| | 208 156 183 | 157 826 421 |

37. Fair value adjustments

| | | |
|------------------------------------------------------------|--------------|-------------------|
| Investment property (Fair value model) | - | 38 331 907 |
| Other financial assets | | |
| • Other financial assets (Designated as at FV through P&L) | 1 608 | (8 217) |
| | 1 608 | 38 323 690 |

38. Auditors' remuneration

| | | |
|------|-----------|-----------|
| Fees | 7 181 583 | 7 196 542 |
|------|-----------|-----------|

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

39. Cash generated from operations

| | | |
|--------------------------------------------------------|--------------------|-------------------|
| Deficit | (550 278 708) | (793 381 806) |
| Adjustments for: | | |
| Depreciation and amortisation | 210 591 424 | 207 909 516 |
| Loss on sale of assets and liabilities | - | (16 098) |
| Fair value adjustments | (1 608) | (38 323 690) |
| Impairment deficit | - | 255 832 |
| Debt impairment | 350 487 460 | 642 251 730 |
| Movements in retirement benefit assets and liabilities | 23 436 725 | 17 499 056 |
| Movements in provisions | 1 029 424 | (2 339 282) |
| Actuarial gain / (loss) | (6 265 561) | 20 628 827 |
| Donations received | (209 300 121) | (40 887 463) |
| Interest received - receivables | (152 128 771) | (123 872 104) |
| Finance cost - Employee benefit obligation | 37 877 201 | 30 912 050 |
| Finance cost - Trade and other payables | 186 393 885 | 90 886 741 |
| Changes in working capital: | | |
| Inventories | 2 327 965 | 359 017 |
| Other receivables | 4 464 771 | (5 604 155) |
| Consumer debtors | (220 153 694) | (333 132 508) |
| Other receivables from non-exchange transactions | (4 945 256) | (19 626 538) |
| Payables from exchange transactions | 750 890 895 | 490 744 666 |
| VAT | (268 590 401) | (44 124 955) |
| Unspent conditional grants and receipts | (1 004 295) | (5 020 190) |
| Consumer deposits | 2 070 291 | 957 468 |
| | 156 901 626 | 96 076 114 |

40. Financial instruments disclosure

Categories of financial instruments

2017

Financial assets

| | At fair value | At cost | Total |
|----------------------------------------------------------|----------------|--------------------|--------------------|
| Other receivables | - | 22 594 263 | 22 594 263 |
| Receivables from non exchange transactions | - | 123 606 074 | 123 606 074 |
| 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) | - | 27 871 | 27 871 |
| Receivables from exchange transactions (non current) | - | 276 196 | 276 196 |
| | 332 598 | 777 624 384 | 777 956 982 |

Financial liabilities

| | At cost | Total |
|-------------------------------------|---------------|---------------|
| Payables from exchange transactions | 3 753 085 015 | 3 753 085 015 |
| | | |

314

| | | |
|-------------------|----------------------|----------------------|
| Consumer deposits | 38 320 875 | 38 320 875 |
| Bank overdraft | 7 644 182 | 7 644 182 |
| | 3 799 050 072 | 3 799 050 072 |

2016

Financial assets

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

Financial instruments disclosure (continued)

| | At fair value | At cost | Total |
|----------------------------------------------------------|----------------|--------------------|--------------------|
| Other receivables | - | 27 059 034 | 27 059 034 |
| Receivables from non-exchange transactions | - | 131 261 067 | 131 261 067 |
| Receivables from exchange transactions | - | 589 688 720 | 589 688 720 |
| Cash and cash equivalents | - | 11 520 330 | 11 520 330 |
| Other financial assets | 330 990 | - | 330 990 |
| Receivables from non-exchange transactions (non current) | - | 511 134 | 511 134 |
| Receivables from exchange transactions (non current) | - | 4 060 246 | 4 060 246 |
| | 330 990 | 764 100 531 | 764 431 521 |

Financial liabilities

| | At cost | Total |
|---------------------------------------------|----------------------|----------------------|
| Payables from exchange transactions | 2 815 800 231 | 2 815 800 231 |
| Consumer deposits | 36 250 584 | 36 250 584 |
| Unspend conditional grant and receipts | 1 004 295 | 1 004 295 |
| Cash and cash equivalents (Bank overdraft) | 2 603 485 | 2 603 485 |
| | 2 855 658 595 | 2 855 658 595 |

41. Commitments

Authorised capital expenditure

Already contracted for but not provided for

| | | |
|---------------------------------|-------------------|--------------------|
| • Property, plant and equipment | 77 144 143 | 119 311 853 |
| • Prior period error | - | 3 455 511 |
| | 77 144 143 | 122 767 364 |

Total capital commitments

Already contracted for but not provided for

77 144 143 **122 767 364**

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

Operating leases - as lessee (expense)

Minimum lease payments due

| | | |
|-------------------------------------|------------------|------------------|
| - within one year | 1 236 257 | 1 150 329 |
| - in second to fifth year inclusive | 2 197 571 | 3 433 828 |
| | 3 433 828 | 4 584 157 |

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

Leases are negotiated for an average term of three years and rentals change contractually..

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

42. Contingencies

Contingent liabilities

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

| Nature of litigation | Possible rand value of claim - 2017 | Possible rand value of claim - 2016 | Number of litigations - 2017 | Number of litigations - 2016 |
|------------------------------|-------------------------------------|-------------------------------------|------------------------------|------------------------------|
| Civil litigation | 42 411 478 | 52 016 081 | 14 | 28 |
| Claims for services rendered | 3 482 813 | 397 813 | 4 | 6 |
| Conveyancing | - | 80 000 | 1 | 3 |
| Demolition order | - | - | - | 4 |
| Eviction notice | 60 000 | 60 000 | 6 | 5 |
| High Court application | - | - | - | 1 |
| Interdict application | - | - | 2 | 2 |
| Investigation | - | - | - | 1 |
| Labour related matter | 5 892 934 | 2 597 279 | 11 | 8 |
| Legal opinion | - | - | 3 | 2 |
| Motion proceedings | 162 689 | - | 2 | 1 |
| Public liability claim | 849 134 | 487 444 | 5 | 4 |
| | 52 859 048 | 55 638 617 | 48 | 65 |

Prior period error:

The comparative figures for contingent liabilities were restated due to duplicates on the contingent liability register used for the 30 June 2016 financial statements.

Contingent assets

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

| Nature of litigation | Possible rand value of claim - 2017 | Possible rand value of claim - 2016 | Number of litigations - 2017 | Number of litigations - 2016 |
|------------------------|-------------------------------------|-------------------------------------|------------------------------|------------------------------|
| Civil litigation | 314 782 | 91 619 | 1 | 1 |
| High Court application | - | - | - | 1 |
| Labour related matter | 298 414 | 26 666 | 2 | 5 |
| Legal opinion | 10 343 637 | - | 1 | 2 |
| | 10 956 833 | 118 285 | 4 | 9 |

Prior period error:

The comparative figures for contingent assets were restated due to duplicates on the contingent asset register used for the 30 June 2016 financial statements.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

43. Related parties

Relationships

Members of key management
Members of Council

Refer to note 29
Refer to note 30

Related party balances

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

Related party transactions

Purchases from (sales to) related parties

| | | |
|--------------|------------|-----------|
| MBV Security | 14 271 987 | 9 075 282 |
|--------------|------------|-----------|

Key management and Councillors receive and pay for services on the same terms and conditions as other rate payers. These transactions are recorded at arm's length.

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

44. Prior period error and change in accounting policy

Prior year figures were restated due to prior period errors, the nature of the prior period errors were due to the following: -

VAT was restated due errors that were identified in payables and expenditure in the 2016 financial year;

- Investment property was restated due to the incorrect classification as property plant and equipment;

- Payables and contracted service were restated due to legal cases that were finalised in the current financial year for services rendered in the prior years;

- Finance cost and general expenditure were restated due to legal matters that were finalised in the current financial year; -

PPE and depreciation were restated due to recognition of newly found assets.

- Fruitless and wasteful expenditure was restated due to the restatement to payables.

- The disclosure amount on employee benefits was restated due to a typing error in the previous year. -

Commitments was restated due to the restatement of payables.

- Contingencies was restated due to duplications in the 2016 contingency register used to compile the financial statements

Bulk purchases was restated due to one sedibeng account that was not included in the 2015/2016 financial year and confirmed by the sedibeng confirmation as at 30 June 2016.

Receivables and service charges were restated due to the removal of Municipal accounts in the books of the municipality.

Debt impairment was restated due to reversal of municipal accounts that were fully impaired in the books of the municipality.

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

320

of the financial statements:

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

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

| | Original audited 2016 figures | Prior period errors | Restated 2016 figures |
|--------------------------------------------|----------------------------------|------------------------|--------------------------|
| Statement of Financial Position | | | |
| Receivables from non-exchange transactions | 123 700 990 | 7 560 076 | 131 261 066 |
| Receivables from exchange transactions | 591 257 675 | (1 568 956) | 589 688 719 |
| VAT receivable | 141 534 807 | 41 089 128 | 182 623 935 |
| Investment property - Cost | 730 614 229 | 1 672 175 | 732 286 404 |
| Property, plant and equipment | 4 517 976 923 | 9 790 834 | 4 527 767 757 |
| Payables from exchange transactions | (2 692 812 194) | (122 988 042) | (2 815 800 236) |
| Statement of Financial Performance | | | |
| Service charges | 945 308 825 | (1 186 243) | 944 122 582 |
| Depreciation | (206 316 233) | (1 593 283) | (207 909 516) |
| Finance costs | (119 480 326) | (93 720) | (119 574 046) |
| Repairs and maintenance | (39 804 219) | 35 754 | (39 768 465) |
| Bulk purchases | (810 072 732) | (44 880 433) | (854 953 165) |
| Contracted services | (106 421 922) | (4 038 908) | (110 460 830) |
| General expenses | (160 763 861) | 2 937 439 | (157 826 422) |
| Debt impairment | (648 290 390) | 6 038 660 | (642 251 730) |
| Fair value adjustment | 38 205 550 | 118 140 | 38 323 690 |
| Total | 2 304 637 122 | (107 107 379) | 2 197 529 743 |
| Accumulated surplus | (2 976 633 196) | 64 444 486 | (2 912 188 710) |
| | - | (42 662 893) | - |

Notes to the Financial Statements

| Original audited 2016 figures | Prior period errors | Restated 2016 figures |
|-------------------------------------|------------------------|--------------------------|
| 165 002 645 | 93 720 | 165 096 365 |
| 49 642 382 | 6 549 026 | 56 191 408 |
| 119 311 853 | 3 455 511 | 122 767 364 |
| 75 944 280 | (20 305 663) | 55 638 617 |
| 433 067 | (551 352) | 118 285 |
| 305 669 955 | 3 818 622 | 309 488 577 |
| - | (6 940 136) | - |

45. Comparative figures

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

46. Risk management

Financial risk management

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

46. Risk management (continued)

Liquidity risk

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

| At 30 June 2017 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|-----------------------------------------|------------------|-----------------------|-----------------------|--------------|
| Trade and other payables | 3 753 085 015 | - | - | - |
| Consumer deposits | 38 320 875 | - | - | - |
| Bank overdraft | 7 644 182 | - | - | - |
| At 30 June 2016 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
| Payables from exchange transactions | 2 815 800 231 | - | - | - |
| Consumer deposits | 36 250 584 | - | - | - |
| Unspent conditional grants and receipts | 1 004 295 | - | - | - |
| Bank overdraft | 2 603 485 | - | - | - |

Credit risk

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

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

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

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

| Financial instrument | 2017 | 2016 |
|----------------------------------------------------------|-------------|-------------|
| Other financial assets | 332 598 | 330 990 |
| Other receivables | 22 594 263 | 27 059 034 |
| Receivables from non-exchange transactions | - | 123 700 990 |
| Receivables from exchange transactions | 628 351 286 | 591 257 675 |
| Cash and cash equivalents | 2 768 694 | 11 520 330 |
| Receivables from non exchange transactions (non current) | 27 871 | 511 134 |
| Receivables from exchange transactions (non current) | 276 196 | 4 060 246 |

Market risk

Interest rate risk

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

47. Going concern

We draw attention to the fact that at 30 June 2017, the municipality had accumulated surplus of R 2 361 909 711 and that the

municipality's total assets exceed its liabilities by R 2 361 909 711.

The municipality had a deficit of R 550 278 707. (2016: R 793 381 803) for the year. The current liabilities exceeds the current assets by R2 576 323 820. (2016: R1 915 613 789).

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

47. Going concern (continued)

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

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

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

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

48. Events after the reporting date

During a council meeting held 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 R413 701 258 incurred during 2016/2017 financial year as irrecoverable and to be written off as irregular expenditure

Council certified an amount of R157 128 450 incurred during 2016/2017 financial year as irrecoverable and to be written off as Fruitless and Wasteful expenditure.

49. Unauthorised expenditure

| | | |
|------------------------------------------|---------------|------------------------------|
| Opening balance | 977 994 508 | 3 959 722 706 |
| Unauthorised expenditure | 1 031 091 788 | 812 398 971 |
| Less: Amounts written off by the council | | (977 994 508)(3 794 127 169) |
| | 1 031 091 788 | 977 994 508 |

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

50. Fruitless and wasteful expenditure

| | | |
|--------------------------------------------|---------------|---------------|
| Opening balance | 165 096 365 | 504 645 763 |
| Fruitless and wasteful expenditure | 186 771 314 | 149 978 569 |
| Prior period error adjustment 2016 figures | | 93 720 |
| Amounts written off by the council | (157 128 450) | (489 621 687) |
| | 194 739 229 | 165 096 365 |

Detail of fruitless and wasteful expenditure

| | | |
|----------------------------------------|-------------|-------------|
| Eskom | 182 169 995 | 113 453 819 |
| Other avoidable expenditure and losses | - | 4 902 271 |
| Other creditors | 243 124 | 1 020 469 |
| Late contribution on pension funds | 504 904 | 270 420 |

325

| | | |
|--------------------------------------------------|--------------------|--------------------|
| SARS VAT | 2 954 548 | 4 531 702 |
| Interest and penalties - Compensation commission | 898 743 | 824 913 |
| Material losses - avoidable water losses | - | 25 068 695 |
| | 186 771 314 | 150 072 289 |

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

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

50. Fruitless and wasteful expenditure (continued)

Fruitless and wasteful expenditure amounting to R157,128,450 was certified by Council to be irrecoverable and to be written-off.

51. Irregular expenditure

| | | |
|-----------------------------------------|--------------------|--------------------|
| Opening balance | 429 171 360 | 939 053 077 |
| Add: Irregular Expenditure - prior year | - | 3 818 622 |
| Irregular expenditure current year | 323 171 276 | 305 669 955 |
| Less: Amounts written off by council | (413 701 258) | (819 370 294) |
| | 338 641 378 | 429 171 360 |

Analysis of expenditure awaiting write off per age classification

| | | |
|--------------|--------------------|--------------------|
| Current year | 323 171 276 | 309 488 577 |
| Prior years | 15 470 102 | 119 682 783 |
| | 338 641 378 | 429 171 360 |

Details of irregular expenditure - 30 June 2017

| | Disciplinary steps taken/criminal proceedings | |
|----------------------------------------------|-----------------------------------------------|--------------------|
| Non compliance with MFMA and SCM regulations | None | 318 720 464 |
| Non compliance with Office bears Act | None | 4 450 812 |
| | | 323 171 276 |

Irregular expenditure amounting to R425,352,739 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 R413,701,258 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

52. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

| | | |
|---------------------------------|------------------|------------------|
| Opening balance | 5 792 809 | 6 268 599 |
| Current year subscription / fee | 7 437 331 | 5 792 809 |
| Amount paid - current year | (5 852 809) | (6 268 599) |
| | 7 377 331 | 5 792 809 |

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

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

Material losses

| | | |
|-----------------------------------|--------------------|--------------------|
| Distribution losses - Electricity | 74 080 387 | 75 434 684 |
| Distribution losses - Water | 299 865 808 | 205 292 597 |
| | 373 946 195 | 280 727 281 |

Electricity losses

An average of 13.25% (2016: 18.70%) of bulk electricity purchased during the year were loss due to distribution losses incurred during the year.

Water losses

An average of 51.30% (2015: 50.45%) of bulk water purchased during the year were loss due to distribution losses incurred during the year.

Audit fees

| | | |
|------------------------------|------------------|------------------|
| Opening balance | 1 527 162 | 3 359 918 |
| Current year audit fees | 8 187 005 | 8 174 985 |
| Interest charged | 81 805 | 167 470 |
| Amount paid - current year | (6 957 312) | (8 355 653) |
| Amount paid - previous years | (1 527 163) | (1 319 558) |
| Audit fees paid by Treasury | - | (500 000) |
| | 1 311 497 | 1 527 162 |

PAYE, UIF and SDL

| | | |
|-----------------------------------------------------------|------------------|------------------|
| Opening balance | 7 829 628 | 6 516 447 |
| Current year payroll deductions and council contributions | 104 711 329 | 85 579 624 |
| Amount paid - current year | (96 046 411) | (77 749 996) |
| Amount paid - previous years | (7 829 628) | (6 516 447) |
| | 8 664 918 | 7 829 628 |

Pension and Medical Aid Deductions

| | | |
|-----------------------------------------------------------|-------------------|-------------------|
| Opening balance | 12 410 258 | 11 280 871 |
| Current year payroll deductions and council contributions | 154 224 320 | 138 128 272 |
| Amount paid - current year | (140 982 372) | (125 718 014) |
| Amount paid - previous years | (12 410 258) | (11 280 871) |
| | 13 241 948 | 12 410 258 |

VAT

| | | |
|----------------|-------------|-------------|
| VAT receivable | 451 214 336 | 182 623 935 |
|----------------|-------------|-------------|

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2017:

| 30 June 2017 | Outstanding more than 90 days R |
|----------------|------------------------------------------|
| Badenhorst MJM | 4 555 |
| Chaka CP | 23 747 |
| Khethule MJ | 132 490 |
| Mafaisa MG | 34 032 |
| Mahlumba BH | 11 691 |
| Manenye AJ | 58 033 |
| Meli TS | 21 555 |
| Molelekwa PMI | 6 053 |
| Mthebere NA | 22 281 |
| Ngesi TM | 194 816 |
| Nthako TD | 605 |
| Pholo SJ | 50 361 |
| Ramatissa PT | 18 038 |
| Schlebusch CJ | 9 212 |
| Tlhone ML | 23 866 |
| Tshabangu SE | 1 016 |
| | 612 351 |

30 June 2016

Outstanding
more than 90

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

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

Fraud investigations

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

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

As at 30 June 2017 these cases were still under investigations

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

The service provider Tiro Ya Nneta 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.

Mathabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

53. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

| 30 June 2017 | Exceptional case | Sole supplier | 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 |
| | 537 108 | - | 23 578 567 | 24 115 675 |

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

54. Fines**Revenue from non exchange transactions**

Traffic fines

5 040 953 11 207 303

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

Property plant and equipment

| | | |
|------------------------------------------------------|---|--------|
| Gain (loss) on disposal of assets - transport assets | - | 16 098 |
|------------------------------------------------------|---|--------|

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

56. Impairment loss

| | | |
|---------------------------------------------|---|---------|
| Impairment of property, plant and equipment | - | 255 832 |
|---------------------------------------------|---|---------|

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

57. Budget differences

Material differences between budget and actual amounts

The excess of actual expenditure over the final budget of more than 10% are explained below:

Note 57.1 - Less service were consumed than budgeted for.

Note 57.2 - More rental income was billed than expected at the beginning of the year.

Note 57.3 - More licenses and permit fees was received than expected.

Note 57.4 - Less other income was billed than expected, other income is dependent on other factors such as economic buying power.

Note 57.5 - More interest was received than expected on financial assets.

Note 57.6 - No fixed assets were sold during the year.

Note 57.7 - Less dividends were declared than expected at the beginning of the year.

Note 57.8 - Due to the new valuation roll the property rates income did increase.

Note 57.9 - No budget was made for donation to be received during the year.

Note 57.10 - More fines were issued than expected and the fines are recorded according to IGraph. Note

57.11 - Depreciation was under budgeted for.

Note 57.12 - Impairment loss was under budgeted for.

Note 57.13 - More finance cost was incurred than expected.

Note 57.14 - No budget was made for debt impairment.

Note 57.15 - Repairs and maintenance was under budgeted for.

Note 57.16 - Bulk purchases was under budgeted for.

Note 57.17 - Contracted services was under budgeted for.

Note 57.18 - General expenditure was under budgeted for.

Note 57.19 - No budget was made for actuarial gains or losses.

Note 57.20 - No budget was made for the fair value adjustment of financial assets and liabilities.

Note 57.21 - Inventories were over budgeted based on the assumptions that water leaks and potholes will be repaired.

Note 57.22 - More rental was budgeted for based on the new donated building received from mining companies.

Note 57.23 - Budget made on receivable does not take in to account the effects of debt impairment in to account, and furthermore included in the budget for receivables from exchange are receivables from non exchange.

Note 57.24 - No Budget was made for VAT receivable,Heritage assets

Note 57.25 - Less budget was made available on trade and other payables and less payments were made to suppliers. Note

57.26 - More money was budgeted than received for capital projects.

Note 57.27 - Donations and additions to Investments property made more impact than originally budgeted for.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in

Rand

2017

2016

57. Budget differences (continued)

Note 57.28 - Less was budgeted for as it was based only on one Landfill site.

Note 57.28 - Property rates are included under service charges and the difference is due to inadequate revenue collections. Note 57.29 - More collections on Other revenue was expected due to new donated assets for rental purposes.

Note 57.30 - Finance cost on bank was contained than expected.

Note 57.31 - There were no disposals made for 2016/2017 financial year.

Note 57.32 - Refer to note 39 for the movement in working capital.

Note 57.33 - There were no short term loans made in the current financial year.

Note 57.34 - No Budget was made for Employee benefits obligations payments.

Note 57.35 - Cash and cash equivalents at the beginning of the year were less than expected as per Budget due to less investment reserves in the bank.

Note 57.36 - Additional accounts were opened more than anticipated.

Note 57.37 - No budget was made available for Overdraft as it was not anticipated during the budget process.



GLOSSARY

| | |
|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Accessibility indicators | Explore whether the intended beneficiaries are able to access services or outputs. |
| Accountability documents | Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports. |
| Activities | The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”. |
| Adequacy indicators | The quantity of input or output relative to the need or demand. |
| Annual Report | A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General. |
| Approved Budget | The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive. |
| Baseline | Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period. |
| Basic municipal service | A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment. |
| Budget year | The financial year for which an annual budget is to be approved – means a year ending on 30 June. |
| Cost indicators | The overall cost or expenditure of producing a specified quantity of outputs. |
| Distribution indicators | The distribution of capacity to deliver services. |
| Financial Statements | Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed. |
| General Key performance indicators | After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally. |
| Impact | The results of achieving specific outcomes, such as reducing poverty and creating jobs. |
| Inputs | All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings. |
| Integrated Development Plan (IDP) | Set out municipal goals and development plans. |
| National Key performance areas | <ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development |



| | |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <ul style="list-style-type: none"> • Financial viability and management • Good governance and community participation |
| Outcomes | The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve". |
| Outputs | The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area. |
| Performance Indicator | Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered) |
| Performance Information | Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure. |
| Performance Standards: | The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor. |
| Performance Targets: | The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period. |
| Service Delivery Budget Implementation Plan | Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included. |
| Vote: | <p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <p><i>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</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p> |



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% |
| Lethlake 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% |
| Molelekoa 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% |
| Tsupa MR/Deceased | 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

APPENDIX C – THIRD TIER ADMINISTRATIVE STRUCTURE

| Third Tier Structure | |
|--------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| Direktorate | Director/Manager (State title and name) |
| Municipal Manager | Municipal Manager – Mr T Tsoaeli |
| | Senior Manager Administration – Mr Z Lingani |
| Strategic Support Services | Executive Director - Mr T Makofane |
| Corporate Support Services | Executive Director –Mr F Wetes |
| | Senior Manager Council Administration – Mr M Atolo |
| | Senior Manager Human Resource – Mr S Nhlapo |
| | Senior Manager Legal Services –Mr M Vanga |
| Infrastructure | Executive Director – Ms B Maswanganyi |
| | Senior Manager Electrical -Vacant (Acting position) |
| | Senior Manager Civil - Vacant |
| LED | Executive Director – Vacant |
| | 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 |
| | 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> | |
| T C | |

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

| MUNICIPAL / ENTITY FUNCTIONS | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|---------------------------------------------|
| MUNICIPAL FUNCTIONS | Function Applicable to Municipality (Yes / No)* | Function Applicable to Entity (Yes / No) |
| Constitution Schedule 4, Part B functions: | | |
| Building regulations | Y | |
| Electricity and gas reticulation | Y | |
| Municipal public transport | N | N |
| Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law | Y | |
| Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto | 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 | |
| <i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i> | | T.D |

APPENDIX E – WARD REPORTING (FUNCTIONALITY OF WARD COMMITTEES)

FUNCTIONALITY OF WARD COMMITTEES
BROAD COMMENTS ON PUBLIC PARTICIPATION

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

T. E

FUNCTIONALITY OF WARD COMMITTEES

| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | Committee established (Yes / No) | Number of monthly Committee meetings held during the year | Number of monthly reports submitted to Speakers Office on time | Number of quarterly public ward meetings held during year |
|-----------------------|------------------------------------------------------------|-------------------------------------|-----------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------|
| 1 | Cllr MM Sebotsa | YES | | | |
| | Nthau Mokhatala | | | | |
| | Nkhatho Pitso Andrew | | | | |
| | Letsoenyo Mmamathe Emily | | | | |
| | Dikole Papadi Elizabeth | | | | |
| | Mokoma Petrus Mahlomola | | | | |
| | Lethoko Mantsali Mary | | | | |
| | Lebetsa Motsehi Joseph | | | | |
| | Matlokotsi Thobatsi Michael | | | | |
| | Hloholongoane Moshoeshoe Abel | | | | |
| | Mabetoe Sabata Elias | | | | |
| 2 | Cllr SE Tshabangu | YES | | | |
| | Mbele Dikeledi F | | | | |
| | Malefane Mpheaane Johannes | | | | |

| | | | | | |
|---|----------------------------------|------------|--|--|--|
| | Moluka Teboho Kingsley | | | | |
| | Rasenyalo Elsie Nomangwane | | | | |
| | Kurumane Lucia Nomathemba | | | | |
| | Khanare Sephiri Elliot | | | | |
| | Motsamai Mampe Clementina | | | | |
| | Motsumi Ditabe Jonas | | | | |
| | Makhalanyane Matshidiso Maria | | | | |
| | Sam Ntsesi Elias | | | | |
| 3 | Cllr MA Mothege | 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 | Cllr SJ Liphoko | YES | | | |
| | Lisanyane Thabo Samuel | | | | |
| | Ramohaneo 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 | Cllr PMI Moleleko | 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 | Cllr BH Mahlumba | 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 | Cllr NE Monjovo | YES | | |
| | 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 | Cllr MD Masienyane | YES | | |
| | Tsiloane Moklatsi Karel | | | |
| | Molotsana Penya Joseph | | | |
| | Ledada Novelakhe Rosie | | | |
| | Monakele Keletso Beverley | | | |
| | Makape Everitt Ntasi | | | |
| | Mbele Elizabeth Maletsatsi | | | |
| | Mohlalho Mbeko David | | | |
| | Hlalele Moria Godfrey | | | |
| | Hlaole Lizeth Neo | | | |
| | Jantjie Lerato Inocentia Patience | | | |
| 9 | Cllr HS Badenhorst | | | |
| | 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 | Cllr SJ Ramalefane | YES | | |
| | 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 | Cllr VR Morris | YES | | |
| | Dlamini Joalane Anna | | | |
| | Lutchmia Edith Maria | | | |
| | Meli Isaac Mphikeledi | | | |
| | Moletsane Tlhorisso Alice | | | |
| | Jasson Winston Graham | | | |
| | Oosthuizen Sandra Joan | | | |
| | Silo Papi Thys | | | |
| | Taaibos Alina | | | |
| | Douw Maurice | | | |
| | Visagie Gert | | | |
| 12 | Cllr ZS Moshoeu | YES | | |
| | 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 | Cllr TJ Thelingoane | YES | | |
| | Tseetse Masabata Augustina | | | |
| | Sekoere 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 | Cllr MS Chaka | YES | | |
| | Bonasi Vuyani Stephen | | | |
| | Motse Mosealentja 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 | Cllr BN Ntuli | YES | | |
| | Ntsane Dikeledi Violet | | | |
| | Tsoloane Caroline Mafeqa | | | |
| | Fungu Ntombizodwa Selinah | | | |
| | Radebe Dimakatso Joyce | | | |
| | Rapuleng Thabo Ezekiel | | | |
| | Sekhohola Malefu Cynthia | | | |
| | Mthiyane Sibebeshu Helson | | | |
| | Diraditsile Sello James | | | |
| | Mthini Nombuyiselo Selina | | | |
| | Radebe Mamatlakeng Esther | | | |
| 16 | Cllr TS Meli | YES | | |
| | 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 | Cllr TD Khalipha | YES | | |
| | Lefora Annastacia Pilleng | | | |
| | Maja Leonile Lucia | | | |
| | Kalipa Thandisa | | | |
| | Vundisa Patrick Mhlawuli | | | |
| | Tshokotshela Nyaniso John | | | |
| | Motaung Samuel Lebohang | | | |
| | Maloka Sebolelo Mameso | | | |
| | Lithebe Anti Marriam | | | |
| | Thaisi Tumelo Meshack | | | |
| | Mpulampula Grace | | | |
| 18 | Cllr NJ Moloja | YES | | |
| | 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 | Cllr PT Ramatisa | YES | | |
| | 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 | Cllr BB Nkonka | YES | | |
| | 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 | Cllr SJ Pholo | YES | | |
| | Caleni Paseka Elias | | | |
| | Mahlaku Simon Maleho | | | |
| | Tjatji Masabata Selina | | | |
| | Roberts Mapulane Emily | | | |
| | Mokulutlo Tebogo Clement | | | |
| | Moletsane Anna Selloane | | | |
| | Pitso Moeketsi Shadrack | | | |
| | Xaba Molelekeng Martha | | | |
| | Ramatsoele M Marie | | | |
| | Sanda Buyisiswa Cornellia | | | |
| 22 | Cllr IP Poo | YES | | |
| | Mphatsoe Lilly | | | |
| | Dlamini Nomhlolo Hlophekile | | | |
| | Mashoe Mahlabane Abraham | | | |
| | Matlabe Selloane Paulina | | | |
| | Motsiri Ntshiuoa Elizabeth | | | |
| | Phakisi Naledi Vincent | | | |
| | Maqhosa Dikeledi Eunice | | | |
| | Botipe Mamajeremane Liesbet | | | |
| | Ninini Xolile France | | | |
| | Jack Siphewe | | | |
| 23 | Cllr KR Tlake | YES | | |
| | Mahlaba Diabo Dinah | | | |
| | Nyengule Ndaba Sam | | | |
| | Seforo Rethabile Gladys | | | |

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|----|-------------------------------|-----|--|--|--|
| | Moahloli Mosiuoa Jonas | | | | |
| | Moloi Vuyiswa Lucia | | | | |
| | Moletsane Lekgowe Daniel | | | | |
| | Tshofu Lahlwiwe Magdeline | | | | |
| | Selekisho Shuping Adam | | | | |
| | Mkula SF | | | | |
| | Moshe Kelebogile Angelina | | | | |
| 24 | Cllr MA Mphikeleli | YES | | | |
| | Van Wyk Nokoko Maria | | | | |
| | Majake Adelinah Ntshisane | | | | |
| | Moji Matshele Phina | | | | |
| | Sikiti Nowethu | | | | |
| | Taaso Sello Victor | | | | |
| | Zwelibanzi Thunzi | | | | |
| | Pheko Mpoyakae Emily | | | | |
| | Mphithi Lungiswa Julia | | | | |
| | Pule Sekonyela Jacob | | | | |
| | Njokweni Mbulelo | | | | |
| 25 | Cllr TD Nthako | YES | | | |
| | 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 | Cllr SJ Tsatsa | YES | | | |
| | Khemise Engelina | | | | |
| | Mahase Motlatsi 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 | Cllr MS Van Rooyen | YES | | | |
| | Kabi Tshehlo Alfred | | | | |
| | Dire Malefu Magriet | | | | |
| | Saai Boy | | | | |
| | Khosa Nosipho Desiree | | | | |
| | Hlalele Zakaia Thabiso | | | | |

| | | | | | |
|----|----------------------------------|------------|--|--|--|
| | Mokoma Nkululeko Azania | | | | |
| | Makhathe Joy Donald | | | | |
| | Duiker Maolehile Elisa | | | | |
| | Mlangeni Nompi Mavis | | | | |
| | Kabi Dineo Evelyn | | | | |
| 28 | Cllr T Mosia | YES | | | |
| | Magwala Christopher Thabo | | | | |
| | Naniso Florence Hleketani | | | | |
| | Radebe Matsiliso Margaret | | | | |
| | Motaung Oupa Petrus | | | | |
| | Letsolo Morena Edwin | | | | |
| | Chabane Nelson Motlalentoa | | | | |
| | Khumalo Bongani Ezra | | | | |
| | Letsie Veronica Moleboheng | | | | |
| | Jentu Danile | | | | |
| | Fubu Moses Lumkile | | | | |
| 29 | Cllr DM Mafa | YES | | | |
| | 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 | Cllr M Molefi | YES | | | |
| | 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 | Cllr HA Mokhomo | YES | | | |
| | Semela Alfred Ramolo | | | | |
| | Morake Lehlohonolo McDonald | | | | |
| | Mohoje Mpho Given | | | | |
| | Ndlazi Nosiphiwe Silda | | | | |
| | Ninzi Gcinikhaya Milton | | | | |
| | Malebo Sehloho Nathnael | | | | |
| | Nodunyelwa Mzwakhe | | | | |

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|----|--------------------------------------|------------|--|--|
| | Kekana Pulane Julia | | | |
| | Ramatusa NS | | | |
| | Mokutu Mpoetsi Roseline | | | |
| 32 | Cllr HCT Van Schalkwyk | YES | | |
| | 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 | Cllr C Malherbe | YES | | |
| | Mokhothu Pulane Annah | | | |
| | Tyaliti Vuyelwa | | | |
| | Rankali Michael Sello | | | |
| | Thulo Mosoeu Abram | | | |
| | Monosi Mokhethi | | | |
| | Mabine Ramanki Frans | | | |
| | Cronje Hendrik Jacobus | | | |
| | Hamer Johannes | | | |
| | Doig Dorothy Claudia | | | |
| 34 | Cllr A Daly | YES | | |
| | Letaoana Lefu Zacharia | | | |
| | Sothoane Mmathota Rosina | | | |
| | Chwane Masetonki Mirriam | | | |
| | Khosa Mitta | | | |
| | Sitshisa Zukiswa | | | |
| | Thakeli Mapuleng Anna | | | |
| | Temeki Manono | | | |
| | Brand Lettie | | | |
| | Badenhorst Lyndall | | | |
| | Janse Van Rensburg Werner | | | |
| 35 | Cllr NR Manzana | YES | | |
| | Tshabalala Maseabata Wendy | | | |
| | Weymers Evodia Lerato | | | |
| | Tlhobo Modiehi Imorgan | | | |
| | Mafabatho Kelebogile Prudence | | | |
| | Ntsala Masimone Pacalina | | | |
| | Matumbu Bulelwa | | | |
| | Mabote Nteboheng Julia | | | |
| | Hlaole Ramosoeu Joel | | | |
| | Kayane Mamoipline Emily | | | |
| | Ncaphayi Mbulelo | | | |

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|-----|---------------------------|-----|--|--|
| 36 | Cllr MJ Khothule | YES | | |
| | Mabele Baby Beverly | | | |
| | Velebayi Mthandazo Isaac | | | |
| | Ramongalo Tsietse Dirk | | | |
| | Seli Sello Abram | | | |
| | Kgopane Wilhemina Matseko | | | |
| | Xozwa Luzoko Gerald | | | |
| | Mokabo Molefi Lazarus | | | |
| | Mojaki Tshidinyana Lydia | | | |
| | Nchoba Dieketseng Judith | | | |
| | Rakgoale Mathapelo Yvonne | | | |
| | Mokati Maletsie | | | |
| T.E | | | | |

355

WARD TITLE: WARD NAME (NUMBER)

Capital Projects: Seven Largest in Year 0 (Full List at Appendix O)

R' 000

| No. | Project Name and detail | Start Date | End Date | Total Value |
|-----|-------------------------|------------|----------|-------------|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| | | | | TF.1 |

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 |
|-----------------------------------------------------------|----------------------------------------------------------------|------------------------|-------------------------|-----------------|-----------------------|
| ookedi Waste Management | Operation Of Maintenance In Odendaalsrus And Welkom | 01-Aug-14 | 31-Jul-16 | CS | R426 359.28 per month |
| Civils And Constructions | Connections And Disconnections Of Water Supply | 01-Feb-15 | 31-Jan-18 | Infra | billed monthly |
| es Trading | Supply And Delivery Of Protective Clothing | 06-Feb-15 | 05-Jan-18 | CFO | per rates |
| eticon | Supply And Delivery Of Protective Clothing | 02-Feb-15 | 01-Jan-18 | CFO | per rates |
| day Kit | Supply And Delivery Of protective Clothing | 02-Feb-15 | 01-Jan-18 | | per rates |
| ing Enterprise | Supply And Delivery Of Protective Clothing | 12-Feb-15 | 11-Jan-18 | CFO | per rates |
| uthing | Rendering Of Pauper And Destitute Burials | 18-Jul-14 | 18-Jun-17 | CFO | per rates |
| le Agencies | Fencing, Paving And Shelter | 21-May-15 | 21-Apr-18 | | R19 772 801.00 |
| And Tshidi Construction | Connections And Disconnections Of Water Supply | 02-Feb-15 | 01-Jan-18 | | billed monthly |
| Fighting Equipment | Supply And Delivery Of Fire Engines | 24-May-15 | 24-Apr-18 | | R 12 883 187.54 |
| len Mile Trading | Hosting And Management Of Matjhabeng Tourism | | | | |
| na Holding | Compilation Of The Valuation Roll | 01-Dec-14 | 30-Jun-18 | CFO | R9 500.000.00 |
| pshop Africa | Construction Of Inlet Works And Installation Of Pump Sets | 21-May-15 | 21-Apr-16 | Infra | R4 027 199.00 |
| si Chem | Supply And Delivery Of Chlorine Gas | 09-Nov-15 | 01-Oct-18 | Infra | per rates |
| n Touch Inv | Fencing At Construction Site Kutiwanong | 11-May-15 | 10-Apr-18 | Infra | R 8 490 956.89 |
| dwala Trading 363 | Supply and delivery of Road Patching Material | Aug-16 | Jul-19 | Infra | Per rates |
| diwanga JV phonya | Melodring Construction of 2km paved roads and stormwater drain | 07/04/2017 | 15/12/2017 | Infra | 17 375 336.00 |
| ha Contractors | Nyakallong Construction of Stormwater System Phase 1 | 08/03/2017 | 30/11/2017 | Infra | 11 402 923.00 |
| 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

| Vote Description | REVENUE COLLECTION PERFORMANCE BY VOTE | | | | | | R |
|---------------------------------|----------------------------------------|------------------|------------------|------------------|-----------------|--------------------|-------------|
| | 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% | |
| Total Revenue by Vote | 2 176 811 | 2 480 389 | 2 480 389 | 2 332 557 | -6% | -6% | 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 | 790 989 | 627 540 | 627 540 | 555 429 | -11% | -11% |
| Service Charges - electricity revenue | 217 346 | 343 077 | 343 077 | 368 245 | 7% | 7% |
| Service Charges - water revenue | 128 861 | 147 748 | 147 748 | 171 285 | 16% | 16% |
| Service Charges - sanitation revenue | 72 517 | 83 979 | 83 979 | 106 528 | 27% | 27% |
| Service Charges - refuse revenue | | | | | | |
| Service Charges - other | 11 469 | 30 000 | 20 000 | 16 035 | -46% | -20% |
| Rentals of facilities and equipment | | 3 456 | 3 456 | 1 359 | -61% | -61% |
| Interest earned - external investments | 121 104 | 128 855 | 128 855 | 173 993 | 35% | 35% |
| Interest earned - outstanding debtors | 18 | 19 | 19 | - | -100% | -100% |
| Dividends received | 4 374 | 20 000 | 20 000 | 3 280 | -84% | -84% |
| Fines | 42 | 72 | 72 | 119 | 65% | 65% |
| Licences and permits | 11 230 | 25 000 | - | 11 509 | -54% | -100% |
| Agency services | 389 542 | 406 776 | 406 776 | 396 776 | -2% | -2% |
| Transfers recognised - operational | 84 291 | 178 400 | 213 400 | 70 020 | -61% | -67% |
| Other revenue | 20 000 | 50 000 | 50 000 | - | -100% | -100% |
| Gains on disposal of PPE | | | | | | |
| Environmental Protection | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | | 2 324 173 | 2 324 173 | 2 167 341 | -7% | -7% |
| | | | | | TK.2 | |

APPENDIX L – CONDITIONAL GRANTS: EXCLUDING MIG

| CONDITIONAL GRANTS: EXCLUDING MIG | | | | | | |
|----------------------------------------|--------|--------------------|--------|----------|--------------------|-----------------------------------------------------------------|
| Details | Budget | Adjustments Budget | Actual | Variance | | Major conditions applied by donor (continue below if necessary) |
| | | | | Budget | Adjustments Budget | |
| Water Services Infrastructure Grant | 30 000 | 30 000 | 24 000 | 0 | 0 | 0 |
| Integrated National Urbanisation Grant | 5 000 | 5 000 | 5 000 | 0 | 0 | 0 |
| Other Specify: | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 35 000 | 35 000 | 29 000 | 0 | 0 | 0 |

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

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

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

Table continued next page

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CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME*

R '000

| Description | Year -1 | Year 0 | | | Planned Capital expenditure | | |
|------------------------------------------------|---------|-----------------|-------------------|--------------------|-----------------------------|--------|--------|
| | Actual | Original Budget | Adjustment Budget | Actual Expenditure | FY + 1 | FY + 2 | FY + 3 |
| Capital expenditure by Asset Class | | | | | | | |
| Heritage assets - Total | 0 | | | | | | |
| Buildings | | | | | | | |
| Other | | | | | | | |
| Investment properties - Total | 0 | | | | | | |
| Housing development | | | | | | | |
| Other | | | | | | | |
| Other assets | 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 | | | | | | | |
| Agricultural assets | 0 | | | | | | |
| <i>List sub-class</i> | | | | | | | |
| Biological assets | 0 | | | | | | |
| <i>List sub-class</i> | | | | | | | |
| Intangibles | 0 | | | | | | |
| Computers - software & programming | | | | | | | |
| Other (<i>list sub-class</i>) | | | | | | | |
| Total Capital Expenditure on new assets | 0 | | | | | | |
| Specialised vehicles | 0 | | | | | | |
| Refuse | | | | | | | |
| Fire | | | | | | | |
| Conservancy | | | | | | | |
| Ambulances | | | | | | | |

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 |
| Capital expenditure by Asset Class | | | | | | | |
| Infrastructure - Total | 16 677 | | | | 117 280 | 79 639 | 82 655 |
| Infrastructure: Road transport -Total | 1 852 | | | | 13 159 | 13 883 | 14 646 |
| <i>Roads, Pavements & Bridges</i> | 1 852 | | | | 12 189 | 12 859 | 13 566 |
| <i>Storm water</i> | | | | | 970 | 1 024 | 1 080 |
| Infrastructure: Electricity – Total | 0 | | | | 12 912 | 10 752 | 9 641 |
| <i>Generation</i> | | | | | | | |
| <i>Transmission & Reticulation</i> | | | | | | | |
| <i>Street Lighting</i> | | | | | | | |
| Infrastructure: Sanitation - Total | 7 912 | 49 814 | 49 814 | 81 432 | 41 178 | 43 442 | 45 832 |
| <i>Reticulation</i> | 7 912 | 49 814 | 49 814 | 81 432 | 41 178 | 43 442 | 45 832 |
| <i>Sewerage purification</i> | | | | | | | |
| Infrastructure: Water - Total | 6 913 | | | | 44 202 | 7 744 | 8 171 |
| <i>Dams & Reservoirs</i> | | | | | | | |
| <i>Water purification</i> | | | | | | | |
| <i>Reticulation</i> | | | | | | | |
| <i>Other</i> | 6 913 | | | | 44 202 | 7 744 | 8 171 |
| Infrastructure: Other - Total | 23 705 | | | | 5 829 | 3 818 | 4 365 |
| <i>Waste Management</i> | 23 705 | | | | | | |
| <i>Transportation</i> | | | | | | | |
| <i>Other</i> | | | | | | | |
| Heritage assets | 0 | | | | | | |
| <i>Buildings</i> | | | | | | | |
| <i>Other</i> | | | | | | | |

Table continued next page

Table continued from previous page

CAPITAL EXPENDITURE - UPGRADE/RENEWAL PROGRAMME*

R '000

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

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

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APPENDIX N – CAPITAL PROJECT BY PROGRAMME YEAR 0

| CAPITAL PROGRAMME BY PROJECT: YEAR 0 | | | | | |
|-----------------------------------------------------------------------------------------------------------------|-----------------|-------------------|--------|------------------------|-----------------------|
| Capital Project | Original Budget | Adjustment Budget | Actual | Variance (Act - Adj) % | Variance (Act - OB) % |
| CEMETERIES | | | | | |
| Kutwanong: Creation and Upgrading of Cemeteries | 45 | 45 | 42 | -7% | -7% |
| Meloding: 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% |
| ROADS AND STORMWATER | | | | | |
| 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, Llonely and Boyd (Old Thabong) | 448 | 448 | 218 | -51% | -51% |
| Thabong: Construction of 1.54km paved streets and storm water channel in Thokoza, Llahala and Thuhlwane | 507 | 507 | 1 220 | 141% | 141% |
| Construction of Dr Mgoma road in Thabong | 2 236 | 2 236 | 4 274 | 91% | 91% |
| Meloding: 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% |
| WASTE WATER | | | | | |
| 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% |
| Kutwanong: 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 Kutwanong 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% |
| WATER | | | | | |
| 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% |
| LOCAL ECONOMIC DEVELOPMENT AND TAXI RANKS | | | | | |
| 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% |
| SOLID WASTE MANAGEMENT | | | | | |
| Upgrading of Welkom Landfill Site | 3 288 | 3 288 | 1 681 | -49% | -49% |
| ELECTRICITY | | | | | |
| 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% |
| PMU | | | | | |
| PMU | 6 061 | 6 061 | 10 960 | 81% | 81% |
| COUNIL | | | | | |

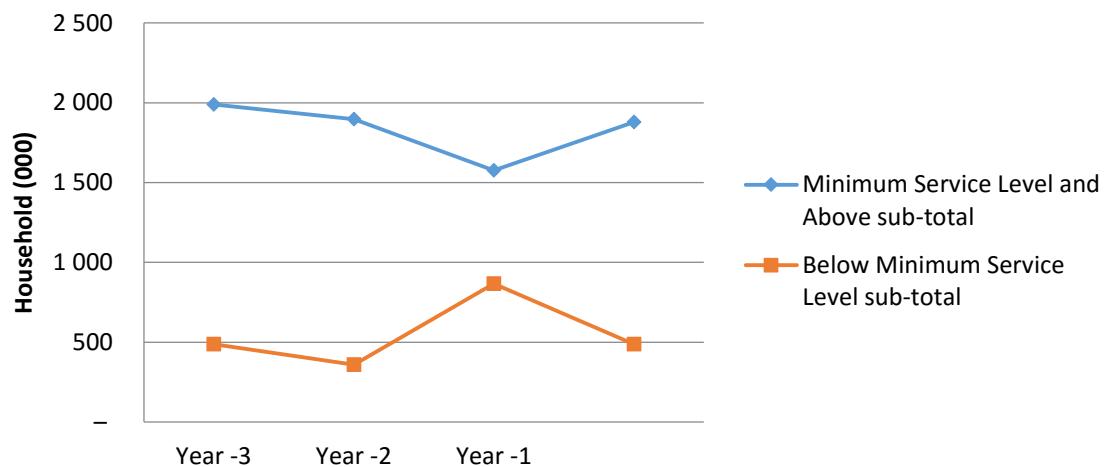
366

| | | | | | |
|--------------------------------------|----------------|----------------|----------------|-------------|-------------|
| 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% |
| | | | | | |
| TOTAL | 181 216 | 181 216 | 157 109 | -13% | -13% |
| | | | | | T. N |

APPENDIX A10 -2 – SERVICES

| WATER SERVICE DELIVERY LEVELS | | | | |
|---------------------------------------------------|--------------|--------------|---------|--------|
| Description | Year -3 | Year -2 | Year -1 | Year 0 |
| | Outcome | Outcome | Outcome | Actual |
| Household (000) | | | | |
| Water: (above min level) | | | | |
| Piped water inside dwelling | 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% | | |
| Water: (below min level) | | | | |
| 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% | | |
| Total number of households* | 2 442 | 2 365 | | |

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

WATER (ABOVE MIN LEVEL)**Water: (above min level)****SANITATION SERVICE DELIVERY LEVELS**

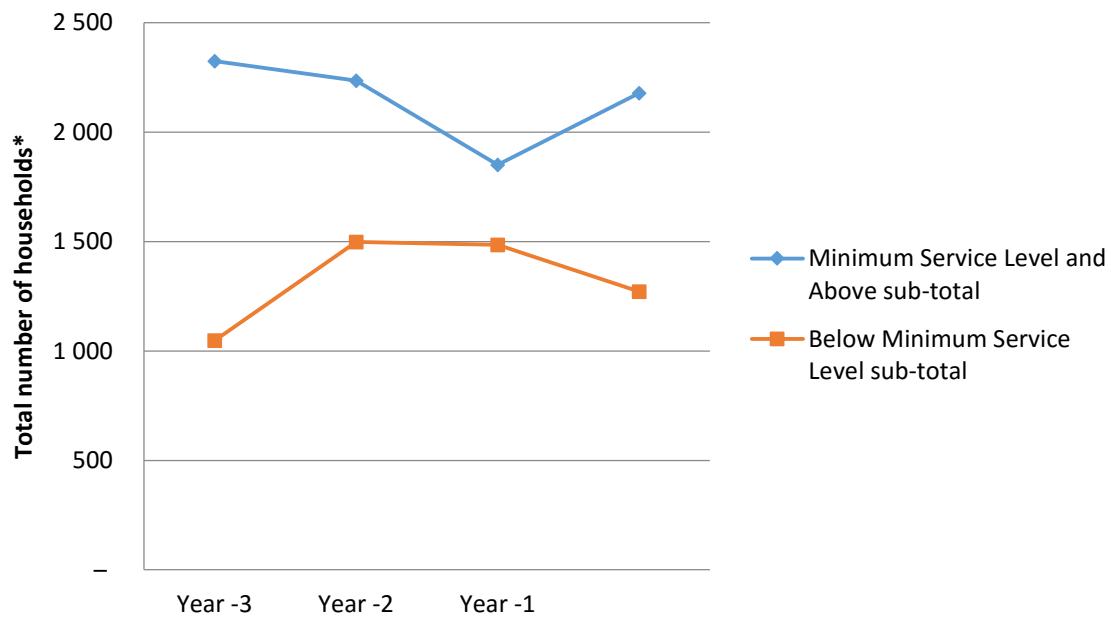
| Description | 2005/06 | 2006/07 | 2007/08 | 2008/09 |
|----------------------------------------------------|---------|---------|---------|---------|
| | Outcome | Outcome | Outcome | Actual |
| Household (000) | | | | |
| Sanitation/sewerage: (above minimum level) | | | | |
| Flush toilet (connected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

| | | | | |
|-----------------------------|-------|-------|-------|-------|
| Total number of households* | 3 372 | 3 734 | 3 336 | 3 449 |
|-----------------------------|-------|-------|-------|-------|

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

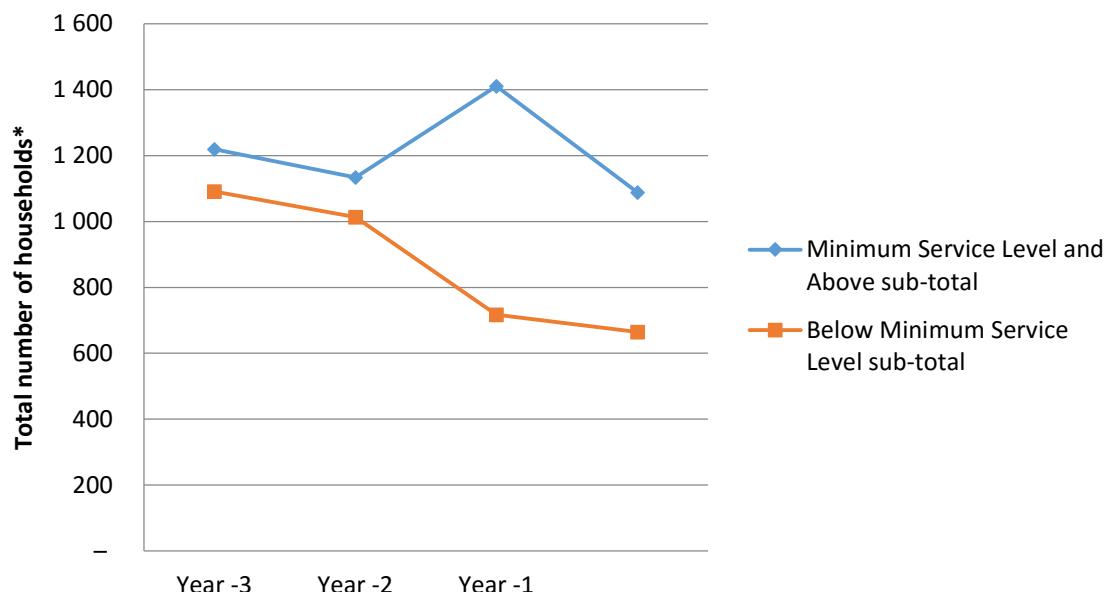
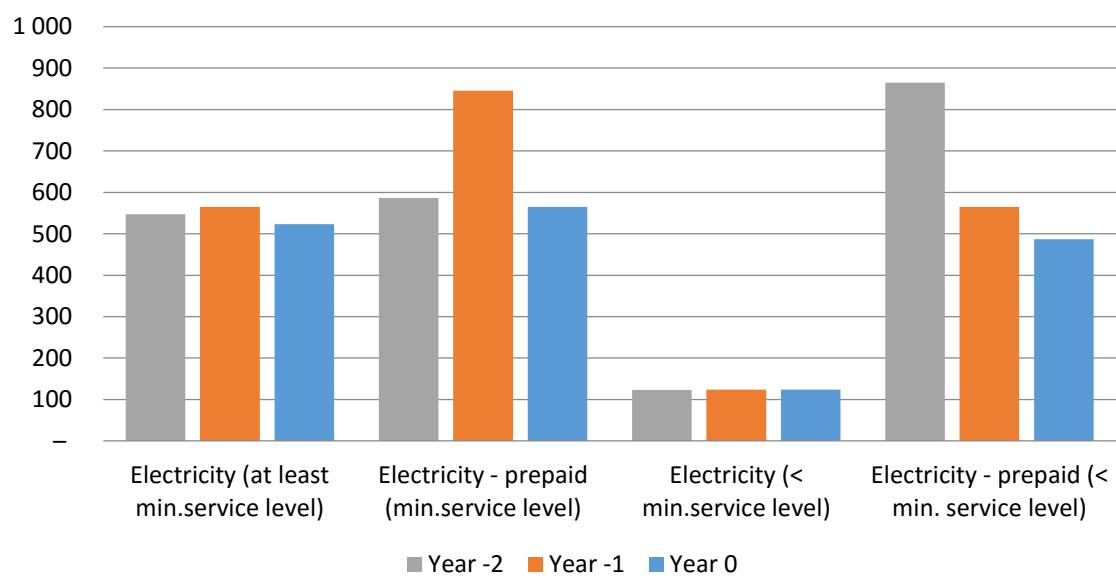
SANITATION / SEWERAGE (ABOVE MINIMUM LEVEL)

Sanitation/sewerage: (above minimum level)



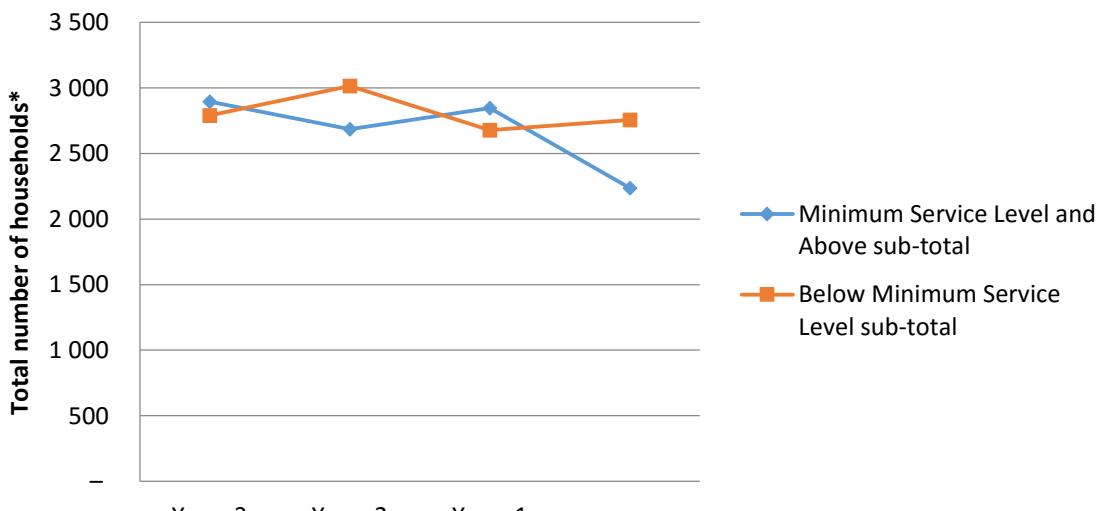
| ELECTRICITY SERVICE DELIVERY LEVELS | | | | |
|---------------------------------------------------|----------------|----------------|----------------|----------------|
| Description | 2005/06 | 2006/07 | 2007/08 | 2008/09 |
| | Outcome | Outcome | Outcome | Actual |
| Household | | | | |
| Energy: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

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

ENERGY (ABOVE MINIMUM LEVEL)**Energy: (above minimum level)****ELECTRICITY****Electricity**

REFUSE REMOVAL SERVICE DELIVERY LEVELS

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

REFUSE REMOVAL (MINIMUM LEVEL)
Refuse Removal: (Minimum level)


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 Nyakallong 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:

| Indicator | Reported achievement | Audited value |
|-------------------------------------------------------------------------|----------------------|---------------|
| 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



Matjhabeng Local Municipality

Financial statements

for the year ended 30 June 2017

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

General Information

Legal form of entity

An organ of state within the local sphere of government exercising executive and legislative authority.

Nature of business and principal activities

Providing municipal services, infrastructure development and furthering the interest of the local community in the Matjhabeng area, Free State Province.

The following is included in the scope of operation

Area FS184, as a high capacity local municipality, as demarcated by the Demarcation Board and indicated in the demarcation map published for FS184

Grading of local authority

Local high capacity municipality.

Executive Mayor

Members of the Mayoral Committee

Speelman NW

Speelman NW - Executive Major

Direko DR - Spatial planning and land use management

Kabi M - Policy and Planning

Khalipha TD - Human Settlement

Lushaba TB - Community Services

Manese SD - Finance

Mawela VE - Corporate Services

Morris VR - Public Safety

Radebe MC - Local Economic Development

Radebe M L - Integrated development Planning

Tshopo M E - Technical Services / infrastructure

Badenhorst M J M

Badenhorst HS

Botha P F

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 M D (MPAC Chair)

Masina XN

Meli T S

Moipatle KV

Mokhomoh A

Molefi M

Molelekwa P M I

Councillors

384

Moloja NJ
Monjovo N E

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

General Information

Moshoeu ZS
 Mosia TJ
 Mphikeleli M A
 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
 Schleborch CJ (Resigned 31/05/2017)
 Sebotsa MM
 Senxezi ME
 Sephiri MJ
 Sithole MA
 Stofile B (Speaker)
 Styger A
 Talijaard S M D
 Thelingoane TJ
 Thelingoane NE
 Tlake K R
 Tsatsa SJ
 Tshabangu SE
 Tsoaeli MS
 Tsupa MR
 Van Rooyen MS
 Van Schalkwyk HCT

Accounting Officer

Tsoaeli T

Chief Financial Officer (CFO)

Sejake S (Acting)

Registered office

Civic Centre
 319 Stateway
 Welkom
 Free State
 9460

386

Postal address

PO Box 708
Welkom
Free State
9460

Bankers

ABSA Bank Limited
First National Bank

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

General Information

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.fs.gov.za

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Index

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

| Index | Page |
|------------------------------------------------------|-------------|
| 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 |
| Accounting Policies | 15 - 37 |
| Notes to the Financial Statements | 38 - 86 |

Abbreviations

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 6 to 86, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2017.

**Tsoaeli T
Municipal Manager**

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2017.

1. Review of activities

Main business and operations

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

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

2. Going concern

We draw attention to the fact that at 30 June 2017, the municipality had accumulated surplus of R 2 361 909 711 and that the municipality's total assets exceed its liabilities by R 2 361 909 711.

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

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

3. Subsequent events

During a council meeting held 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 R413 701 258.00 incurred during 2016/2017 financial year as irrecoverable and to be written off as irregular expenditure.

Council certified an amount of R157 128 450 incurred during 2016/2017 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 the date of this report is as follows:

Surname and initials:

Tsoaeli T

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Financial Position as at 30 June 2017

Figures in Rand

| Note(s) | 2017 | 2016 Restated* |
|---------|------|-------------------|
|---------|------|-------------------|

Assets

| | | |
|--------------------------------------------|----------------------|--------------------|
| Current Assets | | |
| Inventories | 10 | 6 727 272 |
| Other receivables | 11 | 22 594 263 |
| Receivables from non-exchange transactions | 12 | 123 606 074 |
| VAT receivable | 13 | 451 214 336 |
| Receivables from exchange transactions | 14 | 628 351 286 |
| Cash and cash equivalents | 15 | 2 768 694 |
| | 1 235 261 925 | 951 208 323 |

Non-Current Assets

| | | | |
|-------------------------------------------|---|----------------------|----------------------|
| Investment property | 3 | 943 569 450 | 732 286 404 |
| Property, plant and equipment | 4 | 4 474 627 747 | 4 527 767 758 |
| Heritage assets | 5 | 7 104 349 | 7 104 349 |
| Other financial assets | 6 | 332 598 | 330 990 |
| Receivables from non exchange transaction | 8 | 27 871 | 511 134 |
| Receivables from exchange transaction | 9 | 276 196 | 4 060 246 |
| | | 5 425 938 211 | 5 272 060 881 |

Total Assets**6 661 200 136 6 223 269 204****Liabilities**

| | | |
|-----------------------------------------|----|----------------------|
| Current Liabilities | | |
| Bank overdraft | 15 | 7 644 182 |
| Unspent conditional grants and receipts | 16 | - |
| Payables from exchange transactions | 18 | 3 753 085 015 |
| Consumer deposits | 19 | 38 320 875 |
| Employee benefit obligation | 7 | 12 535 673 |
| | | 3 811 585 745 |
| | | 2 866 822 106 |

Non-Current Liabilities

| | | | |
|-----------------------------|----|--------------------|--------------------|
| Employee benefit obligation | 7 | 437 313 953 | 394 801 261 |
| Provisions | 17 | 50 390 727 | 49 457 418 |
| | | 487 704 680 | 444 258 679 |

Total Liabilities**4 299 290 425 3 311 080 785****Net Assets****2 361 909 711 2 912 188 419**

392

Accumulated surplus

2 361 909 711 2 912 188 419

* See Note 44

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Financial Performance

| Figures in Rand | Note(s) | 2017 | 2016 Restated* |
|-----------------------------------------------------|---------|------------------------|------------------------|
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Service charges | 20 | 1 055 961 257 | 944 122 582 |
| Rental of facilities and equipment | 21 | 12 969 472 | 9 117 277 |
| Commissions received | 22 | 11 118 362 | 11 122 174 |
| Other income | 23 | 20 474 249 | 27 147 462 |
| Interest received | 24 | 154 335 991 | 127 102 109 |
| Dividends received | 24 | 14 033 | 17 251 |
| Licences and permits | 27 | 79 752 | 67 371 |
| Total revenue from exchange transactions | | 1 254 953 116 | 1 118 696 226 |
| Revenue from non-exchange transactions | | | |
| Taxation revenue | | | |
| Property rates | 25 | 279 795 592 | 262 455 047 |
| Transfer revenue | | | |
| Government grants & subsidies | 26 | 505 354 799 | 527 662 693 |
| Donations received | 28 | 209 300 121 | 40 887 463 |
| Fines | 54 | 5 040 953 | 11 207 303 |
| Total revenue from non-exchange transactions | | 999 491 465 | 842 212 506 |
| Total revenue | | 2 254 444 581 | 1 960 908 732 |
| Expenditure | | | |
| Employee related costs | 29 | (654 633 722) | (611 810 850) |
| Remuneration of councillors | 30 | (28 790 999) | (27 190 642) |
| Depreciation | 31 | (210 591 424) | (207 909 516) |
| Finance costs | 32 | (225 560 704) | (119 574 046) |
| Debt impairment | 33 | (350 487 460) | (642 251 730) |
| Repairs and maintenance | | (71 864 414) | (39 768 465) |
| Bulk purchases | 34 | (893 422 073) | (854 953 164) |
| Contracted services | 35 | (167 483 479) | (110 460 829) |
| General Expenses | 36 | (208 156 182) | (157 826 422) |
| Impairment loss | 56 | - | (255 832) |
| Total expenditure | | (2 810 990 457) | (2 772 001 496) |
| Operating deficit | | (556 545 876) | (811 092 764) |
| Actuarial gain / (loss) on employee benefits | 7 | 6 265 561 | (20 628 827) |
| Fair value adjustments | 37 | 1 608 | 38 323 690 |
| Gain on disposal of assets and liabilities | 55 | - | 16 098 |
| | | 6 267 169 | 17 710 961 |
| Deficit for the year | | (550 278 707) | (793 381 803) |

* See Note 44

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Changes in Net Assets

Figures in Rand

| | Accumulated surplus | Total net assets |
|-------------------------------------------------------|------------------------|----------------------|
| Opening balance as previously reported | 3 683 788 029 | 3 683 788 029 |
| Adjustments | 21 782 191 | 21 782 191 |
| Prior year adjustments | | |
| Balance at 01 July 2015 as restated* | 3 705 570 220 | 3 705 570 220 |
| Changes in net assets | | |
| Surplus for the year as previously reported | (750 719 211) | (750 719 211) |
| Total changes | (750 719 211) | (750 719 211) |
| Opening balance as previously reported | 2 954 851 009 | 2 954 851 009 |
| Adjustments | | |
| Prior year adjustments | (42 662 593) | (42 662 593) |
| Restated* Balance at 01 July 2016 as restated* | 2 912 188 419 | 2 912 188 419 |
| Changes in net assets | | |
| Surplus for the year | (550 278 708) | (550 278 708) |
| Total changes | (550 278 708) | (550 278 708) |
| Balance at 30 June 2017 | 2 361 909 711 | 2 361 909 711 |

* See Note 44

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Cash Flow Statement

Figures in Rand

| Note(s) | 2017 | 2016 Restated* |
|---------|------|-------------------|
|---------|------|-------------------|

Cash flows from operating activities

Receipts

| | | |
|----------------------------|---------------|---------------|
| Sale of goods and services | 1 110 657 899 | 853 818 583 |
| Grants | 504 350 504 | 522 642 502 |
| Interest income | 2 207 220 | 3 230 005 |
| Dividends received | 14 033 | 17 251 |
| Other receipts | 54 147 559 | 53 057 432 |
| | 1 671 377 215 | 1 432 765 773 |

Payments

| | | |
|----------------|-----------------|-----------------|
| Employee costs | (650 570 382) | (600 014 777) |
| Suppliers | (863 645 013) | (736 560 343) |
| Finance costs | (260 194) | (114 539) |
| | (1 514 475 589) | (1 336 689 659) |

Net cash flows from operating activities

39 **156 901 626** **96 076 114**

Cash flows from investing activities

| | | | |
|-----------------------------------------------------|---|----------------------|---------------------|
| Purchase of property, plant and equipment | 4 | (159 530 453) | (93 156 132) |
| Proceeds from sale of property, plant and equipment | 4 | - | 16 450 |
| Proceeds from sale of financial assets | | - | 18 862 179 |
| Net cash flows from investing activities | | (159 530 453) | (74 277 503) |

Cash flows from financing activities

| | | | |
|--------------------------------------|--|--------------|--------------|
| Employee benefit obligation payments | | (11 163 507) | (12 848 529) |
|--------------------------------------|--|--------------|--------------|

Net increase/(decrease) in cash and cash equivalents

| | | | |
|---------------------------------------------------------|----|--------------------|------------------|
| Cash and cash equivalents at the beginning of the year | | (13 792 334) | 8 950 082 |
| Cash and cash equivalents at the end of the year | 15 | (4 875 489) | 8 916 842 |

* See Note 44

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

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 | | | | | | |
| Statement of Financial Performance | | | | | | |
| Revenue | | | | | | |
| Revenue from exchange transactions | | | | | | |
| Service charges | 1 196 988 000 | | - 1 196 988 000 | 1 055 961 257 | (141 026 743) | Note 57.1 |
| Rental of facilities and equipment | 11 469 000 | | - 11 469 000 | 12 969 472 | 1 500 472 | Note 57.2 |
| Licences and permits | 42 000 | | - 42 000 | 79 752 | 37 752 | Note 57.3 |
| Commissions received | 11 230 000 | | - 11 230 000 | 11 118 362 | (111 638) | < 10% |
| Other income | 84 292 000 | | - 84 292 000 | 20 474 249 | (63 817 751) | Note 57.4 |
| Interest received - investment | 122 604 000 | | - 122 604 000 | 154 335 991 | 31 731 991 | Note 57.5 |
| Gains on disposal of assets | 20 000 000 | 20 000 000 | 40 000 000 | - | (40 000 000) | Note 57.6 |
| Dividends received | 18 000 | | - 18 000 | 14 033 | (3 967) | Note 57.7 |
| Total revenue from exchange transactions | 1 446 643 000 | 20 000 000 | 1 466 643 000 | 1 254 953 116 | (211 689 884) | |
| Revenue from non-exchange transactions | | | | | | |
| Taxation revenue | | | | | | |
| Property rates | 201 665 000 | | - 201 665 000 | 279 795 592 | 78 130 592 | Note 57.8 |
| Transfer revenue | | | | | | |
| Government grants & subsidies | 502 155 000 | | - 502 155 000 | 505 354 799 | 3 199 799 | <10% |
| Public contributions and donations | - | | - | 209 300 121 | 209 300 121 | Note 57.9 |
| Fines | 4 374 000 | | - 4 374 000 | 5 040 953 | 666 953 | Note 57.10 |
| Total revenue from non-exchange transactions | 708 194 000 | - | 708 194 000 | 999 491 465 | 291 297 465 | |
| Total revenue | 2 154 837 000 | 20 000 000 | 2 174 837 000 | 2 254 444 581 | 79 607 581 | |
| Expenditure | | | | | | |
| Employee cost | (620 099 000) | | - (620 099 000) | (654 633 722) | (34 534 722) | <10% |
| Remuneration of councillors | (28 552 000) | | - (28 552 000) | (28 790 999) | (238 999) | <10% |
| Depreciation | (87 000 000) | | - (87 000 000) | (210 591 424) | (123 591 424) | Note 57.11 |
| Impairment loss | (70 000 000) | | - (70 000 000) | - | 70 000 000 | Note 57.12 |
| Finance costs | (105 980 000) | | - (105 980 000) | (225 560 704) | (119 580 704) | Note 57.13 |
| Debt impairment | - | | - | (350 487 460) | (350 487 460) | Note 57.14 |
| Repairs and maintenance | (230 691 000) | | - (230 691 000) | (71 864 414) | 158 826 586 | Note 57.15 |
| Bulk purchases | (676 436 000) | | - (676 436 000) | (893 422 073) | (216 986 073) | Note 57.16 |
| Contracted Services | (80 000 000) | | - (80 000 000) | (167 483 479) | (87 483 479) | Note 57.17 |
| General Expenses | (137 977 000) | | - (137 977 000) | (208 156 183) | (70 179 183) | Note 57.18 |
| Total expenditure | (2 036 735 000) | | -(2 036 735 000) | (2 810 990 458) | (774 255 458) | |

399

| Operating Surplus | 118 102 000 | 20 000 000 | 138 102 000 | (556 545 877) | (694 647 877) | |
|-----------------------------------------|--------------------|-------------------|--------------------|----------------------|----------------------|------------|
| Actual gain (loss) on employee benefits | - | - | - | 6 265 561 | 6 265 561 | Note 57.19 |
| Fair value adjustments | - | - | - | 1 608 | 1 608 | Note 57.20 |
| | - | - | - | 6 267 169 | 6 267 169 | |
| Deficit before taxation | 118 102 000 | 20 000 000 | 138 102 000 | (550 278 708) | (688 380 708) | |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|------------------------|-----------------|-------------|--------------|------------------------------------|--------------------------------------------|-----------|
| <u>Figures in Rand</u> | | | | | | |
| Actual Amount | 118 102 000 | 20 000 000 | 138 102 000 | (550 278 708) | (688 380 708) | |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Statement of Financial Position

Assets

Current Assets

| | | | | | | |
|--------------------------------------------|----------------------|---|------------------------|----------------------|------------------------|-------|
| Inventories | 365 000 000 | - | 365 000 000 | 6 727 272 | (358 272 728) | 57.21 |
| Other receivables | 100 000 000 | - | 100 000 000 | 22 594 263 | (77 405 737) | 57.22 |
| Receivables from non-exchange transactions | - | - | - | 123 606 075 | 123 606 075 | 57.23 |
| VAT receivable | - | - | - | 451 214 336 | 451 214 336 | 57.24 |
| Receivables from exchange transactions | 2 200 000 000 | - | 2 200 000 000 | 628 351 286 | (1 571 648 714) | 57.23 |
| Cash and cash equivalents | 70 000 000 | - | 70 000 000 | 2 768 694 | (67 231 306) | >15% |
| | 2 735 000 000 | | - 2 735 000 000 | 1 235 261 926 | (1 499 738 074) | |

Non-Current Assets

| | | | | | | |
|-------------------------------------------|----------------------|---|------------------------|----------------------|------------------------|-------|
| Investment property | 480 000 000 | - | 480 000 000 | 943 569 450 | 463 569 450 | 57.27 |
| Property, plant and equipment | 5 000 000 000 | - | 5 000 000 000 | 4 474 627 747 | (525 372 253) | 57.26 |
| Heritage assets | - | - | - | 7 104 349 | 7 104 349 | 57.24 |
| Other financial assets | 1 322 000 | - | 1 322 000 | 332 598 | (989 402) | 57.28 |
| Receivables from non-exchange transaction | - | - | - | 27 871 | 27 871 | 57.23 |
| Receivables from exchange transaction | 7 000 000 | - | 7 000 000 | 276 196 | (6 723 804) | 57.23 |
| | 5 488 322 000 | | - 5 488 322 000 | 5 425 938 211 | (62 383 789) | |
| Total Assets | 8 223 322 000 | | - 8 223 322 000 | 6 661 200 137 | (1 562 121 863) | |

Liabilities

Current Liabilities

| | | | | | | |
|-------------------------------------|----------------------|---|------------------------|----------------------|----------------------|-------|
| Payables from exchange transactions | 1 900 000 000 | - | 1 900 000 000 | 3 753 085 017 | 1 853 085 017 | 57.25 |
| Consumer deposits | 30 000 000 | - | 30 000 000 | 38 320 875 | 8 320 875 | 57.36 |
| Employee benefit obligation | - | - | - | 12 535 673 | 12 535 673 | 57.28 |
| Bank overdraft | - | - | - | 7 644 182 | 7 644 182 | 57.37 |
| | 1 930 000 000 | | - 1 930 000 000 | 3 811 585 747 | 1 881 585 747 | |

Non-Current Liabilities

| | | | | | | |
|-----------------------------|--------------------|---|----------------------|--------------------|--------------------|-------|
| Employee benefit obligation | 300 000 000 | - | 300 000 000 | 437 313 953 | 137 313 953 | 57.28 |
| Provisions | 20 000 000 | - | 20 000 000 | 50 390 727 | 30 390 727 | 58.28 |
| | 320 000 000 | | - 320 000 000 | 487 704 680 | 167 704 680 | |

Total Liabilities

| | | | | | | |
|--------------------------|----------------------|--|------------------------|----------------------|----------------------|--|
| Total Liabilities | 2 250 000 000 | | - 2 250 000 000 | 4 299 290 427 | 2 049 290 427 | |
|--------------------------|----------------------|--|------------------------|----------------------|----------------------|--|

Net Assets

| | | | | | | |
|-------------------|----------------------|--|------------------------|----------------------|------------------------|--|
| Net Assets | 5 973 322 000 | | - 5 973 322 000 | 2 361 909 710 | (3 611 412 290) | |
|-------------------|----------------------|--|------------------------|----------------------|------------------------|--|

402

Net Assets Attributable to Owners of Controlling Entity

Reserves

| | | | |
|---------------------|---------------|-----------------|-------------------------------|
| Accumulated surplus | 5 973 322 000 | - 5 973 322 000 | 2 361 909 710 (3 611 412 290) |
|---------------------|---------------|-----------------|-------------------------------|

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash 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 | | | | | | |
| Property rates, penalties & collection charges | 181 498 000 | - | 181 498 000 | - | (181 498 000) | |
| Service charges | 1 048 679 000 | - | 1 048 679 000 | 921 278 854 | (127 400 146) | |
| Grants | 502 155 000 | - | 502 155 000 | 504 350 504 | 2 195 504 | >10% |
| Interest income | 122 604 000 | - | 122 604 000 | 2 207 220 | (120 396 780) | |
| Dividends received | 18 000 | - | 18 000 | 14 033 | (3 967) | >10% |
| Other revenue | 81 343 000 | - | 81 343 000 | 54 147 559 | (27 195 441) | 57.29 |
| | 1 936 297 000 | - | 1 936 297 000 | 1 481 998 170 | (454 298 830) | |
| Payments | | | | | | |
| Suppliers and employee costs | (1 705 588 000) | - | (1 705 588 000) | (1 324 836 349) | 380 751 651 | 57.25 |
| Finance costs | (105 980 000) | - | (105 980 000) | (260 195) | 105 719 805 | 57.30 |
| Other payments | (32 850 000) | - | (32 850 000) | - | 32 850 000 | 57.25 |
| | (1 844 418 000) | - | (1 844 418 000) | (1 325 096 544) | 519 321 456 | |
| Net cash flows from operating activities | 91 879 000 | - | 91 879 000 | 156 901 626 | 65 022 626 | |
| Cash flows from investing activities | | | | | | |
| Proceeds from sale of property, plant and equipment | 20 000 000 | 20 000 000 | 40 000 000 | - | (40 000 000) | 57.31 |
| Decrease/(Increase) in non current debtors | 287 983 000 | - | 287 983 000 | - | (287 983 000) | 57.32 |
| Decrease/(Increase) in non current debtors | 35 000 000 | - | 35 000 000 | - | (35 000 000) | 57.32 |
| Purchase of capital assets | (133 363 000) | (20 000 000) | (153 363 000) | (159 530 453) | (6 167 453) | >10% |
| Net cash flows from investing activities | 209 620 000 | - | 209 620 000 | (159 530 453) | (369 150 453) | |
| Cash flows from financing activities | | | | | | |
| Increase/(Decrease) in consumer deposits | 15 000 000 | - | 15 000 000 | - | (15 000 000) | 57.32 |
| Short term loans | 10 000 000 | - | 10 000 000 | - | (10 000 000) | 57.33 |
| Employee Benefit obligation payment | - | - | - | (11 163 507) | (11 163 507) | 57.34 |
| Net cash flows from financing activities | 25 000 000 | - | 25 000 000 | (11 163 507) | (25 000 000) | |
| Net increase/(decrease) in cash and cash equivalents | 326 499 000 | - | 326 499 000 | (13 792 334) | (329 127 827) | |

404

| | | | | | | |
|-------------------------------------------------------------|------------------|---|------------------|--------------------|------------------|-------|
| Cash and cash equivalents at the beginning of the year | (322 324 000) | - | (322 324 000) | 8 916 845 | 331 240 845 | 57.35 |
| Cash and cash equivalents at the end of the year | 4 175 000 | - | 4 175 000 | (4 875 489) | 2 113 018 | |

Reconciliation

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

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

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

These accounting policies are consistent with the previous period and in some cases additional information was included in the accounting policies.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

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

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

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

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

Fair value estimation

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

406

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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

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

Provisions

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

Useful lives of waste and water network and other assets

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

Employee benefit obligation

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 7.

Provision for impairment of receivables

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

1.4 Investment property

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

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

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

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.4 Investment property (continued)

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

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.

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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.5 Property, plant and equipment (continued)

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:

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

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

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

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

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

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

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

1.6 Site restoration and dismantling cost

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

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 assets on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

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

1.8 Financial instruments

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

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

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 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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

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:

| Class | Category |
|--------------------------------------------|--------------------------------------------|
| Other Financial assets | Financial asset measured at fair value |
| Other receivables | Financial asset measured at amortised cost |
| Receivables from non-exchange transactions | Financial asset measured at amortised cost |
| Receivables from exchange transactions | Financial asset measured at amortised cost |
| Cash and cash equivalents | Financial asset measured at amortised cost |

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of

financial position or in the notes thereto:

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.8 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

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

Reclassification

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

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

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

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

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

Gains and losses

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

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when

the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.8 Financial instruments (continued)

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

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

Financial assets measured at cost:

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.8 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

421

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

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.8 Financial instruments (continued)

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

Presentation

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

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

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

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

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.9 Tax

Value added tax (VAT)

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance

charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.10 Leases (continued)

Operating leases - lessor

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

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

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

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

Operating leases - lessee

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

1.11 Inventories

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

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

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

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

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

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

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

Identification

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Matjhabeng Local Municipality

(Registration number ES 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that noncash-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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

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 held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

1.14 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot

be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

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 measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

Post-employment benefits

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

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

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.14 Employee benefits (continued)

Other long term employee benefit

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

1.15 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

Provisions are not recognised for future operating deficits.

A contingent liability is:

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

Decommissioning, restoration and similar liability

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

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

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.16 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.17 Revenue from exchange transactions (continued)

Interest, royalties and dividends

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

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

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

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

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

1.18 Revenue from non-exchange transactions

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

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

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

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

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

Recognition

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

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Measurement

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

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

Taxes

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

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

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

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

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

Fines

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

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

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

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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.22 Unauthorised expenditure (continued)

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 Irregular expenditure

Irregular expenditure as defined in section 32 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury circular 68 which was issued in terms of sections 32 of the Municipal Finance Management Act, Act 56 of 2003 on 10 May 2013 requires the following:

Irregular expenditure that was incurred and identified during the current financial and which was written off before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which approval for write off is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only written off in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not written off by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been written off and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 Budget information

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

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.25 Budget information (continued)

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 01/07/2016 to 30/06/2017.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.

1.26 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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

1.27 Events after reporting date

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

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

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

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

1.28 Consumer deposits

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

1.29 Unspent conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

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

GRAP 20: Related parties

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

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

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

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

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

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

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

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the

reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

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

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

- Control;

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2. New standards and interpretations (continued)

- Related party transactions; and
- Remuneration of management

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

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

Impact of this standard is currently being assessed.

GRAP32: Service Concession Arrangements: Grantor

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

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

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

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

Impact of this standard is currently being assessed.

GRAP108: Statutory Receivables

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

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

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

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

Impact of this standard is currently being assessed.

GRAP 109: Accounting by Principals and Agents

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

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 standard is not yet set by the Minister of Finance.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2. New standards and interpretations (continued)

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard. The Impact of this standard is currently being assessed.

iGRAP 17 Service Concession Arrangement 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 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 arrangement

The effective dates is not yet gazetted by the minister

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard. The Impact of this standard is currently being assessed.

3. Investment property

| 2017 | | | 2016 | | |
|------------------|-----------------------------------------------------|----------------|------------------|-----------------------------------------------------|----------------|
| Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| | | | | | |



| | | | | | | |
|---------------------|-------------|---|-------------|-------------|---|-------------|
| Investment property | 943 569 450 | - | 943 569 450 | 732 286 404 | - | 732 286 404 |
|---------------------|-------------|---|-------------|-------------|---|-------------|

Reconciliation of investment property - 2017

| | Opening balance | Additions | Transfers | Total |
|---------------------|----------------------------|------------------|------------------|--------------|
| Investment property | 732 286 404 | 209 300 121 | 1 982 925 | 943 569 450 |

Reconciliation of investment property - 2016

| | Opening balance | Fair value adjustments | Total |
|---------------------|----------------------------|-----------------------------------|--------------|
| Investment property | 693 954 498 | 38 331 906 | 732 286 404 |

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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

4. Property, plant and equipment

| | |
|------|------|
| 2017 | 2016 |
|------|------|



| | Cost / Valuation | Accumulated Carrying value depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment |
|-------------------------------------------|----------------------|--------------------------------------------------------------------|----------------------|----------------------|-----------------------------------------------------|
| Land and buildings 177 499 | 135 720 027 | (38 448 689) | 97 271 338 | 132 781 319 | (34 603 820) 98 |
| Transport assets 690 082 | 129 143 105 | (57 002 537) | 72 140 568 | 129 043 855 | (48 353 773) 80 |
| Infrastructure 676 603 | 8 249 143 554 | (4 013 104 635) | 4 236 038 919 | 8 100 951 927 | (3 826 275 324) 4 274 |
| Other movable assets 079 735 | 38 741 705 | (21 657 636) | 17 084 069 | 32 423 762 | (17 344 027) 15 |
| Landfill rehabilitation assets 143 839 | 79 926 415 | (27 833 562) | 52 092 853 | 80 022 530 | (20 878 691) 59 |
| Total 767 758 | 8 632 674 806 | (4 158 047 059) | 4 474 627 747 | 8 475 223 393 | (3 947 455 635) 4 527 |

Reconciliation of property, plant and equipment - 2017

| | Opening balance | Additions | Depreciation Total |
|-------------------------------------------|----------------------|--------------------|----------------------------|
| Land and buildings 271 338 | 98 177 499 | 2 938 708 | (3 844 869) 97 |
| Transport assets 140 568 | 80 690 082 | 99 250 | (8 648 764) 72 |
| Infrastructure 038 919 | 4 274 676 603 | 148 191 628 | (186 829 312) 4 236 |
| Other movable assets 084 069 | 15 079 735 | 6 317 943 | (4 313 609) 17 |
| Landfill rehabilitation assets 092 854 | 59 143 839 | (96 115) | (6 954 870) 52 |
| 627 748 | 4 527 767 758 | 157 451 414 | (210 591 424) 4 474 |





Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

| | Opening balance | Additions Total | Additions through entity combinations | Disposals | Depreciation | Impairment loss |
|-------------------------------------------|----------------------|--------------------|---------------------------------------------|--------------|----------------------|-----------------------|
| Land and buildings 177 499 | 102 022 368 | - | - | - | (3 844 869) | - 98 |
| Transport assets 690 082 | 82 797 153 | 6 509 144 | - | (352) | (8 430 526) | (185 337) 80 |
| Infrastructure 676 603 | 4 333 275 171 | 126 689 603 | - | - | (185 288 171) | - 4 274 |
| Other movable assets 079 735 | 17 687 186 | 844 848 | - | - | (3 381 803) | (70 496) 15 |
| Landfill rehabilitation assets 143 839 | 64 455 317 | - | 1 652 667 | - | (6 964 145) | - 59 |
| | 4 600 237 195 | 134 043 595 | 1 652 667 | (352) | (207 909 514) | (255 833)4 527 |
| 767 758 | | | | | | |

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 | 10 611 502 |
|------------------|-----------|------------|

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.



Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

4. 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 |

Reconciliation of Work-in-Progress 2016

| | Included within Infrastructure | Included within Community | Total |
|------------------|--------------------------------------|---------------------------------|-------------|
| Work in progress | 187 632 902 | 51 213 245 | 238 846 147 |

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.

Repairs and maintenance per class of asset

| | | |
|----------------|------------|------------|
| Buidings | 3 194 667 | 2 348 636 |
| Infrastructure | 56 865 797 | 35 262 863 |



| | | |
|----------|-------------------|-------------------|
| Vehicles | 11 803 950 | 2 156 966 |
| | 71 864 414 | 39 768 465 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

5. Heritage assets

| | 2017 | | | 2016 | | |
|----------------------|------------------|-------------------------------|------------------|------------------|-------------------------------|------------------|
| | Cost / Valuation | Accumulated impairment losses | Carrying value | Cost / Valuation | Accumulated impairment losses | Carrying value |
| | | | | | | |
| Historical buildings | 4 747 835 | - | 4 747 835 | 4 747 835 | - | 4 747 835 |
| Mayoral chains | 2 356 514 | - | 2 356 514 | 2 356 514 | - | 2 356 514 |
| Total | 7 104 349 | - | 7 104 349 | 7 104 349 | - | 7 104 349 |

Reconciliation of heritage assets 2017

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

Reconciliation of heritage assets 2016

| Opening balance | Total |
|-----------------|-------|
| | |



456

| | | |
|----------------------|------------------|------------------|
| Historical buildings | 4 747 835 | 4 747 835 |
| Mayoral chains | 2 356 514 | 2 356 514 |
| | 7 104 349 | 7 104 349 |

Pledged as security

None of these assets were pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

6. Other financial assets

Designated at fair value

| | | |
|-----------------|---------|---------|
| Unlisted shares | 332 598 | 330 990 |
|-----------------|---------|---------|

The unlisted shares consist of 17,238 (2016:17,238) equity shares in Senwes Limited and 26,435 (2016:26,435) equity shares in Senwesbel Limited.

Non-current assets

| | | |
|--------------------------|---------|---------|
| Designated at fair value | 332 598 | 330 990 |
|--------------------------|---------|---------|



Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

6. Other financial assets (continued)

Financial assets at fair value

Fair value hierarchy of financial assets at fair value

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

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

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

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

Level 2

| | | |
|---------------------------|---------|---------|
| Class 1 (Unlisted shares) | 332 598 | 330 990 |
|---------------------------|---------|---------|

Renegotiated terms

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

Financial assets pledged as collateral

Collateral

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

- -



7. Employee benefit obligations

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

Carrying value

| | | |
|----------------------------------------------------------|----------------------|----------------------|
| Present value of the post employment medical aid benefit | (408 950 821) | (368 850 962) |
| Present value of the long service awards benefit | (40 898 805) | (37 113 810) |
| | (449 849 626) | (405 964 772) |
| Non-current liabilities | (437 313 953) | (394 801 261) |
| Current liabilities | (12 535 673) | (11 163 511) |
| | (449 849 626) | (405 964 772) |

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

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

| | | |
|------------------------------------------------------------------|--------------------|--------------------|
| Opening balance | 405 964 772 | 349 773 364 |
| Net expense recognised in the statement of financial performance | 43 884 854 | 56 191 408 |
| | 449 849 626 | 405 964 772 |



Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

| | 2017 | 2016 |
|-------------------------------------------------------------------------|-------------------|-------------------|
| 7. Employee benefit obligations (continued) | | |
| Net expense recognised in the statement of financial performance | | |
| Service cost | 23 436 725 | 17 499 056 |
| Interest cost | 37 877 201 | 30 912 050 |
| Actuarial (gains) / losses | (6 265 561) | 20 628 827 |
| Expected benefits paid | (11 163 511) | (12 848 525) |
| | 43 884 854 | 56 191 408 |
| Post-retirement medical aid plan | | |

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

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

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

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

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

| Years of service completed | Percentage of annual salary as bonus | Additional leave days |
|----------------------------|--------------------------------------|-----------------------|
| > 5 Years | 2% | 5 days |
| > 10 Years | 3% | 10 days |
| > 15 Years | 4% | 15 days |
| > 20 Years | 5% | 15 days |
| > 25 - 45 Years | 6% | 15 days |

Calculation of actuarial gains and losses

| | | |
|-------------------------------------------|--------------------|-------------------|
| Actuarial (gains) / losses - long service | 91 946 | 7 393 777 |
| Actuarial (gains) / losses - medical aid | (6 357 507) | 13 235 050 |
| | (6 265 561) | 20 628 827 |



Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

7. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

| | | |
|--------------------------------------------|----------|----------|
| CPI (medical aid) | 6.82 % | 7.07 % |
| CPI (long service) | 5.52 % | 6.34 % |
| Discount rate (Medical aid) | 9.94 % | 9.54 % |
| Discount rates used (long service awards) | 8.72 % | 8.65 % |
| Medical aid inflation rates (medical aid) | 8.32 % | 8.57 % |
| Net discount rate (long service awards) | 2.07 % | 0.93 % |
| Net discount rate (medical aid) | 1.50 % | 0.93 % |
| Salary increase rate (long service awards) | 6.52 % | 7.00 % |
| Continuation percentage | 100.00 % | 100.00 % |

Other assumptions

The effect of a one percentage increase / decrease in the net discount rate is as follows for the 2017 financial year:

| | 1% point increase | 1% point decrease |
|----------------------------------------------------|----------------------|----------------------|
| Employer's accrued liability (long service awards) | 43 723 279 | 38 345 505 |
| Employer's expenses cost (long service awards) | 3 930 410 | 3 389 219 |
| Employer's accrued liability (medical aid) | 352 390 788 | 480 131 001 |
| Service cost (medical aid) | 19 923 394 | 29 028 099 |
| Interest (long service awards) | 3 696 792 | 3 228 747 |
| Interest (medical aid) | 38 010 669 | 42 481 710 |

The municipality expects to pay benefits of R9,888,182 towards post-retirement medical aid and R2,647,491 towards long service benefits to its employee benefits in the next financial year.



462

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

| | 2017 R | 2016 R | 2015 R | 2014 R | 2013 R |
|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Defined benefit obligation | (449 849 626) | (405 964 772) | (349 773 364) | (322 410 090) | (305 077 529) |



Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

7. Employee benefit obligations (continued)

Defined contribution plan

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

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

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

The following plans are multi-employer funds and are defined contribution plans: - South African Local Authorities Pension Fund (SALA)

- Free State Municipal Pension Fund (FSMPF)
- Municipal Councillors Pension Fund (MCPF)

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

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

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

| | | |
|--------------------------------------------------------------------------|------------|------------|
| The amount recognised as an expense for the defined contribution plan is | 43 884 854 | 56 191 408 |
|--------------------------------------------------------------------------|------------|------------|

8. Receivables from non-exchange transaction

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 2017, receivables from non-exchange transaction (non-current) of R1 133 295 (2016: R1 980 562) 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.



Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

9. Receivables from exchange transaction

| | | |
|----------------------------------------|----------------|------------------|
| Non-current arrangements - services | 9 885 935 | 20 257 060 |
| Allowance for impairment | (9 609 739) | (16 196 814) |
| | 276 196 | 4 060 246 |
| Services aging for arrangements | | |
| 91+ days | 276 196 | 4 060 246 |

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 2017, receivables from exchange transaction (non-current) of R9 609 739 (2016: R16 196 814) 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.

10. Inventories

| | | |
|------------------------------------------------------------------------------------------|------------------|------------------|
| Consumable stores | 4 785 336 | 7 499 133 |
| Water in reservoirs and pipelines | 1 941 936 | 1 556 104 |
| | 6 727 272 | 9 055 237 |
| Stock losses due to theft (2017: Case number 95/02/2017),(2016: Case number 596/06/2016) | 216 888 | 81 239 |
| Inventories recognised as an expense during the year - Water. Refer to note 34 | 468 651 889 | 451 755 625 |

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

Inventory pledged as security

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

11. Other receivables

| | | |
|------------------------------|-------------------|-------------------|
| Accrued interest | 64 222 | 106 572 |
| Consumer deposits receivable | 5 884 740 | 5 884 740 |
| Deposits | 9 850 | 9 850 |
| Sundry receivables | 6 809 798 | 3 142 722 |
| Traffic fines receivable | 9 825 653 | 17 915 150 |
| | 22 594 263 | 27 059 034 |



Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

11. Other receivables (continued)

Other receivables pledged as security

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

Fair value of other receivables

The carrying value of consumer deposits approximate their fair values.

Other receivables past due but not impaired

None of the other receivables are considered to be impaired.

Other receivables impaired:

As of 30 June 2017, none of the other receivables were impaired and provided for.

The following factors was considered in determining the impairment: -

Aging of the outstanding debt.

- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

12. Receivables from non-exchange transactions

| | | |
|----------------------------------|--------------------|--------------------|
| Consumer receivables - rates | 311 218 706 | 304 942 921 |
| Allowance for impairment - rates | (187 612 632) | (173 681 854) |
| | 123 606 074 | 131 261 067 |

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 2017, R7 708 429.79 (2016: R34 465 028.50) were past due but not impaired.

| | | |
|-------------------|-----------|------------|
| 1 month past due | 317 076 | 8 443 858 |
| 2 months past due | 354 016 | 5 027 868 |
| 3 months past due | 7 037 338 | 20 993 303 |

Rates aging

| | | |
|----------------------|-------------|-------------|
| Current (0 -30 days) | 18 353 268 | 20 396 614 |
| 31 - 60 days | 8 304 823 | 12 175 846 |
| 61 - 90 days | 7 547 819 | 11 269 804 |
| 91 days + | 278 173 962 | 263 592 353 |

| | | |
|--------------------------------|--------------------|--------------------|
| Less: Allowance for impairment | (188 745 927) | (175 662 416) |
| | 123 633 945 | 131 772 201 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

12. Receivables from non-exchange transactions (continued)

Fair value of receivables

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

Receivables from non-exchange transactions impaired:

As of 30 June 2017, receivables from non-exchange transactions of R188 745 927 (2016: R175 662 416) were impaired and provided for.

The following factors was considered in determining the impairment: -

Aging of the outstanding debt.

- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

Renegotiated terms:

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

13. VAT receivable

| | | |
|-----|-------------|-------------|
| VAT | 451 214 336 | 182 623 935 |
|-----|-------------|-------------|

14. Receivables from exchange transactions

Gross balances

| | | |
|-------------------------------------------------------|----------------------|----------------------|
| Electricity | 256 439 743 | 218 888 057 |
| Water | 989 882 473 | 827 087 969 |
| Sewerage | 386 802 316 | 315 515 909 |
| Refuse | 261 249 361 | 213 330 414 |
| Other receivables | 3 973 078 | 4 571 836 |
| Rentals | 59 156 816 | 49 799 357 |
| Sundries | 93 419 672 | 85 704 088 |
| Unmetered consumption - water | 46 575 226 | 21 229 023 |
| Unmetered consumption - electricity | 73 215 306 | 61 300 537 |
| Less: Non-current consumer receivables (Arrangements) | (9 885 935) | (20 257 060) |
| | 2 160 828 056 | 1 777 170 130 |

Less: Allowance for impairment

| | | |
|-------------------------------------------------------|--------------------|--------------------|
| Electricity | (141 210 727) | (117 335 467) |
| Water | (778 272 326) | (593 406 095) |
| Sewerage | (292 445 969) | (240 983 687) |
| Refuse | (202 356 399) | (166 776 359) |
| Rentals | (50 639 929) | (30 281 866) |
| Sundries | (74 133 423) | (52 114 723) |
| Other receivables | (3 027 736) | (2 700 029) |
| Less: Non-current consumer receivables (Arrangements) | 9 609 739 | 16 196 814 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

14. Receivables from exchange transactions (continued)**Net balance**

| | | |
|-------------------------------------------------|--------------------|--------------------|
| Electricity | 115 229 016 | 101 552 591 |
| Water | 211 610 146 | 233 681 874 |
| Sewerage | 94 356 347 | 74 532 222 |
| Refuse | 58 892 962 | 46 554 056 |
| Rentals | <u>8 516 887</u> | <u>10 517 401</u> |
| Sundries | <u>19 286 250</u> | <u>33 589 365</u> |
| Other receivables | 945 342 | 1 791 807 |
| Unmetered consumption - water | 46 575 226 | 21 229 023 |
| Unmetered consumption - electricity | 73 215 306 | 61 300 537 |
| Non-current consumer receivables (Arrangements) | (276 196) | (4 060 246) |
| | 628 351 286 | 589 688 720 |

Electricity

| | | |
|----------------------|--------------------|--------------------|
| Current (0 -30 days) | 41 569 055 | 36 294 677 |
| 31 - 60 days | 12 055 073 | 14 550 075 |
| 61 - 90 days | 7 823 851 | 6 983 545 |
| 91 + days | 194 991 763 | 161 059 761 |
| Less: Impairment | (141 210 727) | (117 335 467) |
| | 115 229 015 | 101 552 591 |

Water

| | | |
|----------------------|--------------------|--------------------|
| Current (0 -30 days) | 44 561 919 | 53 473 992 |
| 31 - 60 days | 25 449 343 | 33 175 663 |
| 61 - 90 days | 36 447 532 | 21 276 106 |
| 91+ days | 883 423 678 | 719 162 209 |
| Less: Impairment | (778 272 326) | (593 406 096) |
| | 211 610 146 | 233 681 874 |

Sewerage

| | | |
|----------------------|-------------------|-------------------|
| Current (0 -30 days) | 12 871 708 | 11 311 220 |
| 31 - 60 days | 13 631 524 | 8 829 417 |
| 61 - 90 days | 8 947 181 | 8 206 870 |
| 91+ days | 351 351 903 | 287 168 402 |
| Less: Impairment | (292 445 969) | (240 983 687) |
| | 94 356 347 | 74 532 222 |

Refuse

| | | |
|----------------------|-----------|-----------|
| Current (0 -30 days) | 7 974 627 | 6 927 306 |
| 31 - 60 days | 8 830 600 | 5 306 232 |
| 61 - 90 days | 5 773 118 | 5 027 914 |

| | | |
|------------------|-------------------|-------------------|
| 91+ days | 238 671 016 | 196 068 963 |
| Less: Impairment | (202 356 399) | (166 776 359) |
| | 58 892 962 | 46 554 056 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

14. Receivables from exchange transactions (continued)

Rentals

| | | |
|----------------------|------------------|-------------------|
| Current (0 -30 days) | 2 715 969 | 698 592 |
| 31 - 60 days | 873 003 | 692 311 |
| 61 - 90 days | 858 361 | 695 457 |
| 91+ days | 54 709 483 | 47 712 998 |
| Less: Impairment | (50 639 929) | (30 281 866) |
| | 8 516 887 | 19 517 492 |

Sundries

| | | |
|----------------------|-------------------|-------------------|
| Current (0 -30 days) | 2 809 091 | 2 779 062 |
| 31 - 60 days | 1 700 878 | 2 629 583 |
| 61 - 90 days | 2 480 463 | 2 177 667 |
| 91+ days | 86 429 240 | 78 068 217 |
| Less: Impairment | (74 133 423) | (52 114 723) |
| | 19 286 249 | 33 539 806 |

Sundry receivables consist mainly of connection fees, escort fees, miscellaneous fees as per tariff list, pounding fees and driving fees.

Other

| | | |
|----------------------|----------------|------------------|
| Current (0 -30 days) | 40 516 | 95 193 |
| 31 - 60 days | 17 986 | 22 593 |
| 61 - 90 days | 15 836 | 13 873 |
| 91+ days | 3 898 739 | 4 440 177 |
| Less: Impairment | (3 027 736) | (2 780 030) |
| | 945 341 | 1 791 806 |

Unmetered consumption - water

| | | |
|----------------------|------------|------------|
| Current (0 -30 days) | 46 575 226 | 21 229 023 |
|----------------------|------------|------------|

Unmetered consumption - electricity

| | | |
|----------------------|------------|------------|
| Current (0 -30 days) | 73 215 306 | 61 300 537 |
|----------------------|------------|------------|

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

| 2017 | 2016 |
|------|------|
|------|------|

14. Receivables from exchange transactions (continued)

Summary of receivables by customer classification

Consumers

| | | |
|--------------------------------|----------------------|----------------------|
| Current (0 -30 days) | 81 091 001 | 79 005 751 |
| 31 - 60 days | 54 501 933 | 54 850 684 |
| 61 - 90 days | 57 123 416 | 39 260 011 |
| 91+ days | 1 671 055 537 | 1 389 090 723 |
| | <u>1 863 771 887</u> | <u>1 562 207 169</u> |
| Less: Allowance for impairment | (1 474 135 709) | (1 141 125 215) |
| | 389 636 178 | 421 081 954 |

Business, Industrial and commercial

| | | |
|--------------------------------|--------------------|--------------------|
| Current (0 -30 days) | 40 250 611 | 31 279 626 |
| 31 - 60 days | 12 270 694 | 14 093 803 |
| 61 - 90 days | 9 505 326 | 9 271 877 |
| 91+ days | 349 619 113 | 316 382 331 |
| | <u>411 645 744</u> | <u>371 027 637</u> |
| Less: Allowance for impairment | (225 362 417) | (204 713 465) |
| | 186 283 327 | 166 314 172 |

National and provincial government

| | | |
|----------------------|-------------------|-------------------|
| Current (0 -30 days) | 6 176 835 | 7 893 944 |
| 31 - 60 days | 2 699 845 | 5 858 899 |
| 61 - 90 days | 1 896 057 | 4 685 234 |
| 91 + days | 32 859 791 | 4 219 563 |
| | 43 632 528 | 22 657 640 |

Indigents

| | | |
|--------------------------------|------------------|------------------|
| Current (0 -30 days) | 4 109 | 26 454 |
| 31 - 60 days | 2 047 | 87 306 |
| 61 - 90 days | 11 052 | 41 379 |
| 91 + days | 1 424 978 | 2 559 767 |
| | <u>1 442 186</u> | <u>2 714 906</u> |
| Less: Allowance for impairment | (1 438 516) | (2 714 906) |

Farms and agriculture

| | | |
|--------------------------------|------------------|-------------------|
| Current (0 -30 days) | 3 371 329 | 2 962 810 |
| 31 - 60 days | 1 386 477 | 2 491 026 |
| 61 - 90 days | 1 354 521 | 2 392 735 |
| 91 + days | 33 542 855 | 44 761 283 |
| Less: Allowance for impairment | (29 895 793) | (36 825 715) |
| | 9 759 389 | 15 782 139 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

14. Receivables from exchange transactions (continued)**Receivables from exchange transactions past due but not impaired**

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2017, R 37 455 693 (2016: R 27 144 485) were past due but not impaired.

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

| | | |
|-------------------|------------|------------|
| 1 month past due | 2 699 845 | 10 814 218 |
| 2 months past due | 1 896 057 | 3 064 512 |
| 3 months past due | 32 859 791 | 13 265 755 |

Receivables from exchange transactions pledged as security

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

Credit quality of receivables from exchange transactions

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

Receivables from exchange transactions impaired:

As of 30 June 2017, receivables from exchange transactions of R1 532 476 770 (2016: R1 187 481 412) were impaired and provided for.

The following factors was considered in determining the impairment: -

Aging of the outstanding debt.

- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

Renegotiated terms:

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

Fair value of receivables from exchange transactions:

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

15. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---------------------------|--------------------|------------------|
| Cash on hand and advances | 9 474 | 9 474 |
| Short-term deposits | 2 759 220 | 10 637 028 |
| Collections account | - | 873 828 |
| Bank overdraft | (7 644 182) | (2 603 485) |
| | (4 875 488) | 8 916 845 |
| | | |
| Current assets | 2 768 694 | 11 520 330 |
| Current liabilities | (7 644 182) | (2 603 485) |
| | (4 875 488) | 8 916 845 |

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:

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

| Figures in Rand | 2017 | 2016 |
|-----------------|------|------|
|-----------------|------|------|

15. Consumer debtors disclosure (continued)

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

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

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

Cash and cash equivalents pledged as collateral

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

The municipality had the following bank accounts

| Account number / description | Bank statement balances | | | Cash book balances | | |
|-----------------------------------------------------------|-------------------------|-------------------|------------------|--------------------|------------------|-----------------|
| | 30 June 2017 | 30 June 2016 | 30 June 2015 | 30 June 2017 | 30 June 2016 | 30 June 2015 |
| ABSA - Primary cheque account Acc no (40-5370-5465) | 4 451 405 | (482 599) | 2 187 120 | (5 130 060) | (836 542) | (775 550) |
| ABSA Market Cheque account Acc no (40-5644-3399) | 100 315 | 918 032 | 1 497 072 | (2 514 123) | (1 766 943) | (793 822) |
| FNB Collection Cheque account - Acc no (542-3117-3409) | - | 873 828 | 785 576 | - | 873 828 | 785 576 |
| ABSA Savings account Acc no (91-9461-7107) | 2 754 004 | 9 870 795 | 1 000 | 2 754 004 | 9 870 795 | 1 000 |
| ABSA Savings account Acc no (91-0668-4115) | 1 064 | 1 000 | 1 201 | 1 059 | 1 000 | 1 201 |
| ABSA Savings account Acc no (91-1114-1338) | 1 056 | 1 000 | 1 011 | 1 051 | 1 000 | 1 011 |
| ABSA Savings account Acc no (91-0668-4238) | 1 065 | 1 000 | 1 077 | 1 060 | 1 000 | 1 077 |
| ABSA Savings account Acc no (91-0668-4157) | 1 016 | 1 000 | 1 001 | 1 014 | 1 000 | 1 001 |
| ABSA Savings account Acc no (91-2351-5666) | 1 016 | 1 000 | 1 002 | 1 014 | 1 000 | 1 002 |
| FNB Call account Acc no (614- 04001177) | - | 5 140 | 5 074 | - | 5 140 | 5 074 |
| FNB Call account Acc no (620- 0350-3019) | - | 756 093 | 709 079 | - | 756 093 | 709 079 |
| Total | 7 310 941 | 11 946 289 | 5 190 213 | (4 884 981) | 8 907 371 | (63 351) |

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

| | | |
|----------------------------------------------------------------|---|---------|
| Integrated national electrification programme (INEP) | - | 600 001 |
| Energy efficiency and demand side management programme (EEDSM) | - | 404 294 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

16. Unspent conditional grants and receipts (continued)

Movement during the year

| | | |
|--------------------------------------|---------------|------------------|
| Balance at the beginning of the year | 1 004 295 | 6 024 486 |
| Additions during the year | 504 350 505 | 522 142 502 |
| Income recognition during the year | (505 354 800) | (527 162 693) |
| | - | 1 004 295 |

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

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

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

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

17. Provisions

Reconciliation of provisions - 2017

| | Opening Balance | Discounting | Change in the net discount rate | Total |
|----------------------------------|-----------------|-------------|---------------------------------|------------|
| Rehabilitation of landfill sites | 49 457 418 | 1 029 424 | (96 115) | 50 390 727 |

Reconciliation of provisions - 2016

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

Rehabilitation of landfill sites

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002).

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

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

The discount rate used for the landfill sites is based on a risk free rate which is in line with the useful life of the landfill sites. The municipality has five active landfill sites, as per the asset register:

Landfill

Allanridge
Henneman (Phomolong)
Odendaalsrus
Virginia (Transfer Station)
Bronville (Welkom)

Estimated useful life

8 years (2016: 9 years)
11 years (2016: 12 years)
23 years (2016: 24 years)
11 years (2016: 12 years)
5 years (2016: 6 years)

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

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

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

30 June 2017 30 June 2016 30 June 2015

| | | | |
|-------------------------------------|--------|--------|--------|
| Discount rate (D) | 8.78 % | 8.76 % | 9.08 % |
| Consumer price inflation (C) | 5.00 % | 5.58 % | 6.70 % |
| Net discount rate $((1+D)/(1+H)-1)$ | 3.60 % | 3.02 % | 2.23 % |

Movement in the closing balance of the provision

| Active landfill sites - 30 June 2016 | Opening balance 1 July 2015 | Discounting | Movement due to change in net discount rate | Closing balance 30 June 2016 |
|-----------------------------------------|-----------------------------------|-------------|------------------------------------------------------|------------------------------------|
| Odendaalsrus | 12 649 265 | (2 050 839) | 774 277 | 11 372 703 |
| Bronville (Welkom) | 22 554 307 | 296 171 | 406 371 | 23 256 849 |
| Allanridge | 4 833 489 | (89 122) | 127 121 | 4 871 488 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

17. Provisions (continued)

| | | | | |
|-----------------------------|-------------------|--------------------|------------------|-------------------|
| Henneman (Phomolong) | 8 056 132 | (394 951) | 274 915 | 7 936 096 |
| Virginia (Transfer Station) | 2 050 839 | (100 542) | 69 985 | 2 020 282 |
| | 50 144 032 | (2 339 283) | 1 652 669 | 49 457 418 |

Active landfill sites - 30 June 2017

| | Opening balance 1 July 2016 | Discounting | Movement due to change in 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 |
| | 49 457 418 | 1 029 423 | (96 114) | 50 390 727 |

18. Payables from exchange transactions

| | | |
|--------------------------------------------------------|----------------------|----------------------|
| Accrued bonus | 8 699 633 | 8 390 026 |
| Accrued leave pay | 67 057 194 | 64 977 157 |
| Deferred income - pre paid electricity | 1 600 000 | 1 300 000 |
| Deposits received - halls and facilities | 15 175 | 31 904 |
| Eskom | 1 464 169 380 | 957 081 689 |
| Payments received in advance from consumer receivables | 48 826 585 | 39 099 724 |
| Salary control accounts | 42 577 765 | 35 290 424 |
| Sedibeng Water | 1 886 576 057 | 1 552 021 591 |
| Trade payables | 233 563 226 | 157 607 716 |
| | 3 753 085 015 | 2 815 800 231 |

Fair value of trade and other payables

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

19. Consumer deposits

| | | |
|-----------------------|-------------------|-------------------|
| Electricity and water | 37 792 822 | 36 173 545 |
| Key deposits | 528 053 | 77 039 |
| | 38 320 875 | 36 250 584 |

Guarantees held in lieu of electricity and water deposits amounted to R 6,040,465 (2015: 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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

20. Service charges

| | | |
|-----------------------------------|----------------------|--------------------|
| Sale of electricity | 556 343 610 | 488 626 226 |
| Sale of water | 342 295 037 | 322 440 413 |
| Sewerage and sanitation charges | 149 194 731 | 128 256 386 |
| Refuse removal | 93 709 261 | 78 928 071 |
| Less: Income foregone - indigents | (41 396 044) | (45 666 204) |
| Less: Municipal utilities | (44 185 337) | (28 462 310) |
| | 1 055 961 258 | 944 122 582 |

21. Rental of facilities and equipment

Premises

| | | |
|----------|------------|-----------|
| Premises | 12 548 473 | 8 790 737 |
| <hr/> | | |

Facilities and equipment

| | | |
|----------------------|-------------------|------------------|
| Rental of facilities | 420 998 | 326 540 |
| | 12 969 471 | 9 117 277 |

22. Commission received

| | | |
|----------------------|------------|------------|
| Commissions received | 11 118 362 | 11 122 174 |
| <hr/> | | |

23. Other income

| | | |
|--------------------|-------------------|-------------------|
| Connection fees | 991 399 | 834 970 |
| Disconnection fees | 9 600 169 | 15 595 105 |
| Meter fees | 1 267 474 | 1 905 176 |
| Monitoring fees | 925 093 | 942 173 |
| Services rendered | 2 386 740 | 2 414 801 |
| Sundry income | 3 636 771 | 3 619 092 |
| Sundry services | 1 666 595 | 1 836 145 |
| | 20 474 250 | 27 147 462 |

24. Interest and dividends received

| | | |
|------------------------------------------|--------------------|--------------------|
| Dividend revenue | | |
| Unlisted shares - Local | 14 033 | 17 251 |
| <hr/> | | |
| Interest revenue | | |
| Bank and investments | 2 207 220 | 3 230 005 |
| Interest charged on consumer receivables | 152 128 771 | 123 872 104 |
| | 154 335 991 | 127 102 109 |
| | 154 350 024 | 127 119 360 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

25. Property rates

Rates received

| | | |
|-----------------------------------|--------------------|--------------------|
| Commercial | 125 361 490 | 169 549 572 |
| Residential | 86 085 094 | 83 795 254 |
| Small holdings and farms | 8 733 892 | 8 208 120 |
| State | 59 615 116 | 1 179 009 |
| Less: Income foregone - indigents | - | (276 908) |
| | 279 795 592 | 262 455 047 |

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

Valuations

| | | |
|--------------------------|-----------------------|-----------------------|
| Commercial | 5 340 389 012 | 4 323 778 590 |
| Residential | 12 724 813 001 | 12 574 978 411 |
| Small holdings and farms | 3 231 362 480 | 3 233 122 480 |
| State | 1 809 671 200 | 1 532 569 900 |
| Exempted | 119 219 000 | 1 271 624 102 |
| | 23 225 455 593 | 22 936 073 483 |

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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

26. Government grants and subsidies
Operating grants

| | | |
|------------------------------------------------|--------------------|--------------------|
| Equitable share | 385 851 295 | 402 908 668 |
| Extended public works program (EPWP) | 1 131 000 | 1 072 000 |
| Finance management grant (FMG) | 1 810 000 | 1 675 000 |
| Municipal systems improvement grant (MSIG) | - | 930 000 |
| Subsidies received | 2 000 000 | 500 000 |
| Sector education and training authority (SETA) | 1 199 505 | 3 330 319 |
| | 391 991 800 | 410 415 987 |

Capital grants

| | | |
|----------------------------------------------------------------|--------------------|--------------------|
| Energy efficiency and demand side management programme (EEDSM) | - | 2 595 706 |
| Municipal infrastructure grant (MIG) | 113 363 000 | 114 651 000 |
| | 113 363 000 | 117 246 706 |
| | 505 354 800 | 527 662 693 |

Conditional and Unconditional

Included in above are the following grants and subsidies received:

| | | |
|-------------------------------|--------------------|--------------------|
| Conditional grants received | 119 503 505 | 124 754 025 |
| Unconditional grants received | 385 851 295 | 402 908 668 |
| | 505 354 800 | 527 662 693 |

Equitable Share

| | | |
|--------------------------------------|---------------|---------------|
| Current year receipts | 385 851 295 | 402 908 668 |
| Conditions met - transfer to revenue | (385 851 295) | (402 908 668) |
| | - | - |

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 | 113 363 000 | 114 651 000 |
| Conditions met - transferred to revenue | (113 363 000) | (114 651 000) |
| | - | - |

This grant is used to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure utilised in providing

482

basic services for the benefit of poor households.

Finance Management Grant (FMG)

| | | |
|-----------------------------------------|-------------|-------------|
| Current-year receipts | 1 810 000 | 1 675 000 |
| Conditions met - transferred to revenue | (1 810 000) | (1 675 000) |

The purpose of this grant is to promote and support reforms to financial management and the implementation of the MFMA.

Municipal systems improvement grant (MSIG)

| | | |
|-----------------------------------------|---|-----------|
| Current-year receipts | - | 930 000 |
| Conditions met - transferred to revenue | - | (930 000) |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

26. Government grants and subsidies (continued)

The purpose of this grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government and the Municipal Systems Act, 2000 (Act No. 32 of 2000).

Integrated national electrification program (INEP)

| | | |
|-------------------------------------------------------------|-----------|----------------|
| Balance unspent at beginning of year | 600 001 | 1 018 931 |
| Current-year receipts | - | 600 000 |
| Grant withheld by National Treasury through equitable share | (600 001) | (1 018 930) |
| | - | 600 001 |

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

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

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

Energy efficiency and demand side management programme (EEDSM)

| | | |
|-------------------------------------------------------------|-----------|----------------|
| Balance unspent at beginning of year | 404 294 | 1 936 848 |
| Current-year receipts | - | 3 000 000 |
| Conditions met - transferred to revenue | - | (2 595 706) |
| Grant withheld by National Treasury through equitable share | (404 294) | (1 936 848) |
| | - | 404 294 |

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

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

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

Expanded public works programme (EPWP)

| | | |
|-------------------------------------------------------------|-------------|-------------|
| Balance unspent at beginning of year | - | 743 889 |
| Current-year receipts | 1 131 000 | 1 072 000 |
| Conditions met - transferred to revenue | (1 131 000) | (1 072 000) |
| Grant withheld by National Treasury through equitable share | - | (743 889) |
| | - | - |

The purpose of this grant is to subsidise municipalities to expand on work creation efforts through the use of labour intensive

484

delivery methods in identified focus areas.

Sector education and training authority (SETA)

| | | |
|-----------------------------------------|-------------|-------------|
| Balance unspent at beginning of year | - | 2 324 817 |
| Current-year receipts | 1 199 506 | 1 005 502 |
| Conditions met - transferred to revenue | (1 199 506) | (3 330 319) |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

26. Government grants and subsidies (continued)

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

Integrated National Electrification Programme (INEP)

| | | |
|-----------------------------------------|---|-------------|
| Current-year receipts | - | 6 900 000 |
| Conditions met - transferred to revenue | - | (6 900 000) |
| | - | - |

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

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

Subsidies

| | | |
|---------------------------------------------|-------------|-----------|
| Current-year receipts (Provincial Treasury) | - | 500 000 |
| Current-year receipts (Cogta) | 2 000 000 | - |
| Conditions met - transferred to revenue | (2 000 000) | (500 000) |
| | - | - |

Cooperative Governance and Traditional Affairs paid for the professional fees based on the turn around plan on behalf of the Municipality, in the prior year Provincial Treasury paid audit fees on behalf of the municipality to the Auditor General.

Changes in level of government grants

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

27. Licences and permits

| | | |
|----------------------|--------|--------|
| Licences and permits | 79 752 | 67 371 |
| | - | - |

28. Donations received

| | | |
|--------------------------------------|-------------|------------|
| Infrastructure & Investment property | 209 300 121 | 40 887 463 |
| | - | - |

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

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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

29. Employee related costs

| | | |
|-----------------------------------|--------------------|--------------------|
| Basic salaries | 357 793 739 | 342 152 912 |
| Bonuses | 25 216 218 | 23 495 894 |
| Pension | 52 280 431 | 47 253 894 |
| Other long term employee benefits | 1 910 089 | 2 294 440 |
| Employee benefits - medical aid | 29 231 458 | 21 499 080 |
| Group life insurance | 1 552 792 | 1 353 647 |
| Housing allowances | 3 664 008 | 3 676 556 |
| Leave pay provision charge | 11 958 399 | 17 771 803 |
| Medical aid | 37 359 426 | 29 655 910 |
| Other allowances | 25 543 063 | 19 598 254 |
| Overtime payments | 67 307 940 | 63 497 852 |
| Transport allowance | <u>31 489 024</u> | <u>30 859 660</u> |
| UIF | 3 661 965 | 3 440 683 |
| SDL | <u>5 665 170</u> | <u>5 260 263</u> |
| | 654 633 722 | 611 810 848 |

Remuneration of Municipal Manager - Lepheane MF

| | | |
|-------------------------------------------------|------------------|------------------|
| Annual Remuneration | 1 769 030 | 1 745 493 |
| Leave pay | 407 050 | - |
| Contributions to UIF, Medical and Pension Funds | 69 660 | 43 846 |
| | 2 245 740 | 1 789 339 |

The Municipal Manager was placed on special leave as per the council resolution number (5/2/2)(5/1/2/1) dated 14 February 2017.

Remuneration of Municipal Manager - Tsoaeli TE

| | | |
|-------------------------------------------------|------------------|------------------|
| Annual Remuneration | 1 106 985 | 1 005 997 |
| Car Allowance | 363 894 | 363 894 |
| Contributions to UIF, Medical and Pension Funds | 206 285 | 182 864 |
| | 1 677 164 | 1 552 755 |

The Chief Financial Officer (Mr Tsoaeli) has been acting as Municipal Manager as from 15 February 2017.

Remuneration of Chief Financial Officer - Williams LB

| | | |
|-------------------------------------------------|------------------|---|
| Annual Remuneration | 693 101 | |
| Car Allowance | 187 142 | - |
| Contributions to UIF, Medical and Pension Funds | 126 915 | |
| | 1 007 158 | |

Manager Budget (Williams LB) has been acting as the Chief Financial Officer as from 14 February 2017.

487

Remuneration of Director Infrastructure - Maswanganyi HB (Tlhabane)

| | | |
|-------------------------------------------------|------------------|---|
| Annual Remuneration | 946 649 | - |
| Car Allowance | 240 000 | - |
| Contributions to UIF, Medical and Pension Funds | 42 879 | - |
| | 1 229 528 | - |

Remuneration of Director Corporate Support Services - Wetes FF

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

29. Employee related costs (continued)

| | | |
|-------------------------------------------------|------------------|------------------|
| Annual Remuneration | 1 219 790 | 994 699 |
| Contributions to UIF, Medical and Pension Funds | 60 991 | 25 011 |
| | 1 280 781 | 1 019 710 |

Remuneration of Director Community Services - Mogopodi MRE

| | | |
|-------------------------------------------------|------------------|------------------|
| Annual Remuneration | 845 354 | 989 446 |
| Car Allowance | 83 603 | 143 319 |
| Contributions to UIF, Medical and Pension Funds | 113 389 | 171 094 |
| | 1 042 346 | 1 303 859 |

The Director Corporate Services(Mogopodi MRE) left the services of the municipality as at 28 February 2017.

Remuneration Director Community Services - Atolo MT

| | | |
|-------------------------------------------------|------------------|---|
| Annual Remuneration | 647 459 | - |
| Car Allowance & Housing Subsidy | 216 768 | - |
| Contributions to UIF, Medical and Pension Funds | 140 899 | - |
| | 1 005 126 | - |

Remuneration Director Strategic Support Services - Makofane TB

| | | |
|-------------------------------------------------|------------------|------------------|
| Annual Remuneration | 1 189 349 | 1 156 318 |
| Contributions to UIF, Medical and Pension Funds | 37 203 | 24 913 |
| | 1 226 552 | 1 181 231 |

Remuneration Director Local Economic Development & Planning - Msweli XF

| | | |
|-------------------------------------------------|------------------|------------------|
| Annual Remuneration | 969 188 | 1 152 104 |
| Car Allowance | 77 000 | 132 000 |
| Contributions to UIF, Medical and Pension Funds | 38 919 | 47 731 |
| | 1 085 107 | 1 331 835 |

The Director Local Economic Development & Planning(Msweli XF) has left the services of the municipality as at 28 February 2017

Remuneration Director Local Development & Planning - Mothekhe MMG

| | | |
|-------------------------------------------------|------------------|---|
| Annual Remuneration | 639 186 | - |
| Car Allowance | 213 264 | - |
| Contributions to UIF, Medical and Pension Funds | 158 623 | - |
| | 1 011 073 | - |

30. Remuneration of councillors

489

| | | |
|-----------------|-------------------|-------------------|
| Executive Mayor | 1 050 798 | 964 775 |
| Councillors | 27 740 202 | 26 225 867 |
| | 28 791 000 | 27 190 642 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

30. Remuneration of councillors (continued)

In-kind benefits

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

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

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

Details of remuneration for the year ended 30 June

2017

| Name of councillor | Annual remuneration | Car allowance to UIF, medical and pension funds | 30 June 2017 Total |
|--------------------|------------------------|----------------------------------------------------------|-----------------------|
| Badenhorst MJ | 240 075 | 72 250 | 314 590 |
| Bedenhost HS | 216 422 | 64 462 | 280 884 |
| Banyane ME | 24 026 | 7 502 | 33 793 |
| Beneke R | 24 026 | 7 502 | 33 793 |
| Botha PF | 213 672 | 72 250 | 314 412 |
| Chaka CP | 26 140 | 7 502 | 35 907 |
| Chaka MS | 267 547 | - | 280 795 |
| Claasen Malherbe C | 216 422 | 64 462 | 280 884 |
| Dali VN | 22 777 | 7 502 | 33 797 |
| Daly A | 216 422 | 64 462 | 280 884 |
| De Villiers MT | 24 026 | 7 502 | 33 793 |
| Direko DR | 15 971 | 4 076 | 20 047 |
| Direko DR | 484 969 | 144 049 | 637 658 |
| Fanie DS | 24 026 | 7 502 | 33 793 |
| Fourie JJC | 24 026 | 7 502 | 33 793 |
| Jacobs EJ | 206 287 | 64 462 | 280 684 |
| Kabi M | 36 901 | 11 578 | 49 58 |
| Kabi ME | 427 450 | 144 048 | 600 471 |
| Khalipha TD | 442 314 | 144 049 | 600 763 |
| Khalipha TD | 35 866 | 11 578 | 49 58 |
| Khetsi LE | 206 287 | 64 462 | 280 684 |
| Khethule MJ | 206 287 | 64 462 | 280 684 |
| Kockera SC | 22 777 | 7 502 | 33 797 |
| Lethlape TW | 208 759 | 64 462 | 280 734 |
| Liphoko SJ | 216 422 | 64 462 | 280 884 |
| Lushaba TB | 15 971 | 4 076 | 20 047 |
| Lushaba TB | 490 332 | 144 049 | 646 662 |
| Mabote TL | 24 026 | 7 502 | 33 793 |
| Macingwane TM | 207 523 | 64 462 | 280 709 |
| Mafa DM | 216 865 | 72 250 | 317 604 |
| Mafaisa MG | 198 160 | 64 462 | 280 696 |
| Mafongosi ZV | 24 026 | 7 502 | 33 793 |
| Mahlumba BH | 262 754 | 69 580 | 348 737 |
| Makgowe PV | 23 812 | 7 502 | 34 832 |
| Malefane DE | 24 026 | 7 502 | 33 793 |
| Manenye AJ | 206 287 | 64 462 | 280 684 |

491

| | | | | |
|---------------|---------|---------|--------|---------|
| 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 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

30. Remuneration of councillors (continued)

| | | | | |
|---------------|---------|---------|--------|---------|
| 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 |
| Mokhomu HA | 281 109 | 77 367 | 29 561 | 388 037 |
| Mokotedi TG | 24 026 | 7 502 | 2 265 | 33 793 |
| Molefi M | 260 500 | - | 21 386 | 281 886 |
| Molelekao PMI | 233 249 | 72 250 | 12 201 | 317 700 |
| Molelekao 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 |
| Ntsebeng MH | 51 855 | 18 667 | 6 889 | 77 411 |
| Nthuli BN | 206 287 | 64 462 | 9 936 | 280 685 |
| Petleki KI | 22 777 | 7 502 | 3 518 | 33 797 |
| Phetise ME | 24 891 | 7 502 | 3 518 | 35 911 |
| Phofeli NM | 210 662 | 64 462 | 5 760 | 280 884 |
| Pholo SJ | 200 089 | 64 462 | 17 977 | 282 528 |
| Pina NJ | 24 026 | 7 502 | 2 265 | 33 793 |
| Poo IP | 250 558 | 4 076 | 26 114 | 280 748 |
| Presente LN | 216 422 | 64 462 | - | 280 884 |
| Qwesha GL | 22 777 | 7 502 | 3 517 | 33 796 |
| Radebe MC | 36 901 | 11 578 | 4 958 | 53 437 |
| Radebe ML | 14 531 | 4 076 | 1 440 | 20 047 |
| Radebe MC | 419 819 | 144 049 | 37 716 | 601 584 |
| Radebe ML | 448 200 | 144 049 | 12 960 | 605 209 |

493

| | | | | |
|---------------|---------|--------|--------|---------|
| Radebe ML | 51 855 | 18 667 | 6 889 | 77 411 |
| Rakaki MM | 206 287 | 64 462 | 9 935 | 280 684 |
| Ramabobu BM | 175 226 | 51 713 | - | 226 939 |
| Ramalefane SJ | 254 697 | - | 26 114 | 280 811 |
| Ramatisa | 257 114 | - | 23 695 | 280 809 |
| Riet MI | 25 061 | 7 502 | 2 265 | 34 828 |
| Rubulana L | 53 104 | 18 667 | 5 637 | 77 408 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

30. Remuneration of councillors (continued)

| | | | | |
|---------------------------|-------------------|------------------|------------------|-------------------|
| Schlebusch CJ | 189 606 | 64 462 | 26 576 | 280 644 |
| Sebotsa MM | 220 540 | 41 305 | 18 881 | 280 726 |
| Senxezi ME | 207 782 | 64 462 | 8 640 | 280 884 |
| Sephiri MJ | 15 317 | 5 028 | 1 440 | 21 785 |
| Sephiri MJ | 424 957 | 141 681 | 37 716 | 604 354 |
| Sephiri MJ | 51 855 | 18 667 | 6 889 | 77 411 |
| Sifatya Z | 24 026 | 7 502 | 2 265 | 33 793 |
| Sithole MA | 206 287 | 64 462 | 9 935 | 280 684 |
| Speelman NW | 24 026 | 7 502 | 2 265 | 33 793 |
| Speelman NW | 740 766 | 205 588 | - | 946 354 |
| Stofile B | 543 636 | 184 382 | 44 913 | 772 931 |
| Styger A | 240 075 | 72 250 | 2 265 | 314 590 |
| Taliwe FE | 59 720 | 18 667 | 5 637 | 84 024 |
| Taljaard SDM | 222 986 | 72 250 | 19 358 | 314 594 |
| Thateng MJ | 25 061 | 7 502 | 2 265 | 34 828 |
| Thelingoane TJ | 229 940 | 72 250 | 12 201 | 314 391 |
| Thelingoane NE | 196 924 | 64 462 | 19 313 | 280 699 |
| Tlake KR | 225 101 | 72 250 | 19 358 | 316 709 |
| Tlhone ML | 42 073 | 8 526 | 4 320 | 54 919 |
| Tlhone ML | 63 900 | 5 184 | 8 246 | 77 330 |
| Tsatsa SJ | 213 672 | 72 250 | 28 490 | 314 412 |
| Tshabangu SE | 216 422 | 64 462 | - | 280 884 |
| Tshopo ME | 15 971 | 4 076 | - | 20 047 |
| Tshopo ME | 450 954 | 144 049 | 5 760 | 600 763 |
| Tsoaeli ME | 207 753 | 64 462 | 9 935 | 282 150 |
| Tsubane ME | 23 812 | 7 502 | 3 518 | 34 832 |
| Tsubella KS | 29 249 | 3 758 | 2 642 | 35 649 |
| Tsupa MR | 200 505 | 64 462 | 17 973 | 282 940 |
| Twala MJ | 53 104 | 18 667 | 5 637 | 77 408 |
| Van Rooyen MS | 240 075 | 72 250 | 2 265 | 314 590 |
| Van Rooyen KV | 25 061 | 7 502 | 2 265 | 34 828 |
| Van Schalkwyk HCT | 229 940 | 72 250 | 12 201 | 314 391 |
| Vanga NM | 22 777 | 7 502 | 3 517 | 33 796 |
| Madumise MM(Court Order) | 23 875 | - | - | 23 875 |
| | 21 180 734 | 6 102 767 | 1 248 130 | 28 531 631 |

Details of remuneration for the year ended 30 June

2016

Name of councillor

| | Annual remuneration | Car allowance | Contributions to UIF, medical and pension funds | 30 June 2016 Total |
|----------------|------------------------|---------------|----------------------------------------------------------|-----------------------|
| Badenhorst MJ | 202 865 | 69 471 | 26 415 | 298 751 |
| Banyane ME | 202 865 | 69 471 | 26 415 | 298 751 |
| Beneke R | 202 865 | 69 471 | 26 415 | 298 751 |
| Botha PF | 187 839 | 69 471 | 41 441 | 298 751 |
| Chaka CP | 202 865 | 69 471 | 26 415 | 298 751 |
| Dali VN | 187 839 | 69 471 | 41 441 | 298 751 |
| De Villiers MT | 202 865 | 69 471 | 26 415 | 298 751 |
| Fanie DS | 202 865 | 69 471 | 26 415 | 298 751 |
| Fourie JJC | 202 865 | 69 471 | 26 415 | 298 751 |

495

| | | | | |
|--------------|---------|--------|--------|---------|
| Kabi M | 187 839 | 69 471 | 41 441 | 298 751 |
| Khalipha TD | 187 839 | 69 471 | 41 441 | 298 751 |
| Kockera SC | 187 839 | 69 471 | 41 441 | 298 751 |
| Mabote TL | 202 865 | 69 471 | 26 415 | 298 751 |
| Madumise MM | 202 865 | 69 471 | 26 415 | 298 751 |
| Mafa DM | 187 839 | 69 471 | 41 441 | 298 751 |
| Mafongosi ZF | 202 865 | 69 471 | 26 415 | 298 751 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

30. Remuneration of councillors (continued)

| | | | | |
|----------------|---------|---------|---------|---------|
| Makgowe PV | 187 839 | 69 471 | 41 441 | 298 751 |
| Malefane DE | 202 865 | 69 471 | 26 415 | 298 751 |
| Marais JS | 229 280 | 69 471 | - | 298 751 |
| Masienyane MD | 428 361 | 161 335 | 76 512 | 666 208 |
| Mbambo AX | 187 839 | 69 471 | 41 441 | 298 751 |
| Mbana AM | 458 540 | 172 858 | 80 903 | 712 301 |
| Meli TS | 187 839 | 69 471 | 41 441 | 298 751 |
| Menyatso KJ | 461 044 | 172 858 | 78 399 | 712 301 |
| Mfebe SE | 458 540 | 172 858 | 80 903 | 712 301 |
| Mholo PP | 202 865 | 69 471 | 26 415 | 298 751 |
| Mlangeni MG | 202 865 | 69 471 | 26 415 | 298 751 |
| Mokhomoh HA | 187 839 | 69 471 | 41 441 | 298 751 |
| Mokotedi TG | 202 865 | 69 471 | 26 415 | 298 751 |
| Molelekao PMI | 202 865 | 69 471 | 26 415 | 298 751 |
| Molelekao PA | 187 839 | 69 471 | 41 441 | 298 751 |
| Molete TN | 202 865 | 69 471 | 26 415 | 298 751 |
| Molupe RT | 187 839 | 69 471 | 41 441 | 298 751 |
| Monjovo NE | 187 839 | 69 471 | 41 441 | 298 751 |
| Morris VR | 187 839 | 69 471 | 41 441 | 298 751 |
| Mosala MS | 202 865 | 69 471 | 26 415 | 298 751 |
| Mothege MA | 202 865 | 69 471 | 26 415 | 298 751 |
| Motshabi MP | 473 566 | 172 858 | 65 877 | 712 301 |
| Mphikeli MA | 202 865 | 69 471 | 26 415 | 298 751 |
| Naude HJ | 202 865 | 69 471 | 26 415 | 298 751 |
| Ngangelizwe S | 630 392 | 230 478 | 102 862 | 963 732 |
| Ngeobo ME | 151 957 | 52 103 | 20 003 | 224 063 |
| Ntlele KI | 202 865 | 69 471 | 26 415 | 298 751 |
| Ntsebeng MH | 458 540 | 172 858 | 80 903 | 712 301 |
| Petleki KI | 187 839 | 69 471 | 41 441 | 298 751 |
| Phetise ME | 187 839 | 69 471 | 41 441 | 298 751 |
| Pina NJ | 202 865 | 69 471 | 26 415 | 298 751 |
| Qwesha GL | 187 839 | 69 471 | 41 441 | 298 751 |
| Radebe MC | 187 839 | 69 471 | 41 441 | 298 751 |
| Radebe ML | 458 540 | 172 858 | 80 903 | 712 301 |
| Riet MI | 202 865 | 69 471 | 26 415 | 298 751 |
| Rubulana L | 473 566 | 172 858 | 65 877 | 712 301 |
| Sephiri MJ | 458 540 | 172 858 | 80 903 | 712 301 |
| Sifatya Z | 202 865 | 69 471 | 26 415 | 298 751 |
| Speelman NW | 202 865 | 69 471 | 26 415 | 298 751 |
| Stofile B | 488 720 | 184 382 | 85 295 | 758 397 |
| Styger A | 202 865 | 69 471 | 26 415 | 298 751 |
| Taliwe FE | 473 566 | 172 858 | 65 877 | 712 301 |
| Taljaard SDM | 187 839 | 69 471 | 41 441 | 298 751 |
| Thateng MJ | 202 865 | 69 471 | 26 415 | 298 751 |
| Thelingoane TJ | 202 865 | 69 471 | 26 415 | 298 751 |
| Tlake KR | 187 839 | 69 471 | 41 441 | 298 751 |
| Tlhone ML | 567 700 | 48 000 | 96 601 | 712 301 |
| Tsatsa SJ | 187 839 | 69 471 | 41 441 | 298 751 |
| Tsubane ME | 187 839 | 69 471 | 41 441 | 298 751 |
| Tsubella KS | 233 270 | 34 800 | 30 681 | 298 751 |
| Twala MJ | 473 566 | 172 858 | 65 877 | 712 301 |
| Van Rooyen MS | 202 865 | 69 471 | 26 415 | 298 751 |

497

| | | | | |
|-------------------|-------------------|------------------|------------------|-------------------|
| Van Rooyen KV | 202 865 | 69 471 | 26 415 | 298 751 |
| Van Schalkwyk HCT | 202 865 | 69 471 | 26 415 | 298 751 |
| Vanga NM | 187 839 | 69 471 | 41 441 | 298 751 |
| | 17 986 800 | 6 260 583 | 2 930 384 | 27 177 767 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

31. Depreciation and amortisation

| | | |
|-------------------------------|-------------|-------------|
| Property, plant and equipment | 210 591 424 | 207 909 516 |
|-------------------------------|-------------|-------------|

32. Finance costs

| | | |
|--------------------------|--------------------|--------------------|
| Bank | 260 195 | 114 537 |
| Employee benefits | 37 877 201 | 30 912 050 |
| Trade and other payables | 186 393 885 | 90 886 741 |
| Provisions | 1 029 424 | (2 339 282) |
| | 225 560 705 | 119 574 046 |

33. Debt impairment

| | | |
|-------------------------------------|-------------|-------------|
| Contributions to bad debt provision | 350 487 460 | 642 251 730 |
|-------------------------------------|-------------|-------------|

Reconciliation of allowance for impairment

| | | |
|-----------------------------------------------|------------------------|------------------------|
| Balance at the beginning of the year | (1 379 340 642) | (903 419 595) |
| Contribution to allowance | (350 487 460) | (648 290 390) |
| VAT provision on impairment | (189 379 045) | - |
| Prior period error | - | 6 038 660 |
| Debt impairment written off against allowance | 188 374 711 | 166 330 683 |
| | (1 730 832 436) | (1 379 340 642) |

Prior Period error on Impairment

The prior year impairment was overstated with Matjhabeng accounts amounting to R6 038 660.

34. Bulk purchases

| | | |
|-------------|--------------------|--------------------|
| Electricity | 424 770 185 | 403 197 539 |
| Water | 468 651 889 | 451 755 625 |
| | 893 422 074 | 854 953 164 |

35. Contracted services

| | | |
|------------------------|--------------------|--------------------|
| Legal services | 19 103 569 | 18 258 434 |
| Meter reading services | 14 118 945 | 13 567 502 |
| Professional services | 59 713 281 | 30 517 964 |
| Security services | 61 485 946 | 42 812 969 |
| Valuation services | 13 061 737 | 5 303 960 |
| | 167 483 478 | 110 460 829 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

36. General expenses

| | | |
|----------------------------------------|--------------------|--------------------|
| Advertising | 4 698 442 | 5 746 504 |
| Audit fees | 7 181 583 | 7 196 542 |
| Bank charges | 3 273 312 | 2 965 664 |
| Cleaning | 906 057 | 1 159 716 |
| Community development and training | 8 765 464 | 2 940 345 |
| Conferences and seminars | 241 973 | 32 500 |
| Connection and disconnection of meters | 11 178 089 | 6 251 903 |
| Entertainment | 1 507 566 | 1 232 734 |
| Insurance | 27 480 548 | 34 327 170 |
| License fees | 5 939 030 | 5 038 910 |
| Marketing | 130 500 | 25 500 |
| Medical expenses | 156 450 | 470 |
| Motor vehicle expenses | 61 320 766 | 33 903 909 |
| Operating cost of equipment | 15 022 073 | 11 829 513 |
| Pest control | 240 719 | 40 552 |
| Printing and stationery | 2 706 756 | 2 414 032 |
| Subscriptions and membership fees | 8 662 085 | 9 369 748 |
| Subsistence and travel | 4 561 965 | 3 158 366 |
| Sundry expenses | 6 468 794 | 3 574 219 |
| Telephone and fax | 11 283 640 | 13 516 470 |
| Training | 2 626 631 | 2 165 232 |
| Uniforms | 12 772 265 | 9 973 251 |
| Expired traffic fines | 9 797 847 | - |
| Assets expensed | 1 105 828 | 963 171 |
| Chemicals | 88 800 | - |
| Other expenses | 39 000 | - |
| | 208 156 183 | 157 826 421 |

37. Fair value adjustments

| | | |
|------------------------------------------------------------|--------------|-------------------|
| Investment property (Fair value model) | | 38 331 907 |
| Other financial assets | | |
| • Other financial assets (Designated as at FV through P&L) | 1 608 | (8 217) |
| | 1 608 | 38 323 690 |

38. Auditors' remuneration

| | | |
|------|-----------|-----------|
| Fees | 7 181 583 | 7 196 542 |
|------|-----------|-----------|

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

39. Cash generated from operations

| | | |
|--------------------------------------------------------|--------------------|-------------------|
| Deficit | (550 278 708) | (793 381 806) |
| Adjustments for: | | |
| Depreciation and amortisation | 210 591 424 | 207 909 516 |
| Loss on sale of assets and liabilities | - | (16 098) |
| Fair value adjustments | (1 608) | (38 323 690) |
| Impairment deficit | - | 255 832 |
| Debt impairment | 350 487 460 | 642 251 730 |
| Movements in retirement benefit assets and liabilities | 23 436 725 | 17 499 056 |
| Movements in provisions | 1 029 424 | (2 339 282) |
| Actuarial gain / (loss) | (6 265 561) | 20 628 827 |
| Donations received | (209 300 121) | (40 887 463) |
| Interest received - receivables | (152 128 771) | (123 872 104) |
| Finance cost - Employee benefit obligation | 37 877 201 | 30 912 050 |
| Finance cost - Trade and other payables | 186 393 885 | 90 886 741 |
| Changes in working capital: | | |
| Inventories | 2 327 965 | 359 017 |
| Other receivables | 4 464 771 | (5 604 155) |
| Consumer debtors | (220 153 694) | (333 132 508) |
| Other receivables from non-exchange transactions | (4 945 256) | (19 626 538) |
| Payables from exchange transactions | 750 890 895 | 490 744 666 |
| VAT | (268 590 401) | (44 124 955) |
| Unspent conditional grants and receipts | (1 004 295) | (5 020 190) |
| Consumer deposits | 2 070 291 | 957 468 |
| | 156 901 626 | 96 076 114 |

40. Financial instruments disclosure

Categories of financial instruments

2017

Financial assets

| | At fair value | At cost | Total |
|----------------------------------------------------------|----------------|--------------------|--------------------|
| Other receivables | - | 22 594 263 | 22 594 263 |
| Receivables from non exchange transactions | - | 123 606 074 | 123 606 074 |
| 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) | - | 27 871 | 27 871 |
| Receivables from exchange transactions (non current) | - | 276 196 | 276 196 |
| | 332 598 | 777 624 384 | 777 956 982 |

501

Financial liabilities

| | At cost | Total |
|-------------------------------------|----------------------|----------------------|
| Payables from exchange transactions | 3 753 085 015 | 3 753 085 015 |
| Consumer deposits | 38 320 875 | 38 320 875 |
| Bank overdraft | 7 644 182 | 7 644 182 |
| | 3 799 050 072 | 3 799 050 072 |

2016

Financial assets

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

Financial instruments disclosure (continued)

| | At fair value | At cost | Total |
|----------------------------------------------------------|----------------|--------------------|--------------------|
| Other receivables | - | 27 059 034 | 27 059 034 |
| Receivables from non-exchange transactions | - | 131 261 067 | 131 261 067 |
| Receivables from exchange transactions | - | 589 688 720 | 589 688 720 |
| Cash and cash equivalents | - | 11 520 330 | 11 520 330 |
| Other financial assets | 330 990 | - | 330 990 |
| Receivables from non-exchange transactions (non current) | - | 511 134 | 511 134 |
| Receivables from exchange transactions (non current) | - | 4 060 246 | 4 060 246 |
| | 330 990 | 764 100 531 | 764 431 521 |

Financial liabilities

| | At cost | Total |
|---------------------------------------------|----------------------|----------------------|
| Payables from exchange transactions | 2 815 800 231 | 2 815 800 231 |
| Consumer deposits | 36 250 584 | 36 250 584 |
| Unspend conditional grant and receipts | 1 004 295 | 1 004 295 |
| Cash and cash equivalents (Bank overdraft) | 2 603 485 | 2 603 485 |
| | 2 855 658 595 | 2 855 658 595 |

41. Commitments

Authorised capital expenditure

Already contracted for but not provided for

| | | |
|---------------------------------|-------------------|--------------------|
| • Property, plant and equipment | 77 144 143 | 119 311 853 |
| • Prior period error | - | 3 455 511 |
| | 77 144 143 | 122 767 364 |

Total capital commitments

Already contracted for but not provided for

77 144 143 **122 767 364**

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

Operating leases - as lessee (expense)

Minimum lease payments due

| | | |
|-------------------------------------|------------------|------------------|
| - within one year | 1 236 257 | 1 150 329 |
| - in second to fifth year inclusive | 2 197 571 | 3 433 828 |
| | 3 433 828 | 4 584 157 |

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

Leases are negotiated for an average term of three years and rentals change contractually..

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

42. Contingencies

Contingent liabilities

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

| Nature of litigation | Possible rand value of claim - 2017 | Possible rand value of claim - 2016 | Number of litigations - 2017 | Number of litigations - 2016 |
|------------------------------|-------------------------------------|-------------------------------------|------------------------------|------------------------------|
| Civil litigation | 42 411 478 | 52 016 081 | 14 | 28 |
| Claims for services rendered | 3 482 813 | 397 813 | 4 | 6 |
| Conveyancing | - | 80 000 | 1 | 3 |
| Demolition order | - | - | - | 4 |
| Eviction notice | 60 000 | 60 000 | 6 | 5 |
| High Court application | - | - | - | 1 |
| Interdict application | - | - | 2 | 2 |
| Investigation | - | - | - | 1 |
| Labour related matter | 5 892 934 | 2 597 279 | 11 | 8 |
| Legal opinion | | | 3 | 2 |
| Motion proceedings | 162 689 | - | 2 | 1 |
| Public liability claim | 849 134 | 487 444 | 5 | 4 |
| | 52 859 048 | 55 638 617 | 48 | 65 |

Prior period error:

The comparative figures for contingent liabilities were restated due to duplicates on the contingent liability register used for the 30 June 2016 financial statements.

Contingent assets

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

| Nature of litigation | Possible rand value of claim - 2017 | Possible rand value of claim - 2016 | Number of litigations - 2017 | Number of litigations - 2016 |
|------------------------|-------------------------------------|-------------------------------------|------------------------------|------------------------------|
| Civil litigation | 314 782 | 91 619 | 1 | 1 |
| High Court application | | | | 1 |
| Labour related matter | 298 414 | 26 666 | 2 | 5 |
| Legal opinion | 10 343 637 | - | 1 | 2 |
| | 10 956 833 | 118 285 | 4 | 9 |

Prior period error:

The comparative figures for contingent assets were restated due to duplicates on the contingent asset register used for the 30 June 2016 financial statements.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

43. Related parties

Relationships

| | |
|---------------------------|------------------|
| Members of key management | Refer to note 29 |
| Members of Council | Refer to note 30 |

Related party balances

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

Related party transactions

Purchases from (sales to) related parties

| | | |
|--------------|------------|-----------|
| MBV Security | 14 271 987 | 9 075 282 |
|--------------|------------|-----------|

Key management and Councillors receive and pay for services on the same terms and conditions as other rate payers. These transactions are recorded at arm's length.

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

44. Prior period error and change in accounting policy

Prior year figures were restated due to prior period errors, the nature of the prior period errors were due to the following: -

VAT was restated due errors that were identified in payables and expenditure in the 2016 financial year;

- Investment property was restated due to the incorrect classification as property plant and equipment;
- Payables and contracted service were restated due to legal cases that were finalised in the current financial year for services rendered in the prior years;
- Finance cost and general expenditure were restated due to legal matters that were finalised in the current financial year; -

PPE and depreciation were restated due to recognition of newly found assets.

- Fruitless and wasteful expenditure was restated due to the restatement to payables.

- The disclosure amount on employee benefits was restated due to a typing error in the previous year. -

Commitments was restated due to the restatement of payables.

- Contingencies was restated due to duplications in the 2016 contingency register used to compile the financial statements

Bulk purchases was restated due to one Sedibeng account that was not included in the 2015/2016 financial year and confirmed by the Sedibeng confirmation as at 30 June 2016.

Receivables and service charges were restated due to the removal of Municipal accounts in the books of the municipality.

Debt impairment was restated due to reversal of municipal accounts that were fully impaired in the books of the municipality.

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

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

| | Original audited 2016 figures | Prior period errors | Restated 2016 figures |
|--------------------------------------------|----------------------------------|------------------------|--------------------------|
| Statement of Financial Position | | | |
| Receivables from non-exchange transactions | 123 700 990 | 7 560 076 | 131 261 066 |
| Receivables from exchange transactions | 591 257 675 | (1 568 956) | 589 688 719 |
| VAT receivable | 141 534 807 | 41 089 128 | 182 623 935 |
| Investment property - Cost | 730 614 229 | 1 672 175 | 732 286 404 |
| Property, plant and equipment | 4 517 976 923 | 9 790 834 | 4 527 767 757 |
| Payables from exchange transactions | (2 692 812 194) | (122 988 042) | (2 815 800 236) |
| Statement of Financial Performance | | | |
| Service charges | 945 308 825 | (1 186 243) | 944 122 582 |
| Depreciation | (206 316 233) | (1 593 283) | (207 909 516) |
| Finance costs | (119 480 326) | (93 720) | (119 574 046) |
| Repairs and maintenance | (39 804 219) | 35 754 | (39 768 465) |
| Bulk purchases | (810 072 732) | (14 880 433) | (854 053 165) |
| Contracted services | (106 421 922) | (4 038 908) | (110 460 830) |
| General expenses | (160 763 861) | 2 937 439 | (157 826 422) |
| Debt impairment | (648 290 390) | 6 038 660 | (642 251 730) |
| Fair value adjustment | 38 205 550 | 118 140 | 38 323 690 |
| Total | 2 304 637 122 | (107 107 379) | 2 197 529 743 |
| Accumulated surplus | (2 976 633 196) | 64 444 486 | (2 912 188 710) |
| | - | (42 662 893) | - |

Notes to the Financial Statements

| | Original audited 2016 figures | Prior period errors | Restated 2016 figures |
|------------------------------------|----------------------------------------|------------------------|--------------------------|
| Contingent liabilities | | | |
| Fruitless and wasteful expenditure | 165 002 645 | 93 720 | 165 096 365 |
| Employee benefits | 49 642 382 | 6 549 026 | 56 191 408 |
| Commitments | 119 311 853 | 3 455 511 | 122 767 364 |
| Contingent assets | 75 944 280 | (20 305 663) | 55 638 617 |
| Irregular expenditure | 433 067 | (551 352) | 118 285 |
| | 305 669 955 | 3 818 622 | 309 488 577 |
| | - | (6 940 136) | - |

45. Comparative figures

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

46. Risk management

Financial risk management

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

46. Risk management (continued)

Liquidity risk

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

| At 30 June 2017 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|-----------------------------------------|------------------|-----------------------|-----------------------|--------------|
| Trade and other payables | 3 753 085 015 | - | - | - |
| Consumer deposits | 38 320 875 | - | - | - |
| Bank overdraft | 7 644 182 | - | - | - |
| At 30 June 2016 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
| Payables from exchange transactions | 2 815 800 231 | - | - | - |
| Consumer deposits | 36 250 584 | - | - | - |
| Unspent conditional grants and receipts | 1 004 295 | - | - | - |
| Bank overdraft | 2 603 485 | - | - | - |

Credit risk

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

Receivables comprise of a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

| Financial instrument | 2017 | 2016 |
|----------------------------------------------------------|-------------|-------------|
| Other financial assets | 332 598 | 330 990 |
| Other receivables | 22 594 263 | 27 059 034 |
| Receivables from non-exchange transactions | - | 123 700 990 |
| Receivables from exchange transactions | 628 351 286 | 591 257 675 |
| Cash and cash equivalents | 2 768 694 | 11 520 330 |
| Receivables from non-exchange transactions (non-current) | 27 871 | 511 134 |
| Receivables from exchange transactions (non-current) | 276 196 | 4 060 246 |

Market risk

Interest rate risk

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

47. Going concern

We draw attention to the fact that at 30 June 2017, the municipality had accumulated surplus of R 2 361 909 711 and that the municipality's total assets exceed its liabilities by R 2 361 909 711.

The municipality had a deficit of R 550 278 707. (2016: R 793 381 803) for the year. The current liabilities exceeds the current assets by R2 576 323 820. (2016: R1 915 613 789).

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

47. Going concern (continued)

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

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

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

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

48. Events after the reporting date

During a council meeting held 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 R413 701 258 incurred during 2016/2017 financial year as irrecoverable and to be written off as irregular expenditure

Council certified an amount of R157 128 450 incurred during 2016/2017 financial year as irrecoverable and to be written off as Fruitless and Wasteful expenditure.

49. Unauthorised expenditure

| | | |
|------------------------------------------|----------------------|--------------------|
| Opening balance | 977 994 508 | 3 959 722 706 |
| Unauthorised expenditure | 1 031 091 788 | 812 398 971 |
| Less: Amounts written off by the council | (977 994 508) | (3 794 127 169) |
| | 1 031 091 788 | 977 994 508 |

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

50. Fruitless and wasteful expenditure

| | | |
|--------------------------------------------|--------------------|--------------------|
| Opening balance | 165 096 365 | 504 645 763 |
| Fruitless and wasteful expenditure | 186 771 314 | 149 978 569 |
| Prior period error adjustment 2016 figures | - | 93 720 |
| Amounts written off by the council | (157 128 450) | (489 621 687) |
| | 194 739 229 | 165 096 365 |

Detail of fruitless and wasteful expenditure

| | | |
|--------------------------------------------------|--------------------|--------------------|
| Eskom | 182 169 995 | 113 453 819 |
| Other avoidable expenditure and losses | - | 4 902 271 |
| Other creditors | 243 124 | 1 020 469 |
| Late contribution on pension funds | 504 904 | 270 420 |
| SARS VAT | 2 954 548 | 4 531 702 |
| Interest and penalties - Compensation commission | 898 743 | 824 913 |
| Material losses - avoidable water losses | - | 25 068 695 |
| | 186 771 314 | 150 072 289 |

509

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

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

50. Fruitless and wasteful expenditure (continued)

Fruitless and wasteful expenditure amounting to R157, 128,450 was certified by Council to be irrecoverable and to be written-off.

51. Irregular expenditure

| | | |
|-----------------------------------------|--------------------|--------------------|
| Opening balance | 429 171 360 | 939 053 077 |
| Add: Irregular Expenditure - prior year | - | 3 818 622 |
| Irregular expenditure current year | 323 171 276 | 305 669 955 |
| Less: Amounts written off by council | (413 701 258) | (819 370 294) |
| | 338 641 378 | 429 171 360 |

Analysis of expenditure awaiting write off per age classification

| | | |
|--------------|--------------------|--------------------|
| Current year | 323 171 276 | 309 488 577 |
| Prior years | 15 470 102 | 119 682 783 |
| | 338 641 378 | 429 171 360 |

Details of irregular expenditure - 30 June 2017

| | Disciplinary steps taken/criminal proceedings | |
|----------------------------------------------|-----------------------------------------------|--------------------|
| Non-compliance with MFMA and SCM regulations | None | 318 720 464 |
| Non-compliance with Office bears Act | None | 4 450 812 |
| | | 323 171 276 |

Irregular expenditure amounting to R425,352,739 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 R413, 701,258 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

52. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

| | | |
|---------------------------------|------------------|------------------|
| Opening balance | 5 792 809 | 6 268 599 |
| Current year subscription / fee | 7 437 331 | 5 792 809 |
| Amount paid - current year | (5 852 809) | (6 268 599) |
| | 7 377 331 | 5 792 809 |

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

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

Material losses

| | | |
|-----------------------------------|--------------------|--------------------|
| Distribution losses - Electricity | 74 080 387 | 75 434 684 |
| Distribution losses - Water | 299 865 808 | 205 292 597 |
| | 373 946 195 | 280 727 281 |

Electricity losses

An average of 13.25% (2016: 18.70%) of bulk electricity purchased during the year were loss due to distribution losses incurred during the year.

Water losses

An average of 51.30% (2015: 50.45%) of bulk water purchased during the year were loss due to distribution losses incurred during the year.

Audit fees

| | | |
|------------------------------|------------------|------------------|
| Opening balance | 1 527 162 | 3 359 918 |
| Current year audit fees | 8 187 005 | 8 174 985 |
| Interest charged | 81 805 | 167 470 |
| Amount paid - current year | (6 957 312) | (8 355 653) |
| Amount paid - previous years | (1 527 163) | (1 319 558) |
| Audit fees paid by Treasury | - | (500 000) |
| | 1 311 497 | 1 527 162 |

PAYE, UIF and SDL

| | | |
|-----------------------------------------------------------|------------------|------------------|
| Opening balance | 7 829 628 | 6 516 447 |
| Current year payroll deductions and council contributions | 104 711 320 | 85 579 624 |
| Amount paid - current year | (96 046 411) | (77 749 996) |
| Amount paid - previous years | (7 829 628) | (6 516 447) |
| | 8 664 918 | 7 829 628 |

Pension and Medical Aid Deductions

| | | |
|-----------------------------------------------------------|-------------------|-------------------|
| Opening balance | 12 410 258 | 11 280 871 |
| Current year payroll deductions and council contributions | 154 224 320 | 138 128 272 |
| Amount paid - current year | (140 982 372) | (125 718 014) |
| Amount paid - previous years | (12 410 258) | (11 280 871) |
| | 13 241 948 | 12 410 258 |

VAT

| | | |
|----------------|-------------|-------------|
| VAT receivable | 451 214 336 | 182 623 935 |
|----------------|-------------|-------------|

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

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2017:

30 June 2017

| | Outstanding more than 90 days | R |
|----------------|----------------------------------------------|----------------|
| Badenhorst MJM | 4 555 | |
| Chaka CP | 23 747 | |
| Khethule MJ | 132 490 | |
| Mafaisa MG | 34 032 | |
| Mahlumba BH | 11 691 | |
| Manenye AJ | 58 033 | |
| Meli TS | 21 555 | |
| Moleleko PMI | 6 053 | |
| Mtshere NA | 22 281 | |
| Ngesi TM | 194 816 | |
| Nthako TD | | 605 |
| Pholo SJ | | 50 361 |
| Ramatisa PT | | 18 038 |
| Schlebusch CJ | | 9 212 |
| Tlhone ML | | 23 866 |
| Tshabangu SE | | 1 016 |
| | | 612 351 |

30 June 2016

| | Outstanding more than 90 days | R |
|--------------|----------------------------------------------|----------|
| Banyane ME | 6 254 | |
| Kockera SC | 174 066 | |
| Mabote TL | 16 861 | |
| Madumise MM | 15 357 | |
| Mangeni MG | 3 337 | |
| Moleleko PA | | 72 |
| Moleleko PMI | | 4 004 |
| Nttelele KI | | 17 241 |
| Phetise ME | | 7 218 |
| Qwesha GL | | 4 823 |
| Riete MI | | 8 919 |
| Tlhone ML | | 19 524 |
| Tsubane ME | | 57 564 |
| Twala MJ | | 97 021 |

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

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

Fraud investigations

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

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

As at 30 June 2017 these cases were still under investigations

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

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

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

On the 13th of May 2016 payments were made to suppliers - Circle Tooling, Free State Sun and 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.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017 2016

53. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

| 30 June 2017 | Exceptional case | Sole supplier | 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 |
| | 537 108 | - | 23 578 567 | 24 115 675 |

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

515

54. Fines

| | | |
|-----------------------------------------------|-----------|------------|
| Revenue from non-exchange transactions | | |
| Traffic fines | 5 040 953 | 11 207 303 |

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

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

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

56. Impairment loss

| | | |
|---------------------------------------------|---|---------|
| Impairment of property, plant and equipment | - | 255 832 |
|---------------------------------------------|---|---------|

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

57. Budget differences

Material differences between budget and actual amounts

The excess of actual expenditure over the final budget of more than 10% are explained below:

Note 57.1 - Less service were consumed than budgeted for.

Note 57.2 - More rental income was billed than expected at the beginning of the year.

Note 57.3 - More licenses and permit fees was received than expected.

Note 57.4 - Less other income was billed than expected, other income is dependent on other factors such as economic buying power.

Note 57.5 - More interest was received than expected on financial assets.

Note 57.6 - No fixed assets were sold during the year.

Note 57.7 - Less dividends were declared than expected at the beginning of the year.

Note 57.8 - Due to the new valuation roll the property rates income did increase.

Note 57.9 - No budget was made for donation to be received during the year.

Note 57.10 - More fines were issued than expected and the fines are recorded according to IGraph. Note

57.11 - Depreciation was under budgeted for.

Note 57.12 - Impairment loss was under budgeted for.

Note 57.13 - More finance cost was incurred than expected.

Note 57.14 - No budget was made for debt impairment.

Note 57.15 - Repairs and maintenance was under budgeted for.

Note 57.16 - Bulk purchases was under budgeted for.

Note 57.17 - Contracted services was under budgeted for.

Note 57.18 - General expenditure was under budgeted for.

Note 57.19 - No budget was made for actuarial gains or losses.

Note 57.20 - No budget was made for the fair value adjustment of financial assets and liabilities.

Note 57.21 - Inventories were over budgeted based on the assumptions that water leaks and potholes will be repaired.

Note 57.22 - More rental was budgeted for based on the new donated building received from mining companies.

Note 57.23 - Budget made on receivable does not take in to account the effects of debt impairment in to account, and furthermore included in the budget for receivables from exchange are receivables from non-exchange.

Note 57.24 - No Budget was made for VAT receivable, Heritage assets

Note 57.25 - Less budget was made available on trade and other payables and less payments were made to suppliers. Note

57.26 - More money was budgeted than received for capital projects.

Note 57.27 - Donations and additions to Investments property made more impact than originally budgeted for.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

2017
2016

57. Budget differences (continued)

Note 57.28 - Less was budgeted for as it was based only on one Landfill site.

Note 57.28 - Property rates are included under service charges and the difference is due to inadequate revenue collections. Note 57.29 - More collections on other revenue was expected due to new donated assets for rental purposes.

Note 57.30 - Finance cost on bank was contained than expected.

Note 57.31 - There were no disposals made for 2016/2017 financial year.

Note 57.32 - Refer to note 39 for the movement in working capital.

Note 57.33 - There were no short term loans made in the current financial year.

Note 57.34 - No Budget was made for Employee benefits obligations payments.

Note 57.35 - Cash and cash equivalents at the beginning of the year were less than expected as per Budget due to less investment reserves in the bank.

Note 57.36 - Additional accounts were opened more than anticipated.

Note 57.37 - No budget was made available for Overdraft as it was not anticipated during the budget process.

