



**2016/2017**

**MATJHABENG  
LOCAL MUNICIPALITY  
DRAFT ANNUAL  
REPORT**

**VOLUME V**



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## REVISED ANNUAL REPORT TEMPLATE

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

This template gives effect to the legal framework requirement, concepts and 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**

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**CLLR N. SPEELMAN  
EXECUTIVE MAYOR**

**T 1.0.1**



## **COMPONENT B: EXECUTIVE SUMMARY**

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

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



**Mr. Evans Thabiso Tsoaeli**

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

One of the key success factors that has happened for the very first time in the Municipality, was to start on a better footing as a result of the Municipality having received an improved audit opinion after sixteen years. There are improvements in most auditable areas of both our annual financial statements as well as the annual performance reports. Issues that were raised as potential problems going forward became a part of the audit action plan which were addressed during Tuesdays of every week and chaired by myself throughout the period in both my tenures as CFO and as Acting Municipal Manager.

The executive summary I write forms a part that justifies reasons for developing a draft annual report on an annual basis: I am very humbled at the same time that communities assisted us in identifying challenging areas that needed our urgent attention and I therefore urge communities not to despair in the process of working together with us to improve service delivery in the Municipality.

Let me also point out that this draft annual report reflects actions whose planning started in the 2011/2012 financial year. The draft report is the fifth version for the third generation of IDP. During the same period when we were implementing the IDP, we witnessed the local government elections which brought in new political leadership under whose tutelage and leadership we managed to steer clear of major challenges.



Please take note of the successes we have achieved this financial year as reflected in the draft annual report and we hope to maintain our positive audit opinion.

As the new Accounting Officer of the Municipality, I look forward to working with all members of the community and will avail myself to help address challenges that beset the Municipality. I urge all members of the community to support us so that we can improve the state of services throughout the Municipality. I declare that without your insight in matters that directly affect you, there is absolutely nothing we can achieve on our own. Please avail yourselves during imbizos and forum meetings that the Municipality intends convening so that we work together to address all surmountable challenges we will face going into the next five years.

I thank all of you for showing patience when difficult situations arose in the Municipality.

I thank you

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**MR ET TSOAELI  
ACTING MUNICIPAL MANAGER**

**T 1.1.1**



## 1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### BACKGROUND DATA

The process of appointing a Planning Tribunal in the Municipality has taken some time and their appointments were eventually approved by the outgoing council. The other entity the Municipality intends to establish is the Municipal Economic Advisory Council which will assist the Municipality to prioritise investors coming to the Municipality. The process is at an advanced stage and we will update the community as part of our plan in the new financial year which has started in July 2017.

T.1.2.1

TOTAL POPULATION AND HOUSEHOLDS		
	CENSUS 2011	CENSUS 2001
POPULATION	406 461	408 170
HOUSEHOLDS	123 195	120 289

Source: STATS SA 2011

T.1.2.2

POPULATION BY RACE AND GENDER			
	MALE	FEMALE	TOTAL
BLACK	180 913	182 467	363 380
COLOURED	2 623	2 729	5 352
INDIAN / ASIAN	766	470	1 236
WHITE	17 613	17 451	35 064
<b>TOTAL</b>	<b>201 915</b>	<b>203 117</b>	<b>405 032</b>

Source: STATS SA 2011

T.1.2.3

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

Source: STATS SA 2011

T.1.2.4

EMPLOYMENT BY SECTOR		
INDUSTRY TYPE	2007	2011
AGRICULTURE, HUNTING, FORESTRY, FISHING	5 035	381
MINING AND QUARRYING	30 581	11495
MANUFACTURING	4 133	1429
ELECTRICITY, GAS, WATER SUPPLY	465	556
CONSTRUCTION	2 778	549
WHOLESALE AND TRADE, REPAIRS, HOTELS AND RESTAURANTS	11 795	2793
TRANSPORT, STORAGE AND COMMUNICATION	3 262	1183
FINANCIAL INTERMEDIATION, INSURANCE, REAL ESTATE AND BUSINESS	4 793	2943
COMMUNITY, SOCIAL AND PERSONAL SERVICE	14 313	2852
GENERAL GOVERNMENT		2692

T.1.2.5



## HISTORICAL OVERVIEW OF TOWNS WITHIN MATJHABENG

The Municipality is made up of six towns, namely:

### **WELKOM (THABONG)**

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

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

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

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

### **VIRGINIA (MELODING)**

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

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

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

### **VENTERSBURG (MMAMAHABANE)**

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

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



### **ODENDAALSRUS (KUTLWANONG)**

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

Situated between Kroonstad, Allanridge and Welkom, Odendaalsrus once formed the centre of mining activities in the area. Today a tranquil town with its own unique pulse, Odendaalsrus and Kutlwanong together boast a population of approximately 63 743.

### **HENNENMAN (PHOMOLONG)**

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

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

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

### **ALLANRIDGE (NYAKALLONG)**

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

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

**T 1.2.6**



OVERVIEW OF NEIGHBOURHOODS WITHIN 'MATJHABENG MUNICIPALITY'		
Settlement Type	Households	Population
<b>TOWNS</b>		
ALLANRIDGE	663	3 315
HENNEMAN	958	4 311
ODENDAALSRSU	2 213	9 959
RIEBEECKSTAD	3 092	15 460
VENTERSBURG	359	1 616
VIRGINIA	4 454	22 270
WELKOM	9 708	48 540
<b>Sub-Total</b>	<b>21 447</b>	<b>105 470</b>
<b>TOWNSHIPS</b>		
BRONVILLE	2 159	12 306
KUTLWANONG	11 966	70 599
MELODING	10 482	60 796
MMAMAHABANE	2 345	14 070
NYAKALLONG	4 010	24 060
PHOMOLONG	4 871	29 226
THABONG	29 064	165 665
WHITES	55	314
<b>Sub-Total</b>	<b>38 000</b>	<b>219 264</b>
<b>INFORMAL SETTLEMENTS</b>		
NYAKALLONG	177	974
KUTLWANONG	1 505	8 278
THABONG/BRONVILLE	2 262	12 441
MELODING	821	4 516
PHOMOLONG	539	2 965
MMAMAHABANE	379	2 085
<b>Sub-Total</b>	<b>1 739</b>	<b>9 565</b>
<b>Total</b>	<b>61 186</b>	<b>324 734</b>
		<b>T.1.2.6</b>

Source: Rapid Assessment Report of HDA (September 2013)

NATURAL RESOURCES	
MAJOR NATURAL RESOURCE	BENEFIT TO THE COMMUNITY
GOLD	There are a number of active mines which employ residents of Matjhabeng
URANIUM	Uranium and gold cannot be separated even though the region has not explored the uranium mining.
T.1.2.8	



## COMMENTS ON BACKGROUND DATA

As depicted by the background data of the Municipality and consequent mining closures, the population **began** declining and this has adversely affected the socio-economic profile of our community. This state of affairs resulted in the increase of poverty and unemployment. The dependency practices are a reality brought about as a result of unemployment as well as the inability to create a conducive environment for small **businesses** to thrive and thus create employment.

Furthermore, the graphs thus portray the picture of poverty and dependence as prevalent in the Municipality. It should therefore become a priority for the Municipality to create opportunities for possible job creation in order to boost the economy which should effectively absorb some unemployed people in especially badly affected towns in the Municipality.

As a result of downward slope in terms of mining operations, the Municipality has made a concerted effort to ensure that those mining towns that are at the receiving end of economic pressure receive a boost from the Municipality by redirecting and convincing potential investors to especially locate their businesses in the two towns of Virginia and Odendaalsrus. These were vibrant mining towns in the eighties which have seen mining infrastructure investment going to waste.

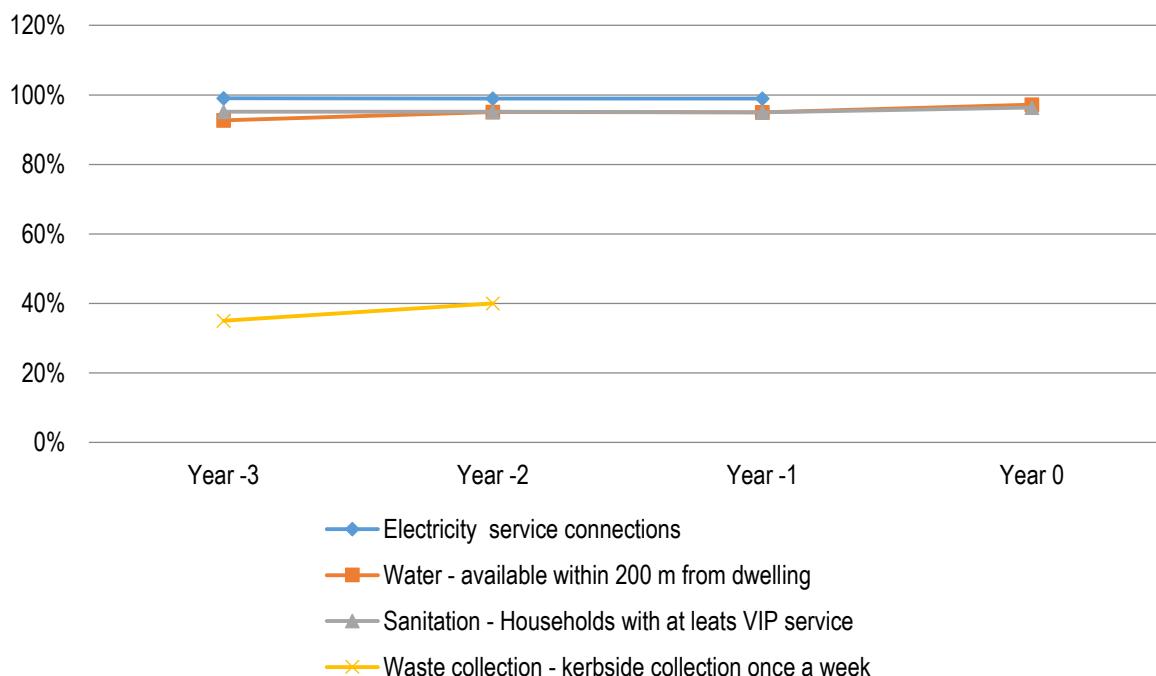
T.1.2.9



### 1.3 SERVICE DELIVERY OVERVIEW

PROPORTION OF HOUSEHOLDS WITH MINIMUM LEVEL OF BASIC SERVICES				
	Year -3	Year -2	Year -1	Year 0
Electricity service connections	99%	99%	96.4%	96.4%
Water - available within 200 m from dwelling	95%	95%	97%	97%
Sanitation - Households with at least VIP service	95%	95%	96%	97%
Waste collection - kerbside collection once a week	40%			

## Proportion of households with access to basic services



T.1.3.2

### COMMENT ON ACCESS TO BASIC SERVICES:

The Municipality continued provision of basic services as reflected in T.1.3.2 above. There has been steady supply of these services against levels of affordability of residents. This is in the spirit of the constitution that basic services must be provided to all citizens. Future planning requires identification of indigents to ensure that the national government pays for them using equitable shares. As is the case presently, the Municipality subsidises those who have not registered as indigents to the detriment of improved service delivery. More often, the Matjhabeng Local Municipality struggles to meet most of the community needs as a result. The only major grant we depend on for providing basic services is the Municipal Infrastructure Grant. To this extent our allocation of the Municipal Infrastructure Grant over the last financial years prioritised the increase of access to basic services. Part of the plan going forward, and upon receiving an improved audit opinion, is to seek loan funding that will ensure that dilapidated water and electricity infrastructure are refurbished to mitigate distribution losses.

T.1.3.3



## 1.4 FINANCIAL HEALTH OVERVIEW

### FINANCIAL OVERVIEW

For the very first time in the 2015/2016, the Municipality received an unqualified audit opinion with matters of emphasis. That was quite an impressive and commendable feedback attained after a period of almost 16 years. Even with such improved audit opinion, the Municipality continued to develop an Audit Query Action Plan to address the matters raised in its quest to endeavour maintaining the status quo or even improving on the opinion.

The budget of the Municipality has been compiled in compliance with Chapter 4 of the Municipal Finance Management Act 56 of 2003. The total budget for the 2016/2017 financial year was R 2 069 171 246 and capital budget R 146 451 000.

T.1.4.1

### FINANCIAL OVERVIEW: YEAR 0

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

### OPERATING RATIOS

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

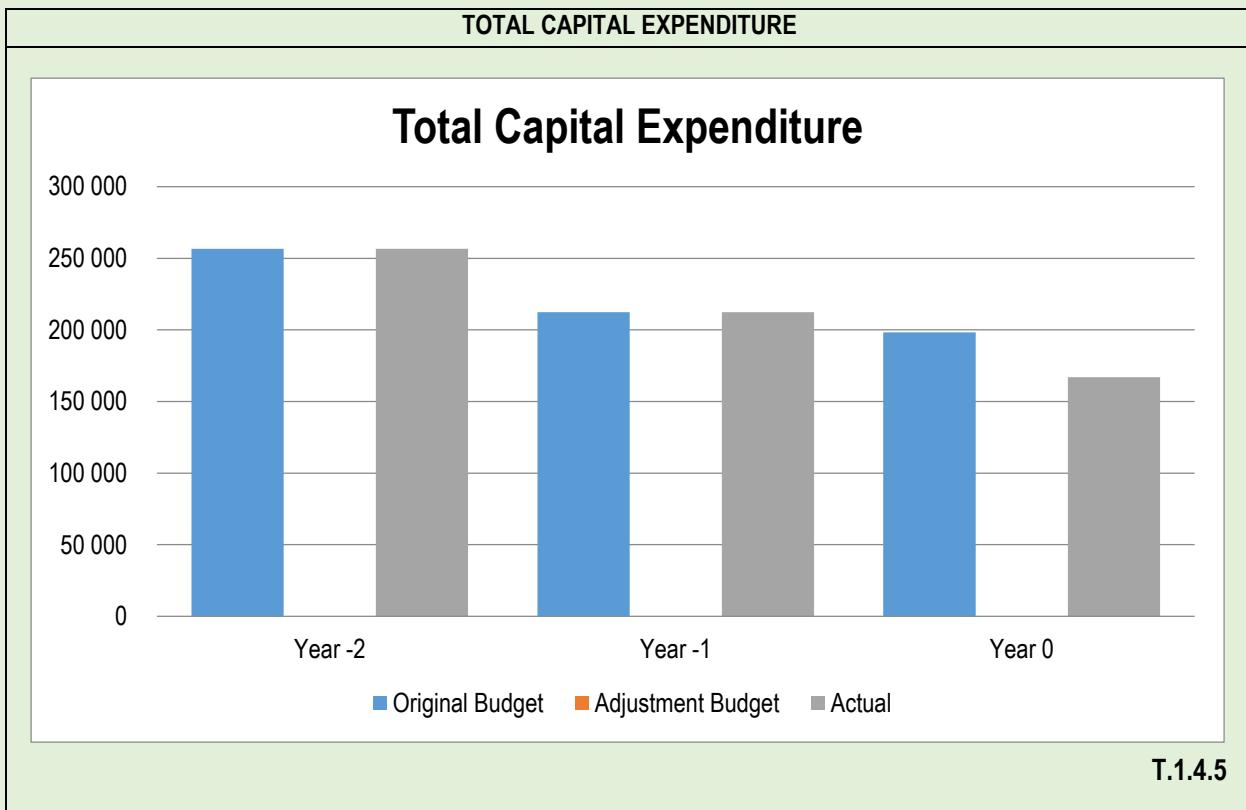
**T 1.4.3**

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

DETAIL	YEAR -2	YEAR -1	YEAR 0
Original Budget	212 482	198 246	133 363
Adjustment Budget	0	0	153 363
Actual	212 482	167 088	153 363

**T 1.4.4**





**COMMENT ON CAPITAL EXPENDITURE OUTSTANDING**

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

T.1.4.5.1



## 1.6 AUDITOR GENERAL REPORT YEAR 0

\*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 2017
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting)		IDP and Budget were approved 30 days before the start of the new financial year
3	Finalize the 4 <sup>th</sup> quarter Report for previous financial year.		To be submitted in August 2017.
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General.		On the 16 August 2017 in the form of a draft without draft AFS.
5	Municipal entities submit draft Annual reports to MM.		Not relevant to MLM
6	Audit / Performance committee considers draft Annual Report of Municipality and entities (where relevant)	August	August 2017.
7	Mayor tables the unaudited Annual Report		30 August 2017
8	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General		31 August 2017
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/January	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 2017
17	Oversight Report is submitted to relevant Provincial Councils	April/May 2018	April 2017
18	Commencement of draft Budget/IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.		May 2017

T.1.7.1



## CHAPTER 2: GOVERNANCE

### 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

T.2.1.1



## COUNCILLORS

### PR COUNCILLORS



Cllr NW Speelman



Cllr MJ Sephiri



Cllr B Stofile



Cllr MR Tsupa



Cllr DR Direko



Cllr M Kabi



Cllr NE Thelingoane



Cllr SD Manese



Cllr MH Ntsebeng



Cllr XN Masina



Cllr TB Lushaba



Cllr MC Radebe





Cllr ML Radebe



Cllr MG Mafaisa



Cllr KSV Moipatle



Cllr NM Phofeli



Cllr ME Tshopo



Cllr VE Mawela



Cllr JS Marais



Cllr LN Presente



Cllr MM Rakaki



Cllr A Styger



Cllr MJ Badenhorst



Cllr AJ Manenye





Cllr EJ Jacobs



Cllr PF Botha



Cllr TW Letlhake



Cllr ME Senxezi



Cllr MT Macingwane



Cllr ME Tsoaeli



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 Schlebuch



Ward 4  
Cllr Liphoko



Ward 5  
Cllr Molelekoa



Ward 6  
Cllr Mahlumba



Ward 7  
Cllr Monjovo



Ward 8  
Cllr Masienyane



Ward 9  
Cllr Badenhorst



Ward 10  
Cllr Ramalefane



Ward 11  
Cllr Morris



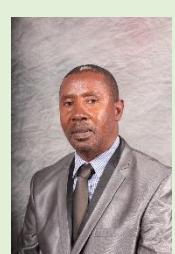
Ward 12  
Cllr Moshoeu



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 Ramatisa



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 Kothule

T.2.1.2



## **POLITICAL DECISION-MAKING PROCESS**

Council is the ultimate authority and/or decision-maker as per the provisions of the Constitution of the Republic of South Africa and other applicable laws governing the Local Government sector. A typical political decision-making process usually begins with the Administrative Wing of the Municipality making submissions to the Section 80 Committees for further consideration.

Decisions of Council are kick started by a recommendation made at Executive Management level. Secondly, Section 80 recommends to a Mayoral committee 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: Mr ET Tsoaeli, who assumed his position in an acting capacity on the 15<sup>th</sup> February 2017. The former Municipal Manager, Advocate MF Lepheana took charge of all administrative functions of the Municipality prior to the appointment of Mr Tsoaeli as Acting Municipal Manager. The Municipality entered 2015/2016 financial year with a full complement of section 56/57 Managers as all positions were filled. It was only until January 2017 when the two positions of Executive Director: LED & Planning (Mr X.W Msweli) and Executive Director: Community Services (Me M Mogopodi) became vacant. Advertisements were published of the two vacant positions in April 2017.

The following positions remained filled as per their employment contracts: Executive Director Strategic Support Services: Mr TB Makofane, Executive Director Infrastructure: Me B Maswangwanyi (formerly Tlhabani) and Executive Director Corporate Support Services: Mr F.F Wetes.

The vacant positions were occupied on an acting capacity by the following: Acting Chief Financial Officer: Me Lindsey Williams who acted from 1st March 2017 until 30 June 2017. Acting Executive Director Community Services: Mr M Atolo who acted from 1 March 2017 until 31 May 2017. Acting Executive Director LED and Planning: Me M. Mothekhe who acted from 1 March 2017 until 30 June 2017. Acting Executive Director Community Services: Mr J Molawa who acted from 1 June 2017 until 30 June 2017.

**T.2.2.1**



## **TOP ADMINISTRATIVE STRUCTURE**



**ACTING MUNICIPAL MANAGER**

Mr ET Tsoaeli



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



**ACTING CFO**  
Me L Williams





**EXECUTIVE DIRECTOR  
LED & PLANNING**  
MR XW Msweli



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



**EXECUTIVE DIRECTOR  
INFRASTRUCTURE**  
Me. B Maswanganyi



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

**T.2.2.2**



## **COMPONENT B: INTERGOVERNMENTAL RELATIONS**

### **INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS**

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

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

**T 2.3.0**



## **2.3 INTERGOVERNMENTAL RELATIONS**

### **DISTRICT INTERGOVERNMENTAL STRUCTURES**

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

At a technical level, the office participated in quarterly District and Provincial public participation steering committees. These fora help with service delivery through sharing of best public participation strategies implemented by other Municipalities. Administratively, the Municipality participates in a District Forum aimed at driving service delivery through a Back to Basics concept as well as a similar fora spearheaded by the Provincial COGTA.

Nonetheless, the Municipality is an active participant in the District and Provincial Integrated Development Plan (IDP) fora where social developmental agenda is being driven and the programs of the three spheres of government are being coordinated and a platform is created to incorporate National and Provincial plans. Lastly, the Municipality participates in the Premier's Coordinating Forum where the Province's developmental agenda and coordination are points of emphasis. In summary, the following forum formations are in exhaustive and active to be noted:

Municipal Managers' Forum

CFO Forum

Energy Forum

LED Forum

District Coordinating Forum

Technical IGR Forum

PMS Forum

Risk Management Forum

MECLOGA

Premier's Coordinating Forum

Back to Basics

IDP Managers'

**T.2.3.4**



## **2.4 PUBLIC MEETINGS**

### **COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION**

#### **OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION**

The law provides that public representatives must convene ward constituency meetings quarterly to give feedback on the progress and challenges in the Municipality.

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

Mayoral imbizos

IDP/budget representative forum

Ward Constituency 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.

During the year under review, a comprehensive public participation program was undertaken across a number of Municipal wards, and this was complimented by the sittings of the IDP/Budget Stakeholder Forum where interest groups and internal Departments were afforded an opportunity to input into the IDP and Budget development processes.

Municipal Planning on public participation remains a daunting task each financial year due to resource constraints. The staffing in the Office of the Speaker is grossly insufficient to deal with tasks relating to public participation. There is a need for additional vehicles in order to satisfactorily service all 36 wards, including improving the Municipal ability to cater for policy consultations and the programs from the office of the Executive Mayor.

**T 2.4.0**



## **COMMUNICATION, PARTICIPATION AND FORUMS**

The Municipality regularly advertised Council meetings in the local newspapers in order for people to attend. The attendance to meetings by the public is not really satisfactory and needs to be improved. The Executive Mayor heads the IDP Representative Forum, which consists of the ward committees, sector departments and the business. The Office of the Speaker chairs the Stakeholders' Forum, which consists of all public sector line departments within jurisdiction of the Municipality.

The website of the Municipality is functional even though it has some information challenges. Nevertheless, where possible, relevant information as required by the law is posted. The Municipality also has notice boards at all of its buildings which serve as important channels of communication. In the last financial year, the Municipality used the community radio station, *The Rock*, as well as *Lesedi* and *Gold FM* where the leadership of the Municipality has direct communication with the community on development plans, progress and challenges. The Municipal publication, *Matjhabeng News* assisted in informing the public on Municipal Programmes for the financial year under review.

**T 2.4.1**

## **WARD COMMITTEES**

The Municipality has 36 Wards, each with a well-functioning Ward Committee. Ward Committees were correctly constituted but the process was delayed as a result of elections which took place on the 3<sup>rd</sup> August 2016. The ward committee itinerary began after the elections, but did not sit regularly as per the approved schedule as a result of elections. It was not possible to find reports of planned meetings leading to the 2016 Local Government elections.

The office of The Speaker was charged with assessing performance of all wards in the Municipality. They ensured that the ward committee programmes were not negatively affected by any unforeseen occurrences.

**T 2.4.2**



PUBLIC MEETINGS						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Mayoral interaction with Ward Committees					Service Delivery Issues	Feedback through ward constituency meetings.
						T 2.4.3

#### COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

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

Nevertheless, apart from meeting a legal requirement in as far as consulting the public is concerned, meetings held yielded positive outcomes. The general public was able to input into 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 Municipal structure are charged with the responsibility to ensure that there is compliance to such laws. In addition to existing positions that are required to observe application of the law, there are other positions which should be established to reinforce application of the law.

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

**T 2.6.0**

## **2.6 RISK MANAGEMENT**

### **RISK MANAGEMENT**

Risk Management is a management process through which the Municipality identifies, evaluates and 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.

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 and 2016/2017 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 SCM policy of the Municipality is aligned with the SCM regulations. The SCM policy was also reviewed to take into account the revised PPPF regulations. The primary goal of the Municipality's Supply Chain Management system is to find reliable, cost effective suppliers for the Municipality. It effectively means that acceptable norms and standards of quality, expected service delivery and technical performance could not be relaxed or compromised, while ensuring the promotion of HDI's in the process.

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 businesses to ensure that we sustain local SMMEs.

T 2.7.1

## 2.8 BY-LAWS

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

\*Note: See MSA section 13.

T 2.8.1



## 2.9 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
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 2018
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	30th August 2016
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	30th June 2017
<i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i>		T 2.9.1

### COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The Municipal website is updated centrally from the Office of the Premier and all information has been accordingly submitted and the website is up to date. The only challenge and risk is that the contract of the current service provider (Cherry on Line) has expired and this poses a risk of non compliance and future Audit Findings. A formal request has been submitted to the Office of the Premier that the Matjhabeng Local Municipality be given a go-ahead to update its website, and the Municipality is awaiting a response.

T.2.9.1.1



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

### COMPONENT A: BASIC SERVICES

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

#### INTRODUCTION TO BASIC SERVICES

According to Stats SA's Census 2011, Matjhabeng Local Municipality has an overall population size of 406 461 with 123 195 households (with 97.7% being found in urban areas, and 2.3% living on farms). Of these, 78.5% constitutes formal dwellings, whereas 81.1% is connected to waterborne sanitation, 97% are households with access to water within 200m from dwellings.

The Municipality provides refuse removal services weekly to 86.3% of the total households. The percentage of households that uses electricity is 91.1.

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

T.3.1.0

#### 3.1 WATER PROVISION

##### INTRODUCTION TO WATER PROVISION

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

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

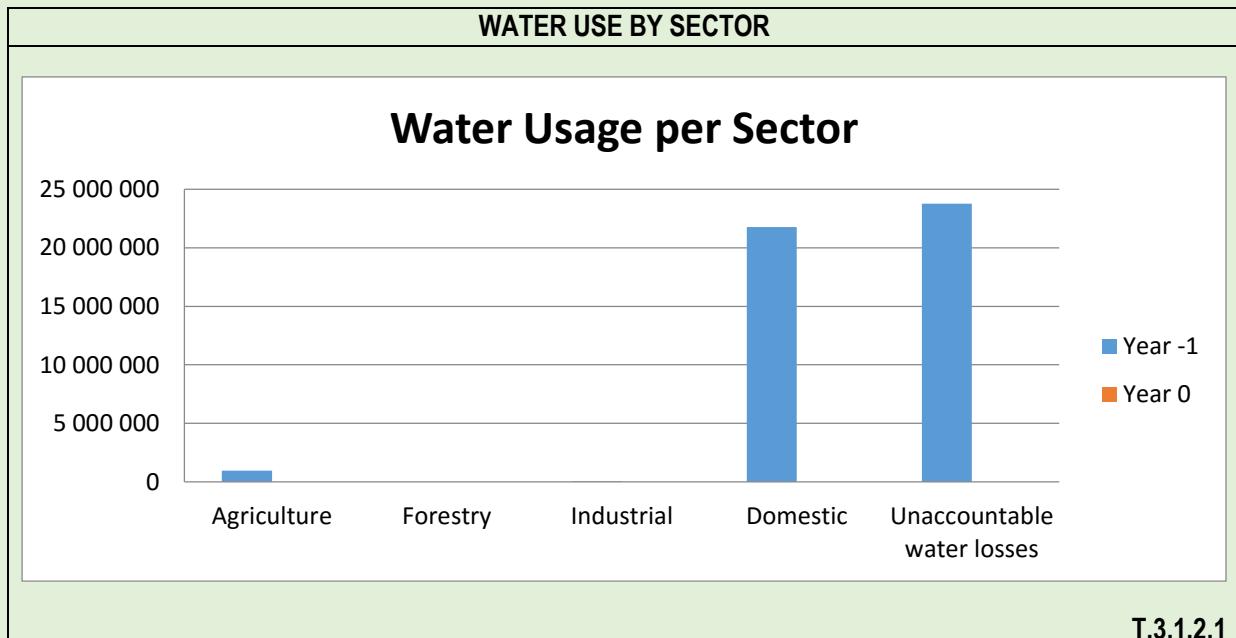
The Municipality renders basic assistance to poor communities within its resource constraints.

T.3.1.1



TOTAL USE OF WATER BY SECTOR (CUBIC METERS)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year -1	955 598	0	48 082	21 759 685	23 765 243
Year 0	6837	0	4395334	20272074	26 466 532

T.3.1.2



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 are not functional and associated repair thereof are 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 becomes difficult as little funding is available to maintain and upgrade such. All governmental supporting actions are focussed on PDI areas.

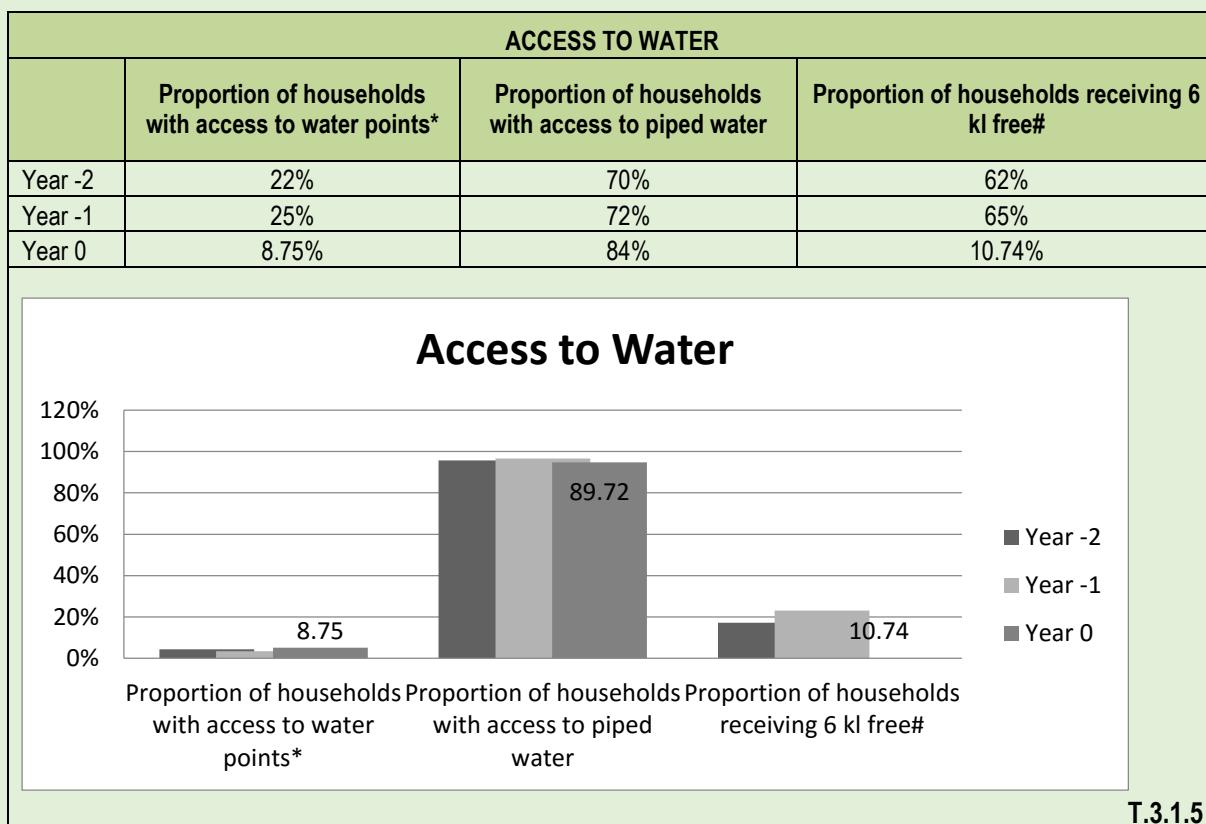
T.3.1.2.2



Description	WATER SERVICE DELIVERY LEVELS					Households
	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
<b>Water: (above min level)</b>						
Piped water inside dwelling	49 315	50 742	50 801			87 495
Piped water inside yard (but not in dwelling)	46 997	46 997	46 997			16 178
Using public tap (within 200m from dwelling)	1 916	1 489	1 489			2 837
Other water supply (within 200m)						
<i>Minimum Service Level and Above sub-total</i>	98 228	99 228	99 287			106 510
<i>Minimum Service Level and Above Percentage</i>	96%	97%	95%			86%
<b>Water: (below min level)</b>						
Using public tap (more than 200m from dwelling)	0	0	0			0
Other water supply (more than 200m from dwelling)						0
No water supply						
<i>Below Minimum Service Level sub-total</i>	0	0	0			0
<i>Below Minimum Service Level Percentage</i>	100%	100%	100%			100%
<b>Total number of households*</b>	<b>102 695</b>	<b>102 695</b>	<b>104 687</b>			<b>106 510</b>
<i>The information of Statistics SA (2011) was used as a base. The Municipality embarked on an extensive data collection programme to verify and update previous year's information. Programmes was also implemented to improve services below minimum level. Information provided is based on services provided per stand or dwelling and not per household. According to Statistics SA (2011) 2,9 persons make a household.</i>						
<i>There are no households that are provided with services that are below minimum service level (public tap – more than 200m from dwelling)</i>						
<b>T.3.1.3</b>						



HOUSEHOLDS - WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
Description	Households					
	Year -3 Actual No.	Year -2 Actual No.	Year -1 Actual No.	Year 0		
<b>Formal Settlements</b>						
Total households						
Households below minimum service level						
Proportion of households below minimum service level						
<b>Informal Settlements</b>						
Total households						
Households below minimum service level						
Proportion of households below minimum service level						
<i>There are no households that are provided with services that are below minimum service level (public tap – more than 200m from dwelling)</i>						
<b>T.3.1.4</b>						



**T.3.1.5**





Employees: Water Demand, Water and Effluent Water					
Job Level	Year -1		Year 0		
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1					-
2					-
3	1	2	1	1	50%
5/4	1	4	1	3	75%
5					
6		4		4	100%
7/6					
7					
8/7		3		3	100%
8		2		2	100%
9	4	14	4	10	71%
10/9	1	2	1	1	50%
10	4	8	4	4	50%
11					
12/9					
12/11	2	24	2	22	92%
12					
13					
14/13	3	18	3	15	83%
14					
15					
16/15	1	15	1	14	93%
16		10			0%
18/17	92	140	91	49	35%
Total	109	246	108	138	56%
<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.3.1.7					



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

CAPITAL EXPENDITURE YEAR 0: WATER SERVICES						
Capital Projects	Year 0					R' 000
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	0		
<i>No Water Projects</i>						
						T.3.1.9

#### **COMMENT ON WATER SERVICES PERFORMANCE OVERALL:**

No MIG funded projects were done for water in the past financial year.

### T.3.1.10



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

#### **INTRODUCTION TO SANITATION PROVISION**

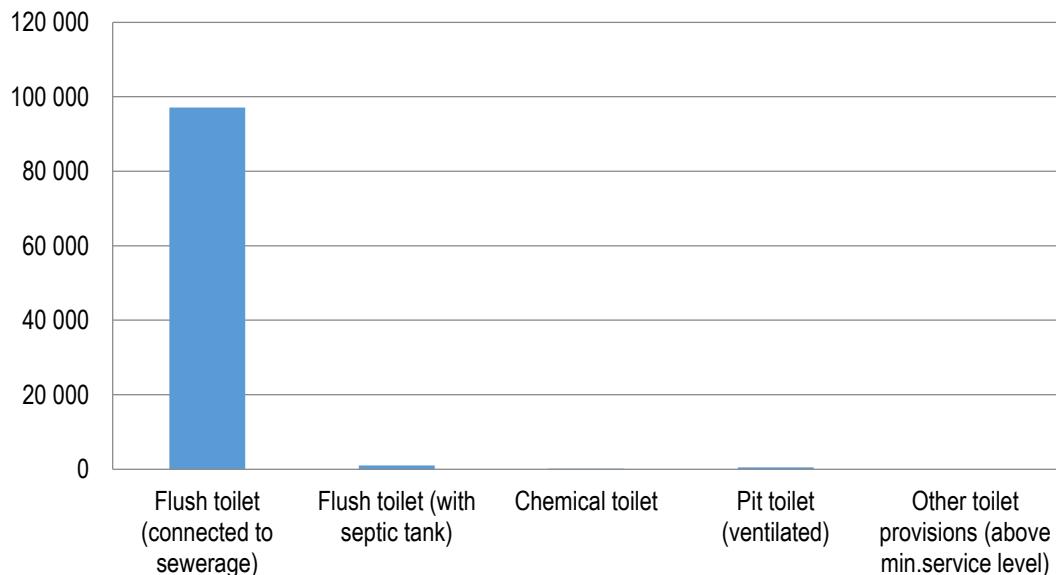
Due to environmental requirements associated with sewerage, the Municipality spent a major portion of its budget on upgrading these services. However, several challenges still exist. The upgrading of the Waste Water Treatment Works (WWTW) especially gets high priority.

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

**T.3.2.1**

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

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



**T.3.2.2**



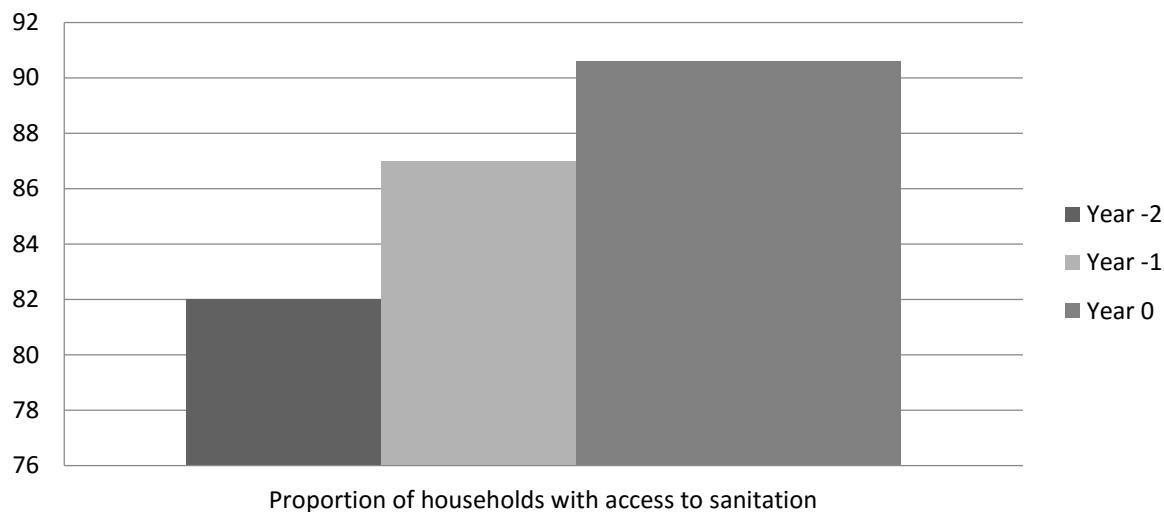
Description	SANITATION SERVICE DELIVERY LEVELS					
	*Households					
	Year -3 Outcome No.	Year -2 Outcome No.	Year -1 Outcome No.	Year 0		
<b><u>Sanitation/sewerage:</u> (above minimum level)</b>						
Flush toilet (connected to sewerage)	95 708	97 135	97 135			149 948
Flush toilet (with septic tank)	956	956	956			956
Chemical toilet	111	111	111			111
Pit toilet (ventilated)	512	512	512			27 581
Other toilet provisions (above min. service level)	-	-	0			0
<i>Minimum Service Level and Above sub-total</i>	97 287	98 714	98 714			178 596
<i>Minimum Service Level and Above Percentage</i>	90,4%	91,8%	96,4%			96.6%
<b><u>Sanitation/sewerage:</u> (below minimum level)</b>						
Bucket toilet	5 195	5 195	0			0
Other toilet provisions (below min. service level)	2 170	743	0			0
No toilet provisions	2 930	2 930	3 680			6297
<i>Below Minimum Service Level sub-total</i>	10 295	8 868	3 680			6297
<i>Below Minimum Service Level Percentage</i>	9,6%	8,2%	3,6%			3,4%
<b>Total households</b>	<b>107 582</b>	<b>107 582</b>	<b>102 394</b>			<b>184 893</b>
						<b>T.3.2.3</b>

Description	HOUSEHOLDS - SANITATION SERVICE DELIVERY LEVELS BELOW THE MINIMUM					
	Households					
	Year -3 Actual No.	Year -2 Actual No.	Year -1 Actual No.	Year 0		
<b>Formal Settlements</b>						
Total households	107 582	98 714	98 714			184 893
Households below minimum service level	10 725	8 868	3 680			6297
Proportion of households below minimum service level	10%	9%	4%			3%
<b>Informal Settlements</b>						
Total households	4 467	4 467	6 150			0
Households below minimum service level	4 313	4 313	6 150			0
Proportion of households below minimum service level	97%	97%	100%			0%
						<b>T 3.2.4</b>



## ACCESS TO SANITATION

### Access to Sanitation



T.3.2.5



WASTE WATER (SANITATION) SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective</b>									
To replace 25% of worn out sewer pipelines in a five year cycle	Repair broken lines: Manage sewerage flow, excavate, replace broken portion & backfill <b>per meter</b>	734	726	380	380	1173	380	380	380
	Open blockages (number)	9 521	9 010	9 000	9 000	9112	9 000	9 000	9 000
	Preventative cleaning of sewer lines 1368km <b>per meter</b>	2 978	2 978	8 500	8 500	1 348	8 500	8 500	8 500
NB:- Capital budget was not allocated for the replacement of the sewer lines, as such, the Operational budget was used for critical maintenance.								<b>T 3.2.6</b>	



Employees: Purification Services					
Job Level	Year -1		Year 0		
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1					
2					
3					
4					
5/4	0	1	0	1	100%
5					
6	1	2	1	1	50%
7/6					
7					
8/7	1	1	1	0	0%
8	1	7	1	6	86%
9	2	5	2	3	60%
10/9					
10	3	9	3	6	67%
11					
12/9					
12/11					
12					
13					
14/13	1	5	1		
14					
15	6	14	6	8	57%
16/15	1	12	1	11	92%
16					
18/17	48	102	48	54	53%
Total	64	158	64	94	59%

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
<b>Total Operational Revenue</b>	-119 017	-120 882	-120 882	-128 256	6%
Expenditure:					
Employees	26 802	23 265	23 265	25 748	11%
Repairs and Maintenance	4 070	32 473	32 473	9 587	-239%
Other	8 438	8 874	8 874	9 142	3%
<b>Total Operational Expenditure</b>	<b>39 310</b>	<b>64 613</b>	<b>64 613</b>	<b>44 477</b>	<b>-45%</b>
<b>Net Operational Expenditure</b>	<b>-84 716</b>	<b>120 997</b>	<b>120 997</b>	<b>129 180</b>	<b>6%</b>

T.3.2.8

CAPITAL EXPENDITURE YEAR 0: SANITATION SERVICES					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>69126</b>	<b>45230</b>	<b>34770</b>	<b>-99%</b>	
<b>Thabong T16: Provision of waterborne sanitation for 1300 stands (MIS:216509)</b>	1910	2808	2808	32%	61899
<b>Nyakalong: Upgrading and rehabilitation of waste water treatment works (MIS:214157)</b>	24000	7094	541	-4336%	52299
<b>Virginia: Upgrading of waste water treatment works (MIS:215450)</b>	10912	16198	16760	35%	41655
<b>Mmamahabane: WWTW, Pump Station and Outfall sewer pipe line</b>	3540	3830	1161	-205%	12953
<b>Whites: Septic Tank System</b>	764	300	2	-38100%	979
<b>Phomolong: Upgrading of Pumping Station, Outfall and Rising Main</b>	13000	0	1141	-1039%	17000
<b>Welkom: Refurbishment of Witpan WWTW</b>	10000	10000	9057	-10%	10000
<b>Welkom: Refurbishment of Klippan Pump Station</b>	5000	5000	3300	-52%	5000

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

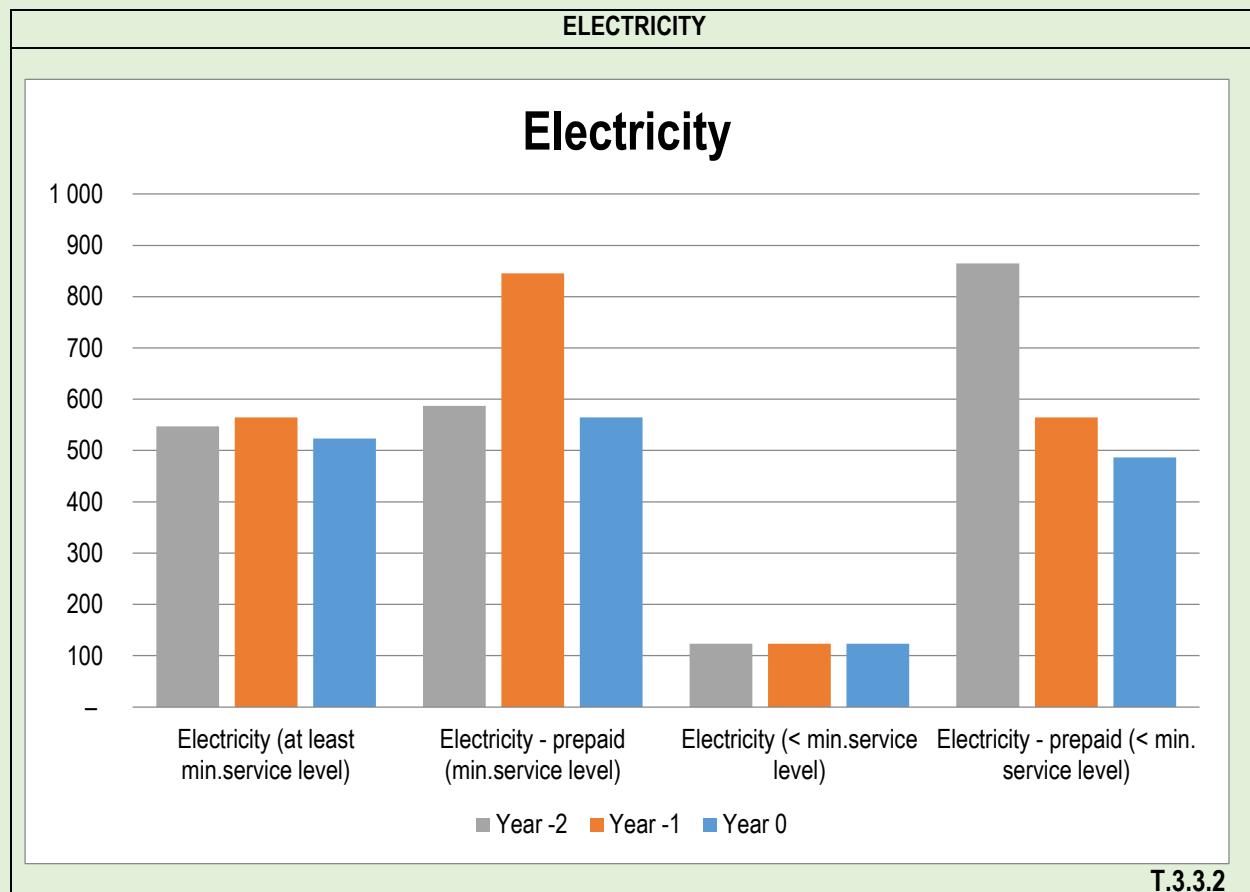
#### INTRODUCTION TO ELECTRICITY

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



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.
<b><u>Energy: (above minimum level)</u></b>				
Electricity (at least min. service level)	17 915	17 984	17 463	16 368
Electricity - prepaid (min. service level)	12 500	13 076	13 624	14 758
<i>Minimum Service Level and Above sub-total</i>	30 415	31 060	31 087	31 126
<i>Minimum Service Level and Above Percentage</i>	99%	99%	97%	97%
<b><u>Energy: (below minimum level)</u></b>				
Electricity (< min. service level)	0	0	0	0
Electricity - prepaid (< min. service level)	0	0	0	0
Other energy sources	584	872	931	924
<i>Below Minimum Service Level sub-total</i>	300	320	931	924
<i>Below Minimum Service Level Percentage</i>	1,0%	1,0%	2,9%	2,9%
<b>Total number of households</b>	<b>30 715</b>	<b>31 380</b>	<b>32 018</b>	<b>32 050</b>
				<b>T.3.3.3</b>

HOUSEHOLDS - ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM					
Description	Households				
	Year -3	Year -2	Year -1	Year 0	
	Actual	Actual	Actual	Original Budget	Adjusted Budget
	No.	No.	No.	No.	No.
<b>Formal Settlements</b>					
Total households	3045	31060	31087	31126	31126
Households below minimum service level	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%
<b>Informal Settlements</b>					
Total households	285	285	931	924	924
Households below minimum service level	0	0	931	924	924
Proportion of households below minimum service level	0%	0%	100%	100%	100%
					<b>T 3.3.4</b>



Electricity Service Policy Objectives Taken From IDP									
Service Objectives  Service Indicators (i)	Outline Service Targets  (ii)	Year -1		Year 0		Year 1	Year 3		
		Target  *Previous Year (iii)	Actual  (iv)	Target  *Previous Year (v)	Actual  *Current Year (vi)		Target  *Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective xxx</b>									
<b>Provision of minimum supply of electricity</b>	Maintain distribution losses under 10%	10%	17%	10%	10%	14%	10%	10%	10%
	Annual maintenance of 808 substations	564	454	564	564	319	564	564	564
	Maintenance of 29558 street lights Annual maintenance ratio is 30%.	8 674	3 233	8 674	8 674	3 342	8 674	8 674	8 674
	Electrical breakdown responses	2 158	7 353	2 158	2 158	5 820	2 158	2 158	2 158
	Scrutinizing of consumer accounts regarding tampering	500	299	500	500	237	500	500	500
<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 Intergrated 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> <p style="text-align: right;">T 3.3.5</p>									



Employees: Electricity 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	0	1	0	1	100%
3	1	2	1	1	50%
4					
5/4	4	4	4	0	0%
5					
6	2	11	2	9	82%
7/6					
7					
8/7	1	13	1	12	92%
8	3	5	3	2	40%
9	9	23	12	11	48%
10/9	1	2	1	1	50%
10	2	3	2	1	33%
11					#DIV/0!
12/9					
12/11	3	13	3	10	77%
12					
13					
14/13	6	10	6	4	40%
14					
15	1	2	1	1	50%
16/15	10	32	10	22	69%
16	2	10	2	8	80%
18/17	38	47	37	10	21%
Total	83	178	85	93	52%
<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> <p>T 3.3.6</p>					
T 3.3.6					



Financial Performance Year 0: Electricity Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	447 667	787093	787093	553172	-42%
Expenditure:					
Employees	12 904	30979	30979	28755	-8%
Repairs and Maintenance	7 126	54439	54439	19814	-175%
Other	468 361	362657	362657	592567	39%
<b>Total Operational Expenditure</b>	<b>488 391</b>	448075	448075	641136	30%
<b>Net Operational Expenditure</b>	<b>40 724</b>	-339018	-339018	87964	485%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.3.7					

Capital Projects	R' 000				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	24200	24200	0	24200	
DOE and GIZ EEDSM energy efficient streetlighting project	16 000	16 000	0	16 000	0.00
Urania 132kV substation upgrade	5 000	5 000	0	5 000	0.00
Provision and Installation 6.6kV Overhead line to the Bronville Town Area	3 200	3 200	0	3 200	0.00
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.3.8

### COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

In the 2016/2017 Financial Year, the Electrical Department was able to successfully maintain the electrical distribution networks and infrastructures as to ensure a safe, effective and affordable electrical energy supply to the community of the Matjhabeng Municipality.

T.3.3.9



### **3.4 WASTE MANAGEMENT**

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

#### **INTRODUCTION TO WASTE MANAGEMENT**

Matjhabeng Municipality is poised to adhere to the legislative mandate which addresses the Waste Minimization Strategy and in particular the Polokwane Declaration that sets the ambitious target of a reduction of waste disposal by landfill, refuse removal and recycling as part of Green Economy as resolved at COP17 Climate Change Conference held in Durban.

The Waste Management service is carried out in compliance with the National Waste Management Strategy, National Environmental Management Act (Act 107 of 1998), National Environmental Management Waste Act (Act 59 of 2008) and National Health Act (Act 61 of 2003).

**T 3.4.1**



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

SOLID WASTE SERVICE DELIVERY LEVELS				
Description	Households			
	Year -3 Actual No.	Year -2 Actual No.	Year -1 Actual No.	Year 0 Actual No.
<b>Solid Waste Removal: (Minimum level)</b>				
Removed at least once a week	123 195	123 195	123 195	121
<i>Minimum Service Level and Above sub-total</i>	123 195	123 195	123 195	21
<i>Minimum Service Level and Above percentage</i>	86.3%	86.3%	86.3%	4.2%
<b>Solid Waste Removal: (Below minimum level)</b>				
Removed less frequently than once a week	547	565	523	523
Using communal refuse dump	846	487	865	865
Using own refuse dump	547	565	523	523
Other rubbish disposal	952	938	720	720
No rubbish disposal	123	124	124	124
<i>Below Minimum Service Level sub-total</i>	3 015	2 678	2 755	2755
<i>Below Minimum Service Level percentage</i>	13.8%	13.8%	13.8%	95.8%
<b>Total number of households</b>	<b>3 136</b>	<b>2 799</b>	<b>2 876</b>	<b>2876</b>
	<b>T 3.4.2</b>			

HOUSEHOLDS - SOLID WASTE SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
Description	Households					
	Year -3 Actual No.	Year -2 Actual No.	Year -1 Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal Settlements</b>						
Total households	123 195	123 195	123 195	123 195	123 195	123 195
Households below minimum service level	15 000	15 000	15 000	15 000	15 000	15 000
Proportion of households below minimum service level	0.1217584	0.1217584	0.1217584	0.1217584	0.1217584	0.1217584
<b>Informal Settlements</b>						
Total households	24 300	24 300	24 300	24 300	24 300	24 300
Households below minimum service level	20 000	20 000	20 000	20 000	20 000	20 000
Proportion of households below minimum service level	0.8230453	0.8230453	0.8230453	0.8230453	0.8230453	0.8230453
	<b>T 3.4.3</b>					



WASTE MANAGEMENT SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target *Previous Year (iii)	Actual (iv)	Target *Previous Year (v)		Actual *Current Year (vi)		Target *Current Year (viii)	
		*Current Year (ix)		*Following Year (x)					
<b>Service Objective</b>									
Collect Waste from each household on a weekly basis	123 195 HOUSEHOLDS (20 000 HOUSEHOLDS)	5624 SERVICE POINTS	5749 SERVICE POINTS	5749 SERVICE POINTS	5749 SERVICE POINTS	5749 SERVICE POINTS )	5749 SERVICE POINTS	5749 SERVICE POINTS	5749 SERVICE POINTS
To ensure efficient management and maintenance of landfill sites throughout Matjhabeng municipality	4 Landfill sites	20 years of unused landfill capacity available	15 years of unused landfill capacity available	15 years of unused landfill capacity available	10 years of unused landfill capacity available	15 years of unused landfill capacity available	10 years of unused landfill capacity available	10 years of unused landfill capacity available	10 years of unused landfill capacity available
To ensure an effective Waste management system	20 000	45% of year 2014/2015 waste recycled	40% of year 2014/2015 waste recycled	45% of year 2014/2015 waste recycled	45% of year 2014/2015 waste recycled	50% of year 2015/2016 waste recycled			
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. **'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									

T 3.4.4



Employees: Waste Management, Waste Disposal and Other Services					
Job Level	Year -1		Year 0		
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1					
2					
3	1	1	1	0	0%
4					
5/4	0	2	0	2	100%
5					
6					
7/6					
7					
8/7					
8	1	2	1	1	50%
9					
10/9	1	11	6	5	45%
10	1	5	3	2	40%
11					
12/9					
12/11	2	26	2	24	92%
12					
13					
14/13	5	18	4	14	78%
14					
15	9	27	9	9	33%
16/15	0	1	0	1	100%
18/17	279	402	388	14	3%
Total	299	495	414	81	16%
<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.3.4.5					



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.	%
1	0		0	0	
2	0		0	0	
3	0		0	0	
5	0		0	0	
5/4	0		0	0	
5	0		0	0	
6	0		0	0	
7/6	0		0	0	
7	0		0	0	
8/7	0		0	0	
8	0		0	0	
9	0		0	0	
10/9	0		0	0	
10	0		0	0	
11	0		0	0	
12/9	0		0	0	
12/11	0		0	0	
12	0		0	0	
13	0		0	0	
14/13	0		0	0	
14	0		0	0	
15	0		0	0	
16/15	0		0	0	
16	0		0	0	
17	0		0	0	
18/17	0		0	0	
Total		0		0	

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

**T.3.4.6**



FINANCIAL PERFORMANCE YEAR 0: SOLID WASTE MANAGEMENT SERVICES					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-68 027	-78 928			
Expenditure:					
Employees	0	48 679			
Repairs and Maintenance	0	5			
Other	0	13 899			
<b>Total Operational Expenditure</b>	0	62 583			
<b>Net Operational Expenditure</b>	0	130 574			

*Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.*

**T 3.4.7**

FINANCIAL PERFORMANCE YEAR 0: WASTE DISPOSAL AND OTHER SERVICES					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	95				
Expenditure:					
Employees	248				
Repairs and Maintenance	248				
Other	248				
<b>Total Operational Expenditure</b>	744				
<b>Net Operational Expenditure</b>	649				

*Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.*

**T 3.4.8**



CAPITAL EXPENDITURE YEAR 0: WASTE MANAGEMENT SERVICES						
Capital Projects	Year 0					R' 000
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All						
Odendaalsrus Landfill Site	12 000 000		12 000 000		12 000 000	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						
						T 3.4.9

#### COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL

The Directorate provided Waste Management Services to 5 749 service points of which constitute 147 495 constitute formal and 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**

<b>Year end</b>	<b>Total households (formal and informal settlements)</b>	<b>Households in formal settlements</b>	<b>Percentage of HHs in formal settlements</b>
Year -3	110 660	91 107	82,3%
Year -2	111 160	91 975	82,7%
Year -1	113 101	93 475	82,6%
Year 0	114 875	95 975	84,0%

**T 3.5.2**



HOUSING SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives  Service Indicators (i)	Outline Service Targets (ii)	Year 0 2016/17		Year 2017/18			Year 2	Year 3	
		Target *Previous Year (iii)	Actual (iv)	Target		Actual (vii)	Target *Current Year (viii)	*Current Year (ix)	*Following Year (x)
				*Previous Year (v)	*Current Year (vi)				
<b>Service Objective xxx</b>									
To promote security of tenure	3000	2 000	0	2 000	4 751		0	4 751	0
<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.3.5.3



EMPLOYEES: HOUSING SERVICES					
Job Level	Year -1		Year 0		
	Employees		Posts	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.	No.	%
2	1	1	1	0	0%
3	1	3	1	2	67%
5/4	2	6	2	4	67%
7/6	9	11	9	2	18%
10/9	1	3	1	2	67%
12/11	9	9	9	0	0%
<b>Total</b>	<b>23</b>	<b>33</b>	<b>23</b>	<b>10</b>	<b>30%</b>

T .3.5.4

FINANCIAL PERFORMANCE YEAR 0: HOUSING SERVICES					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	13 381	13 054		11 597	12%
Expenditure:					
Employees	10 454	10 820		11 997	-11%
Repairs and Maintenance	1 222	4 487		485	79%
Other	7 600	2 296		9 914	
<b>Total Operational Expenditure</b>	19 276	17 604		22 396	
<b>Net Operational Expenditure</b>					

*Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.*

T 3.5.5

CAPITAL EXPENDITURE YEAR 0: HOUSING SERVICES					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

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

T 3.5.6



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

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

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

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

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

With regard to houses built for the historically disadvantaged individuals, 853 residential sites were built in Thandanani Ward 25, Hani Park as well as 160 re-developed old 2-roomed houses.

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

**T 3.5.7**



### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

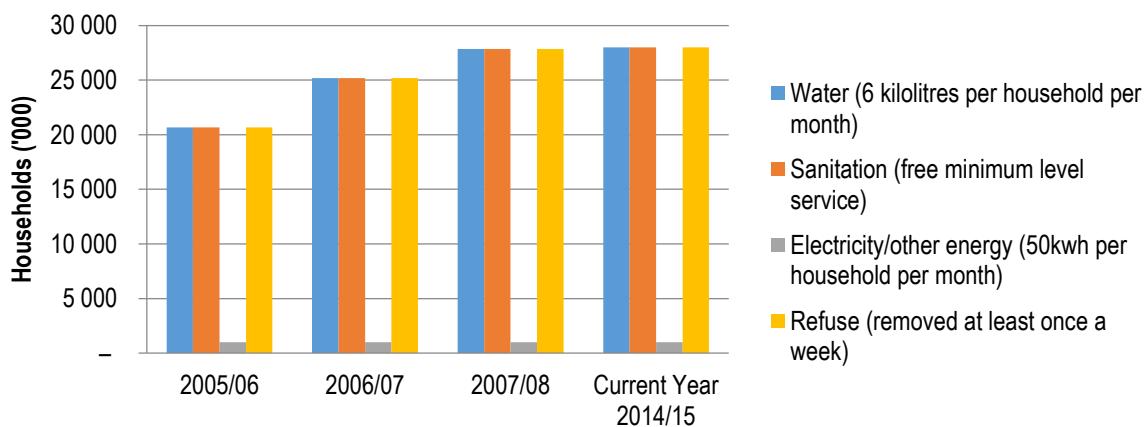
#### INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

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

T 3.6.1

#### FREE BASIC HOUSEHOLD SERVICES (Update Current Year 16/17)

#### Free Basic Household Services



Data sourced

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	Access	%	Access	%
Year -2	23 045	23 045	23 045	23 045	23 045	23 045	23 045	23 045	23 045	100%
Year -1	20 339	20 339	20 339	100%	20 339	100%	20 339	100%	20 339	100%
Year 0	19 539	19 539	19 539	100%	19 539	100%	19 539	100%	19 539	100%

T 3.6.3



FINANCIAL PERFORMANCE YEAR 0: COST TO MUNICIPALITY OF FREE BASIC SERVICES DELIVERED					
Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	248	244	250	310	21%
Waste Water (Sanitation)	245	240	250	280	14%
Electricity	135	120	130	160	25%
Waste Management (Solid Waste)	125	110	120	145	24%
<b>Total</b>	<b>753</b>	<b>714</b>	<b>750</b>	<b>895</b>	<b>20%</b>

**T 3.6.4**



FREE BASIC SERVICE POLICY OBJECTIVES TAKEN FROM IDP										
Service Objectives  Service Indicators (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3		
		Target  *Previous Year  (iii)	Actual  (iv)	Target  *Previous Year  (v)		Actual  *Current Year  (vi)		Target  *Current Year  (viii)		
		*Previous Year  (iii)	(iv)	*Previous Year  (v)	*Current Year  (vi)	(vii)	*Current Year  (viii)	*Current Year  (ix)	*Following Year  (x)	
Provision of alternative support to low income households that do not receive all Free Basic Services	Low income households (LIHs) who do not receive all the free basic services but <u>do</u> receive alternative support (Total number of LIHs not in receipt of free basic services)	LIHs receiving support (out of LIHs in total)	LIHs receiving support (out of LIHs in total)	LIHs receiving support (out of LIHs in total)	LIHs receiving support (out of LIHs in total)	LIHs receiving support (out of LIHs in total)	LIHs receiving support (out of LIHs in total)	LIHs receiving support (out of LIHs in total)	LIHs receiving support (out of LIHs in total)	LIHs receiving support (out of LIHs in total)
To ensure that there is an improved infrastructure delivery by the end of the financial year	Service 1000 new stands per year	1000		1000	1000			1000		
To improve accountability of portable water to increase potential revenue for the Municipality	Construct and extend 4km of purified sewerage network to reduce usage of portable water for irrigation purposes.	Use 50% of purified water sales to extend the purified sewer effluent network each year to reduce the usage of potable water for irrigation purposes		Use 50% of purified water sales to extend the purified sewer effluent network each year to reduce the usage of potable water for irrigation purposes	Use 50% of purified water sales to extend the purified sewer effluent network each year to reduce the usage of potable water for irrigation purposes			Use 50% of purified water sales to extend the purified sewer effluent network each year to reduce the usage of potable water for irrigation purposes		
To develop gravel roads		Construct sealed gravel roads at 15Km per annum		Construct sealed gravel roads at 15Km per annum	Construct un-designed Gravel roads to give residents access to stands in rainy season at 15Km per annum					

NB: no capital budget allocated to PSE System, Theronia WWTW currently dysfunctional, therefore any PSE available. T.3.6.5

#### COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality provided free basic services to 19 539 indigents.

T 3.6.6



## **COMPONENT B: ROAD TRANSPORT**

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

### **INTRODUCTION TO ROAD TRANSPORT**

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

**T.3.7**



### 3.7 ROADS

#### INTRODUCTION TO ROADS

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

T.3.7.1

#### GRAVEL ROAD INFRASTRUCTURE

	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained	Kilometers
Year -2	558	0	10	245	
Year -1	558	0	0	66	
Year 0	701	23	6	34	

T.3.7.2

#### TARRED ROAD INFRASTRUCTURE

	Total tarred roads	New tar/paved roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained	Kilometers
Year -2	1 232	12	0	0	0	
Year -1	1 236	4	0	0	0	
Year 0	1 083	6	7	3	436	

T.3.7.3

#### COST OF CONSTRUCTION/MAINTENANCE

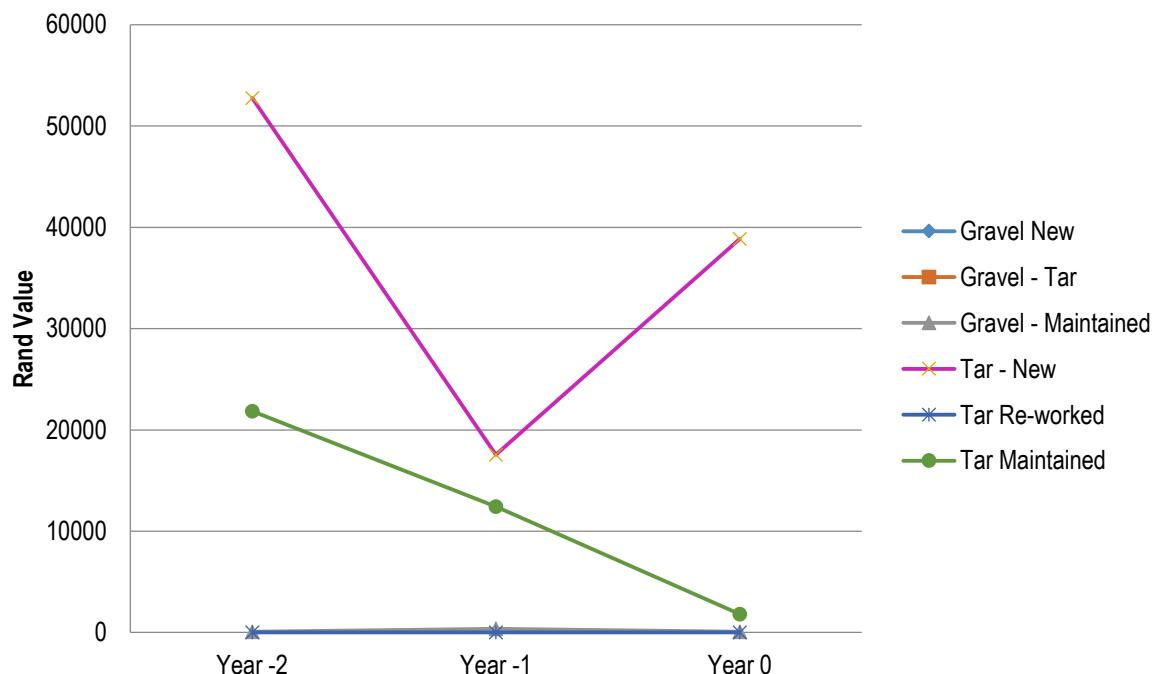
	R' 000					
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -2			345	17 540	0	12 441
Year -1			68	38 851	0	1 816
Year 0			779	22 381	13 000	2 212

T.3.7.4



## ROAD INFRASTRUCTURE COSTS

### Road Infrastructure costs



T.3.7.5



ROAD SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 3		
		Target *Previous Year (iii)	Actual (iv)	Target *Previous Year (v)	Actual *Current Year (vi)	Target *Current Year (viii)	Target *Current Year (ix)	*Following Year (x)	
<b>Service Objective</b>									
To develop and maintain road and storm water infrastructure	Construct 10km new distributor roads/ bus/ taxi roads to improve traffic flow and improve stormwater management.	10	4	5	10	7	5	10	10
Repair potholes (1 036 km of tarred roads)	Clean, shape, prime, tar and compaction of pothole per m <sup>2</sup>	19 400	15 095	19 400	19 400	22 502	19 400	19 400	19 400
Maintenance of Gravel Roads (701 km)	Water, transport gravel, blade, water and roll gravel road per Km	60	59	60	60	57	60	60	60
NB:-									T.3.7.6



Employees: Roads, Stormwater & Building 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	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	1	12	92%
16/15	7	19	5	14	74%
16	2	2	1	1	50%
17					
18/17	129	155	130	25	16%
Total	171	321	168	153	48%
<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>					
T3.7.7					



FINANCIAL PERFORMANCE YEAR 0: ROAD SERVICES					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0		0		0%
Expenditure:					
Employees	22 951	24 867	24 867	24 055	-3%
Repairs and Maintenance	13 189	57 629	57 629	2 780	-1973%
Other	4 808	11 313	11 313	5 695	-99%
<b>Total Operational Expenditure</b>	40 947	93 809	93 809	32 531	-188%
<b>Net Operational Expenditure</b>	40 947	93 809	93 809	32 531	-188%

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
<b>Total All</b>	16400	16518	22371	27%	
<b>Thabong:</b> Construction of Dr. Mngoma Road in Thabong	9000	0	5853	-54%	10446
<b>Thabong:</b> Construction of 1.26km paved streets and storm water channel in Themba, Lonely and Boyd (Old Thabong) (MIS:228095)	2100	3900	3900	46%	8358
<b>Thabong:</b> Construction of 1.54km paved streets and storm water channel in Thokoza, Hlahala and Thuhlwane (MIS:228067)	5300	5141	5141	-3%	11868
<b>Meloding:</b> Construction of 2km paved roads and stormwater drainage	0	7477	7477	100%	17375
<b>Thabong:</b> Construction of Dr. Mngoma Road in Thabong	9000	0	5853	-54%	10446
<b>Thabong:</b> Construction of 1.26km paved streets and storm water channel in Themba, Lonely and Boyd (Old Thabong) (MIS:228095)	2100	3900	3900	46%	8358

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. Kutlwanong, Phomolong, Bronville and Melong Taxi Ranks were completed. New Taxi Ranks for Thabong, Mmamahabane and Nyakkallong are already planned. Welkom CBD taxi rank is under investigation.

T.3.8.3

Job Level	Employees: Fleet Management					
	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	0	1	100%	
5						
6						
7/6						
7						
8/7						
8	1	1	1	0	0%	
9	5	7	4	3	43%	
10/9	1	1	1	0	0%	
10						
11						
12/9						
12/11				0		
12						
13						
14/13						
14						
15						
16/15	5	32	4	28	88%	
16						
17						
18/17	2	0	1			
Total	15	43	11	32	74%	



*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.3.8.4**



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

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

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

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

**T.3.9.1**

#### **STORMWATER INFRASTRUCTURE**

	Total Stormwater measures	New Stormwater measures	Stormwater measures upgraded	Stormwater measures maintained	Kilometres
Year -2	590	0	1	8	
Year -1	593	0	3	8	
Year 0	593	2	1	25	

**T.3.9.2**

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

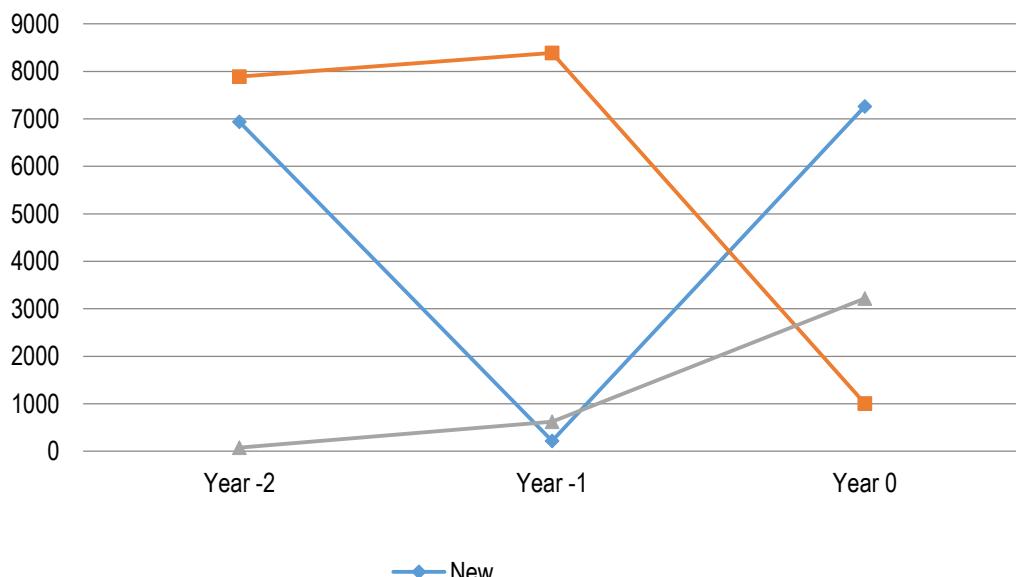
	R' 000		
	Stormwater Measures		
	New	Upgraded	Maintained
Year -2	6 939	7 890	78
Year -1	218	8 389	620
Year 0	7 262	1 004	3 216

**T.3.9.3**



### STORMWATER INFRASTRUCTURE COSTS

#### Stormwater infrastructure costs



T.3.9.4



STORMWATER POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 3		
		Target *Previous Year (iii)	Actual (iv)	Target *Previous Year (v)	Actual *Current Year (vi)	Target *Current Year (viii)	Target *Current Year (ix)	*Following Year (x)	
<b>Service Objective</b>									
To develop and maintain road and storm water infrastructure.	Upgrade 2km of main storm water in Phomolong and Mmamahabane	3	3	4,5	3	0	4.5km	3	3
Clean and upgrade all stormwater Canals.	Cleaning 7.1km of lined storm water channels in the whole of Matjhabeng once a year.	5,8	2,2	7,1	5,6	5	7.1	5,6	5,6
	Cleaning of 5.6km of unlined storm water canals in Matjhabeng twice a year.	6,8	5,4	5,6	6,8	3	5.6	6,8	6,8
NB:- Storm water channels implemented over 2 financial years.								T.3.9.5	



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

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

T.3.9.6



FINANCIAL PERFORMANCE YEAR 0: STORMWATER SERVICES					
Details	Year -1		Year 0		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>					0%
Expenditure:					
Employees	<b>Included in Roads</b>				0%
Repairs and Maintenance	78	13 053		620	-2005%
Other	<b>Included in Roads</b>		-		0%
<b>Total Operational Expenditure</b>	78	13 053	13 053	620	-2005%
<b>Net Operational Expenditure</b>	78	13 053	13 053	620	-2005%
					<b>T.3.9.7</b>

CAPITAL EXPENDITURE YEAR 0: STORMWATER SERVICES					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2700	7262	7262	63%	
<b>Nyakallong: Construction of storm water system – phase 1 (MIS:219132)</b>	2700	7262	7262	63%	11402
					<b>T.3.9.8</b>

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

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

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

**T.3.9.9**



## **COMPONENT C: PLANNING AND DEVELOPMENT**

### **INTRODUCTION TO PLANNING AND DEVELOPMENT**

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

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

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

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

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

**T.3.10.1**



### 3.10 PLANNING

Detail	APPLICATIONS FOR LAND USE DEVELOPMENT					
	Formalisation of Townships		Rezoning		Built Environment	
	Year -1	Year 0	Year -1	Year 0	Year -1	Year 0
Planning application received	4	4	9	15	2337	907
Determination made in year of receipt		4	3	9	1854	810
Determination made in following year		8			483	97
Applications withdrawn		0	1	0	0	0
Applications outstanding at year end		4	0	6	483	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					
3	1	1	1	0	0%
5					
5/4	1	2	1	1	50%
5					
6	0	3	0	3	100%
7/6					
7					
8/6	0	2	0	2	100%
8/7	0	1	0	1	100%
8					
9					
10/9	2	2	2	0	0%
10					
11					
12/9					
12/11					
12					
13					
14/13					
14					
15					
16/15	2	7	2	5	71%
16					
17					
18/17					
Total	6	18	6	12	67%
<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.3.10.4					



FINANCIAL PERFORMANCE YEAR 0: PLANNING SERVICES					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0				
Expenditure:					
Employees	2 310	3 197		2 500	
Repairs and Maintenance	1	210		0	
Other	1	73		27	
<b>Total Operational Expenditure</b>	2 313	3 481		2 528	
<b>Net Operational Expenditure</b>					
					<b>T 3.10.5</b>

CAPITAL EXPENDITURE YEAR 0: PLANNING SERVICES					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>					
Project A					
Project B					
Project C					
Project D					
					<b>T.3.10.6</b>



### **3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)**

#### **INTRODUCTION TO ECONOMIC DEVELOPMENT**

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

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

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

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

**T 3.11.1**

<b>ECONOMIC ACTIVITY BY SECTOR</b>			
	<b>R '000</b>		
<b>Sector</b>	<b>Year -2</b>	<b>Year -1</b>	<b>Year 0</b>
Agriculture, forestry and fishing	2	1,5	1,5
Mining and quarrying	6	5	2
Manufacturing	56	58	63
Wholesale and retail trade	45	51	52
Finance, property, etc.	51	48	52
Government, community and social services	23	25	25
Infrastructure services	34	38	41
<b>Total</b>	<b>217</b>	<b>226,5</b>	<b>236,5</b>
			<b>T.3.11.2</b>



ECONOMIC EMPLOYMENT BY SECTOR			
Sector	Year 1 No.	Year -1 No.	Jobs Year 0 No.
Agriculture, forestry and fishing	20 000	25 000	30 000
Mining and quarrying	400 000	435 000	372 000
Manufacturing	320 000	300 000	270 000
Wholesale and retail trade	190 000	200 000	210 000
Finance, property, etc.	275 000	255 000	235 000
Government, community and social services	300 000	310 000	320 000
Infrastructure services	400 000	430 000	450 000
<b>Total</b>	<b>1 905 000</b>	<b>1 955 000</b>	<b>1 887 000</b>

Figures to be verified. 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	875			
Year -1	252			
Year 0	30	0		Site visits
Business licences (Year 0)	15			
Commonages (Year 0)	18			Site visits
Small Scale Farmers (Year 0)	4			Site visits

T 3.11.5

#### JOB CREATION THROUGH EPWP\* PROJECTS

Details	EPWP Projects No.	Jobs created through EPWP projects No.
Year -2	40	2,000
Year -1	50	2,900
Year 0	66	4,500
<i>* - Extended Public Works Programme</i>		<span style="float: right;">T.3.11.6</span>



LOCAL ECONOMIC DEVELOPMENT POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives  Service Indicators (i)	Outline Service Targets  (ii)	Year -1		Year 0 16/17		Year 1	Year 3		
		Target *Previous Year (iii)	Actual (iv)	Target *Previous Year (v)	Actual *Current Year (vi)	Target *Current Year (viii)	Target *Current Year (ix)	*Following Year (x)	
<b>Service Objective xxx</b>									
<i>Training of people in essential skills: x, y, z</i>									
Number of people trained (including retrained upskilled)									
trained by Bank Seta	35	34	34	0	0	0			
trained by CIDB	100	114	114	0	0	0			
trained by SALGA	20	22	22	0	0	0			
trained by Seda	50	50	50	6	0	0			
trained by Detea	50	50	50	0	0	0			
trained by Filpro	70	70	70	0	0	0			
trained by Filpro	100	100	100	0	0	0			
trained by Seda	55	55	55	24	22	0			
trained by NDT	24	24	24	0		0			
trained by W&R SETA	0	16	16	16	16	0			
trained by International Labour Organisation	0		64	0	0	0			
trained by Dep Small Business Dev	0		22	0	0	0			
trained by DESTEA&ILO	0		20	0	0	0			
trained by ILO	0		25	0	0	0			
trained by SARS	0		55	0	0	0			

T.3.11.7



EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT 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	1	100%
2	3	3	1	2	67%
3	4	8	4	4	50%
5					0%
5/4	4	13	5	8	62%
5					0%
6					0%
7/6	15	23	16	7	30%
					0%
					0%
8	1	3	1	2	67%
9					0%!
10/9	2	9	3	6	67%
10					0%
11					0%
12/9					0%
12/11	9	9	9	0	0%
12					0%
13					0%
14/13					0%
14					0%
15					0%
16/15					0%
16					0%
17					0%
18/17					0%
Total	39	69	40	29	42%

T.3.11.8



FINANCIAL PERFORMANCE YEAR 0: LOCAL ECONOMIC DEVELOPMENT SERVICES					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	378	723		389	54%
Expenditure:					
Employees	12 309	12 279		12 900	-5%
Repairs and Maintenance	115	3 094		28	99%
Other	1 456	1 213		1 145	6%
<b>Total Operational Expenditure</b>	13 881	16 586		14 074	16%
<b>Net Operational Expenditure</b>					
					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	7 377		4 605		
Taxi Rank	7 292		4 421		68 066
Street Traders	85		184		2 161



#### **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 Riebeekstad 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		
		PREVIOUS YEAR		PREVIOUS YEAR	CURRENT YEAR		CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
SERVICE OBJECTIVE/S									
HOLIDAY PROGRAM	60	60	60	60	60	60	60	60	60
READERTHON PROGRAMS	60	15	15	15	15	15	15	15	15
POETRY SESSIONS	135	30	60	30	60	30	30	30	30
NATIONAL LIBRARY WEEK	15	15	30	30	30	30	30	30	30
NATIONAL WORLD BOOK DAY	15	15	30	30	30	30	30	30	30
<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 No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1					
2					
3	1	1	1	0	0%
5					
5/4	0	2	0	2	100%
5					
6					
7/6	0	4	0	4	100%
7					
8/7					
8	1	2	1	1	50%
9					
10/9	0	15	7	8	53%
10					
11					
12/9					
12/11	17	41	14	27	66%
12					
13					
14/13	0	1	0	1	100%
14					
15					
16/15					
16					
17					
18/17	20	21	16	5	24%
Total	39	87	39	48	55%
<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.3.12.4					



FINANCIAL PERFORMANCE YEAR 0: LIBRARIES; ARCHIVES; COMMUNITY FACILITIES; OTHER					
		R'000			
DETAILS	YEAR 1	YEAR 0			
	ACTUAL	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-30	-5	0	-9	44%
Expenditure:					
Employees	12 790	15 044	0	13 884	-8%
Repairs and Maintenance	4	166	0	0	
Other	569	1 666	0	795	-110%
<b>Total Operational Expenditure</b>	13 363	16 876	0	14 679	-15%
<b>Net Operational Expenditure</b>	13 393	16 881	0	14 688	-15%
T.3.12.5					

CAPITAL EXPENDITURE YEAR 0: LIBRARIES; COMMUNITY FACILITIES; OTHER					
R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original budget	Total Project Value
Total All					
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.
<b>Highlights:</b> Matjhabeng Libraries were Champions of a Spelling Bee competition.
T 3.12.7



### **3.13 CEMETERIES**

#### **INTRODUCTION TO CEMETERIES AND CREMATORIUMS:**

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

There is increased demand for burial land due to excessive increase of the population. This is mostly affected by 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 Krtlwanong, Virginia, Meloding, Bronville and Phomolong.

**T 3.13.1**

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

Annual burial for Matjhabeng Local Municipality is 3 475.

**T 3.13.2**



CEMETORIES AND CREMATORIUMS POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives  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)					
<b>Service Objective</b>									
To provide adequate burial space for the community	Provision of graves	6 400		6 400	3 000	3 475	3 000	3 000	3 000
To provide adequate burial space for the community	Develop 1 cemetery	13	2	1	1	1	5	5	5

T 3.13.3



Employees: Cemeteries and Crematoriums					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
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		26		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.3.13.4



FINANCIAL PERFORMANCE YEAR 0: CEMETERIES AND CREMATORIUMS					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-1 265	-1 601		-1 233	-30%
Expenditure:					
Employees	3 063	3 469	0	3 188	-9%
Repairs and Maintenance	104	215	0	6	-3 483%
Other	804	1 284	0	328	-291%
<b>Total Operational Expenditure</b>	3 971	4 968	0	3 522	-41%
<b>Net Operational Expenditure</b>	5 236	6 569	0	4 755	-38%

*Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.*



### 3.14 SOCIAL PROGRAMMES

Child Care; Aged Care; Social Programs Policy Objectives Taken From IDP									
Service Objectives  Service Indicators (i)	Outline Service Targets  (ii)	Year -1		Year 0		Year 1	Year 3		
		Target  *Previous Year (iii)	Actual  (iv)	Target  *Previous Year (v)	Actual  (vi)	Target  *Current Year (viii)	Target  *Current Year (ix)	*Following Year (x)	
		Workshops, Seminars & Campaigns							
Conduct life Skills Awareness Programmes(Campaigns)	Number of awareness sessions conducted to employees	30	38	30	30	33	30	30	30
	Number of counselling sessions conducted	2500	2929	2500	2500	3804	2500	2500	2500
Pauper Burials	Number of beneficiaries assisted	70	95	70	70	130	70	70	70
<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 3.14.3									



Employees: Child Care; Aged Care; Social Programmes					
Job Level	Year -1		Year 0		
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1	0	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		26		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.3.14.4

Tables Headings and Narratives – T.3.15.4, T.3.16.4, T.3.16.4, T3.17.4 and T.3.18.4



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

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 3.15.4



Employees: Bio-Diversity; Landscape and Other					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1	0	1	0	1	100%
2	0	1	0	1	100%
3	0	1	0	1	100%
5	0	1	0	1	100%
5/4	0	1	0	1	100%
5	0	1	0	1	100%
6	0	1	0	1	100%
7/6	0	1	0	1	100%
7	0	1	0	1	100%
8/7	0	1	0	1	100%
8	0	1	0	1	100%
9	0	1	0	1	100%
10/9	0	1	0	1	100%
10	0	1	0	1	100%
11	0	1	0	1	100%
12/9	0	1	0	1	100%
12/11	0	1	0	1	100%
12	0	1	0	1	100%
13	0	1	0	1	100%
14/13	0	1	0	1	100%
14	0	1	0	1	100%
15	0	1	0	1	100%
16/15	0	1	0	1	100%
16	0	1	0	1	100%
17	0	1	0	1	100%
18/17	0	1	0	1	100%
Total		26		26	100%
<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 3.16.4					



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

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

T 3.17.4



Employees: Ambulances					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1	0	1	0	1	100%
2	0	1	0	1	100%
3	0	1	0	1	100%
5	0	1	0	1	100%
5/4	0	1	0	1	100%
5	0	1	0	1	100%
6	0	1	0	1	100%
7/6	0	1	0	1	100%
7	0	1	0	1	100%
8/7	0	1	0	1	100%
8	0	1	0	1	100%
9	0	1	0	1	100%
10/9	0	1	0	1	100%
10	0	1	0	1	100%
11	0	1	0	1	100%
12/9	0	1	0	1	100%
12/11	0	1	0	1	100%
12	0	1	0	1	100%
13	0	1	0	1	100%
14/13	0	1	0	1	100%
14	0	1	0	1	100%
15	0	1	0	1	100%
16/15	0	1	0	1	100%
16	0	1	0	1	100%
17	0	1	0	1	100%
18/17	0	1	0	1	100%
Total	0	6	0	6	100%
<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 3.18.4					



### 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					
2	1	1	1	0	0%
3	2	2	1	1	50%
5					
5/4	1	3	1	2	67%
5					
6					
7/6	1	3	1	2	67%
7					
8/7					
8	1	2	1	1	50%
9					
10/9	0	2	0	2	100%
10					
11					
12/9					
12/11	1	1	1	0	0%
12					
13					
14/13					
14					
15					
16/15					
16					
17					
18/17					
Total	7	14	6	8	57%

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

T 3.19.4



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

### **3.20 POLICE (PUBLIC SAFETY TRAFFIC)**

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

#### **INTRODUCTION TO SAFETY & SECURITY**

#### **PUBLIC SAFETY & TRANSPORT**

##### **Objective of the Public Safety Department**

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

##### **Our Approach to Improve Public Safety**

The Department of Public Safety will endeavour to:

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

#### **INTRODUCTION TO SECURITY**

#### **OVERVIEW**

#### **SECURITY SERVICES**

Security Services is entrusted with a responsibility of safeguarding valuable Council's assets and resources.

#### **FUNCTIONS OF SECURITY SERVICES**

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



- Vetting of personnel and companies.
- Crowd control.

## **INTRODUCTION TO TRAFFIC MANAGEMENT**

### **OVERVIEW**

The Traffic Division is responsible for traffic law enforcement and the administration thereof. 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.

### **THE KEY ISSUES FOR 2016/2017 WERE:**

The efficiency of the Department has been hampered by constraints such as staff vacancies, the lack of equipment and the lack of operational as well as capital funding, as well as high volume of vandalism and copper cable theft.

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

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

**T 3.20**



Employees: Police Officers					
Job Level	Year -1	Year 0			
Police Administrators	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Chief Police Officer & Deputy					
Other Police Officers					
1	0	1	0	1	100%
2	0	1	0	1	100%
3	0	1	0	1	100%
5	0	1	0	1	100%
5/4	0	1	0	1	100%
5	0	1	0	1	100%
6	0	1	0	1	100%
7/6	0	1	0	1	100%
7	0	1	0	1	100%
8/7	0	1	0	1	100%
8	0	1	0	1	100%
9	0	1	0	1	100%
10/9	0	1	0	1	100%
10	0	1	0	1	100%
11	0	1	0	1	100%
12/9	0	1	0	1	100%
12/11	0	1	0	1	100%
12	0	1	0	1	100%
13	0	1	0	1	100%
14/13	0	1	0	1	100%
14	0	1	0	1	100%
15	0	1	0	1	100%
16/15	0	1	0	1	100%
16	0	1	0	1	100%
17	0	1	0	1	100%
18/17	0	1	0	1	100%
Total	0	26	0	26	100%
<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 3.20.4					



## **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

During 2016/2017 – Paraffin Safety Awareness Campaigns were conducted

#### **Challenges**

Operational - There were problems with regards to fire calls attended because we did not comply to the SANS code of conduct because of the shortage of fire engines.

**T 3.21.1**

### **FIRE SERVICE POLICY OBJECTIVES TAKEN FROM IDP**



METROPOLITAN FIRE SERVICE DATA									
	Details	Year -1		Year 0			Year 1		
		Actual No.	Estimate No.	Actual No.	Estimate No.	Actual No.	Estimate No.	Actual No.	
1	Total fires attended in the year	653		500		638		600	
2	Total of other incidents attended in the year	369		500		374		650	
3	Average turnout time - urban areas	8 - 12 min		10minutes		12 minutes		15-20 min	
4	Average turnout time - rural areas	25 - 35 min		25-30 min		25 min		35-40min	
5	Fire fighters in post at year end	61		63		78		78	
6	Total fire appliances at year end	6		18		2		20	
7	Average number of appliance off the road during the year	2		10		10		15	
T 3.21.2									
Service Objectives  Service Indicators (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Moderate	Fire calls	500	500	698	955	698	599	500	550
Moderate	Rescue calls	1 000	600	556	556	556	575	600	589
Complied	Special calls	300	150	556	278	556	353	150	252
T 3.21.3									

#### Employees: Fire Services



Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Fire Fighters	No.	No.	No.	No.	%
Chief Fire Officer & Deputy					
Other Fire Officers					
1					
2					
3	0	1	0	1	100%
5					
5/4	2	2	1	1	50%
5					
6	3	4	2	2	50%
7/6					
7					
8/7					
8	12	15	11	4	27%
9					
10/9					
10					
11					
12/9	51	65	51	14	22%
12/11	3	5	3	2	40%
12					
13					
14/13	0	1	0	1	100%
14					
15					
16/15					
16					
17					
18/17	1	8	4	4	50%
Total	72	101	72	29	29%
<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.3.21.4					



FINANCIAL PERFORMANCE YEAR 0: FIRE SERVICES					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-608 534				
Expenditure:					
Fire fighters	23 488				
Other employees	0				
Repairs and Maintenance	950				
Other	4 069				
<b>Total Operational Expenditure</b>	5 020				
<b>Net Operational Expenditure</b>	5 628				
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
<b>T 3.21.5</b>					

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



### **3.22 OTHER (DISASTER MANAGEMENT, CONTROL OF PUBLIC NUISANCES AND OTHER)**

#### **INTRODUCTION TO DISASTER MANAGEMENT:**

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

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

**T.3.22.1**

#### **SERVICE STATISTICS FOR DISASTER MANAGEMENT:**

Disaster Management provided temporary shelters to the communities that were affected by thunderstorms. Fifty (50) salvage sheets were used to assist the affected houses.

**T 3.22.2**



Employees: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1	0	1	0	1	100%
2	0	1	0	1	100%
3	0	1	0	1	100%
5	0	1	0	1	100%
5/4	0	1	0	1	100%
5	0	1	0	1	100%
6	0	1	0	1	100%
7/6	0	1	0	1	100%
7	0	1	0	1	100%
8/7	0	1	0	1	100%
8	0	1	0	1	100%
9	0	1	0	1	100%
10/9	0	1	0	1	100%
10	0	1	0	1	100%
11	0	1	0	1	100%
12/9	0	1	0	1	100%
12/11	0	1	0	1	100%
12	0	1	0	1	100%
13	0	1	0	1	100%
14/13	0	1	0	1	100%
14	0	1	0	1	100%
15	0	1	0	1	100%
16/15	0	1	0	1	100%
16	0	1	0	1	100%
17	0	1	0	1	100%
18/17	0	1	0	1	100%
Total	0	26	0	26	100%

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

T.3.22.4

#### 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 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.



## **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 One Urban Park has been developed in Kutlwanong as Lukhanyiso Greening project donated by Department of Environmental Affairs.

**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)		
		*Previous Year  (iii)	(iv)	*Previous Year  (v)	*Current Year  (vi)	(vii)	*Current Year  (viii)	*Current Year  (ix)	*Following Year  (x)
<b>Service Objective</b>									
To ensure that basic sport and recreation facilities are available to all communities		72	72	71	72	72	71	72	72
<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					
5/4	5	5	4	1	20%
5					
6					
7/6	4	3	1	2	67%
7					
8/7					
8	3	8	3	5	63%
9	1	1	1	0	0%
10/9	0	4	0	4	100%
10					
11					
12/9					
12/11	11	33	11	22	67%
12					
13					
14/13	2	16	2	14	88%
14					
14/16	1	4	2	2	50%
15	27	74	29	45	61%
16/15	15	86	35	51	59%
16	47	75	45	30	40%
17					
18/17	410	427	384	43	10%
Total	527	739	518	221	30%
<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 3.23.3					



FINANCIAL PERFORMANCE YEAR 0: SPORT AND RECREATION					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-33	0	0	-55	100%
Expenditure:					
Employees	2 737	5 792	0	4 492	29%
Repairs and Maintenance	5	7	0	11	-36%
Other	2 125	209	0	67	
<b>Total Operational Expenditure</b>	4 868	6 784	0	4 570	-48%
<b>Net Operational Expenditure</b>	4 902	6 784	0	4 625	47%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
<b>T 3.23.4</b>					

CAPITAL EXPENDITURE YEAR 0: SPORT AND RECREATION					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	66 979	0	29 668	0	66 979
Phase 3 Thabong Stadium	42 834	0	27 211	0	42 834
Thabong Far East Sports Centre	24 145	0	2 457	0	24 145
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
<b>T 3.23.5</b>					

COMMENT ON THE PERFORMANCE OF PARKS, SPORTS & RECREATION OVERALL	
<b>Parks:</b>	
<b>Establishment of a park at Kutlwanoeng:</b>	
- Matjhabeng Municipality applied for funds from National Department of Environmental Affairs and approved a budget of R5m for the establishment of a park at site 50590 Madika Street, Ward 22, Block 7.	
- It consists of Eco-Centre, Nursery and Recreational Centre.	
<b>Sports &amp; Recreation:</b>	
- Upgrading of Stadium successfully completed within 2015/2016 financial year, namely:	
1. Thabong – Phase 2	
<b>T 3.23.6</b>	



## **COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES**

This component includes: Corporate policy offices, financial services, Human Resource services, ICT services, property services.

### **3.24 EXECUTIVE AND COUNCIL**

This component includes: Executive office (Mayor; Councillors; and Municipal Manager).

#### **INTRODUCTION TO EXECUTIVE AND COUNCIL**

##### **Introduction to Executive and Council**

##### **Council**

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

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

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

##### **Speaker**

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

The Speaker plays two main important roles:

- Within the Council; and
- In building democracy

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

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



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

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

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

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

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

#### **Council Whip**

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

#### **Administration**

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

**T 3.24.1**



THE EXECUTIVE AND COUNCIL POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective</b>									
To promote social cohesion and nation building through Sports	Youth: Prepare and hosted MLM games for annual OR Tambo Games	1	1	1	1	1	1	1	1
	Elderly: Organise recreational games for senior citizens	1	1	1	1	0	1	1	1
	Organise recreational games for people with disability	1	1	1	1	0	1	1	1
To promote social cohesion and community building through Arts & Culture	Hosted MLM Arts & Culture Festival	1	0	1	1	1	1	1	1
To enhance gender participation and equity	Women's Day celebration held	1	1	1	1	0	1	1	1
To promote awareness on HIV/AIDS	A number of HIV/AIDS material distributed (1000)	5 500	5 500	5 500	2 500	250	2 500	2 500	2 500
To promote awareness on gender and child abuse	16 Days of Activism launched	1	1	1	1	0	1	1	1
To provide Mayoral bursary scheme to the deserving students	10 new bursaries provided	10	10	10	10	10	10	10	10
<b>T 3.24.3</b>									



Employees: The Political Office					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0	72	72	72	0	0%
1	3	3	3	0	0%
2	1	1	1	0	0%
3	5	5	5	0	0%
5/4	6	9	6	3	33%
6	8	8	8	0	0%
7/6	4	6	4	2	33%
7	3	3	3	0	0%
8/6				0	
8/7				0	
8	1	1	1	0	0%
9	6	8	8	0	0%
10/9				0	
10				0	
12/9				0	
12/11	0	1	0	1	100%
14/13				0	
15				0	
16/15	1	1	1	0	0%
16				0	
18/17				0	
Total	110	118	112	6	5%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T.3.24.4					

FINANCIAL PERFORMANCE YEAR 0: THE EXECUTIVE AND COUNCIL					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>		125	0	95	-32%
Expenditure:					
Employees	125	65 594 970	0	68 068 553	4%
Repairs and Maintenance	25	4 195 243	0	1 793 039	-134%
Other	45	67 487 915	0	73 869 399	9%
<b>Total Operational Expenditure</b>	195	137 278 128	0	143 730 991	4%
<b>Net Operational Expenditure</b>	195	137 278 003	0	143 730 896	4%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.24.5					



CAPITAL EXPENDITURE YEAR 0: THE EXECUTIVE AND COUNCIL					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

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

**T 3.24.6**



### 3.25 FINANCIAL SERVICES

DEBT RECOVERY							
Details of the types of account raised and recovered	Year -1		Year 0			Year 1	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	192 976 982	55%	195 577 909	158 520 526	81,05%	171 202 168	80%
Electricity - B			0	0			
Electricity - C	371 495 247	85,12%	139 437 467	131 363 584	94,21%	141 872 671	80%
Water - B			0	0			
Water - C	226 233 381	97,47%	293 789 747	82 317 734	28,02%	88 903 153	80%
Sanitation	115 035 381	96,64%	125 371 953	52 184 615	41,62%	56 359 384	80%
Refuse	71 103 711	27,76%	79 318 431	25 596 832	32,27%	27 644 579	80%
Other	62 460 425	42,20%	139 437 467	131 363 584	94,21%	141 872 671	80%

B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.

T 3.25.2



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

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

T 3.25.3



### Employees: Financial Services

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1	1	1		1	100%
2	2	2	2	0	0%
3	6	6	5	1	17%
5					
5/4	6	12	6	6	50%
5					
6					
7/6	1	14	1	13	93%
7					
8/7					
8	8	23	6	17	74%
9					
10/9	43	64	51	13	20%
10					
11					
12/9					
12/11	74	77	74	3	4%
12					
13					
14/13	1	6	1	5	83%
14					
15	1	1	1	0	0%
16/15	0	8	1	7	88%
16					
17					
18/17	8	10	10	0	0%
Total	151	224	158	66	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.3.25.4**



FINANCIAL PERFORMANCE YEAR 0: FINANCIAL SERVICES					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	192 303	200 806		198 172	-1%
Expenditure:					
Employees	39 613	45 835	0	42 800	-7%
Repairs and Maintenance	796	705	0	0	0%
Other	20 557	64 939	0	10 204	-536%
<b>Total Operational Expenditure</b>	60 966	111 480	0	53 003	-110%
<b>Net Operational Expenditure</b>	131 337	89 326	0	145 169	38%
					<b>T 3.25.5</b>

CAPITAL EXPENDITURE YEAR 0: FINANCIAL SERVICES					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
No project was implemented	0	0	0	0%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<b>T 3.25.6</b>



### 3.26 HUMAN RESOURCES SERVICES

HUMAN RESOURCE SERVICES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators (i)		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective</b>									
To improve levels of productivity and Performance within Matjhabeng Local Municipality	Signed Performance Contracts for all employees (1800)	1800	0	1800	1 800	7	1800	500	500
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	1	1	1	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	1	1	1	1
To ensure that the Matjhabeng Local Municipality has HR Policy aligned with relevant legislation	Approved HR Policy	1	1	1	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	0	0	0	1	0	0	0	0
<b>T 3.26.3</b>									



Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1					
2	1	1	1	0	0%
3	2	3	2	1	33%
5					
5/4	4	9	4	5	56%
5					
6					
7/6	4	8	4	4	50%
7					
8/7					
8	4	4	4	0	0%
9					
10/9	1	6	1	5	83%
10					
11					
12/9					
12/11	6	9	6	3	33%
12					
13					
14/13	0	1	0	1	100%
14					
15					
16/15					
16					
17					
18/17					
Total	22	41	22	19	46%
<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>					
<b>T.3.26.4</b>					



FINANCIAL PERFORMANCE YEAR 0: HUMAN RESOURCE SERVICES					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	
Expenditure:					
Employees	8 612 546	8 755 047	0	9 301 163	6%
Repairs and Maintenance	0	102,104	0	0	
Other	589 002	2 305 181	0	966 854	-138%
<b>Total Operational Expenditure</b>	9 201 549	11 162 332	0	10 268 017	-9%
<b>Net Operational Expenditure</b>	9 201 549	11 162 332	0	10 268 017	-9%
					<b>T 3.26.5</b>

CAPITAL EXPENDITURE YEAR 0: HUMAN RESOURCE SERVICES					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B	0	0	0	0	0
Project C	0	0	0	0	0
Project D	0	0	0	0	0
					<b>T 3.26.6</b>



### **3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES**

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

#### **INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES**

Information Technology and Communications Technology (ICT) plays an important role in supporting service delivery. In this regard, it is vital that the Municipality bridges the so-called digital divide, so that residents will have access to digital technology, affordable high speed internet and voice services. This will enhance the competitiveness of the Municipality. The ICT focus will remain on strengthening the ICT governance framework, including paying attention to protecting the institution's ICT network in the face of growing and sophisticated security threats, extending the reach of ICT services offered by the Municipality to communities to better enhance access to Municipal services and in the process, building on continuing efforts to bridge the digital divide and laying the foundation for a knowledge economy in the Local Municipality. Other areas of focus are the development of ICT Disaster Recovery Plans and Business Continuity Plans to ensure the uninterrupted supply of services during disasters and operational down-times. Key objectives of this section is to maintain and develop ICT infrastructure which is up-to-date and capable of supporting the Municipality service delivery mandate.

**T.3.27.1**



Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1					
2					
3	1	1	1	0	0%
5					
5/4	0	1	0	1	100%
5					
6					
7/6	1	1	1	0	0%
7					
8/7					
8	2	4	2	2	50%
9					
10/9	10	3	9	-6	-200%
10					
11					
12/9					
12/11					
12					
13					
14/13					
14					
15					
16/15					
16					
17					
18/17					
Total	14	10	13	-3	-30%
<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.3.27.4					



Financial Performance Year 0: ICT Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>					#DIV/0!
Expenditure:					
Employees	4882	4882	0	5174	6%
Repairs and Maintenance	3991	3991	0	1862	-114%
Other	1375	1375	0	1333	-3%
<b>Total Operational Expenditure</b>	10248	10248	0	8369	-22%
<b>Net Operational Expenditure</b>	10248	10248	0	8369	-22%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
<b>T 3.27.5</b>					

Capital Expenditure Year 0: ICT Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1050	0	1050	0%	
Project A: IT Equipment	1050	0	1050	0%	1050
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
<b>T 3.27.6</b>					

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



The ICT Primary Objectives are as follows:-

- Minimize IT downtime of the network to less than 5% of the time.
- Ensure all IT queries are addressed within five working days.

The ICT Department has achieved all the above objectives.

With the upgrade on the VPN network there has been 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. We are continually upgrading as technology is improving consistently. IT queries range from hardware to software issues, 99% of the time our technicians address the issues within 2 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.

**T.3.27.7**

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



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

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1	0	1	0	1	100%
2	0	1	0	1	100%
3	0	1	0	1	100%
5	0	1	0	1	100%
5/4	0	1	0	1	100%
5	0	1	0	1	100%
6	0	1	0	1	100%
7/6	0	1	0	1	100%
7	0	1	0	1	100%
8/7	0	1	0	1	100%
8	0	1	0	1	100%
9	0	1	0	1	100%
10/9	0	1	0	1	100%
10	0	1	0	1	100%
11	0	1	0	1	100%
12/9	0	1	0	1	100%
12/11	0	1	0	1	100%
12	0	1	0	1	100%
13	0	1	0	1	100%
14/13	0	1	0	1	100%
14	0	1	0	1	100%
15	0	1	0	1	100%
16/15	0	1	0	1	100%
16	0	1	0	1	100%
17	0	1	0	1	100%
18/17	0	1	0	1	100%
Total	0	26	0	26	100%
Total	0	32	0	32	100%

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

T 3.28.4

## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE



## (PERFORMANCE REPORT PART II)

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### INTRODUCTION

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

The Key fundamentals underpinning OD are:

Organisational transformation and change management

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

Therefore, the corporate philosophy of the new administration is guided and encapsulates these fundamentals with the unwavering commitment of council to attain in their term of office.

T 4.0.1

#### 4.1 EMPLOYEE TOTAL AND VACANCIES



#NAME?	Employees				
	Year -1 Employees No.	Year 0			
		Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water Demand, Water and Effluent Water Purification Services	109	246	108	138	56%
Electricity Services	64	158	64	94	59%
Waste Management, Waste Disposal and Other Services	83	178	85	93	52%
Housing	299	495	414	81	16%
Roads Stormwater and Buildings	24	51	25	26	51%
Fleet Management	171	321	168	153	48%
Planning	13	43	11	32	74%
Local Economic Development	6	18	6	12	67%
Library	8	16	8	8	50%
Employees: Legal; Risk Management	43	87	39	48	55%
Fire Services	7	14	6	8	57%
Sports and Recreation	72	101	72	29	29%
The Political Office	527	739	518	221	30%
Financial Services	110	118	112	6	5%
Human Resources Services	151	224	158	66	29%
ICT	22	41	22	19	46%
Municipal Manager's Office	14	10	13	-3	-30%
Strategic Support Services	13	24	13	11	46%
Corporate Services	20	46	17	29	63%
Community Services	90	75	50	25	33%
Infrastructure	178	367	176	191	52%
Totals	210	424	221	203	48%
	<b>Totals</b>	<b>2,234</b>	<b>3,796</b>	<b>2,306</b>	<b>1,490</b>
					39%
<i>Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.</i>					
<b>T 4.1.1</b>					

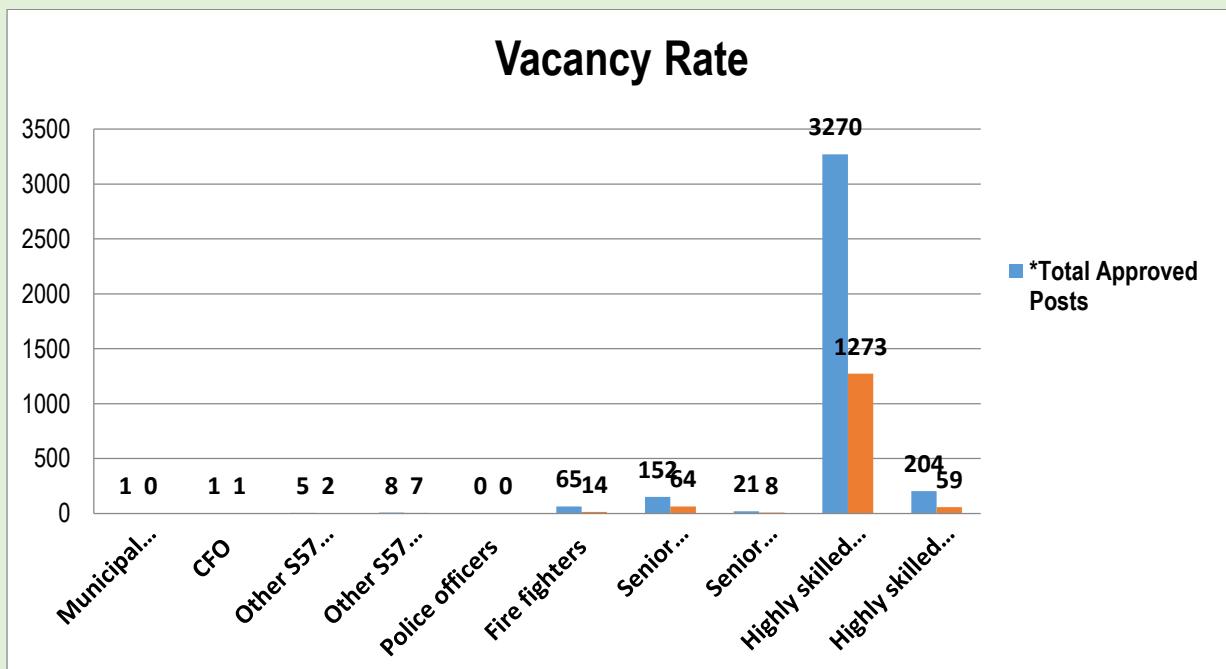
#### Vacancy Rate: Year 0



Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category) %
		No.	%
Municipal Manager	1	0	0.00
CFO	1	1	100.00
Other S57 Managers (excluding Finance Posts)	5	2	40.00
Other S57 Managers (Finance posts)	8	7	87.50
Police officers	0	0	
Fire fighters	65	14	21.54
Senior management: Levels 2-5/4 (excluding Finance Posts)	152	64	42.11
Senior management: Levels 2-5/4 (Finance posts)	21	8	38.10
Highly skilled supervision: levels 6-18/17 (excluding Finance posts)	3270	1273	38.93
Highly skilled supervision: levels 6-18/17 (Finance posts)	204	59	28.92
<b>Total</b>	<b>3727</b>	<b>1428</b>	<b>38.31</b>

Note: \*For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). 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.4.1.2



T.4.1.2 Cont.

### Turn-over Rate



Details	Appointments during the Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year -2	58	111	191%
Year -1	37	119	322%
Year 0	43	112	260%

\* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year

**T.4.1.3**

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

In the year under review, the Matjhabeng Local Municipality staff turnover rate is 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 Matjhabeng Local Municipality's staff complement as at 30<sup>th</sup> June 2016 is Two Thousand Three Hundred and Six (2306) including Seventy Two (72) Councillors. The total staff composition is predominantly African Male across all occupational levels.

The Local Municipality has a Human Resources Plan in place which entails all measures that are aimed at increasing the productivity of the entire workforce thus enhancing the performance culture. The Human Capital Management policies and procedures as well as the signed Collective Agreement with the recognized Trade Unions are also in place. The policies together with the collective agreement are 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	100%	100%	Is integrated in the Human Resource Policy Manual
2	Attraction and Retention	100%	100%	Is integrated in the Human Resource Policy Manual
3	Code of Conduct for employees	100%	100%	In place and induction has been conducted.
4	Delegations, Authorisation & Responsibility	100%	100%	In Place
5	Disciplinary Code and Procedures	100%	100%	Aligned with the Collective Agreement which came into effect on the 1st July 2016 until 30 June 2020
6	Essential Services	100%	100%	Aligned with the Collective Agreement which came into effect on the 1st July 2016 until 30 June 2021
7	Employee Assistance / Wellness	100%	100%	(MC37/2005) Adopted 2005. Policy reviewed, noted by MAYCO and awaiting Council approval.
8	Employment Equity	100%	100%	Is integrated in the Human Resource Policy Manual.
9	Exit Management Interview	100%	100%	In place.
10	Grievance Procedures	100%	100%	Aligned with the Collective Agreement which came into effect on the 1st July 2016 until 30 June 2020
11	HIV/Aids	100%	100%	Adopted 2009. Policy has been reviewed and noted by MAYCO. It will be submitted to Council for approval.
12	Human Resource and Development/Training and Development	100%	100%	Policy has been reviewed and noted by MAYCO. It will be submitted to Council for on the 31st August 2017.
13	Information Technology	0%	0%	Draft policies were submitted and noted by Council on the 31st May 2017.
14	Job Evaluation	0%	0%	Draft roll out plan in place. Roll out will take place in the first quarter of 2017/2018 financial year.
15	Leave	100%	100%	Aligned with the Collective Agreement which came into effect on the 1st July 2016 until 30 June 2020
16	Occupational Health and Safety	100%	100%	In Place.
17	Official Housing	100%	100%	In Place.



18	Official Journeys	100%	100%	In Place.
19	Official transport to attend Funerals	100%	100%	In Place.
20	Official Working Hours and Overtime	100%	100%	Aligned with the Collective Agreement which came into effect on the 1st July 2016 until 30 June 2020
21	Organisational Rights	100%	100%	Aligned with the Collective Agreement which came into effect on the 1st July 2016 until 30 June 2020
22	Payroll Deductions	100%	100%	In Place.
23	Performance Management and Development	100%	100%	Council approved the framework on the 13 <sup>th</sup> December 2016.
24	Recruitment, Selection and Appointments	100%	100%	In Place.
25	Remuneration Scales and Allowances	100%	100%	In Place.
26	Resettlement	100%	100%	In Place.
27	Sexual Harassment	100%	100%	In Place.
28	Skills Development	100%	100%	In Place.
29	Smoking	100%	100%	In Place.
30	Special Skills	100%	100%	LGSETA Scarce skills model and categories are applied.
31	Work Organisation	100%	100%	In Place.
32	Uniforms and Protective Clothing	100%	100%	In Place.
33	Other:			In Place.
34	Other: Termination of Service due to Ill Health	100%	100%	In Place.
35	Termination of Service due to Poor Work	100%	100%	Aligned with the Collective Agreement which came into effect on the 1st July 2016 until 30 June 2020
36	Customer Care policy & charter	100%	100%	Approved by Council on the 13th December 2016.
37	Language policy	100%	100%	Approved by Council on the 13th December 2016.
38	Other: Indigent (Destitute) & Unknown Pauper Burial Policy	100%	100%	(A115/2013) 2013/09/26
<i>Use name of local policies if different from above and at any other HR policies not listed.</i>				
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 has designed the policy universe in order to align to applicable legislation, strengthen systems, reinforce procedures and review the relevance in order to ensure that the municipality adequately responds 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

**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	445	38	1.3%	1.7	271 303.48
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
<b>Total</b>	<b>445</b>	<b>38</b>	<b>1.3%</b>	<b>1.7</b>	<b>271 303.48</b>
<b>T 4.3.1</b>					

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Job level	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* No.	*Average sick leave per Employees Days	Estimated cost R' 000
0 - 3	365	3%	33	62	11.06	783109
4 - 6	715	6%	64	129	11.17	948441
7 - 9	1260	10%	110	188	11.45	1127038
10 - 12	3780	9%	319	469	11.85	2393859
15 - 13	561	2%	52	103	10.79	259871
16 - 18	6532	4%	620	1333	10.54	2349411
<b>Total</b>	<b>13213</b>	<b>6%</b>	<b>1198</b>	<b>2284</b>	<b>66.86</b>	<b>7861729</b>

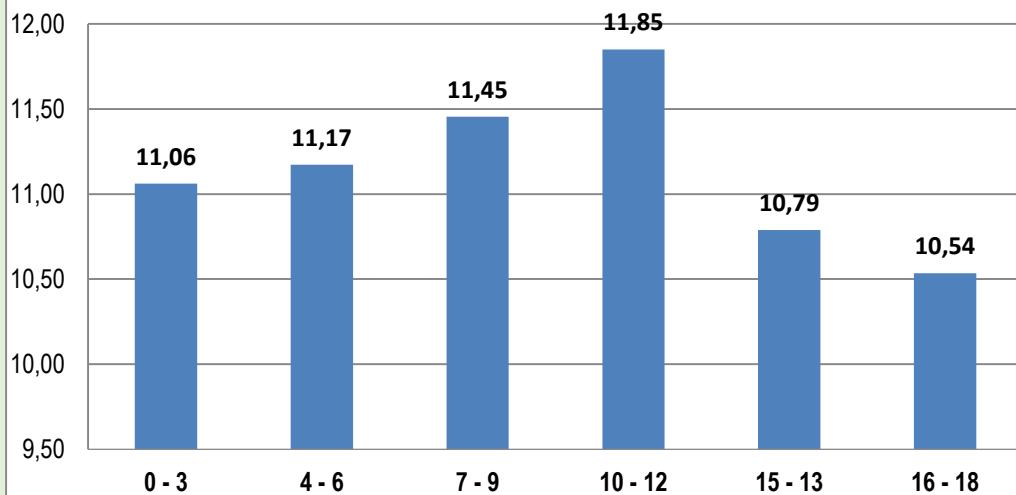
\* - Number of employees in post at the beginning of the year  
 \*Average is calculated by taking sick leave in column 2 divided by total employees in column 5

**T 4.3.2**



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

#### Average Number of Days Sick Leave (excluding IOD)



T.4.3.3

#### COMMENT ON INJURY AND SICK LEAVE

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

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

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

T.4.3.4



Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Acting Manager Customer Care	Gross Negligence - arising from the mishandling of cars during the employee's tenure as Acting Manager Fleet Management; Gross Dereliction of duty in respect of Municipal fleet disappearing under his supervision	8/12/2016	Disciplinary action instituted against the employee. Employee tendered his resignation on 15/2/2017	15/2/2017
Acting Manager Parks	<p><b>Count 1:</b> Organising and addressing inciteful and unlawful meeting on 16 November 2016 and 24 November without approval from Accounting Officer;</p> <p><b>Count 2:</b> Fraud in that you took advantage of the frail and sickly nature of Me N Kumbelane and registered yourself as beneficiary as a brother in insurance so that you should benefit by cashing out when she passed away;</p> <p><b>Count 3:</b> Subversive and undermining activities against the discipline and administration of the Municipality when you addressed an illegal meeting in a Municipal Hall that you had no permission to occupy;</p> <p><b>Count 4:</b> Defying your suspension conditions in that despite knowing or having to ought to have known, continued to access the Municipal Building without permission</p>	13/12/2016	Disciplinary action instituted against the employee. Suspension uplifted 30/5/2017. Partly heard matter	Estimate time of finalisation: 28/7/2017
Manager High Voltage	Fraudulent transactions relating to Emarauda; Misrepresentation on high mast lighting in Mmabane and Ventersburg	23/12/2016	Disciplinary action instituted against the employee. Suspension uplifted 25/4/2017. Employer Representative to conduct further investigation and complete the charge sheet for the disciplinary hearing to commence	Estimate time of finalisation: End August 2017

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
Security Officers	Copper cable to the value of R5000 was allegedly stolen by employees whilst on duty	Formal disciplinary Action taken	N/A
General Worker	Allegedly produced fraudulent orders to Bevins Hardware Store, taking and selling goods for financial gain. Value: Approximately R4 026-00	Employee resigned before the matter was finalized	Date of resignation is 1 December 2016
General Worker	Allegedly stole a 11000/400 Volt Transformer: Approximate value R100 000	Formal disciplinary Action taken	N/A
Credit Control Clerk	Allegedly defrauded a member of the Public to the value of R40 500-00	Employee dismissed	N/A
Foreman	Allegedly stole a drum of petrol at the Municipality's Workshop at Witpan. Approximately R250	Formal disciplinary Action taken	N/A
Office Aid	Allegedly stole a drum of petrol at the Municipality's Workshop.	Employee found not guilty	N/A
Clerk	Being part of or in the company of people who defrauded a member of public of an amount of R100 000 for a tender that did not exist	Formal disciplinary Action taken	N/A
General Workers	Allegedly stole copper cable. Monetary value was not indicated in the investigation report as well as Accusation of Misconduct Form	Formal disciplinary Action taken	N/A

T 4.3.6

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

There were eight (8) cases of financial misconduct during the year under review. All cases are being attended to in line with company policies and procedures, and the Municipality intends addressing and concluding all these cases in the new financial year.

T 4.3.7



#### 4.4 PERFORMANCE REWARDS

Designations	PERFORMANCE REWARDS BY GENDER				
	Gender	Beneficiary profile			
		Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	0	0	0	0
	Male	0	0	0	0
Skilled (Levels 3-5)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled production (levels 6-8)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled supervision (levels 9-12)	Female	0	0	0	0
	Male	0	0	0	0
Senior management (Levels 13-15)	Female	0	0	0	0
	Male	0	0	0	0
MM and S57	Female	0	0	0	0
	Male	0	0	0	0
Total		0	0	0	0
Has the statutory municipal calculator been used as part of the evaluation process?					Yes/No
T 4.4.1					

#### COMMENT ON PERFORMANCE REWARDS

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

T 4.4.1.1



## **COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE**

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

#### **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	5	5	0	0	0	2	0	0	3	5	5
	Male	5	3	15	15	0	0	0	2	1	1	5	16	16
Councillors, senior officials and managers	Female	41	3	2	2	0	0	0	5	3	3	8	5	5
	Male	72	5	3	3	0	6	6	12	4	4	17	13	13
Technicians and associate professionals*	Female	28	5	4	4	3	8	8	1	5	5	9	17	17
	Male	53	1	8	8	4	14	14	8	8	8	13	30	30
Professionals	Female	32	2	8	8	4	6	6	3	6	6	9	20	20
	Male	80	7	6	6	19	11	11	3	2	2	29	19	19
*Other	Female	814	13			25			8			46		
	Male	1179	30			20			14			64		
Sub total	Female	917		19	19		14	14		11	11		44	44
	Male	1389		32	32		31	31		15	15		78	78
<b>Total</b>		<b>2306</b>		<b>102</b>	<b>102</b>		<b>90</b>	<b>90</b>		<b>55</b>	<b>55</b>		<b>247</b>	<b>247</b>

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

\*Other includes Clerical Support Workers, Elementary Occupants, Plant and Machinery Operators and Assemblers, Service and Sales workers, Skilled Agricultural, Forestry, Fishery, Craft and Related Trade Workers, Gratuity.

T 4.5.1



FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>						
Accounting Officer	1	0	1	1	1	1
Directors	3	0	3	3	3	3
Chief Financial Officer	1	0	1	1	1	1
Senior Managers	16	0	16	0	2	0
Any other financial officials						
Other Senior Managers	0	0	0	0	0	0
Other Managers	32	0	32	15	0	15
Other Officials	0	0	0	0	0	0
<b>Supply Chain Management Officials</b>						
Heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	0	0	0	0	0	0
Other SCM Officials	52	0	52	27	0	27
<b>TOTAL</b>	<b>102</b>	<b>0</b>	<b>102</b>	<b>47</b>	<b>7</b>	<b>47</b>

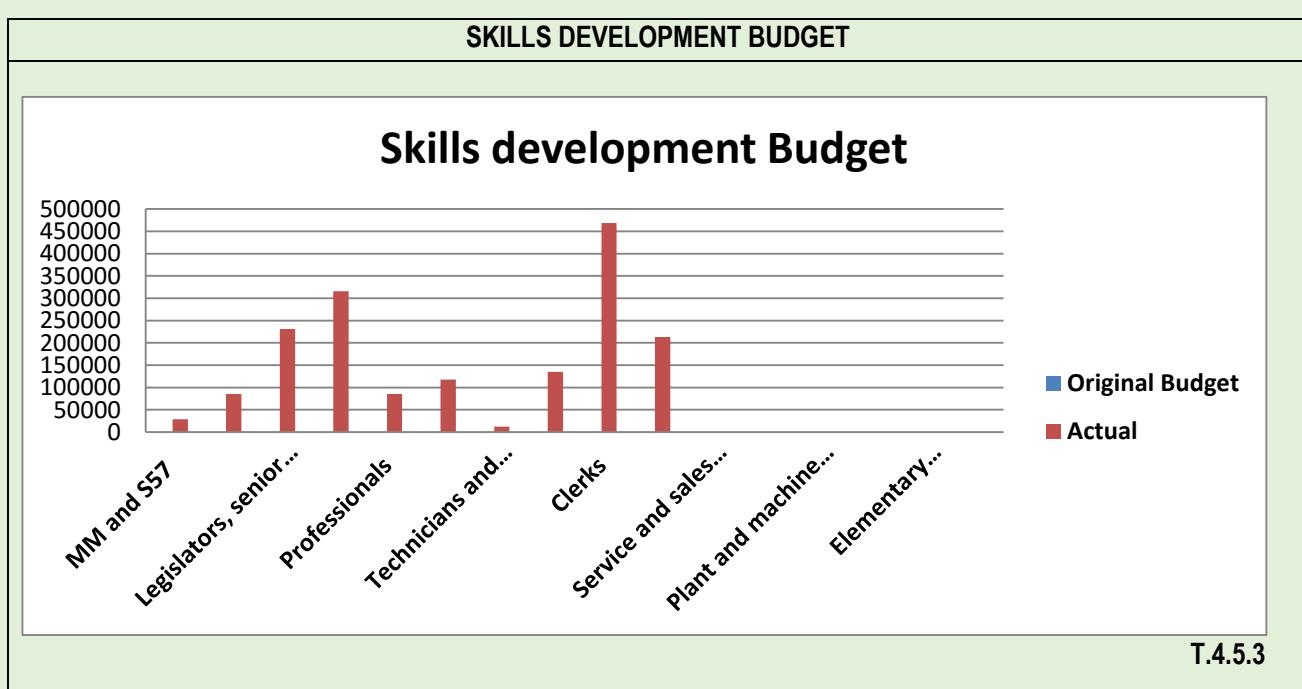
\* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007). NB:- This Report is as at 30<sup>th</sup> June 2017.

T 4.5.2



SKILLS DEVELOPMENT EXPENDITURE									
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
MM and S57	Female			28 500					28 500
	Male			85 500					85 500
Legislators, senior officials and managers	Female			228 000		3 000			231 000
	Male			285 000		31 000			316 000
Professionals	Female			57 000		28 163			85 163
	Male			85 500		32 520			118 020
Technicians and associate professionals	Female					12 000			12 000
	Male			57 000		77 710			134 710
Clerks	Female			427 000		25 122		16 244	468 366
	Male			171 000		26 022		16 107	213 129
Sub total	Female			740 500		68 285		16 244	825 029
	Male			684 000		167 252		16 107	867 359
Total			2 849 000			471 074		64 702	3 384 776
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.								3 384 776	

T4.5.3



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

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

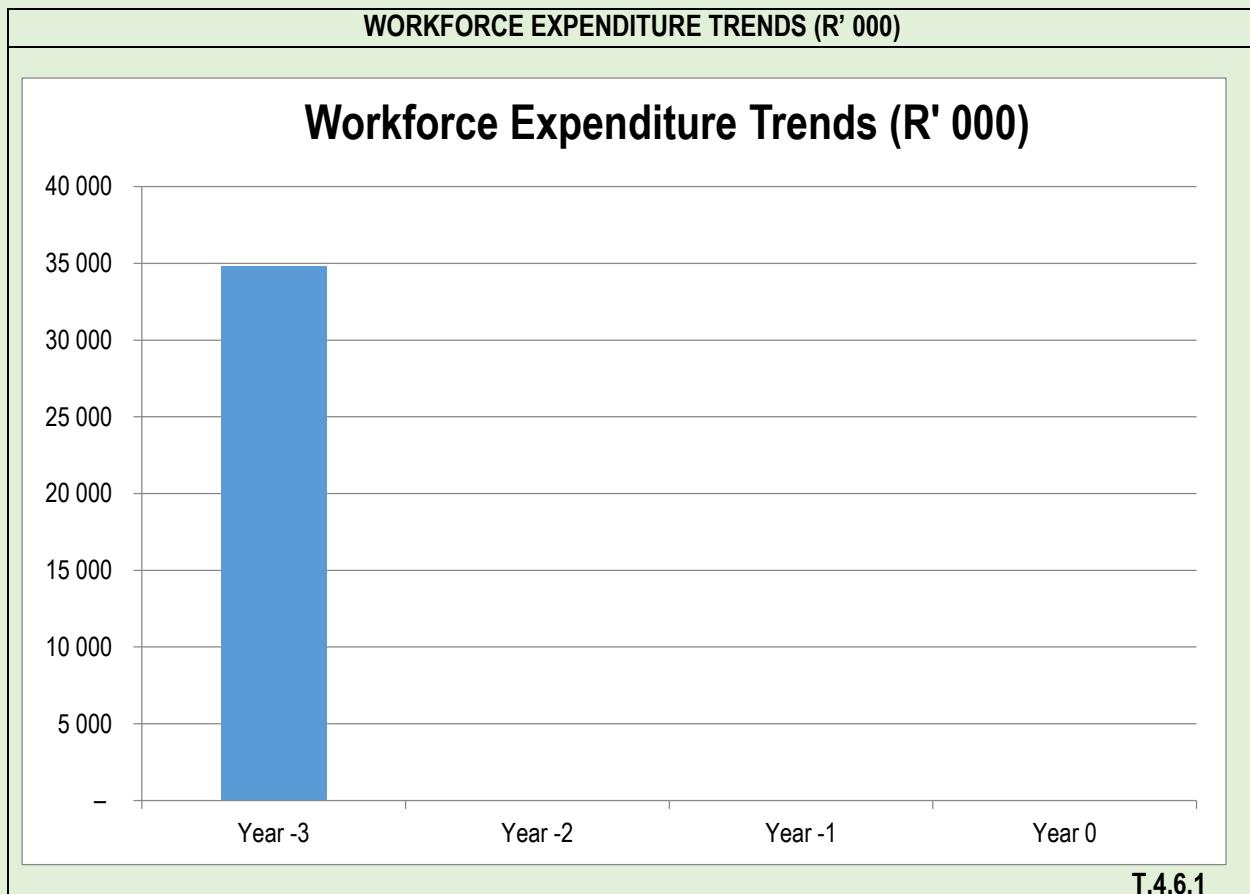
**T.4.5.4**

<b>DESIGNATION</b>	<b>STATUS IN TERMS OF COMPETENCY LEVELS</b>
Municipal Manager	Meets minimum competency levels
CFO	Meets minimum competency levels.
Executive Director LED and Planning	Awaiting LGSETA accreditation certificate.
Executive Director Community Services	Meets minimum competency levels
Executive Director Infrastructure	Meets minimum competency levels
Executive Director Strategic Support	Meets minimum competency levels
Executive Director Corporate Services	In progress
Manager PMU	Scheduled for next intake
Manager SCM	Meets minimum competency levels
Manager Budget	Scheduled for next intake
Senior Manager Treasury	Scheduled for next intake
<b>T 4.5.4 (continue)</b>	



## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### 4.6 EMPLOYEE EXPENDITURE



#### COMMENT ON WORKFORCE EXPENDITURE

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

T 4.6.1.1



NUMBER OF EMPLOYEES WHOSE SALARIES WERE INCREASED DUE TO THEIR POSITIONS BEING UPGRADED		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels 9-12)	Female	0
	Male	0
Senior management (Levels 13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
<b>Total</b>		<b>0</b>
		<b>T 4.6.2</b>

EMPLOYEES WHOSE SALARY LEVELS EXCEED THE GRADE DETERMINED BY JOB EVALUATION				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
<b>Job Evaluation has not yet been implemented.</b>				<b>T 4.6.3</b>

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

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE
No positions were upgraded during the year under review.
<b>T 4.6.5</b>



## **DISCLOSURES OF FINANCIAL INTERESTS**

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

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

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

**T.4.6.6**



## CHAPTER 5: FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL PERFORMANCE

Chapter 5 will provide information of the financial performance of the Municipality for the year under review. The chapter will include the audited financial statements, a reconciliation of the A1 budget summary, grant performance and asset management.

The performance on repair and maintenance will also be indicated in the chapter.

**T.5.0.1**



## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

#### INTRODUCTION TO FINANCIAL STATEMENTS

Section 122 of the Municipal Finance Management Act 56 of 2003 states that every municipality must prepare annual financial statements for each financial year. The annual financial statements for the 2015/2016 financial year was prepared in compliance with section 122 of the Municipal Finance Management Act as well as GRAP.

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

T.5.1.0

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

T 5.1.2



### **COMMENT ON FINANCIAL PERFORMANCE**

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

**T.5.1.3**



## 5.2 GRANTS

Description	GRANT PERFORMANCE				R' 000	
	Year 0		Year 0 Variance			
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
National Government:						
Equitable share	422 268	406 586	-	406 586		
Municipal Systems Improvement	415 937	402 909		402 909	-3,13%	0,00%
Department of Water Affairs	934	930		930	-0,43%	0,00%
Levy replacement						
Other transfers/grants [insert description]	5 397	2 747		2 747	-49,10%	0,00%
Provincial Government:	-	-	-	-		
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation						
Other transfers/grants [insert description]						
District Municipality:	-	-	-	-		
[insert description]						
Other grant providers:	-	-	-	-		
[insert description]						
<b>Total Operating Transfers and Grants</b>	<b>422 268</b>	<b>406 586</b>	<b>-</b>	<b>406 586</b>		

T 5.2.1

### COMMENT ON OPERATING TRANSFERS AND GRANTS

The total amount of operating transfers and grants received by the Municipality was R 417 931 000 for the year under review. This was a decrease compared to the R 428 360 000 allocation for the 2013/2014 Financial Year. The grants consisted of the Equitable Share, Finance Management Grant and the Municipal Systems Improvement grant. The Finance Management grant and the Municipal Systems Improvement grant are conditional grants.

T 5.2.2



GRANTS RECEIVED FROM SOURCES OTHER THAN DIVISION OF REVENUE ACT (DORA)						
Details of Donor	Actual Grant Year -1	Actual Grant Year 0	Year 0 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
<b>Parastatals</b>						
A - "Project 1"	0	0				
A - "Project 2"	0	0				
B - "Project 1"	0	0				
B - "Project 2"	0	0				
<b>Foreign Governments/Development Aid Agencies</b>						
A - "Project 1"	0	0				
A - "Project 2"	0	0				
B - "Project 1"	0	0				
B - "Project 2"	0	0				
<b>Private Sector / Organisations</b>						
A - "Project 1"	0	0				
A - "Project 2"	0	0				
B - "Project 1"	0	0				
B - "Project 2"	0	0				
No Grants received from DoRA						
T 5.2.3						



## 5.3 ASSET MANAGEMENT

### INTRODUCTION TO ASSET MANAGEMENT

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

T 5.3.1

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

T 5.3.2

### COMMENT ON ASSET MANAGEMENT

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

T.5.3.3



REPAIR AND MAINTENANCE EXPENDITURE: YEAR 0				
	R			
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	216 689 403	0	43 015 816	80%
				T 5.3.4

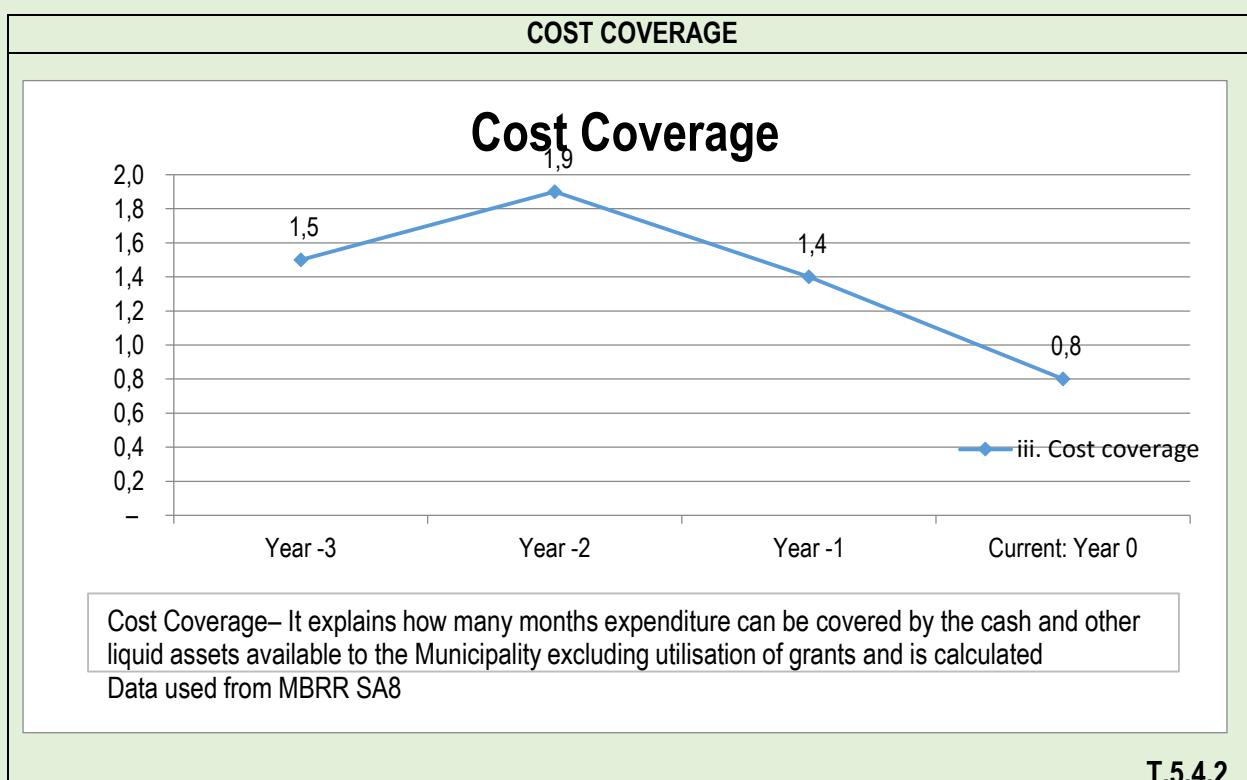
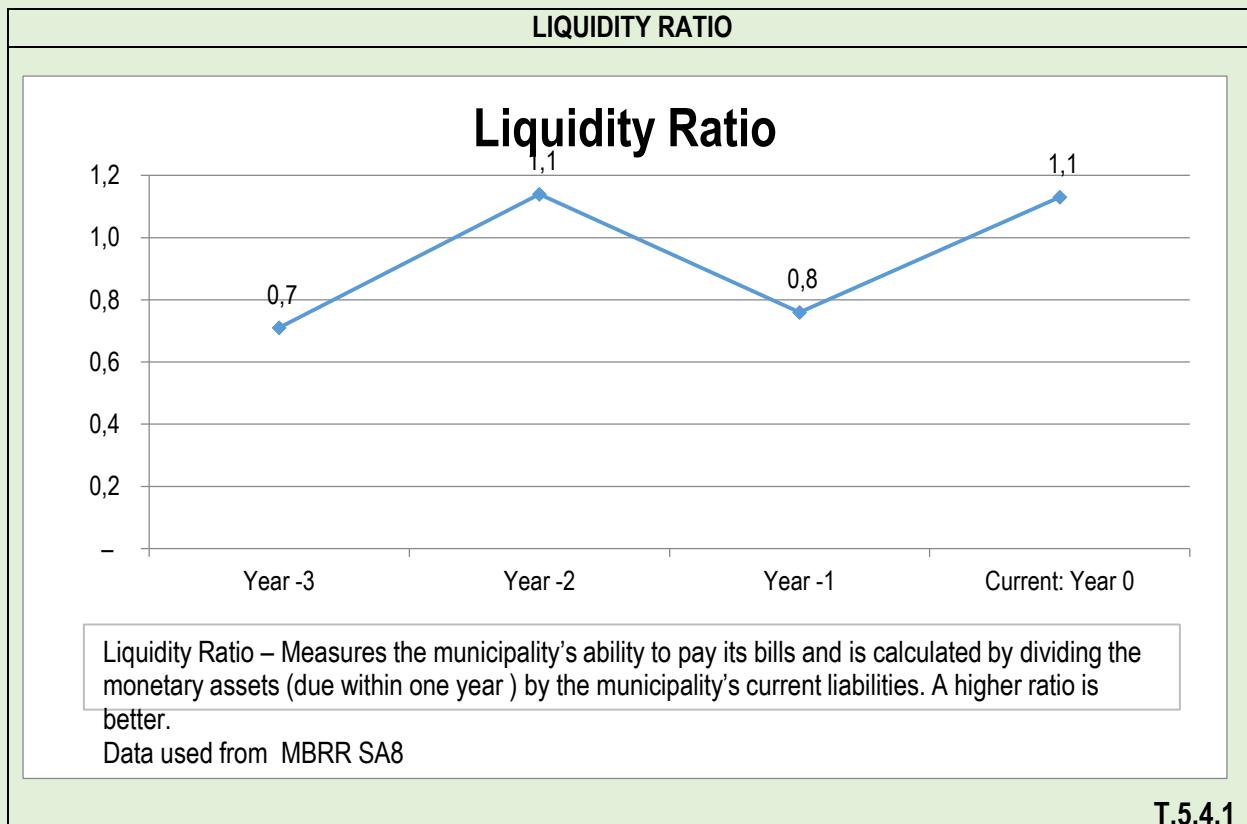
#### COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

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

T 5.3.4.1

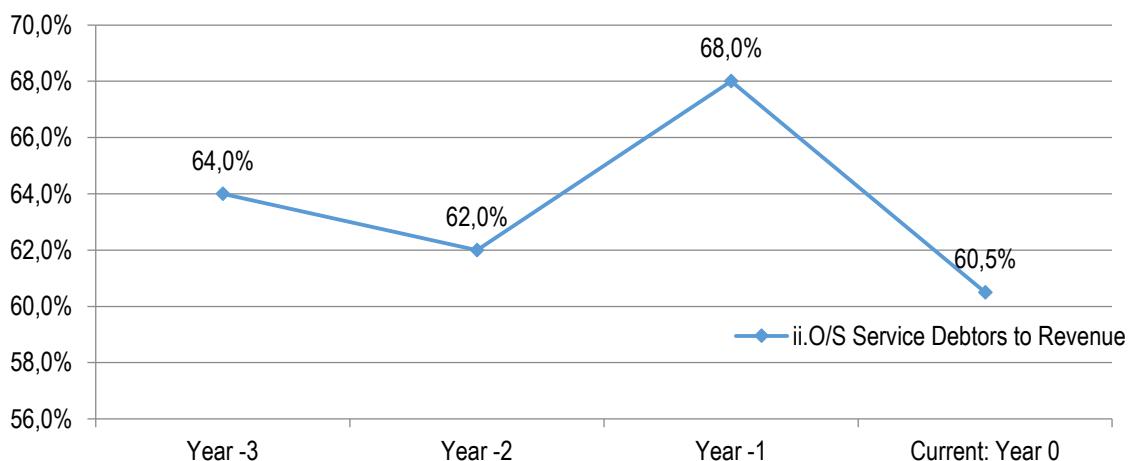


## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



## TOTAL OUTSTANDING SERVICE DEBTORS

### Total Outstanding Service Debtors



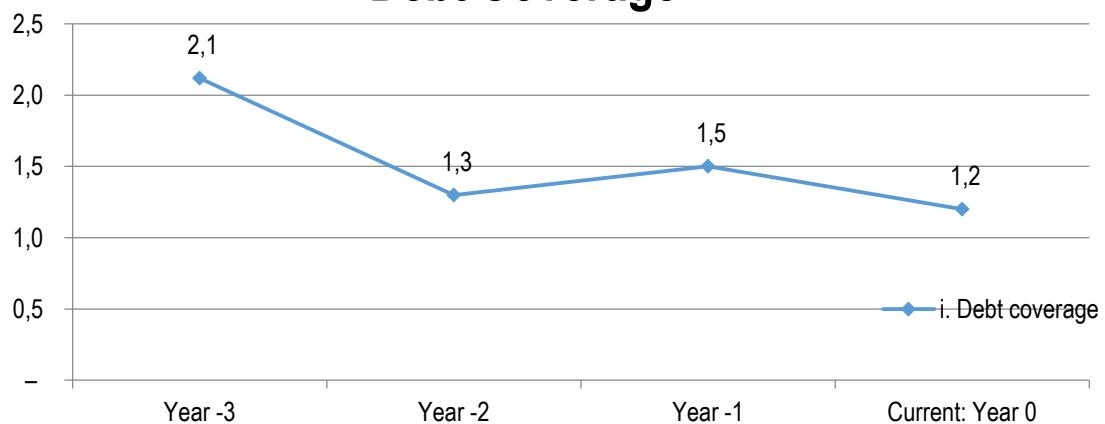
Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

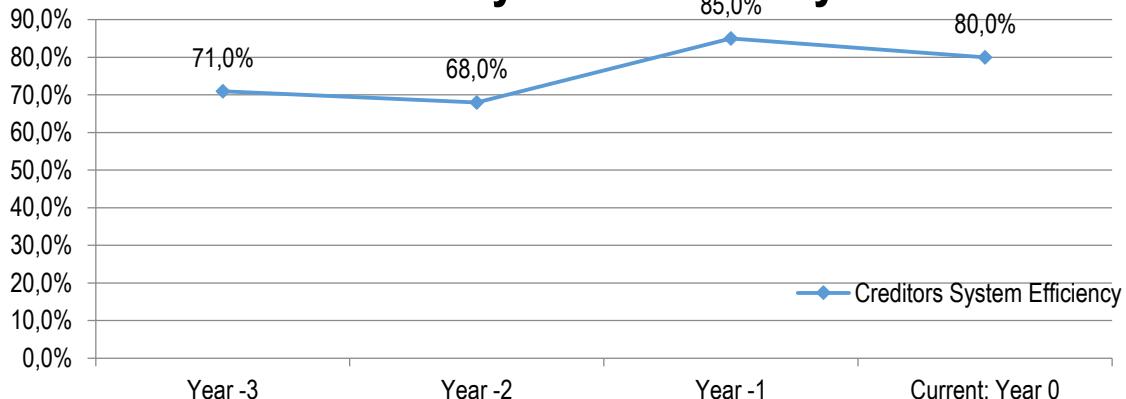
Data used from MBRR SA8

**T.5.4.4**



## CREDITORS SYSTEM EFFICIENCY

### Creditors System Efficiency



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days).

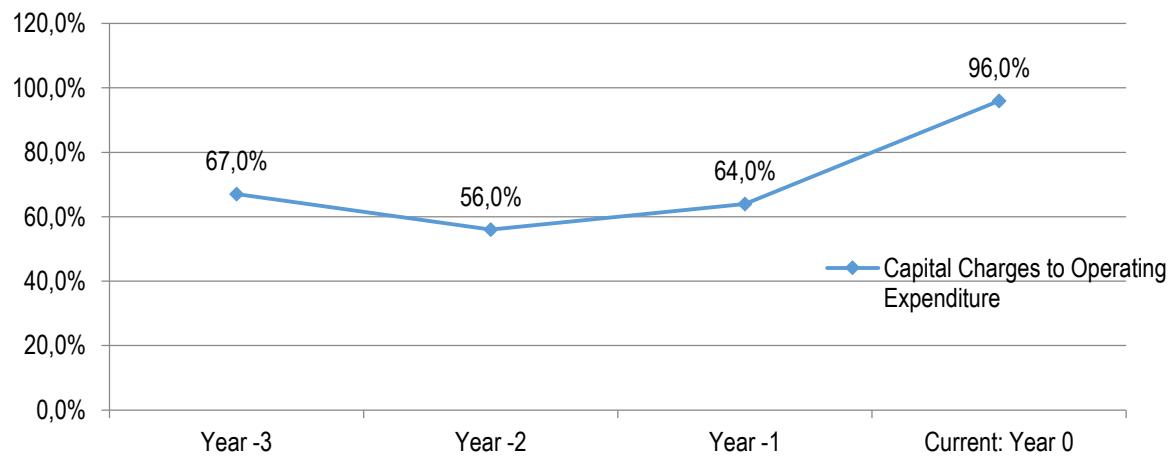
This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T.5.4.5

## CAPITAL CHARGES TO OPERATING EXPENDITURE

### Capital Charges to Operating Expenditure



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

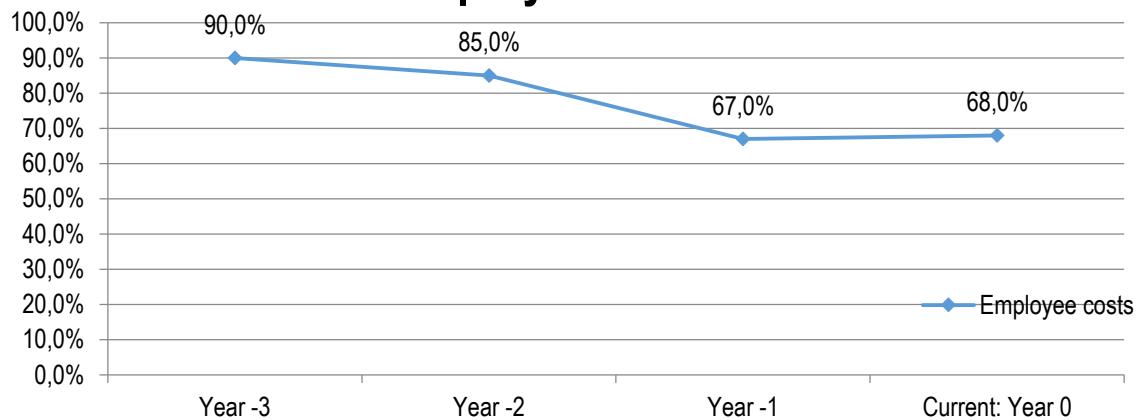
Data used from MBRR SA8

T.5.4.6



## EMPLOYEE COSTS

### Employee Costs



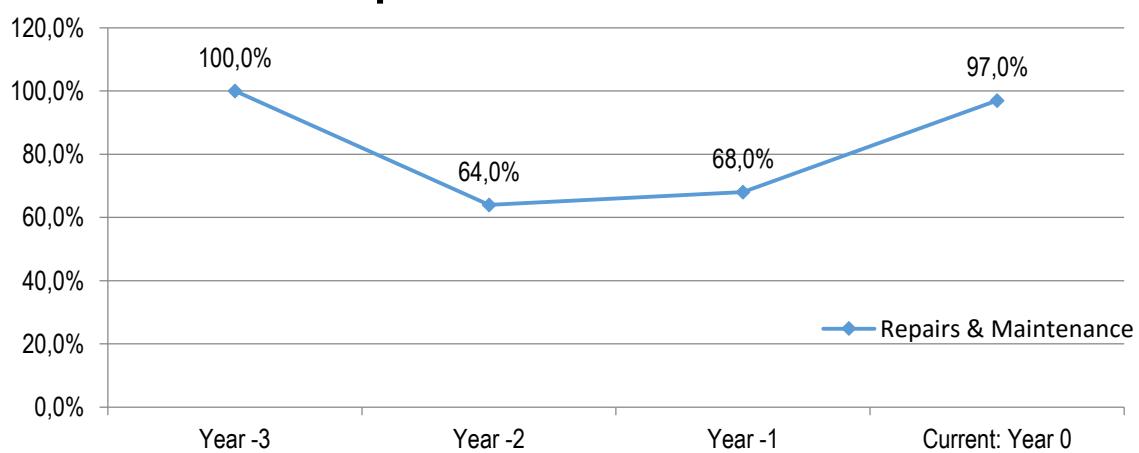
Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T.5.4.7

## REPAIRS & MAINTENANCE

### Repairs & Maintenance



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

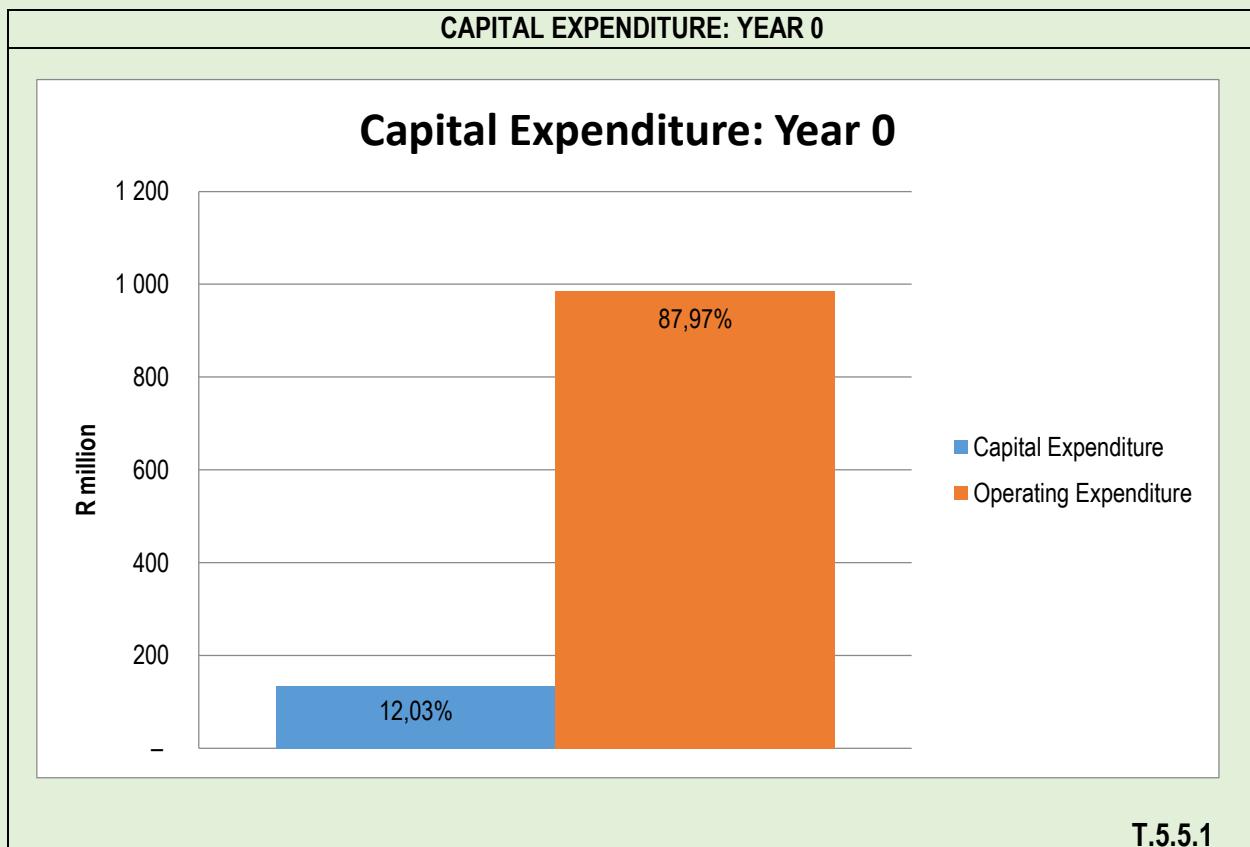
Data used from MBRR SA8

T.5.4.8



## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

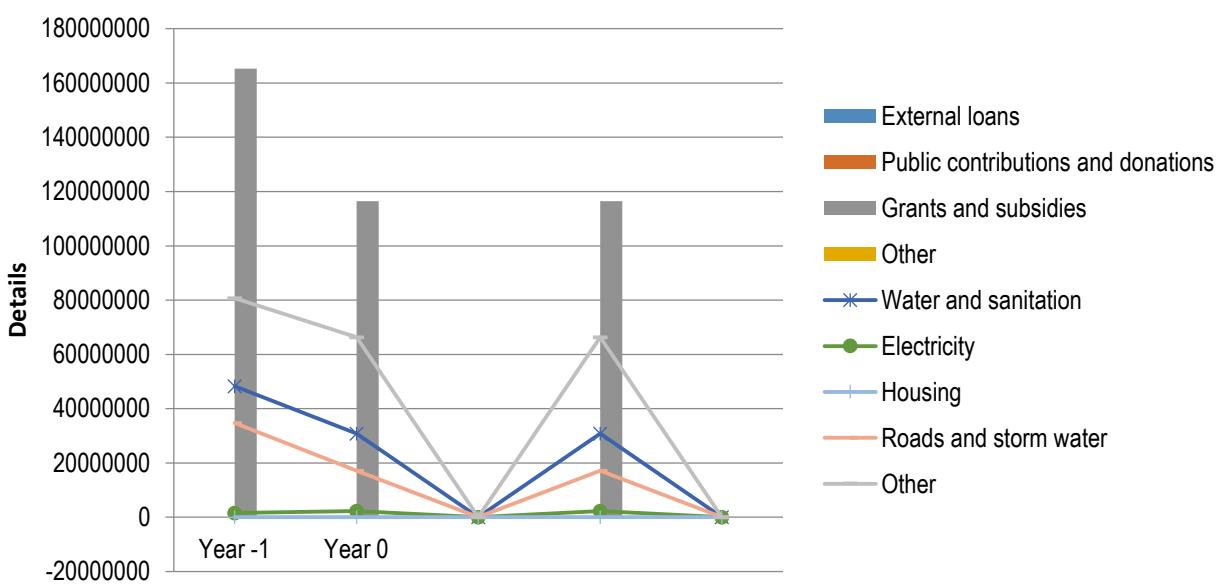
### 5.5 CAPITAL EXPENDITURE



## 5.6 SOURCES OF FINANCE

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



## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS*						R
Name of Project	Current: Year 0			Variance: Current Year 0		
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)	
A - Name of Project	57 286 400,00	57 286 400,00	57 286 400,00	0%	0%	
B - Name of Project	37 947 675,00	37 947 675,00	37 947 675,00	0%	0%	
C - Name of Project	41 655 606,00	41 655 606,00	41 655 606,00	0%	0%	
D - Name of Project	42 834 548,00	42 834 548,00	42 834 548,00	0%	0%	
E - Name of Project	52 299 522,00	52 299 522,00	52 299 522,00	0%	0%	

\* Projects with the highest capital expenditure in Year 0

Name of Project - A	ROAD 300 AND STORM WATER
Objective of Project	STORM WATER MEASURES
Delays	NONE
Future Challenges	NONE
Anticipated citizen benefits	WARD 17
Name of Project - B	WELKOM (THABONG) T16: CONSTRUCTION WATERBORNE SANITATION FOR 1300 STANDS
Objective of Project	INSTALLATION OF SEWER PIPES AND CONSTRUCTION OF TOILET STRUCTURES
Delays	NONE
Future Challenges	NONE
Anticipated citizen benefits	WARD 17
Name of Project - C	VIRGINIA: WWTP SLUDGE MANAGEMENT
Objective of Project	UPGRADE AND WASTE WATER TREATMENT WORKS
Delays	DESIGNS AND ADVERTISEMENT
Future Challenges	NONE
Anticipated citizen benefits	VIRGINIA AND MELODING
Name of Project - D	UPGRADE AND CREATE NEW SPORTS AND RECREATIONAL FACILITIES PHASE 3 ZUKA BALOI STADIUM & KOPANO INDOOR CENTRE
Objective of Project	UPGRAGE AND GRANDSTAND, ABLUTION, GUARDHOUSE, HIGHMAST & SOCCER PITCH
Delays	NONE
Future Challenges	NONE
Anticipated citizen benefits	THE COMMUNITY OF THABONG
Name of Project - E	NYAKALLONG: WWTP UPGRADE
Objective of Project	UPGRADE THE WASTE WATER TREATMENT WORKS
Delays	DESIGN
Future Challenges	SCOPE OF WORKS
Anticipated citizen benefits	NYAKALLONG COMMUNITY

T 5.7.1



## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS - OVERVIEW

SERVICE BACKLOGS AS AT 30 JUNE YEAR 0					Households (HHs)
	*Service level above minimum standard		**Service level below minimum standard		
	No. HHs	% HHs	No. HHs	% HHs	
Water	99 228	97%	3 467	3%	
Sanitation	98 714	92%	8 868	8%	
Electricity	30 415	99%	320	1%	
Waste management		%		%	
Housing		%		%	
					<b>T.5.8.2</b>

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	
<b>Infrastructure - Road transport</b>				%	%	
Roads, Pavements & Bridges	16 914		10 309	-39%	%	
Storm water	7 015		7 233	3%	%	
<b>Infrastructure - Electricity</b>				%	%	
Generation				%	%	
Transmission & Reticulation				%	%	
Street Lighting					%	
<b>Infrastructure - Water</b>				%	%	
Dams & Reservoirs				%	%	
Water purification				%	%	
Reticulation	0		0		%	
<b>Infrastructure - Sanitation</b>				%	%	
Reticulation	10 522		25 144	139%	%	
Sewerage purification	9 110		22 490	147%	%	
<b>Infrastructure - Other</b>				%	%	
Waste Management				%	%	
Transportation				%	%	
Gas				%	%	
<b>Other Specify:</b>				%	%	
Community facilities (Sport, Taxi & Str traders)					%	
PMU support					%	
				%	%	
<b>Total</b>	<b>43 561</b>		<b>65 177</b>	50%	%	
					<b>T.5.8.3</b>	



## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.9 CASH FLOW

<b>CASH FLOW OUTCOMES</b>				
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				R'000
<b>Receipts</b>				
Ratepayers and other	693 292	1 202 596	–	1 202 596
Government - operating	417 917	406 586	–	406 586
Government - capital	169 753	116 451	–	116 451
Interest		113 606		113 606
Dividends	15	14	–	14
<b>Payments</b>				
Suppliers and employees	(1 130 550)	(1 686 560)	–	(1 686 560)
Finance charges		(168 000)	–	(168 000)
Transfers and Grants		(35 000)	–	(35 000)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>150 412</b>	<b>(50 321)</b>	<b>–</b>	<b>(50 321)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments	11 862			
<b>Payments</b>				
Capital assets	(164 714)	(116 451)	–	(116 451)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(152 852)</b>	<b>(116 451)</b>	<b>–</b>	<b>(116 451)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
<b>Payments</b>				
Repayment of borrowing				
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(2 440)</b>	<b>(166 772)</b>	<b>–</b>	<b>(166 772)</b>
Cash/cash equivalents at the year begin:	2 371	(54)		(54)
Cash/cash equivalents at the year-end:	(54)	(166 826)	–	(166 826)

Source: MBRR A7

T 5.9.1



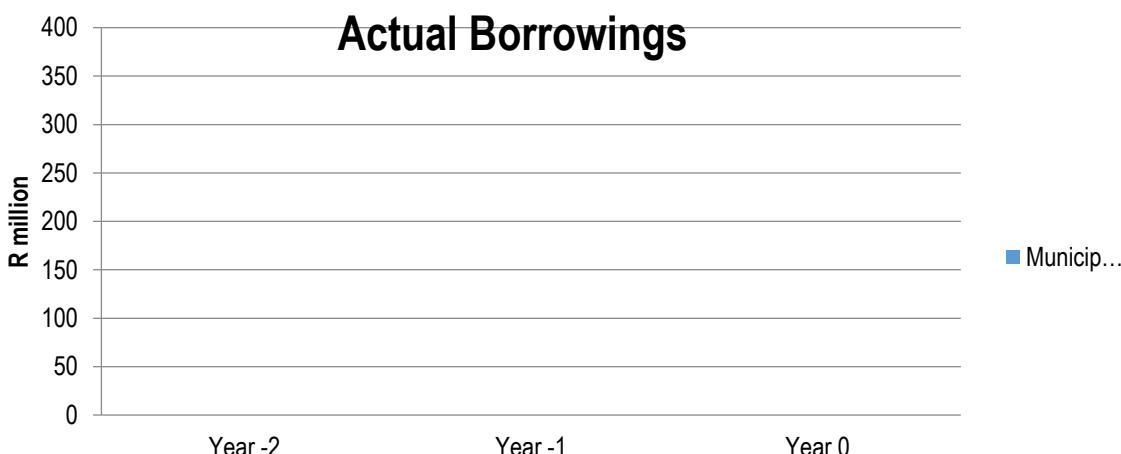
## 5.10BORROWING AND INVESTMENTS

ACTUAL BORROWINGS: YEAR -2 TO YEAR 0				
				R' 000
Instrument	Year -2	Year -1	Year 0	
<b>Municipality</b>		0	0	
Long-Term Loans (annuity/reducing balance)	19 275	17 0019	0	
Long-Term Loans (non-annuity)				
Local registered stock				
Instalment Credit				
Financial Leases				
PPP liabilities				
Finance Granted By Cap Equipment Supplier				
Marketable Bonds				
Non-Marketable Bonds				
Bankers Acceptances				
Financial derivatives				
Other Securities				
<b>Municipality Total</b>	<b>19 275</b>	<b>170 019</b>	<b>0</b>	
<b>Municipal Entities</b>				
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				
<b>Entities Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**T 5.10.2**



## ACTUAL BORROWINGS



**T.5.10.3**

## MUNICIPAL AND ENTITY INVESTMENTS

R' 000

Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
<b>Municipality</b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank	10 580 000	10 580 000	11 199 000
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements – Banks	16 100 000	15 777 000	18 239 000
Municipal Bonds			
Other			
<b>Municipality sub-total</b>	<b>26 680 000</b>	<b>26 357 000</b>	<b>29 438 000</b>
<b>Municipal Entities</b>			
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			
<b>Entities sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Consolidated total:</b>	<b>26 680 000</b>	<b>26 357 000</b>	<b>29 438 000</b>

**T 5.10.4**



## **CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS**

### **COMPONENT A: AUDITOR GENERAL OPINION YEAR -1 (PREVIOUS YEAR 2016/2017)**

#### **6.1 AUDITOR GENERAL REPORT YEAR -1 (PREVIOUS YEAR)**

**2016/2017 AG Report - To be obtained after November 2017**



## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>



<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <ul style="list-style-type: none"> <li>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</li> <li>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</li> </ul>



## APPENDICES

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

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



Molefi M	P/T	MPAC	W	12 of 12	100%	0%
Moleleko PMI	P/T	Policy Development / Corporate	W	12 of 12	100%	0%
Moloja NJ	P/T	Housing	W	12 of 12	100%	0%
Monjovo NE	P/T	Infrastructure/Housing / Dispute	W	8 of 12	66%	34%
Morris VR	P/T	Public Safety	W	10 of 12	80%	20%
Moshoeu ZS	P/T	IDP	W	8 of 10	80%	20%
Mosia TJ	P/T	MPAC	W	10 of 10	100%	0%
Mphikeleli MA	P/T	Corporate Services/ LLF	W	12 of 12	100%	0%
Mthebere NA	P/T	Community Serv/Policy/Dispute	PR	3 of 10	30%	70%
Nkonka BB	P/T	Public Safety/Policy/Rules	W	10 of 10	100%	0%
Nqeobo ME	P/T	Housing/Rules	PR	3 of 3	100%	0%
Nthako TD	P/T	IDP	W	8 of 10	80%	20%
Ntsebeng MH	P/T	Finance/Housing	PR	12 of 12	100%	0%
Ntuli BN	P/T	LED/ Rules	W	10 of 10	100%	0%
Phofeli NM	P/T	Community Services	PR	8 of 10	80%	20%
Pholo SJ	P/T	Rules	W	10 of 10	100%	0%
Poo IP	P/T	Finance	W	10 of 10	100%	0%
Presente LN	P/T	Public Safety	PR	10 of 10	100%	0%
Radebe MC	F/T	LED SMME	PR	11 of 12	90%	10%
Radebe ML	F/T	IDP	PR	11 of 12	90%	10%
Rakaki MM	P/T	Corporate Services	PR	10 of 10	100%	0%
Ramabodu BM	P/T		PR	6 of 8	75%	25%
Ramalefane SJ	P/T	Infrastructure/ Community	W	10 of 10	100%	0%
Ramatisa PT	P/T	Public Safety/Housing / LED SMME	W	9 of 10	90%	10%
Schlebusch CJ	P/T	Infrastructure	W	8 of 9	90	10%
Sebotsa MM	P/T	Policy Development	W	10 of 10	90%	10%
Senxezi ME	P/T	MPAC	PR	4 of 6	40%	60%
Sephiri MJ	F/T	Council Whip	PR	9 of 12	75%	25%
Sithole AM	P/T	Public Safety	PR	4 of 10	40%	60%
Speelman NW	F/T	Executive Mayor	PR	9 of 12	75%	25%
Stofile B	F/T	Speaker	PR	12 of 12	100%	0%
Styger A	P/T	Finance	PR	11 of 12	90%	10%
Taljaard SDM	P/T	Infrastructure/ Community/Public	PR	8 of 12	67%	33%
Thelingoane NE	P/T	Public Safety/Rules	PR	11 of 12	90%	10%
Thelingoane TJ	P/T	LED	W	10 of 10	100%	0%
Tlake KR	P/T	Public Safety	W	11 of 12	90%	10%
Tsatsa SJ	P/T	Infrastructure/ Community/LED	W	10 of 12	80%	20%
Tshabangu SE	P/T	Finance/MPAC/ Dispute	W	7 of 10	70%	30%
Tshopo ME	F/T	Infrastructure	PR	8 of 10	80%	20%
Tsoaeli ME	P/T	Infrastructure/Corporate / Rules	PR	6 of 9	40%	60%
Tsupa MR	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%
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<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	
Directorate	Director/Manager (State title and name)
Municipal Manager	Acting Municipal Manager - T Tsoaeli
	Senior Manager Administration - Z Lingani
Strategic Support Services	Executive Director - T Makofane
Corporate Support Services	Executive Director - F Wetes
	Senior Manager Council Administration - M Atolo
	Senior Manager Human Resource - S Nhlapo
	Senior Manager Legal Services - M Vanga
Infrastructure	Executive Director - B Masangwanyani
	Senior Manager Electrical - Vacant (Acting position)
	Senior Manager Civil -
LED	Executive Director – Vacant (Acting) Me M Mothekhe
	Senior Manager LED - Vacant
	Senior Manager Housing - Ms M Mothekge
Community Services	Executive Director – Vacant (Acting) Mr M Atolo / Mr Molawa
	Senior Manager Parks, Sports and Recreation - Ms K Maloka
	Senior Manager Public Safety and Transport - Mr RT Mokhuoa
Finance	Chief Financial Officer: Vacant
	Senior Manager Budget - Mr LB Debryun
	Senior Manager Treasury - Ms C Dingani

*Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).*

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## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

<b>MUNICIPAL / ENTITY FUNCTIONS</b>		
<b>MUNICIPAL FUNCTIONS</b>	<b>Function Applicable to Municipality (Yes / No)*</b>	<b>Function Applicable to Entity (Yes / No)</b>
<b>Constitution Schedule 4, Part B functions:</b>		
Building regulations	Y	
Electricity and gas reticulation	Y	
Municipal public transport	N	N
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Y	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	N	
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.

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FUNCTIONALITY OF WARD COMMITTEES					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr MM Sebotsa	YES			
	Nthau Mokhatala				
	Nkhatho Pitso Andrew				
	Letsoenyo Mmamathe Emily				
	Dikole Papadi Elizabeth				
	Mokoma Petrus Mahlomola				
	Lethoko Mantsali Mary				
	Lebetsa Motshehi Joseph				
	Matlokotsi Thobatsi Michael				
	Hlohlongoane Moshoeshoe Abel				
	Mabetoe Sabata Elias				
2	Cllr SE Tshabangu	YES			
	Mbele Dikeledi F				
	Mosholi Puseletso Maria				
	Moluka Teboho Kingsley				
	Rasenyallo Elsie Nomangwane				
	Kurumane Lucia Nomathemba				



	Khanare Sephiri Elliot				
	Motsamai Mampe Clementina				
	Motsumi Ditabe Jonas				
	Mashiloane Tenkete Samson				
	Sam Ntsesi Elias				
3	<b>Cllr CJ Sholebuch</b>	<b>YES</b>			
	Shembele Puleng Consolation				
	Mogolwa Motsamai Johannes N				
	Sethole Sello Boitumelo Samuel				
	Mathews Daniel				
	Suping Mantoa Sarah				
	Moabi Maleshwane Agnes				
	Reyneke Hendrik Johannes				
	Daffue Luanne Orpa				
	Lebatla Kedibone Anna				
	Kopela Moithumi Lydia				
4	<b>Cllr SJ Liphoko</b>	<b>YES</b>			
	Lisanyane Thabo Samuel				
	Ramohane Nkone Clement				
	Motapanyane Oupa Jonas				
	Majoro Maphomolo Sarah				
	Matlokotsi Leah Mosidi				
	Mafekeng Dithlare Naomi				
	Mothebe Dikeledi Paulinah				
	Khaude Ntoahae Jeremia				
	Matlokotsi Neo Egnatious				
	Theletsane Mabalane Leeu				
5	<b>Cllr PMI Moleko</b>	<b>YES</b>			
	Makhobu Nombuyiselo Patricia				
	Mile Pule Paul A				
	Moeti Boy Johannes				
	Mathebula Mamori Agnes				
	Lelimo Ntaoleng D				
	Porotloane Wendy				
	Dyalivani Archiebold Thembinkosi				
	Helepi Abraham Bassie				
	Tshanjana Nomvula Mary				
	Seli Thabo Zacharia				
6	<b>Cllr BH Mahlumba</b>	<b>YES</b>			
	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				
	Lewyora Kgasiane Suzan				
7	<b>Cllr NE Monjovo</b>	<b>YES</b>			
	Mokone Lehlohonolo Isaac				
	Maile Lebeko John				
	Kototsa Adam Ntoagae				
	Sesing Mamohodi Selina				
	Qina Niniwe Emie				
	Ramateane Dibuseng Annah				
	Sipheka Thabo Wilson				
	Nawane Dimakatso A				
	Kanapi Paballo				
	Mohapi Thabiso Elias				
8	<b>Cllr MD Masienyane</b>	<b>YES</b>			
	Tsiloane Moklatsi Karel				
	Molotsana Penya Joseph				
	Ledada Novelakhe Rosie				
	Monakele Keletso Beverley				
	Makape Everitt Ntasi				
	Mbele Elizabeth Maletsatsi				
	Mohlalho Mbeko David				
	Hlalele Moria Godfrey				
	Hlaole Lizeth Neo				
	Jantjie Lerato Inocentia Patience				
9	<b>Cllr HS Badenhorst</b>				
	Pieterse Steven				
	Strydom Charles Bernardus				
	Du Plessis Johannes Marthinus				
	Makhaza Khetiwe Sarah				
	Van Sittert Frans Johannes				
	Smit Dirk				
	Selikoe Teboho Samuel				
	Vermaak Marthinus				
	Vermeulen Jaccobus				
	Smit Dorethea Maria				
10	<b>Cllr SJ Ramalefane</b>	<b>YES</b>			
	Tsotetsi Thabang Jeffrey				
	Majara Gloria Moleboheng				
	Toloane Sonny-Boy Zacharia				
	Pita Moleko Jan				
	Moso Thandeka Queen				
	Makoti Thozamile Lucas				
	Moeti Mpotseng Suzan				
	Koloti Sechaba MacDonald				
	Leseme Nongazi Jane				



	Molosi Moipone Emily			
11	<b>Cllr VR Morris</b>	<b>YES</b>		
	Dlamini Joalane Anna			
	Lutchmia Edith Maria			
	Meli Isaac Mphikeledi			
	Moletsane Tlhoroiso Alice			
	Jasson Winston Graham			
	Oosthuizen Sandra Joan			
	Silo Papi Thys			
	Taaibos Alina			
	Douw Maurice			
	Visagie Gert			
12	<b>Cllr ZS Moshoeu</b>	<b>YES</b>		
	Noto Ranyamane Phillip			
	Ntsala Mahloho Paulina			
	Motse Joseph Moabi			
	Monnanyana Baholo Elias			
	Seoe L Lawrence			
	Lebona Nokwangoye Beveline			
	Machabe Toko Petrus			
	Moesi David			
	Mokhutle Mokudunyane Violet			
	Maqala N Cornelia			
13	<b>Cllr TJ Thelingoane</b>	<b>YES</b>		
	Tseetse Masabata Augustina			
	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	<b>Cllr MS Chaka</b>	<b>YES</b>		
	Bonasi Vuyani Stephen			
	Motse Mosealentja Elizabeth			
	Pontseng Morero Anicia			
	Nthako Nnuku Anna			
	Manjani Mziwonakele Johannes			
	Mtshambela Malefu E			
	Koppie Masebata Josiphine			
	Mtyawentombi Anna Modiehi			
	Maphoka Maria			
	Senoko Disebo Esther			
15	<b>Cllr BN Ntuli</b>	<b>YES</b>		



	Ntsane Dikeledi Violet			
	Tsoloane Caroline Mafeqa			
	Fungu Ntombizodwa Selinah			
	Radebe Dimakatso Joyce			
	Rapuleng Thabo Ezekiel			
	Sekhohola Malefu Cynthia			
	Mthiyane Sigebeshu Helson			
	Diraditsile Sello James			
	Moya Zandisiwe Gay Lynette			
	Radebe Mamatlakeng Esther			
16	<b>Cllr TS Meli</b>	<b>YES</b>		
	Baloyi Mokoane Joseph			
	Thuthane Sandile J			
	Mokhoabane Godfrey Lebohang			
	Sijako Mbuyiselo Algeon			
	Moleleki Pule Johannes			
	Mohlokonya Teboho Benedict			
	Lala Thembile John			
	Motsie Mapaseka Alice			
	Molefi Mamothupi Nensi Lorah			
	Ranake Nothuthuzelo Mothy			
17	<b>Cllr TD Khalipha</b>	<b>YES</b>		
	Lefora Annastacia Pilleng			
	Maja 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	<b>Cllr NJ Moloja</b>	<b>YES</b>		
	Matsie Martha Ntshali			
	Duba Weziwe Venolia			
	Solfafa Nogebisaya Leah			
	Sekolome Nnana Agnes			
	Monyane Nceba Alfred			
	Mashiqa Ntombizodwa Selina			
	Nyila Dumile Isaac			
	Dlamini Molefe Phillip			
	Leteane Kamohelo Goodwill			
	Buang Janet Kethleen Fedile			
19	<b>Cllr PT Ramatisa</b>	<b>YES</b>		
	Nkala Nomasoto Anna			
	Mojaki Maletsatsi Jeanette			



	Kapoko Tankiso Edward				
	Moloke Mapaseka Sanna				
	Magquaka Pongo Isaac				
	Ramatisa Morongoenyana Roslina				
	Sempapalele Ntoane Nehemia				
	Matsau Tshiu Daniel				
	Makhalanyane Diphapang Ismael				
	Moshane Maseng Jacob				
20	<b>Cllr BB Nkonka</b>	<b>YES</b>			
	Thathe Sani Mamoroke Sophia				
	Mofokeng Rosy				
	Machedi Dimakatso Patricia				
	Chabangu Hloekile Harriet				
	Mololo Ntelekoia Ishmael				
	Letsatsi Mantota Ela				
	Lekoni Anna Moselantja				
	Sefotha Motshewa Adelina				
	Molefi Lordwick Gift				
	Towa Manana Selinah				
21	<b>Cllr SJ Pholo</b>	<b>YES</b>			
	Caleni Paseka Elias				
	Mahlaku Simon Maleho				
	Tjatji Masabata Selina				
	Roberts Mapulane Emily				
	Mokulutlo Tebogo Clement				
	Moletsane Anna Selloane				
	Pitso Moeketsi Shadrack				
	Xaba Molelekeng Martha				
	Ramatsoele M Marie				
	Matube Thabiso Tyis				
22	<b>Cllr IP Poo</b>	<b>YES</b>			
	Mphatsoe Lilly				
	Dlamini Nomhlolo Hlophekile				
	Mashoe Mahlabane Abraham				
	Matlabe Selloane Paulina				
	Motsiri Ntshiuoa Elizabeth				
	Phakisi Naledi Vincent				
	Maghosha Dikeledi Eunice				
	Mtombeni Godfrey Rebisono				
	Ninini Xolile France				
	Jack Siphiwe				
23	<b>Cllr KR Tlake</b>	<b>YES</b>			
	Mahlaba Diabo Dinah				
	Nyengule Ndaba Sam				
	Seforo Rethabile Gladys				
	Moahloli Mosiuoa Jonas				
	Moloi Vuyiswa Lucia				



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



	Duiker Maolehile Elisa			
	Mlangeni Nompi Mavis			
	Kabi Dineo Evelyn			
28	<b>Cllr T Mosia</b>	<b>YES</b>		
	Magwala Christopher Thabo			
	Naniso Florence 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	<b>Cllr DM Mafa</b>	<b>YES</b>		
	Mokhere Mokhali Joshua			
	Khohliso Thelma Thandeka			
	Mata Khothasana Keitumetse			
	Menyatso Pontsho Priscilla			
	Thibeli Mantshesane Lydia			
	Morake Mahlomola Victor			
	Fokane Tankiso Piet			
	Mtata Mokaimang Amos			
	Modupe Moeketsi Lucas			
	Nkatho Tlale Jacob			
30	<b>Cllr M Molefi</b>	<b>YES</b>		
	Soldati Noxolo Phyllis			
	Male Nozuko Princess			
	Ndiza Dumisani Sabata Gerald			
	Mogapi Sehalula Elizabeth			
	Nkambule Nonhlanhla Winnifrienda			
	Beje Thobeka Patricia			
	Potsane Refiloe Jacob			
	Ngamlani Vincent Themba			
	Maboea Hanyane Johan			
	Lekale Mothobi Paulus			
31	<b>Cllr HA Mokhomo</b>	<b>YES</b>		
	Semela Alfred Ramolo			
	Morake Lehlohonolo McDonald			
	Mohoje Mpho Given			
	Ndlazi Nosiphewe Silda			
	Ninzi Gcinikhaya Milton			
	Malebo Sehloho Nathnael			
	Nodunyelwa Mzwakhe			
	Kekana Pulane Julia			
	Ramatusa NS			



	Mokutu Mpoetsi Roseline			
32	<b>Cllr HCT Van Schalkwyk</b>	<b>YES</b>		
	Jaho Mbulelo Samson			
	Dithebe Selloane Elizabeth			
	Qakoshe Malekodi Sina			
	Mphale Thabiso Johannes			
	Chakalane Mapontsho Julia			
	Koto Matlapane Alleta			
	Van der Westhuizen Francina Carolina			
	Ntholeng Mosala Mathews			
	Mpembe Zozipho Magdeline			
	Matthysen Vernon Henry			
33	<b>Cllr C Malherbe</b>	<b>YES</b>		
	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	<b>Cllr A Daly</b>	<b>YES</b>		
	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	<b>Cllr NR Manzana</b>	<b>YES</b>		
	Tshabalala Maseabata Wendy			
	Weymers Evodia Lerato			
	Tlhibo Modiehi Imorgan			
	Mafabatho Kelebogile Prudence			
	Ntsala Masimone Pacalina			
	Matumbu Bulelwa			
	Mabote Nteboheng Julia			
	Hlaole Ramosoeu Joel			
	Kayane Mamoipline Emily			
	Ncaphayi Mbulelo			
36	<b>Cllr MJ Khothule</b>	<b>YES</b>		
	Mabele Baby Beverly			



Velebayi Mthandazo Isaac				
Ramongalo Tsietsi Dirk				
Seli Sello Abram				
Kgopane Wilhemina Matseko				
Xozwa Luzoko Gerald				
Mokabo Molefi Lazarus				
Mojaki Tshidinyana Lydia				
Nchoba Dieketseng Judith				
Rakgoale Mathapelo Yvonne				
				T.E



## APPENDIX F – WARD INFORMATION

WARD TITLE: WARD NAME (NUMBER)				
Capital Projects: Seven Largest in Year 0 (Full List at Appendix O)				
No.	Project Name and detail	Start Date	End Date	R' 000 Total Value
1	Welkom Regional Taxi Centres	Jun-2016	2020	68 066
	Welkom (Thabong) T16: Construction Waterborne Sanitation for 1300 Stands	15/20/2014	30/10/2017	61 899
2	Nyakallong: WWTP Upgrade	02/02/2016	30/10/2018	52 299
3	Upgrade and Create New Sports and Recreational Facilities Phase 3 Thabong Stadium, Zuka Baloi Stadium & Kopano Indoor Centre	30/03/2016	30/07/2017	42 834
4	Virginia: WWTP Sludge Management	30/03/2016	30/10/2017	41 655
5	Thabong Upgrading of Far East Hall Indoor Sports and Recreation Facility	06/02/2016	28/03/2018	32 305
6	Welkom: Industrial Park SMME Zone Fencing / Paving & Shelter	07/04/2015	30/01/2017	31 555
7	Meloding Construction of 2km paved roads and stormwater drain	07/04/2017	15/12/2017	17 375
T F.1				



**APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP**

**LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO DURING YEAR 0)**

Name Of Service Provider (Entity Or Municipal Department)	Description Of Services Rendered By The Service Provider	Start Date Of Contract	Expiry Date Of Contract	Project Manager	Contract Value
Khabokedi Waste Management	Operation Of Maintenance In Odendaalsrus And Welkom	01-Aug-14	31-Jul-16	CS	R426 359.28 per month
Cubicle Trading	Design And Printing Of IDP And Annual Report	01-Aug-14	31-Jul-17	Infra	R187 793.00 IDP R1 387 793.00 Annual report
WW Civils And Constructors	Connections And Disconnections Of Water Supply	01-Feb-15	31-Jan-18	Infra	billed monthly
Tunes Trading	Supply And Delivery Of Protective Clothing	06-Feb-15	05-Jan-18	CFO	per rates
Practicon	Supply And Delivery Of Protective Clothing	02-Feb-15	01-Jan-18	CFO	per rates
Sunday Kit	Supply And Delivery Of protective Clothing	02-Feb-15	01-Jan-18		per rates
Trading Enterprise	Supply And Delivery Of Protective Clothing	12-Feb-15	11-Jan-18	CFO	per rates
JVR Funerals	Rendering Of Pauper And Destitute Burials	18-Jul-14	18-Jun-17	CFO	per rates
Babuthing	Rendering Of Pauper And Destitute Burials	18-Jul-14	18-Jun-17	CFO	per rates
Lesole Agencies	Fencing, Paving And Shelter	21-May-15	21-Apr-18		R19 772 801.00
Lele And Tshidi Construction	Connections And Disconnections Of Water Supply	02-Feb-15	01-Jan-18		billed monthly
Fire Fighting Equipment	Supply And Delivery Of Fire Engines	24-May-15	24-Apr-18		R 12 883 187.54
Golden Mile Trading	Hosting And Management Of Matjhabeng Tourism				
Manna Holding	Compilation Of The Valuation Roll	01-Dec-14	30-Jun-18	CFO	R9 500.000.00
Pumpshop Africa	Construction Of Inlet Works And Installation Of Pump Sets	21-May-15	21-Apr-16	Infra	R4 027 199.00
Metsi Chem	Supply And Delivery Of Chlorine Gas	09-Nov-15	01-Oct-18	Infra	per rates
Star Trading	Supply And Delivery Of Water Materials	18-Jul-14	17-Jun-17	Infra	R1 800 000.00
Lemontswa Trading	Supply And Delivery Of Water Materials	18-Jul-14	17-Jun-17	Infra	R5 200 000.00
Royalman Trading	Supply And Delivery Of Water Materials	18-Jul-14	17-Jun-17	Infra	R1 000 000.00
Down Touch Inv	Fencing At Construction Site Kutlwano	11-May-15	10-Apr-18	Infra	R 8 490 956.89
Amadwala Trading 363	Supply and delivery of Road Patching Material	Aug-16	Jul-19	Infra	Per rates
Tendiwanga JV Simphonya	Melodring Construction of 2km paved roads and stormwater drain	07/04/2017	15/12/2017	Infra	17 375 336.00
Kgotha Contractors	Nyakallong Construction of Stormwater System Phase 1	08/03/2017	30/11/2017	Infra	<b>11 402 923.00</b>
Don't Touch Investments	Construction of Dr Mgoma road in Thabong	13-Mar-17	30-Jul-17	Infra	<b>10 446 572.00</b>

T H.



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

REVENUE COLLECTION PERFORMANCE BY VOTE						
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Council General	634 787 000	406 586 000	406 586 000	406 586 000		
Office of the Executive						
Mayor						
Office of the Speaker						
Office of the Municipal						
Manager	58 712 000	33 318 000	33 318 000	33 318 000		
Corporate Services						
Finance	221 298 000	363 036 000	363 036 000	363 036 000		
Human Resource						
Community Services	72 527 000	115 160 000	115 160 000	115 160 000		
Public Safety and transport	11 549 000	4 745 000	4 745 000	4 745 000		
Economic Development						
Engineering services						
Water/ Sewerage	406 380 000	355 553 000	355 553 000	355 553 000		
Electricity	463 670 000	748 265 000	748 265 000	748 265 000		
Housing	11 203 000	10 759 000	10 759 000	10 759 000		
<b>Total Revenue by Vote</b>	<b>1 880 126 000</b>	<b>2 069 173 000</b>	<b>2 069 173 000</b>	<b>2 069 173 000</b>	<b>-</b>	<b>-</b>

**TK.1**



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

Description	REVENUE COLLECTION PERFORMANCE BY SOURCE					
	Year -1	Year 0			Year 0 Variance	
		Actual	Original Budget	Adjustments Budget	Actual	Original Budget
Property rates	192 549	189 179	189 179	189 179	0%	0%
Property rates - penalties & collection charges	–	–	–	–		
Service Charges - electricity revenue	463 670	746 025	723 025	723 025	-3%	0%
Service Charges - water revenue	287 363	203 889	203 889	203 889	0%	0%
Service Charges - sanitation revenue	119 017	120 882	120 882	120 882	0%	0%
Service Charges - refuse revenue	72 527	68 027	68 027	68 027	0%	0%
Service Charges - other	–	–	–	–		
Rentals of facilities and equipment	11 203	10 759	10 759	10 759	0%	0%
Interest earned - external investments	4 352	635	635	635	0%	0%
Interest earned - outstanding debtors	102 800	112 971	112 971	112 971	0%	0%
Dividends received	32	17	17	17	0%	0%
Fines	11 500	4 103	4 103	4 103	0%	0%
Licences and permits	49	40	40	40	0%	0%
Agency services	9 779	10 535	10 535	10 535	0%	0%
Transfers recognised - operational	419 259	406 586	406 586	406 586	0%	0%
Other revenue	18 939	79 072	79 072	79 072	0%	0%
Gains on disposal of PPE	–	–	–	–		
Environmental Protection	–	–	–	–		
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 713 038</b>	<b>1 952 721</b>	<b>1 929 721</b>	<b>1 929 721</b>	<b>-1,19%</b>	<b>0,00%</b>

**TK.2**



**APPENDIX L – CONDITIONAL GRANTS: EXCLUDING MIG**

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



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

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

#### **CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME\***

R '000

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

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**CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME\***

R '000

Description	Year -1	Year 0			Planned Capital expenditure		
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2
<b>Capital expenditure by Asset Class</b>							
<b>Heritage assets - Total</b>	-	-		-	-	-	-
Buildings							
Other							
<b>Investment properties - Total</b>	-	-		-	-	-	-
Housing development							
Other							
<b>Other assets</b>	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<b>Agricultural assets</b>	-	-		-	-	-	-
List sub-class							
<b>Biological assets</b>	-	-		-	-	-	-
List sub-class							
<b>Intangibles</b>	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
<b>Total Capital Expenditure on new assets</b>	158 927	72 124		72 124	48 407	60 325	63 910
<b>Specialised vehicles</b>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

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

T.M.1



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

**CAPITAL EXPENDITURE - UPGRADE/RENEWAL PROGRAMME\***

R '000

Description	Year -1	Year 0		Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	-	16 677		16 677	59 434	54 127	57 349
Infrastructure: Road transport -Total	-	1 852		1 852	13 593	14 436	15 288
<i>Roads, Pavements &amp; Bridges</i>		1 852	1 852	1 852	13 593	14 436	15 288
<i>Storm water</i>							
<b>Infrastructure: Electricity - Total</b>	-	-		-	-	-	-
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
<b>Infrastructure: Sanitation - Total</b>	-	7 912		7 912	45 841	39 691	42 061
<i>Reticulation</i>		7 912	7 912	7 912	45 841	39 691	42 061
<b>Infrastructure: Other - Total</b>	-	6 913		6 913	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>		6 913	6 913	6 913			
<b>Community</b>	-	23 705		23 705	-	-	-
<i>Social rental housing</i>		23 705	23 705	23 705			
<i>Other</i>							
<b>Heritage assets</b>	-	-		-	-	-	-
<i>Buildings</i>							
<i>Other</i>							

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**CAPITAL EXPENDITURE - UPGRADE/RENEWAL PROGRAMME\***

R '000

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

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

**T M.2**



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

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

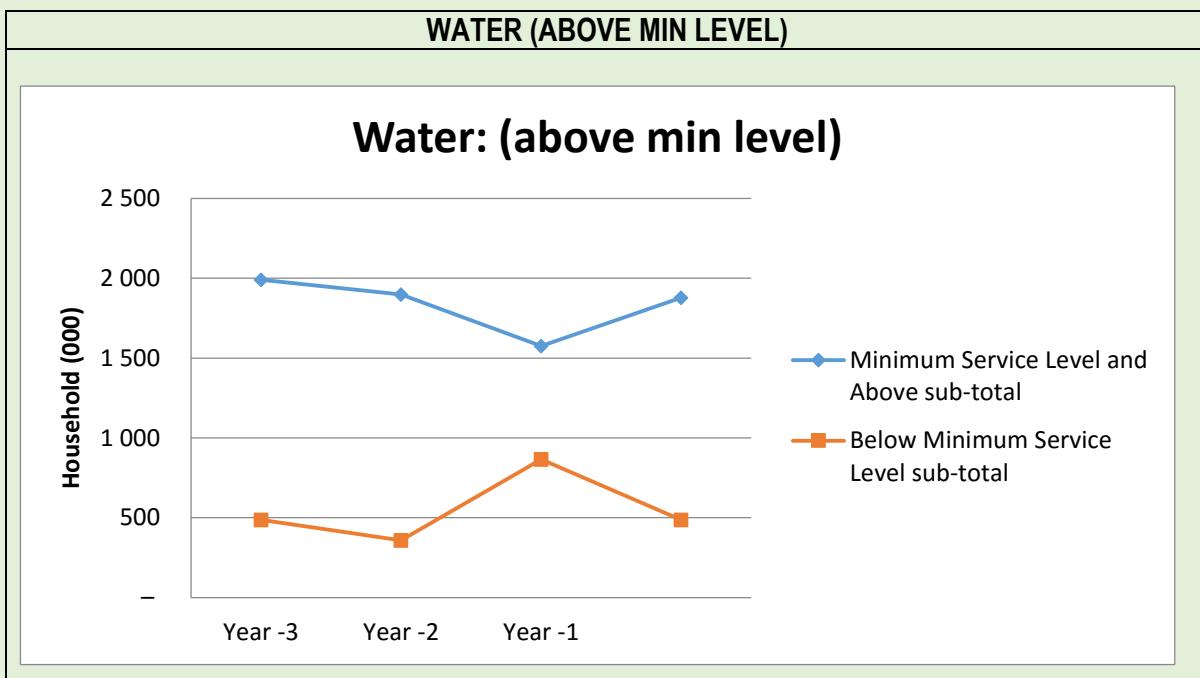


## APPENDIX A10 -2 - SERVICES

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

<b>HOUSEHOLDS - WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM</b>				
<b>Description</b>	<b>Year -3</b>	<b>Year -2</b>	<b>Year -1</b>	<b>Year 0</b>
	<b>Outcome</b>	<b>Outcome</b>	<b>Outcome</b>	<b>Actual</b>
<b>Formal Settlements</b>				
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%
<b>Informal Settlements</b>				
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%

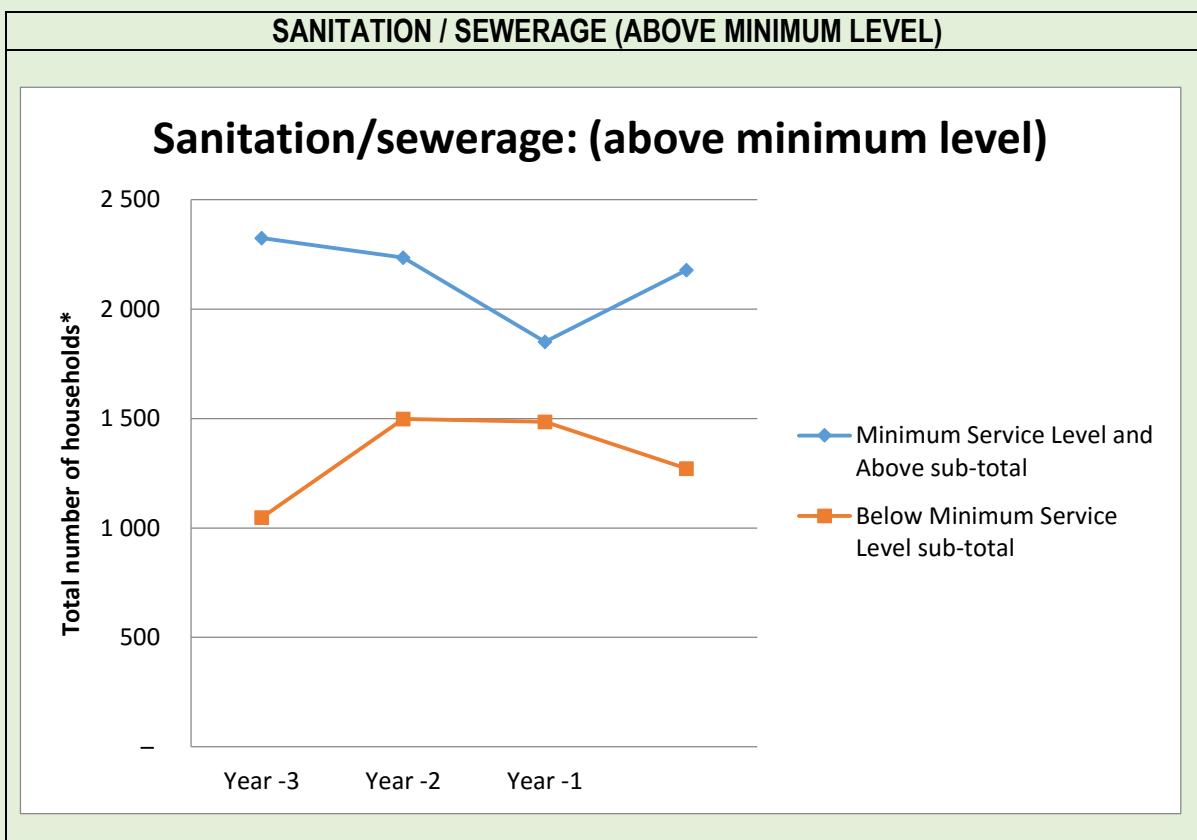




SANITATION SERVICE DELIVERY LEVELS				
Description	2005/06	2006/07	2007/08	2008/09
	Outcome	Outcome	Outcome	Actual
<b>Household (000)</b>				
<b>Sanitation/sewerage: (above minimum level)</b>				
Flush toilet (connected to sewerage)	942	600	720	930
Flush toilet (with septic tank)	712	952	502	535
Chemical 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%
<b>Sanitation/sewerage: (below minimum level)</b>				
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%
<b>Total number of households*</b>	<b>3 372</b>	<b>3 734</b>	<b>3 336</b>	<b>3 449</b>



HOUSEHOLDS - SANITATION SERVICE DELIVERY LEVELS BELOW THE MINIMUM				
Description	2005/06	2006/07	2007/08	2008/09
Household	Outcome	Outcome	Outcome	Actual
<b>Formal Settlements</b>				
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%
<b>Informal Settlements</b>				
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%



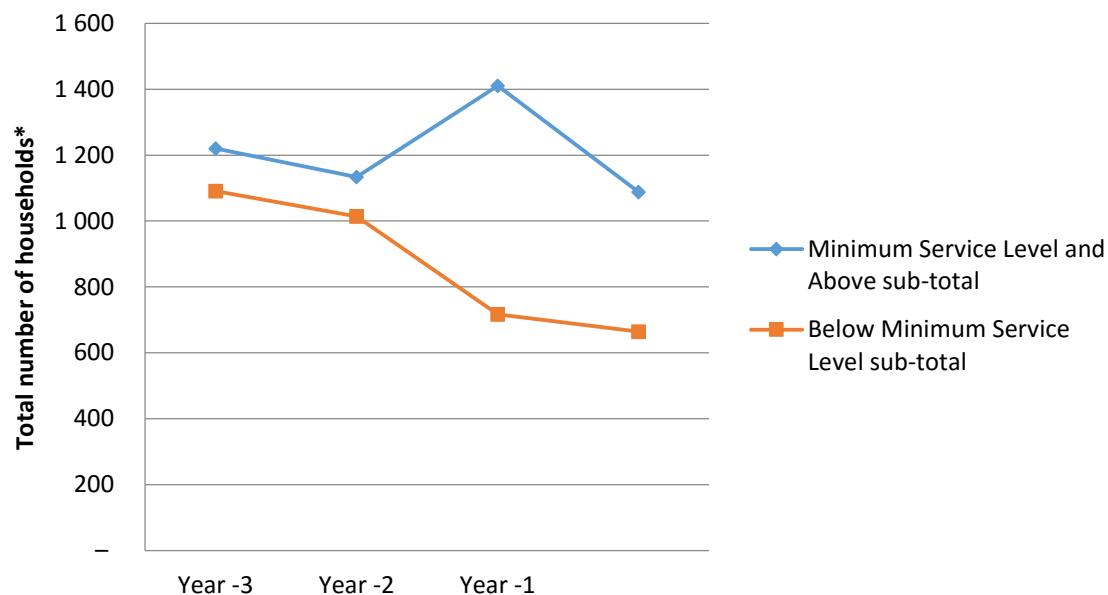
ELECTRICITY SERVICE DELIVERY LEVELS				
Description	2005/06	2006/07	2007/08	2008/09
	Outcome	Outcome	Outcome	Actual
<b>Household</b>				
<b><i>Energy: (above minimum level)</i></b>				
Electricity (at least min.service level)	655	547	565	523
Electricity - prepaid (min.service level)	565	587	846	565
<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%
<b><i>Energy: (below minimum level)</i></b>				
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%
<b>Total number of households*</b>	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
<b>Formal Settlements</b>				
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%
<b>Informal Settlements</b>				
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%



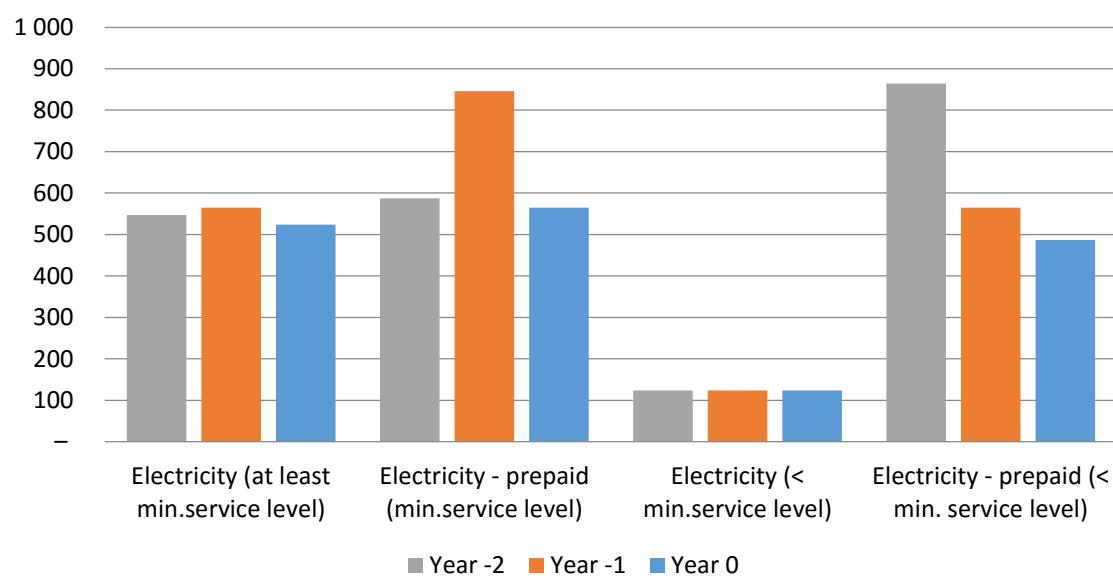
## ENERGY (ABOVE MINIMUM LEVEL)

### Energy: (above minimum level)

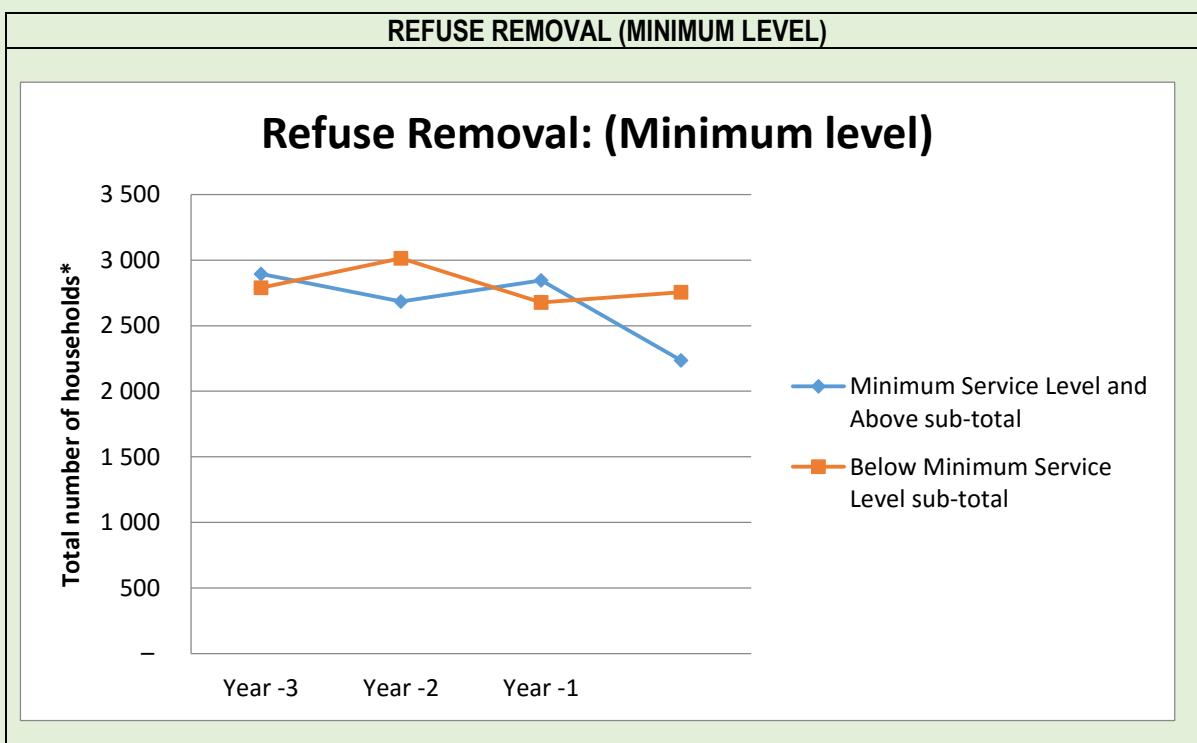


## ELECTRICITY

### Electricity



REFUSE REMOVAL SERVICE DELIVERY LEVELS				
Description	2005/06	2006/07	2007/08	2008/09
	Outcome	Outcome	Outcome	Actual
<b>Household</b>				
<b>Refuse Removal: (Minimum level)</b>				
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%
<b>Refuse Removal: (Below minimum level)</b>				
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%
<b>Total number of households*</b>	<b>5 685</b>	<b>5 699</b>	<b>5 523</b>	<b>4 991</b>



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



Matjhabeng Local Municipality

Financial statements

for the year ended 30 June 2016

## **Matjhabeng Local Municipality**

Financial Statements for the year ended 30 June 2016

### **General Information**

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<b>Legal form of entity</b>	An organ of state within the local sphere of government exercising executive and legislative authority.
<b>Nature of business and principal activities</b>	Providing municipal services, infrastructure development and furthering the interest of the local community in the Matjhabeng area, Free State Province.
<b>The following is included in the scope of operation</b>	Area FS184, as a high capacity local municipality, as demarcated by the Demarcation Board and indicated in the demarcation map published for FS184.
<b>Grading of local authority</b>	Local high capacity municipality
<b>Executive Mayor</b>	Ngangelizwe S
<b>Members of the Mayoral Committee</b>	Ngangelizwe S - Executive Mayor Mvana M A - Finance Menyatso K J - Technical Services / Infrastructure Mfiebe M S E - Corporate Services Motshabi M P - Community Services Ntsebeng MH - Human Settlements Radebe M L - Social Services Rubulana L - Local Economic Development Sephiri M J - Public Safety Taliwe F E - Policy and Planning Thhone M L - Special Programmes Badenhorst MJM Banyane ME Beneke R Botha PF Chaka CP Dali VN De Villiers MT Fanie DS Fourie JJC Kabi M Khalipha TD Kockera SC Mabote TL Madumise MM Mafa D Mafongosi ZV Makgowe PV Malefane DE Marais JS Maslenyane MD (MPAC chair) Matlebe MM (Resigned 30/09/2015) Mbambo AX Meli TS Mholo PP Mlangeni G Mokhomo HA Mokotedi TG
<b>Councillors</b>	



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

**General Information**

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Moleko PA  
Moleko PMI  
Molete TN  
Molope RT  
Monjovo NE  
Morris VR  
Mosala MS  
Mothege MA  
Mphikeleli MA  
Naude ZHJ  
Nqoebi ME (New)  
Ntlele KI  
Peteki KI  
Phetise ME  
Pina NJ  
Qwesha GL  
Radebe MC  
Riet MI  
Sifatya Z  
Smit DC (Resigned 31/03/2016)  
Speelman NW  
Stofile B (Speaker)  
Styger A  
Taljaard SDM  
Thateng MJ  
Thelingoane TJ  
Tlake KR  
Tsatsa SJ  
Tsubane ME  
Tsubella KS  
Twala MJ (Council Whip)  
Van Rooyen KV  
Van Rooyen MS  
Van Schaikwyk HCT  
Vanga NM

**Accounting Officer** Tsoaeli T (Acting)

**Chief Finance Officer (CFO)** Williams L (Acting)

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

**Postal address**  
PO Box 708  
Welkom  
Free State  
9460

**Bankers** ABSA Bank Limited

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

**General Information**

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	First National Bank
<b>Attorneys</b>	A full list of attorneys used during the year is available at the municipal offices.
<b>Auditors</b>	Auditor-General of South Africa
<b>Enabling legislation</b>	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)
<b>Website</b>	<a href="http://www.matjhabeng.fs.gov.za">www.matjhabeng.fs.gov.za</a>



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

**Index**

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

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Statement of Financial Performance	8
Statement of Changes in Net Assets	9
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**Abbreviations**

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



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

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

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

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

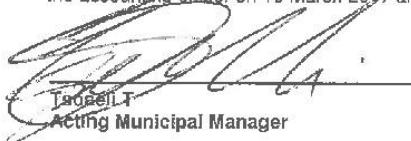
The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

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

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



Tafseel T.  
Acting Municipal Manager



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

**Accounting Officer's Report**

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

**1. Review of activities**

**Main business and operations**

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

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

**2. Going concern**

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

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

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

**3. Subsequent events**

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

**4. Accounting Officer**

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

Surname and initials:  
Tsoaeli T



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

**Statement of Financial Position as at 30 June 2016**

Figures in Rand	Note(s)	2016	2015 Restated*
<b>Assets</b>			
Current Assets			
Other financial assets	6	-	18,862,179
Inventories	10	9,055,287	9,414,254
Other receivables	11	27,059,034	21,454,879
Receivables from non-exchange transactions	12	123,700,990	161,926,055
VAT receivable	13	141,534,807	118,915,819
Receivables from exchange transactions	14	591,257,675	728,865,309
Cash and cash equivalents	15	11,520,330	1,536,132
		<b>904,128,073</b>	<b>1,060,974,627</b>
Non-Current Assets			
Investment property	3	730,614,229	692,400,463
Property, plant and equipment	4	4,517,976,923	4,588,853,077
Heritage assets	5	7,104,349	7,104,349
Other financial assets	6	330,990	339,207
Receivables from non-exchange transactions	8	511,134	-
Receivables from exchange transactions	9	4,060,246	350,382
		<b>5,260,597,871</b>	<b>5,289,047,478</b>
<b>Total Assets</b>		<b>6,164,725,944</b>	<b>6,350,022,105</b>
<b>Liabilities</b>			
Current Liabilities			
Bank overdraft	15	2,603,485	1,569,372
Unspent conditional grants and receipts	16	1,004,285	6,024,486
Payables from exchange transactions	18	2,692,812,194	2,179,865,324
Consumer deposits	19	36,250,584	35,293,116
		<b>2,732,670,558</b>	<b>2,222,752,298</b>
Non-Current Liabilities			
Employee benefit obligation	7	405,964,772	349,773,364
Provisions	17	49,457,418	50,144,032
		<b>455,422,190</b>	<b>399,917,396</b>
<b>Total Liabilities</b>		<b>3,188,092,748</b>	<b>2,622,669,694</b>
<b>Net Assets</b>		<b>2,976,633,196</b>	<b>3,727,352,411</b>
Accumulated surplus		<b>2,976,633,199</b>	<b>3,727,352,411</b>

\* See Note 44



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

**Statement of Financial Performance**

Figures in Rand	Note(s)	2016	2015 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	20	945,308,825	930,835,547
Rental of facilities and equipment	21	9,117,277	8,260,902
Commissions received	22	11,122,174	9,778,521
Other income	23	27,147,462	16,509,610
Interest received	24	127,102,109	105,086,689
Dividends received	24	17,251	14,608
Licences and permits	27	67,371	48,905
<b>Total revenue from exchange transactions</b>		<b>1,119,882,469</b>	<b>1,070,534,782</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	25	262,455,047	194,086,901
<b>Transfer revenue</b>			
Government grants & subsidies	26	527,662,693	586,347,372
Donations received	28	40,887,463	-
Fines	54	11,207,303	11,631,450
<b>Total revenue from non-exchange transactions</b>		<b>842,212,506</b>	<b>792,065,723</b>
<b>Total revenue</b>		<b>1,962,094,975</b>	<b>1,862,600,505</b>
<b>Expenditure</b>			
Employee related costs	29	(611,810,850)	(554,600,289)
Remuneration of councillors	30	(27,190,642)	(25,449,280)
Depreciation	31	(206,316,233)	(200,341,906)
Finance costs	32	(119,480,326)	(180,328,537)
Debt impairment	33	(648,290,390)	(73,512,082)
Repairs and maintenance		(39,804,219)	(39,360,898)
BULK purchases	34	(810,072,732)	(685,780,511)
Contracted services	35	(106,421,922)	(95,550,233)
General Expenses	36	(160,763,861)	(168,439,576)
Impairment loss	56	(255,832)	-
<b>Total expenditure</b>		<b>(2,730,407,007)</b>	<b>(2,023,363,312)</b>
<b>Operating deficit</b>			
Actuarial gain on employee benefits		(768,312,032)	(160,762,807)
Fair value adjustments	7	(20,628,827)	3,339,864
Gain on disposal of assets and liabilities	37	38,205,550	17,125
	55	16,098	22,328
<b>Deficit for the year</b>		<b>17,592,821</b>	<b>3,379,317</b>
		<b>(750,719,211)</b>	<b>(157,383,490)</b>

\* See Note 44



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

**Statement of Changes in Net Assets**

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

\* See Note 44



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

**Cash Flow Statement**

Figures in Rand

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

\* See Note 44



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

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

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



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

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



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

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

Budget on Cash Basis

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



## **Matjhabeng Local Municipality**

Financial Statements for the year ended 30 June 2016

### **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**

Financial Statements for the year ended 30 June 2016

### **Accounting Policies**

#### **1.3 Significant judgements and sources of estimation uncertainty (continued)**

##### **Impairment testing**

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

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

##### **Provisions**

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

##### **Useful lives of waste and water network and other assets**

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

##### **Employee benefit obligation**

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

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

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

##### **Provision for impairment of receivables**

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

#### **1.4 Investment property**

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

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

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

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

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



## **Matjhabeng Local Municipality**

Financial Statements for the year ended 30 June 2016

### **Accounting Policies**

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

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

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

##### **Fair value**

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

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

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

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

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

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

#### **1.5 Property, plant and equipment**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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.



## **Matjhabeng Local Municipality**

Financial Statements for the year ended 30 June 2016

### **Accounting Policies**

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

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

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

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

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

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

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

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

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

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

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

#### **1.6 Site restoration and dismantling cost**

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

If the related asset is measured using the cost model:

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

#### **1.7 Heritage assets**

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



## **Matjhabeng Local Municipality**

Financial Statements for the year ended 30 June 2016

### **Accounting Policies**

#### **1.7 Heritage assets (continued)**

##### **Recognition**

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

##### **Initial measurement**

Heritage assets are measured at cost.

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

##### **Subsequent measurement**

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

##### **Impairment**

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

##### **Derecognition**

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

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

#### **1.8 Financial instruments**

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

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

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



## **Matjhabeng Local Municipality**

Financial Statements for the year ended 30 June 2016

### **Accounting Policies**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

## **Accounting Policies**

### **1.8 Financial Instruments (continued)**

#### **Classification**

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

<b>Class</b>	<b>Category</b>
Other financial assets	Financial asset measured at fair value
Other receivables	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

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

#### **Initial recognition**

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

The entity recognises financial assets using trade date accounting.

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

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



## **Matjhabeng Local Municipality**

Financial Statements for the year ended 30 June 2016

### **Accounting Policies**

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

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

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

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

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

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

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

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

##### **Reclassification**

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

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

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

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

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

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

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

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

##### **Impairment and uncollectibility of financial assets**

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

Financial assets measured at amortised cost:



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

## **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**

Financial Statements for the year ended 30 June 2016

### **Accounting Policies**

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#### **1.8 Financial Instruments (continued)**

##### **Derecognition**

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

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

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

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

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

###### **Financial liabilities**

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

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



## **Matjhabeng Local Municipality**

Financial Statements for the year ended 30 June 2016

### **Accounting Policies**

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#### **1.8 Financial Instruments (continued)**

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

##### **Presentation**

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

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

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

Distributions to holders of residual interests are 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**

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### **Accounting Policies**

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

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

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

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

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

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

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

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

#### **1.11 Inventories**

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

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

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

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

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

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

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

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

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

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

#### **1.12 Impairment of cash-generating assets**

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

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

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**

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### **Accounting Policies**

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

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

##### **Identification**

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

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

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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### **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 occurs when there is clear evidence that such a redesignation is appropriate.

#### **1.13 Impairment of non-cash-generating assets**

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

Non-cash-generating assets are assets other than cash-generating assets.

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

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

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

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

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



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### **Accounting Policies**

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

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

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

Useful life is either:

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

#### **Recognition and measurement**

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

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

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

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

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

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

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

#### **1.14 Employee benefits**

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

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

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

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

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.



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### **Accounting Policies**

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

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

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

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

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

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

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

Short-term employee benefits include items such as:

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

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

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

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

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

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

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

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

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



## **Matjhabeng Local Municipality**

Financial Statements for the year ended 30 June 2016

### **Accounting Policies**

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

##### **Other long term employee benefit**

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

#### **1.15 Provisions and contingencies**

Provisions are recognised when:

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

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

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

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

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

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

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

Provisions are not recognised for future operating 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**

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### **Accounting Policies**

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#### **1.16 Commitments**

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

#### **1.17 Revenue from exchange transactions**

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

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

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

#### **Measurement**

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

#### **Rendering of services**

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by:



## **Matjhabeng Local Municipality**

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### **Accounting Policies**

#### **1.17 Revenue from exchange transactions (continued)**

##### **Interest, royalties and dividends**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

##### **Recognition**

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

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



## **Matjhabeng Local Municipality**

Financial Statements for the year ended 30 June 2016

### **Accounting Policies**

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

##### **Measurement**

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

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

##### **Taxes**

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

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

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

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

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

##### **Fines**

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

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

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

#### **1.19 Investment Income**

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

#### **1.20 Borrowing costs**

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

#### **1.21 Comparative figures**

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

#### **1.22 Unauthorised expenditure**

Unauthorised expenditure means:

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



## **Matjhabeng Local Municipality**

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### **Accounting Policies**

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

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

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

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

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

#### **1.25 Budget Information**

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

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

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



## **Matjhabeng Local Municipality**

Financial Statements for the year ended 30 June 2016

### **Accounting Policies**

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#### **1.25 Budget Information (continued)**

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

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

#### **1.26 Related parties**

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

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

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

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

#### **1.27 Events after reporting date**

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

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

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

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

#### **1.28 Consumer deposits**

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

#### **1.29 Unspent conditional grants and receipts**

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



## **Matjhabeng Local Municipality**

Financial Statements for the year ended 30 June 2016

### **Notes to the Financial Statements**

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#### **2. New standards and Interpretations**

##### **2.1 Standards and interpretations effective and adopted in the current year**

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

###### **GRAP 105: Transfers of functions between entities under common control**

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

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

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

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

The impact of the amendment is not material.

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

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

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

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

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

The impact of the amendment is not material.

###### **GRAP 107: Mergers**

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

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

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

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

The impact of the amendment is not material.



## **Matjhabeng Local Municipality**

Financial Statements for the year ended 30 June 2016

### **Notes to the Financial Statements**

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

##### **2.2 Standards and interpretations early adopted**

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

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

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

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

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

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

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

The impact of the standard is not material.

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

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

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

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

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

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

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

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

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



## **Matjhabeng Local Municipality**

Financial Statements for the year ended 30 June 2016

### **Notes to the Financial Statements**

#### **2. New standards and Interpretations (continued)**

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

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

The standard elaborates on the definitions and identification of:

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

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

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

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

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

The impact of this standard is currently being assessed.

#### **GRAP32: Service Concession Arrangements: Grantor**

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

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

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

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

The impact of this standard is currently being assessed.

#### **GRAP108: Statutory Receivables**

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

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



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## Notes to the Financial Statements

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

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

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

The impact of this standard is currently being assessed.

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

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

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

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

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

### 3. Investment property

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

#### Reconciliation of investment property - 2016

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

#### Reconciliation of investment property - 2015

	Opening balance	Disposals	Total
Investment property	694,795,757	(2,385,294)	692,400,463

#### Pledged as security

No property was pledged as security for any financial liability.

There are no contractual obligations on investment property.

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



## Matjhabeng Local Municipality

Financial Statements for the year ended 30 June 2016

### Notes to the Financial Statements

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#### 4. Property, plant and equipment

	2016	2015
Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation
Land and buildings		
Transport assets	133,302,598 (34,603,820)	133,302,598 (30,758,951)
Infrastructure	130,661,085 (48,938,980)	124,153,126 (40,221,506)
Other movable assets	7,861,917,707 (3,825,440,259)	7,713,673,870 (3,640,806,936)
Capital work in progress	17,120,549 (14,031,943)	16,275,701 (12,297,542)
Landfill rehabilitation assets	238,846,147 (20,878,891)	261,077,300 (13,914,545)
Total	8,461,870,616 (3,943,893,893)	8,326,852,557 [3,737,999,480) 4,588,853,077]
Reconciliation of property, plant and equipment - 2016		
Opening balance	Additions	Change in net discount rate
102,543,647		
83,931,619	5,878,093	(352)
4,072,867,034	40,837,462	631,051
3,978,159	844,848	108,033,295
261,077,300	86,433,193	(185,310,343)
64,455,317		(1,652,667)
<b>4,588,853,076</b>	<b>134,043,596</b>	<b>(352)</b>
		Transfers
		Depreciation
		Impairment loss
		Total
Land and buildings		
Transport assets		(3,844,869)
Infrastructure		(8,532,969)
Other movable assets		(185,337)
Capital work in progress		(81,722,105)
Landfill rehabilitation assets		-
Total		98,698,778



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Financial Statements for the year ended 30 June 2016

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

##### Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Change in discount rate	Disposals	Transfers	Depreciation	Total
Land and buildings	106,388,516			(66,182)	-	(3,844,869)	102,543,647
Transport assets	92,148,120	232,872			229,476,943	(8,383,191)	83,931,619
Infrastructure	4,023,091,323					(179,711,232)	4,072,867,084
Other movable assets	4,563,528	985,955				(1,591,325)	3,978,159
Capital work in progress	335,498,422	155,055,821				-	261,077,300
Landfill rehabilitation assets	74,886,698			(3,585,091)		(6,821,290)	64,455,317
	<b>4,636,571,608</b>	<b>156,274,648</b>		<b>(66,182)</b>		<b>(200,341,907)</b>	<b>4,588,853,076</b>

##### Pledged as security

None of these assets were pledged as security.

##### Other Information

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

10 611,502      11 755,539

A total amount 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 refuse access to the premises or the vehicles to municipal staff. The municipality is in a process to contest the invoices and claims of the supplier. The case is currently served in court and the list of assets are recorded on the Sheriff's records. The assets were taken by the Sheriff on 21 October 2014.

##### Reconciliation of Work-in-Progress 2016

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



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**4. Property, plant and equipment (continued)**

**Reconciliation of Work-in-Progress 2015**

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

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



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**5. Heritage assets**

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

**Reconciliation of heritage assets 2016**

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

**Reconciliation of heritage assets 2015**

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

**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	330,990	339,207
The unlisted shares consist of 17,238 (2015:17,238) equity shares in Senwes Limited and 26,435 (2015:26,435) equity shares in Senwesbel Limited.		

**At amortised cost**

RMB Asset Management (Guaranteed Investment Trust)	18,862,179
The maturity date of the investment was 19 October 2015 with a guaranteed amount of R19,191,692. The investment was withdrawn on 07 April 2016. The guaranteed amount is valued at purchase yield on the assumption that it is held to maturity. Interest is earned at a guaranteed rate of 15.6% (2015:15.6%) per annum.	

**Total other financial assets**

330,990 19,201,386

**Non-current assets**

Designated at fair value	330,990	339,207

**Current assets**

At amortised cost	-	18,862,179



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**6. Other financial assets (continued)**

**Financial assets at fair value**

**Fair value hierarchy of financial assets at fair value**

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

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

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

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

**Level 1**

Class 1 - Unlisted shares	330,990	339,207
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**Renegotiated terms**

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

**Financial assets pledged as collateral**

**Collateral**

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

**7. Employee benefit obligations**

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

**Carrying value**

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

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**

Net expense recognised in the statement of financial performance	349,773,364	322,410,090
	56,191,408	27,363,274
	<b>405,964,772</b>	<b>349,773,364</b>

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

Service cost	17,499,056	15,592,248
Interest cost	30,912,050	28,406,622
Actuarial (gains) / losses	20,628,827	(3,339,884)
Expected benefits paid	(12,848,525)	(13,295,732)
	<b>56,191,408</b>	<b>27,363,274</b>



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**7. Employee benefit obligations (continued)**

**Post-retirement medical aid plan**

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

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

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

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

**Long service benefits**

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

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

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

**Calculation of actuarial gains and losses**

Actuarial (gains) losses - (long service)	7,393,777	(3,339,864)
Actuarial (gains) losses - (medical aid)	13,235,050	-
	<b>20,628,827</b>	<b>(3,339,864)</b>



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**7. Employee benefit obligations (continued)**

**Key assumptions used**

Assumptions used at the reporting date:

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

**Other assumptions**

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

	1% increase	1% decrease
Employer's accrued liability (long service awards)	39,890,921	34,610,413
Employer's expense cost (long service awards)	6,637,588	5,691,938
Employer's accrued liability (medical aid)	309,063,443	431,503,075
Service cost (medical aid)	16,657,785	25,337,571
Interest cost (medical aid)	32,141,460	36,498,856

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

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

	2016 R	2015 R	2014 R	2013 R	2012 R
Employee benefit obligation	(405,964,772)	(349,773,384)	(322,410,090)	(305,077,529)	(245,392,909)



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**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 defined contribution plans is	49,642,382	27,363,274
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**8. Receivables from non-exchange transactions**

Non current arrangements - rates	2,491,696	-
Allowance for impairment	<u>(1,980,562)</u>	-
	<b>511,134</b>	-

Rates aging for arrangements		
91+ days	<b>511,134</b>	-



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2016      2015

**8. Receivables from non-exchange transactions (continued)**

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

None of the consumer receivables were pledged as security.

**Renegotiated terms:**

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

**Fair value of receivables:**

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

**Receivables from non-exchange transactions impaired:**

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

The following factors was considered in determining the impairment:

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

**9. Receivables from exchange transactions**

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

<b>Services aging for arrangements</b>	
91+ days	4,060,246

350,382

**Receivables from exchange transactions pledged as security:**

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

**Renegotiated terms:**

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

**Fair value of receivables**

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

**Receivables from exchange transactions impaired:**

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

The following factors was considered in determining the impairment:

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



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	2016	2015
<b>10. Inventories</b>		
Consumable stores	7,499,133	7,318,736
Water in reservoirs and pipelines	1,556,104	2,095,518
	<hr/> 9,055,237	<hr/> 9,414,254
Stock losses due to theft (case number 596/06/2016)	81,239	-
Inventories recognised as an expense during the year - Water	406,875,193	344,352,530
Inventories recognised as an expense during the year - Refer to note 36.		
<b>Inventory pledged as security</b>		
None of the inventory was pledged as security for any financial liability of the municipality.		
<b>11. Other receivables</b>		
Accrued interest	106,572	-
Consumer deposits receivable	5,884,740	5,038,282
Deposits	9,850	9,850
Other receivables	3,142,722	5,802,097
Traffic fines receivable	17,915,150	10,804,650
	<hr/> 27,059,034	<hr/> 21,454,879
<b>Other receivables pledged as security</b>		
None of the other receivables were pledged as security during the year.		
<b>Fair value of other receivables</b>		
The carrying value of consumer deposits approximate their fair values.		
<b>Other receivables past due but not Impaired</b>		
None of the other receivables are considered to be impaired.		
<b>Other receivables Impaired:</b>		
As of 30 June 2016, none of the other receivables were impaired and provided for.		
The following factors was considered in determining the impairment:		
- Aging of the outstanding debt.		
- Whether or not any payment was received during the year.		
- Whether the account is active or inactive.		
- Whether the account is that of an owner or a tenant.		
<b>12. Receivables from non-exchange transactions</b>		
Consumer receivables - rates	304,276,800	284,193,116
Allowance for impairment - rates	(180,066,676)	(122,267,061)
Less: Non-current consumer receivables (arrangements)	(2,491,696)	-
Allowance for Impairment - arrangements	1,980,562	-
	<hr/> 123,700,990	<hr/> 161,926,055
<b>Receivables from non-exchange transactions pledged as security</b>		
None of the receivables from non-exchange transactions were pledged as security.		



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**12. Receivables from non-exchange transactions (continued)**

**Credit quality of receivables from non-exchange transactions**

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

**Receivables from non-exchange transactions past due but not impaired**

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

1 month past due	4,795,241	
2 months past due	3,938,360	
3 months past due	8,326,544	
<b>Rates aging</b>		
Current (0-30 days)	20,396,614	13,788,969
31 - 60 days	12,175,846	8,156,426
61 - 90 days	11,269,804	7,184,257
91+ days	257,944,840	255,063,464
<b>Less: Allowance for impairment</b>	<b>(178,086,114)</b>	<b>(122,267,061)</b>
	<b>123,700,990</b>	<b>161,926,055</b>

**Fair value of receivables**

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

**Receivables from non-exchange transactions impaired:**

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

The following factors was considered in determining the impairment:

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

**Renegotiated terms:**

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

**13. VAT receivable**

VAT	141,534,807	118,915,819
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**14. Receivables from exchange transactions**

**Gross balances**

	2016	2015
Electricity	219,085,359	230,536,674
Water	829,177,871	777,810,621
Sewerage	315,954,686	279,258,716
Refuse	213,684,745	189,906,711
Other receivables	140,198,326	56,006,736
Unmetered consumption - water	21,229,023	35,286,038
Unmetered consumption - electricity	61,300,537	66,226,665
Less: Non-current consumer receivables (Arrangements)	(20,257,060)	(21,059,890)
Payments received in advance	-	(124,663,935)
	<b>1,780,373,487</b>	<b>1,489,308,336</b>

**Less: Allowance for impairment**

Electricity	(117,347,637)	(75,035,288)
Water	(594,676,045)	(418,471,187)
Sewerage	(241,125,679)	(136,759,238)
Refuse	(166,938,917)	(95,288,227)
Other receivables	(85,224,347)	(55,598,595)
Less: Non-current consumer receivables (Arrangements)	16,196,814	20,709,508
	<b>(1,189,115,811)</b>	<b>(760,443,027)</b>

**Net balance**

Electricity	101,737,722	155,501,386
Water	234,501,826	359,339,434
Sewerage	74,829,006	142,499,478
Refuse	46,745,828	94,618,484
Other receivables	54,973,979	408,141
Unmetered consumption - water	21,229,023	35,286,038
Unmetered consumption - electricity	61,300,537	66,226,665
Non-current consumer receivables (Arrangements)	(4,060,246)	(350,382)
Payments received in advance	-	(124,663,935)
	<b>591,257,675</b>	<b>728,865,309</b>

**Electricity**

Current (0 -30 days)	36,294,677	75,843,003
31 - 60 days	14,550,075	17,712,096
61 - 90 days	6,983,545	7,964,863
91+ days	161,257,062	129,016,712
Less: Impairment	(117,347,637)	(75,035,288)
	<b>101,737,722</b>	<b>155,501,386</b>

**Water**

Current (0 -30 days)	53,473,992	62,842,832
31 - 60 days	33,175,663	36,332,623
61 - 90 days	21,276,106	22,257,429
91+ days	721,252,110	656,377,737
Less: Impairment	(594,676,045)	(418,471,187)
	<b>234,501,826</b>	<b>359,339,434</b>



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<b>14. Receivables from exchange transactions (continued)</b>		
<b>Sewerage</b>		
Current (0 -30 days)	11,311,220	10,725,313
31 - 60 days	8,829,417	9,053,253
61 - 90 days	8,206,870	7,831,605
91+ days	287,607,178	251,648,545
Less: Impairment	<u>(241,125,679)</u>	<u>(136,759,238)</u>
	<b>74,829,006</b>	<b>142,499,478</b>
<b>Refuse</b>		
Current (0 -30 days)	6,927,306	6,487,255
31 - 60 days	5,306,232	5,050,179
61 - 90 days	5,027,914	4,690,941
91+ days	196,423,293	173,678,336
Less: Impairment	<u>(166,938,917)</u>	<u>(95,288,227)</u>
	<b>46,745,828</b>	<b>94,618,484</b>
<b>Other</b>		
Current (0 -30 days)	3,572,846	2,580,121
31 - 60 days	3,344,486	3,087,982
61 - 90 days	2,886,997	3,251,404
91+ days	130,393,997	47,087,229
Less: Impairment	<u>(85,224,347)</u>	<u>(55,598,595)</u>
	<b>54,873,979</b>	<b>408,141</b>
<b>Unmetered consumption - water</b>		
Current (0 -30 days)	21,229,023	35,286,038
<b>Unmetered consumption - electricity</b>		
Current (0 -30 days)	61,300,537	66,226,665



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

**Summary of receivables by customer classification**

**Consumers**

Current (0 -30 days)	79,005,751	62,302,916
31 - 60 days	54,850,684	48,381,987
61 - 90 days	39,260,011	32,979,223
91+ days	1,389,090,723	1,020,813,715
Less: Allowance for impairment	1,562,207,169	1,164,477,841
	(1,141,125,215)	(489,916,759)
	<b>421,081,954</b>	<b>674,561,082</b>

**Business, Industrial and commercial**

Current (0 -30 days)	31,279,626	31,768,065
31 - 60 days	14,093,803	14,164,406
61 - 90 days	9,271,877	9,422,022
91+ days	316,382,330	252,184,480
Less: Allowance for impairment	371,027,636	307,538,973
	(204,713,465)	(109,829,170)
	<b>166,314,171</b>	<b>197,709,803</b>

**National and provincial government**

Current (0 -30 days)	7,893,944	4,552,348
31 - 60 days	5,858,899	5,815,972
61 - 90 days	4,686,234	3,398,559
91+ days	4,219,563	129,824,549
Less: Allowance for impairment	22,657,640	143,391,438
	-	(59,136,025)
	<b>22,657,640</b>	<b>84,255,413</b>

**Indigents**

Current (0 -30 days)	26,454	8,906,424
31 - 60 days	87,306	9,191,220
61 - 90 days	41,379	5,863,401
91+ days	2,559,767	123,933,496
Less: Allowance for impairment	2,714,906	147,394,541
	(2,714,906)	(147,394,541)

**Farms and agriculture**

Current (0 -30 days)	2,962,810	2,105,876
31 - 60 days	2,491,026	2,038,974
61 - 90 days	2,392,735	2,017,283
91+ days	44,761,283	48,747,547
Less: Allowance for impairment	(36,825,715)	(23,924,416)
	<b>15,782,139</b>	<b>30,985,364</b>

**Receivables from exchange transactions past due but not impaired**

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

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



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

**Receivables from exchange transactions pledged as security**

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

**Credit quality of receivables from exchange transactions**

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

**Receivables from exchange transactions impaired:**

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

The following factors was considered in determining the impairment:

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

**Renegotiated terms:**

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

**Fair value of receivables from exchange transactions:**

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

**15. Cash and cash equivalents**

Cash and cash equivalents consist of:

Cash on hand and advances	9,474	9,474
Short-term deposits	10,637,028	741,082
Collections account	873,828	785,576
Bank overdraft	(2,603,485)	(1,569,372)
	<hr/>	<hr/>
	8,916,845	(33,240)
Current assets	11,520,330	1,536,132
Current liabilities	(2,603,485)	(1,569,372)
	<hr/>	<hr/>
	8,916,845	(33,240)

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

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

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

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

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

**Cash and cash equivalents pledged as collateral**

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



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**15. Consumer debtors disclosure (continued)**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA Primary Cheque account Acc no (40-5370-5465)	(482,599)	2,187,120	1,275,549	(836,542)	(775,550)	1,853,697
ABSA Market Cheque account Acc no (40-5644-3399)	918,032	1,497,072	2,116,003	(1,766,943)	(793,822)	(913,370)
FNB Collections Cheque account Acc No (542-3117-3409)	873,828	785,576	701,726	873,828	785,576	700,915
ABSA Savings account Acc no (90-9461-7107)	9,870,795	1,000	1,000	9,870,795	1,000	1,000
ABSA Savings account Acc no (91-0668-4115)	1,000	1,201	1,000	1,000	1,201	1,000
ABSA Savings account Acc no (91-1114-1338)	1,000	1,011	1,000	1,000	1,011	1,000
ABSA Savings account Acc no (91-0668-4238)	1,000	1,077	1,000	1,000	1,077	1,000
ABSA Savings account Acc no (91-0653-8138)	-	-	50	-	-	50
ABSA Savings account Acc no (91-0668-4157)	1,000	1,001	1,000	1,000	1,001	1,000
ABSA Savings account Acc no (91-2351-5666)	1,000	1,002	1,002	1,000	1,002	1,002
FNB Call account Acc no (614-0400-1177)	5,140	5,074	5,074	5,140	5,074	5,074
FNB Call account Acc no (620-0350-3019)	756,093	709,079	709,079	756,093	709,079	709,079
<b>Total</b>	<b>11,946,289</b>	<b>5,190,213</b>	<b>4,813,483</b>	<b>8,907,371</b>	<b>(63,351)</b>	<b>2,361,447</b>

**16. Unspent conditional grants and receipts**

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts			
Integrated national electrification programme (INEP)		600,001	1,018,931
Energy efficiency and demand side management programme (EEDSM)		404,294	1,936,848
Extended public work programme (EPWP)		-	743,889
Sector education and training authority (SETA)		-	2,324,817
		<b>1,004,295</b>	<b>6,024,486</b>

**Movement during the year**

Unspent at the beginning of the year	6,024,486	7,347,170
Additions during the year	522,142,502	585,024,688
Income recognition during the year	(527,162,693)	(586,847,372)
	<b>1,004,295</b>	<b>6,024,486</b>

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.



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**17. Provisions**

**Reconciliation of provisions - 2016**

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

**Reconciliation of provisions - 2015**

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

**Rehabilitation of landfill sites**

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

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

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

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

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

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

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

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

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

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

**Movement in the closing balance of the provision**

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



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		2016	2015
<b>17. Provisions (continued)</b>			
Virginia (Transfer Station)		2,052,993	142,395

	(144,549)	2,050,839
	50,391,812	50,144,032

Active landfill sites -  
 30 June 2016

	Opening balance 1 July 2015	Discounting In net	Movement due to change 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	4,833,488	(89,122)	127,121	4,871,488
Henneman (Phomolong)	8,056,132	(394,951)	274,915	7,936,096
Virginia (Transfer Station)	2,050,839	(100,542)	69,985	2,020,282
	<b>50,144,032</b>	<b>(2,339,283)</b>	<b>1,652,669</b>	<b>49,457,418</b>

**18. Payables from exchange transactions**

Accrued bonus	8,390,031	9,092,246
Accrued leave pay	64,977,157	63,604,855
Deferred income - Pre paid electricity	1,300,000	1,700,000
Deposits received - Halls and facilities	31,904	20,463
Eskom	957,081,689	636,100,513
Payments received in advance from consumer receivables	37,909,845	31,562,545
Salary control accounts	35,290,424	27,909,546
Sedibeng Water	1,420,215,112	1,172,196,997
Sundry payables	669	-
Trade payables	167,615,363	247,678,159
	<b>2,692,812,194</b>	<b>2,179,865,324</b>

**Fair value of trade and other payables**

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

**19. Consumer deposits**

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

Guarantees held in lieu of electricity and water deposits amounted to R 6,040,465 (2015: R 2,792,368)

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.



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<b>20. Service charges</b>		
Sale of electricity	488,626,226	481,523,016
Sale of water	322,440,413	287,934,580
Sewerage and sanitation charges	128,256,386	119,016,747
Refuse removal	78,928,071	72,527,147
Less: Income foregone - indigents	(45,666,204)	-
Less: Municipal utilities	(27,276,067)	(30,165,942)
	<b>945,308,825</b>	<b>930,835,548</b>
<b>21. Rental of facilities and equipment</b>		
<b>Premises</b>		
Premises	8,790,737	7,982,158
<b>Facilities and equipment</b>		
Rental of facilities	326,540	278,744
	<b>9,117,277</b>	<b>8,260,902</b>
<b>22. Commission received</b>		
Commissions received	11,122,174	9,778,521
<b>23. Other income</b>		
Connection fees	834,970	786,379
Disconnection fees	15,595,105	7,473,626
Meter fees	1,905,176	1,240,770
Monitoring fees	942,173	972,548
Services rendered	2,414,801	2,523,756
Sundry income	3,619,092	2,312,963
Sundry services	1,836,145	1,199,567
	<b>27,147,462</b>	<b>16,509,609</b>
<b>24. Interest and dividends received</b>		
<b>Dividend revenue</b>		
Unlisted shares - Local	17,251	14,608
<b>Interest revenue</b>		
Bank and investments	3,230,005	4,351,619
Interest charged on consumer receivables	123,872,104	100,735,070
	<b>127,102,109</b>	<b>105,086,689</b>
	<b>127,119,360</b>	<b>105,101,297</b>



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Figures in Rand	2016	2015
<b>25. Property rates</b>		
<b>Rates received</b>		
Commercial	169,549,572	69,066,311
Residential	83,795,254	51,491,479
Small holdings and farms	8,208,120	43,773,341
State	1,179,009	29,755,770
Less: Income forgone - indigents	(276,908)	-
	<b>262,455,047</b>	<b>194,086,801</b>

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

**Valuations**

Commercial	4,323,778,590	2,345,932,900
Residential	12,574,978,411	11,065,242,201
Small holdings and farms	3,233,122,480	2,904,799,620
State	1,532,569,900	1,362,493,600
Exempted	1,271,624,102	1,348,750,275
	<b>22,936,073,483</b>	<b>19,027,218,596</b>

Valuations on land and buildings are performed every four years. The last general valuation roll came into effect on 1 July 2015, and is based on market-related values. Supplementary valuations are processed when completed by the valuer annually, to take into account changes to individual property values due to alterations and subdivisions.

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



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**26. Government grants and subsidies**

**Operating grants**

	2016	2015
Equitable share	402,908,668	416,018,000
Extended public works program (EPWP)	1,072,000	395,111
Finance management grant (FMG)	1,675,000	1,600,000
Municipal systems improvement grant (MSIG)	930,000	934,000
Provincial Treasury (audit fees)	500,000	-
Sector education and training authority (SETA)	3,330,319	312,059
	<b>410,415,987</b>	<b>419,259,170</b>

**Capital grants**

	2016	2015
Energy efficiency and demand side management programme (EEDSM)	2,585,706	5,908,767
Integrated national electrification program (INEP)	-	3,872,824
Municipal infrastructure grant (MIG)	<b>114,651,000</b>	<b>157,306,611</b>
	<b>117,246,706</b>	<b>167,088,202</b>
	<b>527,662,693</b>	<b>586,347,372</b>

**Conditional and Unconditional**

Included in above are the following grants and subsidies received:

	2016	2015
Conditional grants received	124,754,025	170,329,372
Unconditional grants received	402,908,668	416,018,000
	<b>527,662,693</b>	<b>586,347,372</b>

**Equitable Share**

	2016	2015
Current-year receipts	402,908,668	416,018,000
Conditions met - transferred to revenue	(402,908,668)	(416,018,000)

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

**Municipal infrastructure grant (MIG)**

	2016	2015
Balance unspent at beginning of year	-	1,060,611
Current-year receipts	114,651,000	156,246,000
Conditions met - transferred to revenue	(114,651,000)	(157,306,611)

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

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

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

**Finance Management Grant (FMG)**

	2016	2015
Current-year receipts	1,675,000	1,600,000
Conditions met - transferred to revenue	(1,675,000)	(1,600,000)



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**26. Government grants and subsidies (continued)**

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

**Municipal systems improvement grant (MSIG)**

Current-year receipts	930,000	934,000
Conditions met - transferred to revenue	(930,000)	(934,000)
	*	*

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

**Integrated national electrification program (INEP)**

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

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

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

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

**Energy efficiency and demand side management programme (EEDSM)**

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

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

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

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

**Expanded public works programme (EPWP)**

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

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



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**26. Government grants and subsidies (continued)**

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

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

**Sector education and training authority (SETA)**

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

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

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

**Integrated National Electrification Programme (INEP)**

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

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

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

**Provincial Treasury**

Current-year receipts	500,000	-
Conditions met - transferred to revenue	(500,000)	-
	<hr/>	<hr/>
	-	-

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

**Changes in level of government grants**

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

**27. Licences and permits**

Licences and permits	67,371	48,905
	<hr/>	<hr/>

**28. Donations received**

Infrastructure Thandanani 2010	40,887,463	-
	<hr/>	<hr/>

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



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**29. Employee related costs**

Basic salaries	342,152,912	317,750,533
Bonuses	23,495,894	21,221,455
Pension	47,253,894	44,178,451
Other long term employee benefits	2,294,440	4,195,887
Employee benefits - medical aid	21,499,080	9,511,550
Group life insurance	1,353,647	1,248,962
Housing allowances	3,676,556	5,581,889
Leave pay provision charge	17,771,803	8,936,014
Medical aid	29,655,910	34,415,811
Other allowances	19,588,254	17,141,638
Overtime payments	63,497,852	53,287,207
Transport allowance	30,859,660	29,055,401
UIF	3,440,683	3,176,995
SDL	5,260,263	4,898,497
	<b>611,810,848</b>	<b>554,600,290</b>

**Remuneration of Municipal Manager - Ramathebane G**

Annual Remuneration	-	120,967
Contributions to UIF, Medical and Pension Funds	-	301,948
	-	<b>422,913</b>

**Remuneration of Municipal Manager - Lepheana MF**

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

**Remuneration of Chief Financial Officer - Tsoaeli ET**

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

**Remuneration of Director Infrastructure - Thabane HB**

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

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

**Remuneration of Director Corporate Support Services - Lepheana MF**

Annual Remuneration	-	782,534
Contributions to UIF, Medical and Pension Funds	-	1,041
	-	<b>783,575</b>

**Remuneration of Director Corporate Support Services - Wetes VV**



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**29. Employee related costs (continued)**

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

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

**Remuneration Director Strategic Support Services - Makhubu S**

Annual Remuneration	-	702,486
Contributions to UIF, Medical and Pension Funds	-	892
	<b>-</b>	<b>703,378</b>

**Remuneration Director Strategic Support Services - Makofane TB**

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

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

**Remuneration of Director Community Services - Mogopodi MRE**

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

**Remuneration Director Local Economic Development - Msweli XF**

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

**30. Remuneration of councillors**

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

**Reclassification of amounts: Prior year**

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



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**30. Remuneration of councillors (continued)**

**In-kind benefits**

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

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

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

**Details of remuneration for the year ended 30 June 2016**

Name of councillor	Annual remuneration	Car allowance	Contributions to UIF, medical and pension funds	30 June 2016 Total
Badenhorst MJ	202,865	69,471	26,415	298,751
Banyane ME	202,865	69,471	26,415	298,751
Bencke 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	187,839	69,471	41,441	298,751
Madumise MM	202,865	69,471	26,415	298,751
Mafa DM	187,839	69,471	41,441	298,751
Mafongosi ZV	202,865	69,471	26,415	298,751
Makgowe PV	187,839	69,471	41,441	298,751
Malefane DE	202,865	69,471	26,415	298,751
Maraais 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
Moana AM	458,540	172,858	80,903	712,301
Meli TS	187,839	69,471	41,441	298,751
Menyatso KJ	461,044	172,858	78,399	712,301
Mfebe MSE	458,540	172,858	80,903	712,301
Mholo PP	202,865	69,471	26,415	298,751
Mlangeni MG	202,865	69,471	26,415	298,751
Mokhomo HA	187,839	69,471	41,441	298,751
Mokotedi TG	202,865	69,471	26,415	298,751
Molekhoa PMI	202,865	69,471	26,415	298,751
Molekhoa PA	187,839	69,471	41,441	298,751
Molete TN	202,865	69,471	26,415	298,751
Molope RT	187,839	69,471	41,441	298,751
Monjova 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
Mphikelile 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
Nqeobo ME	151,957	52,103	20,003	224,063
Nttele KI	202,865	69,471	26,415	298,751
Ntseberg MH	458,540	172,858	80,903	712,301



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		2016	2015
<b>30. Remuneration of councillors (continued)</b>			
Peteki KI	187,839	69,471	41,441
Phetise ME	187,839	69,471	41,441
Pina NJ	202,865	69,471	26,415
Qwesha GL	187,839	69,471	41,441
Radebe MC	187,839	69,471	298,751
Radebe ML	458,540	172,858	80,903
Riet MI	202,865	69,471	26,415
Rubulana L	473,566	172,858	65,877
Sephiri MJ	458,540	172,858	712,301
Sifatya Z	202,865	69,471	80,903
Speelman NW	202,865	69,471	26,415
Stofile B	488,720	184,382	298,751
Styger A	202,865	69,471	85,295
Talwe FE	473,566	172,858	758,397
Taljaard SDM	187,839	69,471	65,877
Thateng MJ	202,865	69,471	41,441
Thelingoane TJ	202,865	69,471	298,751
Tiake KR	187,839	69,471	26,415
Tlhone ML	567,700	48,000	298,751
Tsatsa SJ	187,839	69,471	41,441
Tsubane ME	187,839	69,471	298,751
Tsubella KS	233,270	34,800	298,751
Twala MJ	473,566	172,858	30,681
Van Rooyen MS	202,865	69,471	65,877
Van Rooyen KV	202,865	69,471	26,415
Van Schalkwyk HCT	202,865	69,471	298,751
Vanga NM	187,839	69,471	26,415
		41,441	298,751
	<b>17,986,800</b>	<b>6,260,583</b>	<b>2,930,384</b>
		<b>27,177,767</b>	

**Details of remuneration for the year ended 30 June 2015**

**Name of councillor**

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



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<b>30. Remuneration of councillors (continued)</b>			
Menyalso KJ	442,946	156,891	76,418
Mfebe SE	442,946	156,891	76,418
Mholo PP	195,709	62,756	24,557
Mlarengeni MG	195,709	62,756	24,557
Mokhomoh HA	180,683	62,756	39,583
Mokotedi TG	195,709	62,756	24,557
Moleleko PM	195,709	62,756	24,557
Moleleko PA	180,683	62,756	39,583
Moletse TN	195,709	62,756	24,557
Molope RT	187,839	69,471	41,441
Monjovo NE	180,683	62,756	39,583
Morris VR	180,683	62,756	39,583
Mosala MS	195,709	62,756	24,557
Mothege MA	195,709	62,756	24,557
Motshehi MP	457,972	156,891	61,392
Mphikelile MA	195,709	62,756	24,557
Naude HJ	195,709	62,756	24,557
Ngangeliizwe S	609,599	209,188	96,882
Ntele KI	195,709	62,756	24,557
Ntsebeng MH	402,688	141,716	68,873
Petleki KI	180,683	62,756	39,583
Phetse ME	180,683	62,756	39,583
Pina NJ	180,058	62,756	24,557
Qwesha GL	194,457	62,756	25,809
Radebe MC	180,683	62,756	39,583
Radebe ML	442,946	156,891	76,418
Riet MI	195,709	63,819	24,557
Rubulana L	457,972	156,891	61,392
Sephiri MJ	442,946	156,891	76,418
Sifatya Z	195,709	62,756	24,557
Smit DC	195,709	62,756	24,557
Speelman NW	185,709	62,756	24,557
Stofile B	472,086	167,351	80,511
Styger A	195,709	62,756	24,557
Taliwe FE	457,972	156,891	61,392
Taljaard SDM	180,683	62,756	39,583
Thateng MJ	195,709	62,756	24,557
Thelingoane TJ	195,709	62,756	24,557
Tlake KR	188,196	62,756	32,070
Tlhone ML	537,634	48,000	90,621
Tsatsa SJ	180,683	62,756	39,583
Tsubane ME	180,683	62,756	39,583
Tsubella KS	220,019	34,800	28,203
Twala MJ	457,972	156,891	61,392
Van Rooyen MS	195,709	62,756	24,557
Van Rooyen KV	195,709	62,756	24,557
Van Schalkwyk HCT	195,709	62,756	24,557
Vanga NM	180,683	62,756	39,583
	<b>17,394,354</b>	<b>5,700,031</b>	<b>2,755,682</b>
		<b>25,850,067</b>	

**31. Depreciation and amortisation**

Property, plant and equipment	206,316,233	200,341,906
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**32. Finance costs**

Bank	114,587	49,995
Employee benefits	30,912,050	28,406,622
Trade and other payables	90,793,021	148,534,609
Provisions	(2,339,282)	3,337,311
	<b>119,480,326</b>	<b>180,328,537</b>

**33. Debt impairment**

Contributions to bad debt provision	648,290,390	73,512,082
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(903,419,595)	(1,785,003,011)
Contribution to allowance	(648,290,390)	(73,512,082)
Debt impairment written off against allowance	166,330,683	955,095,498
	<b>(1,385,379,302)</b>	<b>(903,419,595)</b>

**34. Bulk purchases**

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

**35. Contracted services**

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



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**36. General expenses**

	2016	2015
Advertising	5,773,041	5,813,799
Audit fees	7,196,542	5,337,615
Bank charges	2,965,664	2,857,784
Cleaning	1,159,716	855,554
Community development and training	3,718,236	4,146,424
Conferences and seminars	32,500	246,752
Connection and disconnection of meters	6,251,903	2,146,136
Donations	112,200	
Entertainment	1,232,734	1,376,621
Insurance	34,327,170	29,050,115
License fees	5,038,910	2,711,804
Marketing	25,500	52,412
Medical expenses	470	44,336
Motor vehicle expenses	34,474,730	43,863,516
Operating cost of equipment	12,614,581	24,122,507
Pest control	40,552	102,807
Printing and stationery	2,469,295	2,039,439
Subscriptions and membership fees	9,778,587	20,926,763
Subsistence and travel	3,298,787	3,158,418
Sundry expenses	3,574,219	2,542,996
Telephone and fax	13,689,021	13,138,186
Training	2,165,232	1,772,050
Uniforms	9,973,300	1,514,415
Assets expensed	963,171	506,924
	<b>160,763,861</b>	<b>168,439,573</b>

**37. Fair value adjustments**

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

**38. Auditors' remuneration**

Fees	7,196,542	5,337,615
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**39. Cash generated from operations**

	2016	2015
Deficit	(750,719,212)	(157,383,492)
<b>Adjustments for:</b>		
Depreciation and amortisation	206,316,233	200,341,906
Loss on sale of assets and liabilities	(16,098)	(22,328)
Fair value adjustments	(38,205,550)	(17,125)
Impairment deficit	265,832	
Debt impairment	648,290,390	73,512,082
Movements in retirement benefit assets and liabilities	48,411,106	43,998,870
Movements in provisions	(2,339,282)	3,337,311
Actuarial loss	20,628,829	(3,339,862)
Donations received	(40,887,463)	
Interest received - receivables	(123,872,104)	(100,735,070)
<b>Changes in working capital:</b>		
Inventories	359,017	(428,960)
Other receivables	(5,604,154)	(12,155,901)
Consumer debtors	(334,701,466)	(243,139,739)
Other receivables from non-exchange transactions	(18,105,122)	(74,113,022)
Payables from exchange transactions	512,946,870	525,125,883
VAT	(22,618,988)	(100,019,149)
Unspent conditional grants and receipts	(5,020,191)	(1,322,685)
Consumer deposits	957,468	3,527,366
	<b>96,076,115</b>	<b>157,166,085</b>

**40. Financial instruments disclosure**

**Categories of financial Instruments**

**2016**

**Financial assets**

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

**Financial liabilities**

	At cost	Total
Payables from exchange transactions	2,692,812,194	2,692,812,194
Consumer deposits	36,250,584	36,250,584
Unspent conditional grants and receipts	1,004,295	1,004,295
Cash and cash equivalents (bank overdraft)	2,603,485	2,603,485
	<b>2,732,670,558</b>	<b>2,732,670,558</b>

**2015**

**Financial assets**

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



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<b>. Financial Instruments disclosure (continued)</b>		
Receivables from non-exchange transactions	161,926,055	161,926,055
Receivables from exchange transactions	728,865,309	728,865,309
Cash and cash equivalents	1,536,132	1,536,132
Other financial assets	19,201,386	19,201,386
Receivables from exchange transactions (non-current)	350,382	350,382
	<b>19,201,386</b>	<b>914,132,757</b>
	<b>19,201,386</b>	<b>933,334,143</b>

**Financial liabilities**

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

**41. Commitments**

**Authorised capital expenditure**

**Already contracted for but not provided for**

• Property, plant and equipment	119,311,853	79,767,170
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**Total capital commitments**

Already contracted for but not provided for	119,311,853	79,767,170
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This committed expenditure relates to infrastructure projects and will be financed by available bank facilities, funds internally generated and grants received. The comparative figure was restated during the current financial year.

**Operating leases - as lessee (expense)**

**Minimum lease payments due**

- within one year	1,150,329	1,048,159
- in second to fifth year inclusive	3,433,828	4,557,698
	<b>4,584,157</b>	<b>5,605,857</b>

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

- Motor vehicles
- Buildings

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



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**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:

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

**Prior period error:**

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

**Prior period error reconciliation**

Closing balance as at 30 June 2015	64,071,659
Prior period error	(14,758,789)
	<b>49,312,870</b>

**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:

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

**Prior period error:**

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

**Prior period error reconciliation**

Closing balance as at 30 June 2015	570,000,000
Prior period error	(564,412,427)
	<b>5,587,573</b>



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**43. Related parties**

**Relationships**

Members of key management  
Members of the 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**

**Payments made to related parties**

MBV Security	9,075,282	7,842,549
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Key management and Councillors receive and pay for services on the same terms and conditions as other rate payers. These transactions are recorded at arm's length.

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

**44. Prior period error and change in accounting policy**

Prior year figures were restated due to misclassifications and prior period errors, the nature of the prior period errors and reclassifications were due to:

- Reconstruction of the Property, plant and equipment register;
- Reconstruction of the Investment property register;
- Recording of unrecorded expenses, liabilities and accruals;
- Accounts being incorrectly mapped in the prior year;
- Other financial assets incorrectly accounted for;
- Cut-off errors in revenue.

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

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



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

	Original audited 2015 figures	Change in accounting policy	Reclassificati ons	Prior period errors	Restated 2015 figures
<b>Statement of financial position</b>					
Cash and cash equivalents	1,515,495	-	-	20,636	1,536,131
Inventories	275,654,410	-	-	(266,240,156)	9,414,254
Other receivables	10,491,717	-	-	10,963,162	21,454,879
Receivables from non-exchange transactions		161,926,055	-	-	161,926,055
Receivables from exchange transactions	939,869,118	-	(161,926,055)	(49,077,753)	728,865,310
VAT receivable	47,069,117	-	-	71,826,702	118,815,819
Investment property - Cost	502,979,732	191,816,026	-	(2,395,295)	692,400,463
Investment property - Accumulated depreciation	(69,239,009)	69,239,009	-	-	-
Property, plant and equipment	5,354,538,795	-	-	(765,685,720)	4,588,853,075
Payables from exchange transactions	(292,632,825)	-	-	12,767,502	(279,865,323)
Consumer deposits	(30,231,537)	-	-	(5,061,579)	(35,293,116)
<b>Statement of financial performance</b>					
Service charges	(942,577,378)	-	-	11,741,831	(930,835,547)
Rental of facilities and equipment	(11,203,009)	-	(602,801)	3,544,909	(8,260,901)
Other income	(15,599,000)	-	(990,445)	79,836	(16,509,609)
Interest received	(107,151,515)	-	-	2,064,825	(105,086,690)
Property rates	(192,549,129)	-	-	(1,537,772)	(194,086,901)
Fines	(11,499,998)	-	-	(131,452)	(11,631,450)
Employee related costs	550,428,676	-	-	(726,884)	549,701,792
Depreciation	260,345,609	(6,691,979)	-	(53,311,724)	200,341,906
Finance costs	174,860,381	-	-	5,468,157	180,328,538
Repairs and maintenance	26,882,267	-	(629,819)	13,108,451	39,360,899
Bulk purchases	745,259,277	-	-	(59,478,766)	685,780,511
Contracted services	100,063,466	-	35,009	(4,548,243)	95,550,232
General expenses	206,232,700	-	955,436	(33,850,063)	173,388,073
Gain on disposal of assets and liabilities	40,423,875	-	602,801	(41,049,004)	(22,328)
Impairment loss on PPE	-	-	629,819	(629,819)	-
Total	7,563,951,235	254,363,056	-	(1,152,138,219)	6,666,176,072
Accumulated surplus	(4,459,179,877)	(254,363,056)	-	988,190,522	(3,727,352,411)
	-	-	-	(165,947,697)	-

**45. Comparative figures**

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

**46. Risk management**

**Financial risk management**

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



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**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.

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

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

**Credit risk**

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

Receivables comprise of a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

<b>Financial instrument</b>	<b>2016</b>	<b>2015</b>
Other financial assets	330,990	19,201,386
Other receivables	27,059,034	21,454,879
Receivables from non-exchange transactions	123,700,990	161,926,055
Receivables from exchange transactions	591,257,675	728,865,309
Cash and cash equivalents	11,520,330	1,536,132
Receivables from non-exchange transactions (non-current)	511,134	-
Receivables from exchange transactions (non-current)	4,060,246	350,382

**Market risk**

**Interest rate risk**

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

**47. Going concern**

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

The municipality had a deficit of R 750,719,211 (2015: R 157,383,490) for the year. The current liabilities exceeds the current assets by R1,828,542,485 (2015:R 1,161,777,671).



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**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**

No significant events occurred after the reporting date.

**49. Unauthorised expenditure**

Opening balance	3,959,722,706	3,698,128,927
Unauthorised expenditure current year	812,398,971	443,303,655
Prior period adjustment to 2014 figures	-	(181,709,876)
Less: Amounts written off by council	(3,794,127,169)	-
	<b>977,994,568</b>	<b>3,959,722,706</b>

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

**Prior period error:**

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

**50. Fruitless and wasteful expenditure**

Opening balance	504,645,763	337,705,181
Prior period corrections to opening balance 1 July 2014		9,906,686
Fruitless and wasteful expenditure current year	149,978,569	151,822,061
Prior period adjustment to 2014 figures	-	5,211,855
Less: Amounts written off by council	(489,621,687)	-
	<b>165,002,645</b>	<b>504,645,763</b>

**Detail of fruitless and wasteful expenditure**

Sedibeng Water	-	71,794,981
Eskom	113,453,819	77,384,748
Other avoidable expenditures / losses	4,902,271	6,899
Other creditors	926,749	768,208
Late contribution to pensionfunds	270,420	174,452
SARS	4,531,702	6,076,697
Interest and penalties - Compensation Commission	824,913	827,932
Material losses - Avoidable water losses	25,068,695	-
	<b>149,978,569</b>	<b>157,033,917</b>

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.



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**50. Fruitless and wasteful expenditure (continued)**

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

**Prior period error:**

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

**51. Irregular expenditure**

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

**Analysis of expenditure awaiting write off per age classification**

Current year	305,669,955	253,844,594
Prior years	310,586,052	685,208,483
	616,356,007	939,053,077

**Details of Irregular expenditure - 30 June 2016**

	<b>Disciplinary steps taken/criminal proceedings</b>
Non-compliance to MFMA and SCM Regulations	Still under Investigation

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

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

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

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

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

**Prior period error:**

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

**52. Additional disclosure in terms of Municipal Finance Management Act**

**Contributions to organised local government**

Current year subscription / fee	5,759,340	6,423,460
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Being the subscription fee to the South African Local Government Association (SALGA).



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

**Material losses**

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

**Electricity losses**

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

**Water losses**

An average of 50.45% (2015: 38.38%) of bulk water purchased during the year were loss due to distribution losses incurred during the year.

**Audit fees**

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

**PAYE, UIF and SDA**

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

**Pension and Medical Aid Deductions**

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

**VAT**

VAT receivable	141,534,807	118,915,819
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VAT output payables and VAT input receivables are shown in note 13.



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

**Councillors' arrear consumer accounts**

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

**30 June 2016**

	Outstanding more than 90 days
	R
Banyane ME	6,254
Kockera SC	174,066
Mabote TL	16,861
Madumise MM	15,357
Mlangeni MG	3,337
Moleleko PA	72
Moleleko PM!	4,004
Ntlele KI	17,241
Phetise ME	7,218
Qwesha GL	4,823
Rlet MI	8,919
Tibone ML	19,524
Tsubane ME	57,564
Twala MJ	97,021
	<hr/>
	432,261

**30 June 2015**

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



## **Matjhabeng Local Municipality**

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

##### **Fraud investigations**

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

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

As at 30 June 2016 these cases were still under investigations

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

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



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**53. Deviation from supply chain management regulations**

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

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

30 June 2016	Exceptional case	Sole supplier	Emergency	Total
August 2015		58,177		58,177
September 2015		92,750		92,750
October 2015			483,804	483,804
November 2015	296,100	68,460	525,672	890,232
December 2015	760,585	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	106,985	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
	<b>3,490,712</b>	<b>2,462,415</b>	<b>4,336,223</b>	<b>10,289,350</b>

30 June 2015	Sole supplier	Emergency	Total
July 2014		335,878	335,878
August 2014	113,698		113,698
September 2014	35,394	199,500	234,894
October 2014	1,430,604	180,576	1,611,180
November 2014	1,971,023	2,437,632	4,408,655
December 2014		1,149,278	1,149,278
January 2015		676,893	676,893
February 2015	163,786	427,650	591,436
March 2015	609,085	1,521,243	2,130,328
April 2015		5,512,268	5,512,268
May 2015	247,515	3,369,412	3,606,927
June 2015	271,996	75,000	346,996
	<b>4,843,101</b>	<b>15,875,330</b>	<b>20,718,431</b>

**54. Fines**

Traffic fines	11,207,303	11,631,450
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**55. Gain (loss) on disposal of assets and liabilities**

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

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

**56. Impairment loss**

Impairment of property, plant and equipment	255,832	-
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**57. Budget differences**

**Material differences between budget and actual amounts**



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**57. Budget differences (continued)**

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

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

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

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

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

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

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

Note 56.7 - Depreciation was underbudgeted for.

Note 56.8 - Impairment loss was underbudgeted for.

Note 56.9 - More finance cost was incurred than expected.

Note 56.10 - No budget was made for debt impairment.

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

Note 56.12 - Bulk purchases was underbudgeted for.

Note 56.13 - Contracted services was underbudgeted for.

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

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

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

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



