



2014/2015

**MLM
DRAFT ANNUAL
REPORT
VOLUME IV**



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REVISED ANNUAL REPORT TEMPLATE

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

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury

July 2012



CHAPTER 1: EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR'S FOREWORD

EXECUTIVE MAYOR'S FOREWORD



Cllr Sebenzile Ngangelizwe

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

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

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

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

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

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

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

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

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

Thank you

CLLR S NGANGELIZWE
EXECUTIVE MAYOR

T 1.0.1



COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW



Adv. Mothusi Frank Lepheana

This 2014/15 Annual Report was compiled in line with the Local Government: Municipal Systems Act No. 32 of 2000, the Local Government: Municipal Finance Management Act 56 No. of 2003, the National Treasury Circular No. 11, as well as the customized template and guidelines for municipal annual reports.

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

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

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



As Accounting Officer of the institution, I would like to extend my heartfelt appreciation to the political leadership and staff of the Matjhabeng Local Municipality for their hard work and dedication, which culminated in the progress made by the institution during the 2014/15 financial year. With continued and improved working relationship, we anticipate getting a better audit in the near future.

Thank you

**ADV. MF LEPHEANA
MUNICIPAL MANAGER**

T 1.1.1



1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Amongst others, the Matjhabeng Local Municipality carries functions related to water, sanitation, electricity, refuse, housing, local economic development, roads, storm water drainage and cemeteries, and eminently local development planning approvals. The following financial year will see the Municipality performing the role of Planning Tribunals as we are required to establish such a unit. The municipality does not have entities that assist it in the execution of these functions with the exception of water and electricity, where parastatals such as Sedibeng Water and Eskom do play a role.

T.1.2.1

TOTAL POPULATION AND HOUSEHOLDS

| | CENSUS 2011 | CENSUS 2001 |
|------------|-------------|-------------|
| POPULATION | 406 461 | 408 170 |
| HOUSEHOLDS | 123 195 | 120 289 |

Source: STATS SA 2011

T.1.2.2

POPULATION BY RACE AND GENDER

| | MALE | FEMALE | TOTAL |
|----------------|----------------|----------------|----------------|
| BLACK | 181 946 | 182 716 | 364 662 |
| COLOURED | 2 669 | 2 728 | 5 397 |
| INDIAN / ASIAN | 766 | 470 | 1 236 |
| WHITE | 17 674 | 17 492 | 35 166 |
| TOTAL | 203 055 | 203 406 | 406 461 |

Source: STATS SA 2011

T.1.2.3

EMPLOYMENT STATUS

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

Source: STATS SA 2011

T.1.2.4



| EMPLOYMENT BY SECTOR | | |
|---|--------|--------|
| INDUSTRY TYPE | 2007 | 2011 |
| AGRICULTURE, HUNTING, FORESTRY, FISHING | 5 035 | 4 943 |
| MINING AND QUARRYING | 30 581 | 30 144 |
| MANUFACTURING | 4 133 | 9 556 |
| ELECTRICITY, GAS, WATER SUPPLY | 465 | 573 |
| CONSTRUCTION | 2 778 | 5 260 |
| WHOLESALE AND TRADE, REPAIRS, HOTELS AND RESTAURANTS | 11 795 | 17 813 |
| TRANSPORT, STORAGE AND COMMUNICATION | 3 262 | 3 581 |
| FINANCIAL INTERMEDIATION, INSURANCE, REAL ESTATE AND BUSINESS | 4 793 | 7 330 |
| COMMUNITY, SOCIAL AND PERSONAL SERVICE | 14 313 | 17 991 |

T.1.2.5

HISTORICAL OVERVIEW OF TOWNS WITHIN MATJHABENG

The municipality is made of six towns, namely:

WELKOM (THABONG)

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

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

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

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

VIRGINIA (MELODING)

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

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

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



VENTERSBURG (MAMAHABANE)

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

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

ODENDAALSRUS (KUTLWANONG)

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

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

HENNENMAN (PHOMOLONG)

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

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

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

ALLANRIDGE (NYAKALLONG)

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

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

T 1.2.6



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

Source: Rapid Assessment Report of HDA (September 2013)

T.1.2.7

| NATURAL RESOURCES | |
|-------------------------------|--|
| MAJOR NATURAL RESOURCE | BENEFIT TO THE COMMUNITY |
| GOLD | THERE ARE A NUMBER OF ACTIVE MINES WHICH EMPLOY RESIDENTS OF MATJHABENG |
| URANIUM | URANIUM AND GOLD CANNOT BE SEPARATED EVEN THOUGH THE REGION HAS NOT EXPLORED THE URANIUM MINING. |

T.1.2.8



COMMENT ON BACKGROUND DATA:

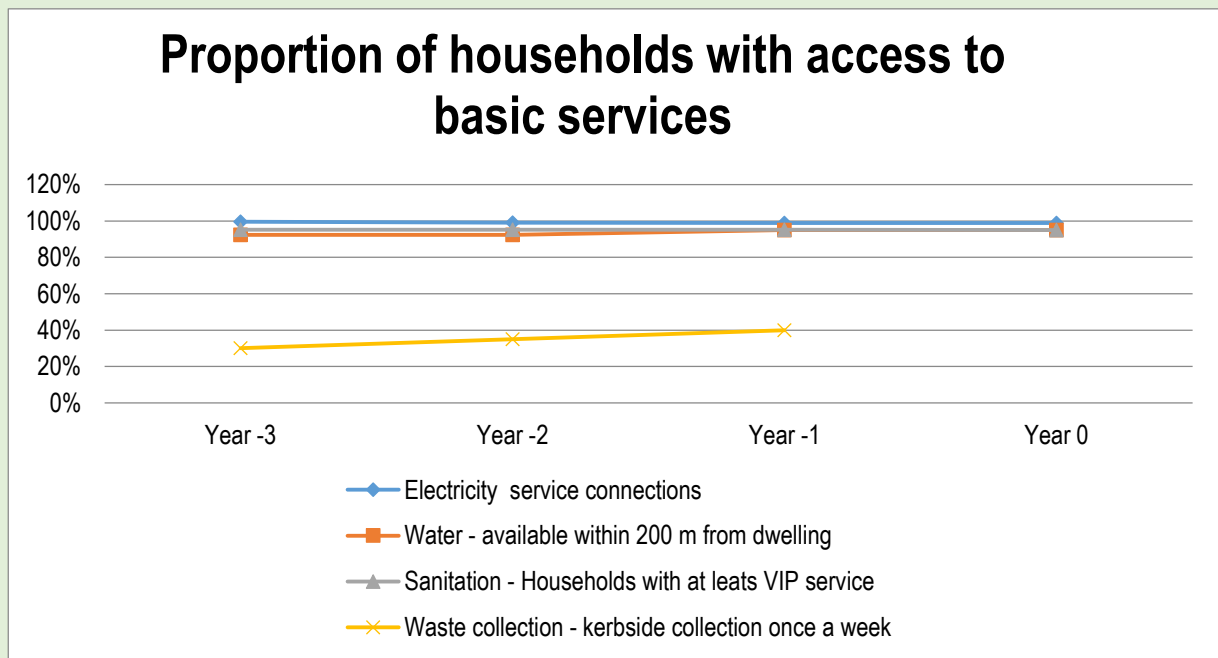
The data clearly shows the municipality faces a number of challenges such as high levels of unemployment and indigence and thus fostering dependency practices. It therefore means that the Municipality would have to create employment in big numbers in order to absorb these unemployed numbers to boost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

T.1.2.9



1.3 SERVICE DELIVERY OVERVIEW

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



T.1.3.2

COMMENT ON ACCESS TO BASIC SERVICES:

Matjhabeng Municipality is committed to deliver at least basic level of services as required by legislation. To deliver serves to all communities as required deliver some challenges. Due to poor payment rates of the community the municipality struggle to deliver the services on the standards required. Even with the support though grant funding from national and provincial governments the municipality struggle to attend to all community requests and challenges. This is mainly due to shortage of personnel, fleet, materials and tedious procurement processes.

T.1.3.3



1.4 FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The Matjhabeng Local Municipality has received a disclaimer audit opinion for the past financial years of which the major qualifications were on property plant and equipment, service charges, trade and other payables, consumer debtor, non-current debtors. The municipality developed an Audit Query Action Plan to address the matter raised but still experienced challenges in order to achieve an improvement in the Audit Outcome.

The budget of the municipality has been compiled in compliance with Chapter 4 of the Municipal Finance Management Act 56 of 2003. The operating budget for the 2014/2015 financial year was R 1 932 071 637 and capital budget R 166 246 000. The revenue as per the statement of financial performance was R 1 876 769 435 and the expenditure at R 2 163 033 739, which recorded an operating deficit of R 286 264 304.

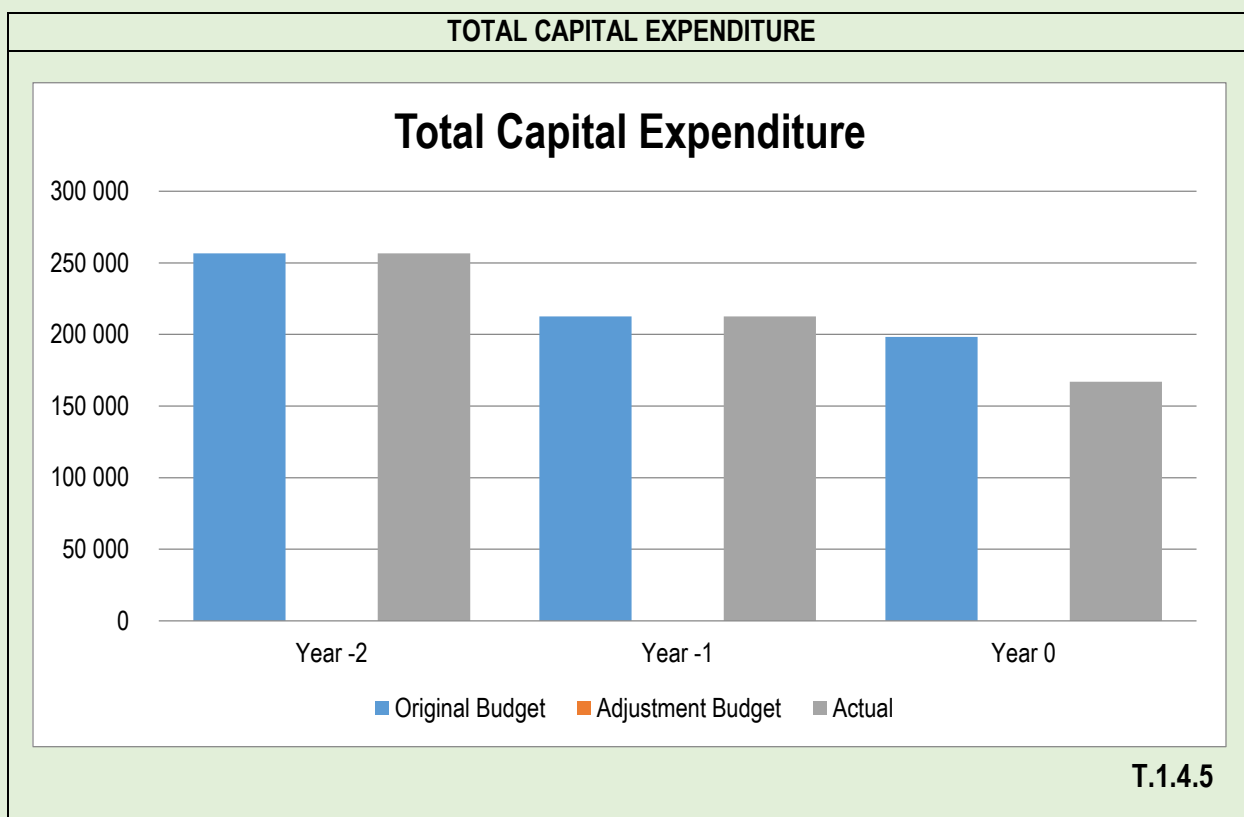
T.1.4.1

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

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



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



COMMENT ON CAPITAL EXPENDITURE OUTSTANDING

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

T.1.4.5.1



Report of the auditor-general to the Free State Legislature and the council on the Matjhabeng Local Municipality

Report on the financial statements

Introduction

1. I was engaged to audit the financial statements of the Matjhabeng Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Property, plant and equipment

4. I was unable to obtain sufficient appropriate audit evidence regarding property, plant and equipment as the municipality did not provide me with evidence to support the cost prices of assets. This was also due to shortcomings noted in the adequacy of the fixed asset register which resulted in assets that could not be physically verified and that could not be traced to the fixed asset register. I was unable to confirm property, plant and equipment by other means as it was impracticable to do so. Consequently, I was unable to confirm whether any adjustment to property, plant and equipment, stated at R5 354 538 795 (2014: R5 483 902 378) in note 10, and the depreciation and



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

Unauthorised expenditure

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

Trade and other payable

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

Service charges

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

Irregular expenditure

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



Fruitless and wasteful expenditure

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

Inventory

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

General expenditure

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

Consumer receivables

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

Contracted services

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



Rental of facilities

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

Cash flow statement

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

Aggregation of immaterial uncorrected misstatements

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

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

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

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

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

Disclaimer of opinion

17. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

Emphasis of matters

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



Restatement of corresponding figures

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

Material losses

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

Impairments and write offs

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

Financial sustainability

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

Additional matter

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

Additional disclosure

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

Report on other legal and regulatory requirements

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



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

Predetermined objectives

27. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected key performance area (KPA) presented in the annual performance report of the municipality for the year ended 30 June 2015:

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

KPA1: Basic service delivery

Reliability of reported performance information

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

Additional matters

33. I draw attention to the following matters:

Achievement of planned targets

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



Adjustment of material misstatements

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

Material inconsistencies in other information included in the annual report

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

Compliance with legislation

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

Strategic planning and performance management

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

Annual report and annual financial statements

43. The financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, revenue, expenditure, disclosure items identified by the auditors in the submitted financial statements were subsequently



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

Audit committee

44. The audit committee did not advise the council on matters relating to internal financial control and internal audits, risk management, accounting policies, effective governance, performance management, and performance evaluation, as required by section 166(2)(a) of the MFMA.
45. The audit committee did not advise the council on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.
46. The audit committee did not advise the council on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.
47. The audit committee did not respond to the council on the issues raised in the audit reports of the auditor-general, as required by section 166(2)(c) of the MFMA.
48. The audit committee did not review the municipality's performance management system and make recommendations to the council, as required by municipal planning and performance management regulation 14(4)(a)(ii).
49. The audit committee did not review all the quarterly internal audit reports on performance measurement, as required by municipal planning and performance management regulation 14(4)(a)(i).
50. The audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by municipal planning and performance management regulation 14(4)(a)(iii).
51. The audit committee did not meet at least four times a year, as required by section 166(4)(b) of the MFMA.

Internal audit

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

Procurement and contract management

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



55. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
56. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
57. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R500 000 were procured by means of inviting competitive bids and that deviations approved by the accounting officer were only if it was impractical to invite competitive bids, as required by SCM regulation 19(a).
58. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were only awarded to providers whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.
59. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements and a procurement process which was fair, equitable, transparent and competitive, due to improper record keeping.
60. Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts were approved by a properly delegated official, as required by SCM regulation 5.
61. Awards were made to providers who were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, in contravention of SCM regulation 38(1).
62. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by the code of conduct for staff members issued in terms of the MSA.

Human resource management

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



Expenditure management

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

Revenue management

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

Asset management

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

Liability management

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

Consequence management

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



Internal control

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

Leadership

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

Financial and performance management

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



Governance

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

Auditor-General

Bloemfontein

30 November 2015



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

1.7 STATUTORY ANNUAL REPORT PROCESS

| # | ACTIVITY | TIME FRAME | ACTUAL |
|----|---|---------------------|--|
| 1 | Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period. | July | It was developed and submitted to Council for approval |
| 2 | Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting) | | IDP and Budget were approved 30 days before the start of the new financial year |
| 3 | Finalize the 4 th quarter Report for previous financial year. | | Done |
| 4 | Submit draft year 0 Annual Report to Internal Audit and Auditor-General. | | Not done. The Municipality continues to submit a draft Annual Report to Council before the end of January of the succeeding second semester of the next financial year |
| 5 | Municipal entities submit draft Annual reports to MM. | | Not relevant to MLM |
| 6 | Audit / Performance committee considers draft Annual Report of Municipality and entities (where relevant) | August | The Municipality did not have a functional Performance Audit Committee at the time |
| 7 | Mayor tables the unaudited Annual Report | | Not done. Refer to point 4 above |
| 8 | Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General | | Partly done. Only Annual Financial Statements were submitted to the office of the Auditor General within August of the financial year |
| 9 | Annual Performance Report q submitted to Auditor General to be provided a input to the IDP Analysis Phase | | Draft Performance Report was submitted to the office of the Auditor General before the end of August |
| 10 | Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data | September – October | The audits of both submissions were done as expected |
| 11 | Municipalities receive and start to address the Auditor General's comments | November | Queries were issues and responses were provided |
| 12 | Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor General's Report | | The audited work was not tabled in November of that year |
| 13 | Audited Annual Report is made public and representation is invited | | Audited Annual Report was made public only in January of the following year |
| 14 | Oversight Committee assesses Annual Report | | The oversight committee assessed its work only after the audited report as made public |
| 15 | Council adopts Oversight Report | December | Council adopted the oversight report only in March of the following year |



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



CHAPTER 2: GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

POLITICAL STRUCTURE



EXECUTIVE MAYOR
Cllr Sebzile Ngangelizwe



SPEAKER
Cllr C Stofile



CHIEF WHIP
Cllr M Twala

MAYORAL COMMITTEE / EXECUTIVE COMMITTEE



MMC COMMUNITY SERVICES
Cllr P Motshabi



MMC TECHNICAL SERVICES
Cllr MK Menyatso



MMC FINANCE
Cllr MA Mbana





MMC CORPORATE SERVICES
Cllr MSE Mfebe



MMC SPECIAL PROGRAMMES
Cllr ML Thlone



MMC SOCIAL SERVICES
Cllr ML Radebe



MMC POLICY DEVELOPMENT & MONITORING
Cllr FE Taliwe



MMC PUBLIC SAFETY & TRANSPORT
Cllr MJ Sephiri



MMC LED & PLANNING
Cllr L Rubulana



MMC HUMAN SETTLEMENTS
Cllr MH Ntsebeng

T.2.1.1



COUNCILLORS

PR COUNCILLORS



Cllr Menyatso



Cllr Ngangelizwe



Cllr Stofile



Cllr Motshabi



Cllr Badenhorst



Cllr Mafa



Cllr Vanga



Cllr Mafongosi



Cllr Banyane



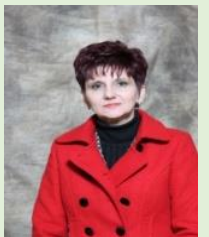
Cllr Styger



Cllr Mholo



Cllr Marais



Cllr Taljaard



Cllr Ntsebenz



Cllr Chaka



Cllr Matlebe





Cllr Kockera



Cllr Malefane



Cllr Mlangeni



Cllr Botha



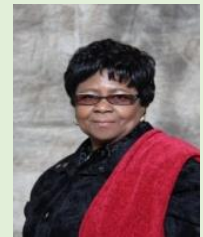
Cllr Mokotedi



Cllr Radebe



Cllr Tsubane



Cllr Petleki



Cllr Pina



Cllr Fourie



Cllr Rubulana



Cllr Mbana



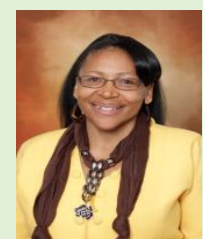
Cllr Fanie



Cllr Radebe



Cllr Thlone



Cllr Twala



Cllr Sephiri



Cllr Speelman



Cllr Van Rooyen



Cllr Kabi



WARD COUNCILLORS



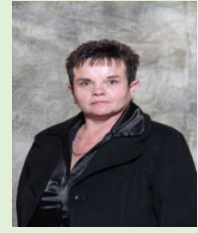
Cllr Van Rooyen



Cllr Naude



Cllr Madumise



Cllr De Villiers



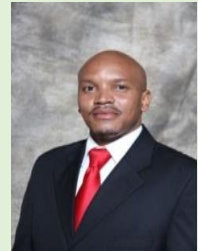
Cllr Riet



Cllr Beneke



Cllr Van Schalkwyk



Cllr Mokhomo



Cllr Meli



Cllr Phetise



Cllr Monjovo



Cllr Mfebe



Cllr Thateng



Cllr Tsatsa



Cllr Qwasha



Cllr Mphikeleli





Cllr Dali



Cllr Makgowe



Cllr Mbambo



Cllr Molupe



Cllr Ntlele



Cllr Sifatya



Cllr Mosala



Cllr Thelingoane



Cllr Tlake



Cllr Morris



Cllr Smit



Cllr Taliwe



Cllr Molete



Cllr Mabote



Cllr Tsubella



Cllr Molelekoa



Cllr Khalipha



Cllr Molelekoa



Cllr Masienyane



Cllr Mothege

T.2.1.2



POLITICAL DECISION-MAKING PROCESS

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

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

Depending on the nature of a Council decision, the general public will be consulted for inputs on the matters discussed by Council and then Council will finally ratify a matter under discussion. Public consultation assumes different forms, for example, it can be face to face meetings with the general public; or a platform can be created for the public make inputs (written or verbal); or can be through the sittings of the Ward Committees; or even through formal stakeholder engagements.

Either way, whatever emerges from consultations with the general public must still find a way back into Council for consideration and final ratification. In the event Council decisions need further action from the side of the administration or political office (in the form of the Executive Mayor's Office), progress report(s) are submitted to Council as part of the tracking of the efforts aimed at implementing the decisions of Council.

T.2.1.3



2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

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

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

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

T.2.2.1

TOP ADMINISTRATIVE STRUCTURE



MUNICIPAL MANAGER
Adv. MF Lepheana



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



CFO
Mr. TF Tsoaeli





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



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



**EXECUTIVE DIRECTOR
INFRASTRUCTURE**
Me. B Tlhabane



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

T.2.2.2



COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

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

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

T 2.3.0



2.3 INTERGOVERNMENTAL RELATIONS

DISTRICT INTERGOVERNMENTAL STRUCTURES

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

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

Needless to say, the municipality is an active participant in the District and Provincial Integrated Development Plan (IDP) fora where social developmental agenda is being driven and the programs of the three spheres of government are being coordinated and a platform is created to incorporate national and provincial plans. Lastly, the Municipality participates in the Premier's Coordinating Forum where the province's developmental agenda and coordination are points of emphasis

T 2.3.4



2.4 PUBLIC MEETINGS

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The law provides that public representatives must convene ward constituency meetings quarterly to give feedback on the progress and challenges in the Municipality. All the wards convened their constituency meetings in the last financial, although some did fall short of the legal requirement of four meetings a year, while others exceeded the target. Internal Departments continued to consult the community on the drafting and implementation of the policies. The Office of the Executive Mayor had a program of imbizos, which reinforce the system of ward committee participation.

In addition, with a view to enhancing accountability, the Municipality published important documents like the IDP, Budget and the annual report and also placed them at key strategic points for accessibility. During the year under review, a comprehensive public participation program was undertaken across the thirty-six municipal wards, and this was complimented by the sittings of the IDP/Budget Stakeholder Forum where interest groupings and internal Departments were afforded an opportunity to input into the IDP and Budget development processes.

Municipal Planning on public participation remains a daunting task each financial year due to resources constraints. The staffing in the Office of the Speaker is grossly insufficient to deal with task relating to public participation. There is a need for additional vehicles in order to satisfactorily service all 36 wards, including improving the municipal ability to cater for policy consultations and the programs from the office of the Executive Mayor. Lastly, the general public was consulted on policy-making processes as required by the laws of the land.

T 2.4.0

COMMUNICATION, PARTICIPATION AND FORUMS

The municipality regularly advertised Council meetings in the local newspapers in order for people to attend. The attendance to meetings by the public is not really satisfactory but there is no single meeting that has sat without members of the public present. The Offices of the Executive Mayor and the Speaker have each established forums in which service delivery issues are discussed.

The Executive Mayor heads the IDP Representative Forum, which consists of the ward committees, sector departments and the business. The Office of the Speaker chairs the Stakeholders' Forum, which consists of all public sector line departments within jurisdiction of the municipality.

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

T 2.4.1



WARD COMMITTEES

The Municipality has 36 wards each with a well-functioning Ward Committee. Ward Committees are correctly constituted, sit regularly as per the approved schedule and report timely on activities undertaken (see T2.4.3 below). The office of The Speaker was charged with assessing performance of all wards in the Municipality.

T 2.4.2

PUBLIC MEETINGS

| Nature and purpose of meeting | Date of events | Number of Participating Municipal Councillors | Number of Participating Municipal Administrators | Number of Community members attending | Issue addressed (Yes/No) | Dates and manner of feedback given to community |
|--|----------------|---|--|---------------------------------------|--------------------------|---|
| Mayoral interaction with Ward Committees | 11/11/2014 | 7 | 8 | 227 | Service Delivery Issues | Feedback through ward constituency meetings. |
| | | | | | | |
| | | | | | | |

T 2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

As it has been already reported in one of the foregone passages that a comprehensive public participation program was developed and executed during the year under review, its success and impact varied from issue to issue and from ward to ward. As it is the case with meetings of this nature, and despite the amount of energy, time and other resources mobilized for such meetings, it is unlikely that attendance and inputs would be uniform.

Nevertheless, apart from meeting a legal requirement in as far as consulting the public is concerned, meetings held yielded positive outcomes. The general public was able to input into programs where such was needed, and these contributed significantly to improving the Council decisions. For example, the IDP and Budget together with other policies approved have public ownership.

T 2.4.3.1



2.5 IDP PARTICIPATION AND ALIGNMENT

| IDP Participation and Alignment Criteria* | Yes/No |
|--|--------|
| Does the municipality have impact, outcome, input, output indicators? | N |
| Does the IDP have priorities, objectives, KPIs, development strategies? | Y |
| Does the IDP have multi-year targets? | N |
| Are the above aligned and can they calculate into a score? | Y |
| Does the budget align directly to the KPIs in the strategic plan? | N |
| Do the IDP KPIs align to the section 57 Managers | Y |
| Do the IDP KPIs lead to functional area KPIs as per the SDBIP? | Y |
| Were the indicators communicated to the public? | Y |
| Were the four quarter aligned reports submitted within stipulated time frames? | N |
| T 2.5.1 | |



COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

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

T 2.6.0



2.6 RISK MANAGEMENT

RISK MANAGEMENT

Risk Management is a management process, through which the Municipality identifies, evaluates and control significant risks that can result in failure, to attain strategic objectives. The main responsibility of Risk Management is to support the development of an overall Enterprise Risk Management Framework aligned to Municipal Strategy (IDP). A reviewed risk management policy was approved during the Council sitting of March 2015.

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

1. Conducting Risk Assessment within the Municipality.
2. Advising and Guiding the Municipality in terms of Institutional Risk Matters.
3. Developing a Risk Management Strategy and Implementation Plan.
4. Coordinating Risk Management Activities.
5. Facilitating identification and assessment of risks.
6. Recommending Risk Responses to Management.

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

T 2.6.1



2.7 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

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

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

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

T 2.7.1



2.8 BY-LAWS

| By-laws Introduced during Year 0 | | | | | |
|------------------------------------|---------|--|-------------------------------|----------------------------|---------------------|
| Newly Developed | Revised | Public Participation Conducted Prior to Adoption of By-Laws (Yes/No) | Dates of Public Participation | By-Laws Gazetted* (Yes/No) | Date of Publication |
| Cemeteries and Crematoria | 2008 | Yes | | Yes | 07/12/2012 |
| Credit Control and Debt Collection | 2015 | Yes | | Yes | 07/12/2015 |
| Culture and Recreation | 2008 | Yes | | Yes | 07/12/2012 |
| Dumping and Littering | 2008 | Yes | | Yes | 07/12/2012 |
| Health for home for the aged | 2010 | Yes | | Yes | 07/12/2012 |
| Market | 2010 | Yes | | Yes | 07/12/2012 |
| Parking meter | 2008 | Yes | | Yes | 07/12/2012 |
| Property Rates | 2015 | Yes | | Yes | 07/12/2015 |
| Public Amenities | 2008 | Yes | | Yes | 07/12/2012 |
| Public Health | 2008 | Yes | | Yes | 07/12/2012 |
| Public Roads and Miscellaneous | 2008 | Yes | | Yes | 07/12/2012 |
| Refuse (Solid Waste) and Sanitary | 2008 | Yes | | Yes | 07/12/2012 |
| Streets and Public Places | 2008 | Yes | | Yes | 07/12/2012 |
| Street Trading | 2008 | Yes | | Yes | 07/12/2012 |
| Waste Management | 2010 | Yes | | Yes | 07/12/2012 |
| Water Services | 2010 | Yes | | Yes | 07/12/2012 |

**Note: See MSA section 13.*

T 2.8.1



2.9 WEBSITES

| Municipal Website: Content and Currency of Material | | | |
|---|----------|-------------------------------|--|
| Documents published on the Municipality's / Entity's Website | Yes / No | Publishing Date | Reason |
| Current annual and adjustments budgets and all budget-related documents | Yes | September 2015 | |
| All current budget-related policies | Yes | October 2014 + September 2015 | |
| The previous annual report (Year -1) | Yes | March 2014 | |
| The annual report (Year 0) published/to be published | Yes | October 2014 | |
| All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards | No | N/A | Never provided by the relevant department. |
| All service delivery agreements (Year 0) | No | N/A | Never provided by the relevant department. |
| All long-term borrowing contracts (Year 0) | No | N/A | Never provided by the relevant department. |
| All supply chain management contracts above a prescribed value (give value) for Year 0 | No | N/A | Never provided by the relevant department. |
| An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1 | No | N/A | Never provided by the relevant department. |
| Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section | No | N/A | Never provided by the relevant department. |
| Public-private partnership agreements referred to in section 120 made in Year 0 | No | N/A | Never provided by the relevant department. |
| All quarterly reports tabled in the council in terms of section 52 (d) during Year -1 | Yes | July 2015 | |
| | | | T 2.9.1 |

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

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

T.2.9.1.1



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

COMPONENT A: BASIC SERVICES

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

INTRODUCTION TO BASIC SERVICES

According to Stats SA's Census 2011, Matjhabeng Local Municipality has an overall population size of 406 461 with 123 195 households (with 97.7% being found in urban areas, and 2.3% living on farms). Of these, 78.5% constitutes formal dwellings, whereas 81.1% is connected to waterborne sanitation, 54.8% are households with piped water inside dwellings.

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

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

T 3.1.0



3.1 WATER PROVISION

INTRODUCTION TO WATER PROVISION

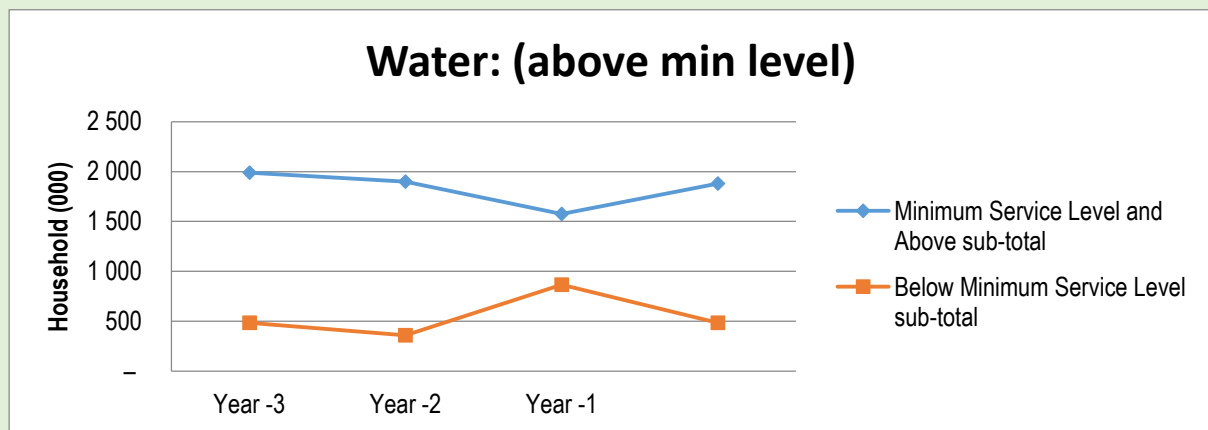
Matjhabeng Municipality is the Water Service Authority and Sedibeng Water the Water Service Provider. Due to the down scaling of the mines in the area, the current bulk water supply capacity is more than adequate in all the towns in the area of authority. Due to growth and bucket eradication in some areas some bulk lines capacities become challenging. Sedibeng water in the process of investigating and upgrading of such. Due to aging of some of the water networks and challenges to manage and meter all households the water loss is unacceptably high.

The Municipality obtained Blue Drop status for 5 of the 6 towns in it's jurisdiction area. During 2012. We was assessed for Blue Drop Status again in 2013 and 2014. The outcome of these assessments is however still not available. The Municipality renders basic assistance to poor communities within its resource constraints.

T.3.1.1

| Total Use of Water by Sector (cubic meters) | | | | | |
|---|-------------|----------|------------|----------|----------------------------|
| | Agriculture | Forestry | Industrial | Domestic | Unaccountable water losses |
| Year -1 | 50 | 40 | 35 | 150 | 10 |
| Year 0 | 50 | 44 | 46 | 9 | 11 |
| | | | | | T 3.1.2 |

WATER USE BY SECTOR



T.3.1.2.1



COMMENT ON WATER USE BY SECTOR:

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

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

T 3.1.2.2

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

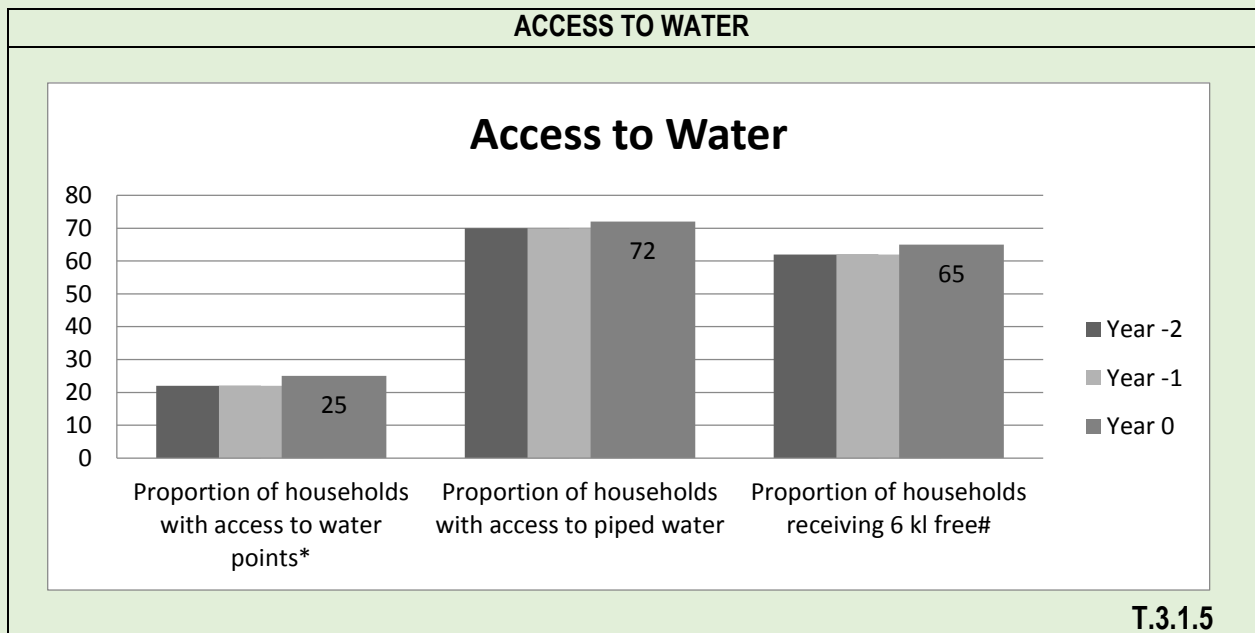


| Households - Water Service Delivery Levels below the minimum | | | | | | |
|--|---------|---------|---------|-----------------|-----------------|--------|
| Description | Year -3 | Year -2 | Year -1 | Year 0 | | |
| | Actual | Actual | Actual | Original Budget | Adjusted Budget | Actual |
| | No. |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

T 3.1.4

| Access to Water | | | |
|-----------------|---|---|---|
| | Proportion of households with access to water points* | Proportion of households with access to piped water | Proportion of households receiving 6 kl free# |
| Year -2 | 22% | 70% | 62% |
| Year -1 | 22% | 70% | 62% |
| Year 0 | 25% | 72% | 65% |

T 3.1.5



T.3.1.5



| WATER SERVICE POLICY OBJECTIVES TAKEN FROM IDP | | | | | | | | | |
|--|--|----------------|--------|----------------|---------------|--------|---------------|---------------|-----------------|
| Service Objectives | Outline Service Targets | Year -1 | | Year 0 | | Year 1 | Year 3 | | |
| | | Target | Actual | Target | | Actual | Target | | |
| Service Indicators | | *Previous Year | | *Previous Year | *Current Year | | *Current Year | *Current Year | *Following Year |
| (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| To replace 15% of worn out water pipelines in a five-year cycle. | Repair and maintenance of water related infrastructure | 1,800 | 3,710 | 3500 | 2,000 | 5,607 | 4200 | 4200 | 4200 |
| | Service all hydrants and Valves once a year | 2,140 | 167 | 1500 | 130 | 271 | 190 | 190 | 190 |
| | Implement the water meter repair program | 15,700 | 6,518 | 6000 | 2,500 | 8,311 | 9800 | 9800 | 9800 |
| | | | | | | | | | |
| | | | | | | | | | |

T 3.1.6



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

| Financial Performance Year 0: Water Services | | | | | |
|--|-------------|--------------------|----------------------|--------|-----------------------|
| Details | Year - 1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 120 | 125 | 100 | 95 | -32% |
| Expenditure: | | | | | |
| Employees | 125 | 244 | 250 | 248 | 2% |
| Repairs and Maintenance | 25 | 244 | 250 | 248 | 2% |
| Other | 45 | 244 | 250 | 248 | 2% |
| Total Operational Expenditure | 195 | 732 | 750 | 744 | 2% |
| Net Operational Expenditure | 75 | 607 | 650 | 649 | 6% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | T 3.1.8 |



| Capital Expenditure Year 0: Water Services | | | | | |
|--|--------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 260 | 326 | 378 | 31% | |
| Project A | 100 | 130 | 128 | 22% | 280 |
| Project B | 80 | 91 | 90 | 11% | 150 |
| Project C | 45 | 50 | 80 | 44% | 320 |
| Project D | 35 | 55 | 80 | 56% | 90 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i> | | | | | T 3.1.9 |

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The proposed water projects as listed in the IDP should mostly be completed within the set timeframe. The replacement of asbestos water lines as well as water demand projects will not be completed.

Projects according to IDP are:-

| | | |
|--|-------|------|
| Thabong X21 (Hani Park) | R1,3m | 2016 |
| Thabong T6 | R8,4m | 2014 |
| Servicing of 500 stands with water connections in Kutlwanong | R1m | 2016 |
| Analyse and upgrade Meloding water network | R30m | 2016 |

The servicing of Thabong T12 already started.

Some portions of Meloding water network were upgraded, making a big difference on the quality of the service.

T 3.1.10



3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

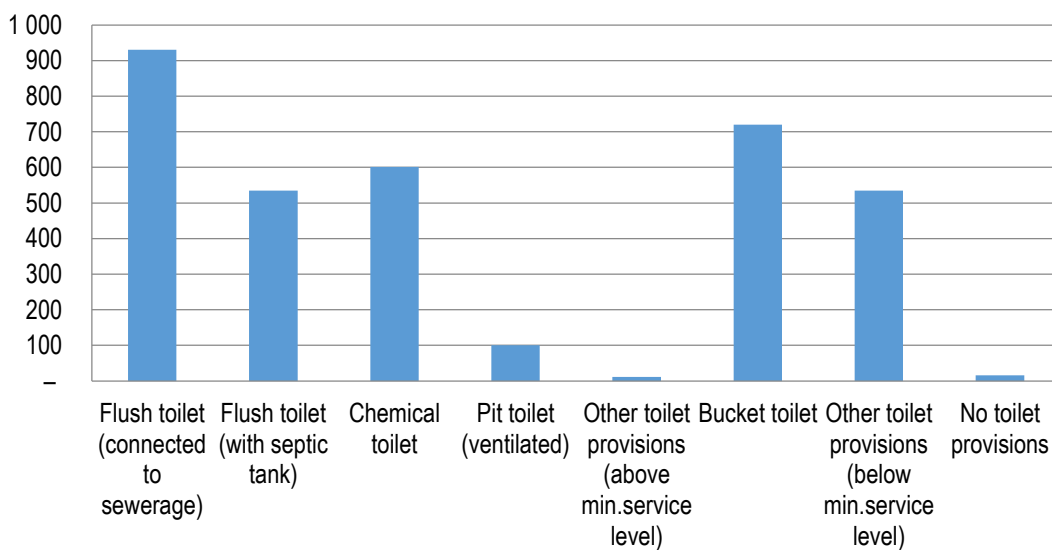
Due to environmental requirements associated with sewerage, the Municipality spend a major portion of its budget on upgrading these services. However, several challenges still exist. The upgrading of the Waste Water Treatment Works (WWTW) especially gets high priority.

Some radical improvements can be seen in the Green Drop scoring, which more than doubled since the previous assessment. According to EIA, new proclaimed areas, only new developments (new houses) can be allowed after upgrading of Thabong WWTW. Funding to upgrade this works should be a priority.

T.3.2.1

SANITATION / SEWERAGE (ABOVE MINIMUM LEVEL): YEAR 0

Sanitation/Sewerage (above minimum level): Year 0



T.3.2.2

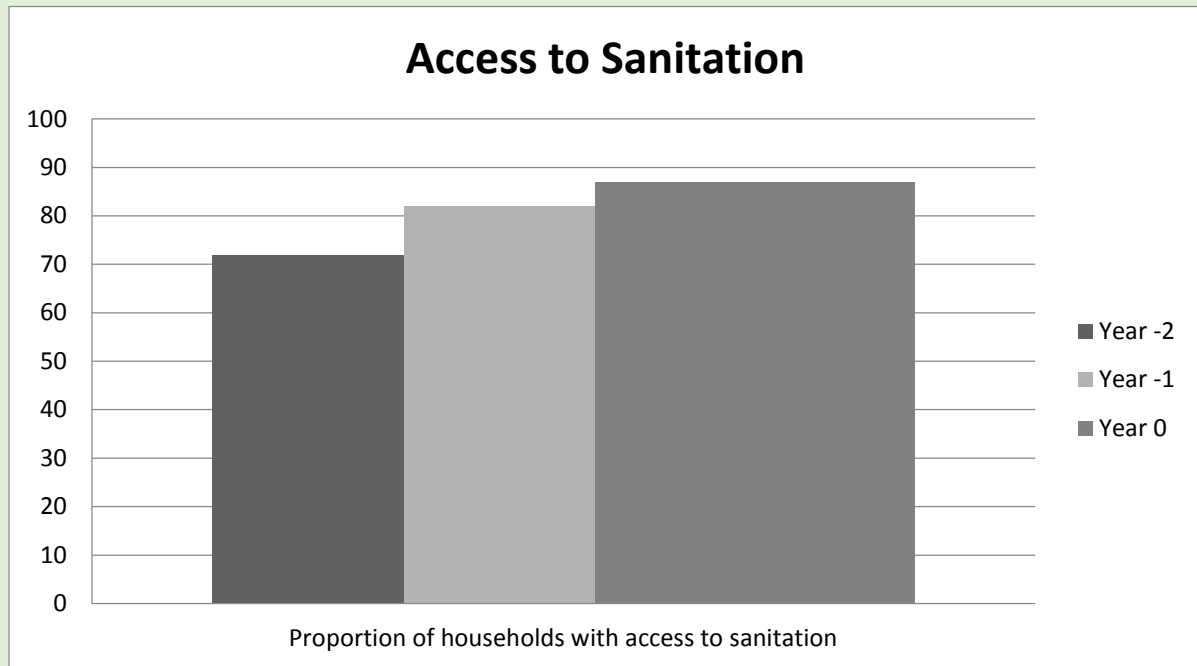


| Sanitation Service Delivery Levels | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Description | Year -3 | Year -2 | Year -1 | Year 0 | | |
| | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget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

| Households - Sanitation Service Delivery Levels below the minimum | | | | | | |
|---|---------|---------|---------|-----------------|-----------------|----------------|
| Description | Year -3 | Year -2 | Year -1 | Year 0 | | |
| | Actual | Actual | Actual | Original Budget | Adjusted Budget | Actual |
| | No. | No. | No. | No. | No. | No. |
| Formal Settlements | | | | | | |
| Total households | 84,972 | 84,972 | 107,582 | 107,582 | 107,582 | 107,582 |
| Households below minimum service level | 6,000 | 4,140 | 10,725 | 10,295 | 10,295 | 10,295 |
| Proportion of households below minimum service level | 7% | 5% | 10% | 10% | 10% | 10% |
| Informal Settlements | | | | | | |
| Total households | 5,383 | 2,692 | 4,467 | 4,467 | 4,467 | 4,467 |
| Households ts below minimum service level | 4,467 | 4,467 | 4,313 | 4,313 | 4,313 | 4,313 |
| Proportion of households ts below minimum service level | 83% | 166% | 97% | 97% | 97% | 97% |
| | | | | | | T 3.2.4 |



ACCESS TO SANITATION



T.3.2.5



| Waste Water (Sanitation) Service Policy Objectives Taken From IDP | | | | | | | | | |
|--|---|----------------|--------|----------------|---------------|--------|---------------|---------------|-----------------|
| Service Objectives | Outline Service Targets | Year -1 | | Year 0 | | Year 1 | Year 3 | | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year | | *Previous Year | *Current Year | | *Current Year | *Current Year | *Following Year |
| (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| Service Objective xxx | | | | | | | | | |
| Maintenance of sewer related infrastructure | Repair broken lines: Manage sewage flow, excavate, replace broken portion & backfill per meter | 800 | 522 | | 90 | 444 | 380 | 1500 | 1500 |
| | Open blockages | 4000 | 10224 | | 6080 | 11349 | 9000 | 4500 | 4500 |
| | Preventative cleaning of sewer lines 1368km per meter | 200 | 453 | | 215 | 1877 | 8500 | 8500 | 8500 |
| <p><i>Note: This statement should include no more than the top four priority service objectives, including milestones that relate to the green drop status as set out by the Water Affairs department. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p> | | | | | | | | | |
| | | | | | | | | | T 3.2.6 |



| Employees: Sanitation Services | | | | | |
|--------------------------------|-------------------|------------------|-----------|----------------------------------|-----------------------------------|
| Job Level | Year -1 (2013/14) | Year 0 (2014/15) | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | | 0 | | #DIV/0! |
| 4 - 6 | 2 | | 2 | | #DIV/0! |
| 7 - 9 | 8 | | 7 | | #DIV/0! |
| 10 - 12 | 6 | | 6 | | #DIV/0! |
| 13 - 15 | 12 | | 12 | | #DIV/0! |
| 16 - 18 | 87 | | 79 | | #DIV/0! |
| 19 - 20 | 0 | | 0 | | #DIV/0! |
| Total | 115 | | 106 | | #DIV/0! |
| | | | | | T 3.2.7 |

| Financial Performance Year 0: Sanitation Services | | | | | | R'000 |
|--|---------|-----------------|-------------------|--------|--------------------|-------|
| Details | Year -1 | Year 0 | | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget | |
| Total Operational Revenue | 120 | 125 | 100 | 95 | -32% | |
| Expenditure: | | | | | | |
| Employees | 125 | 244 | 250 | 248 | 2% | |
| Repairs and Maintenance | 25 | 244 | 250 | 248 | 2% | |
| Other | 45 | 244 | 250 | 248 | 2% | |
| Total Operational Expenditure | 195 | 732 | 750 | 744 | 2% | |
| Net Operational Expenditure | 75 | 607 | 650 | 649 | 6% | |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | | |
| | | | | | T 3.2.8 | |



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

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

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

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

T 3.2.10



3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

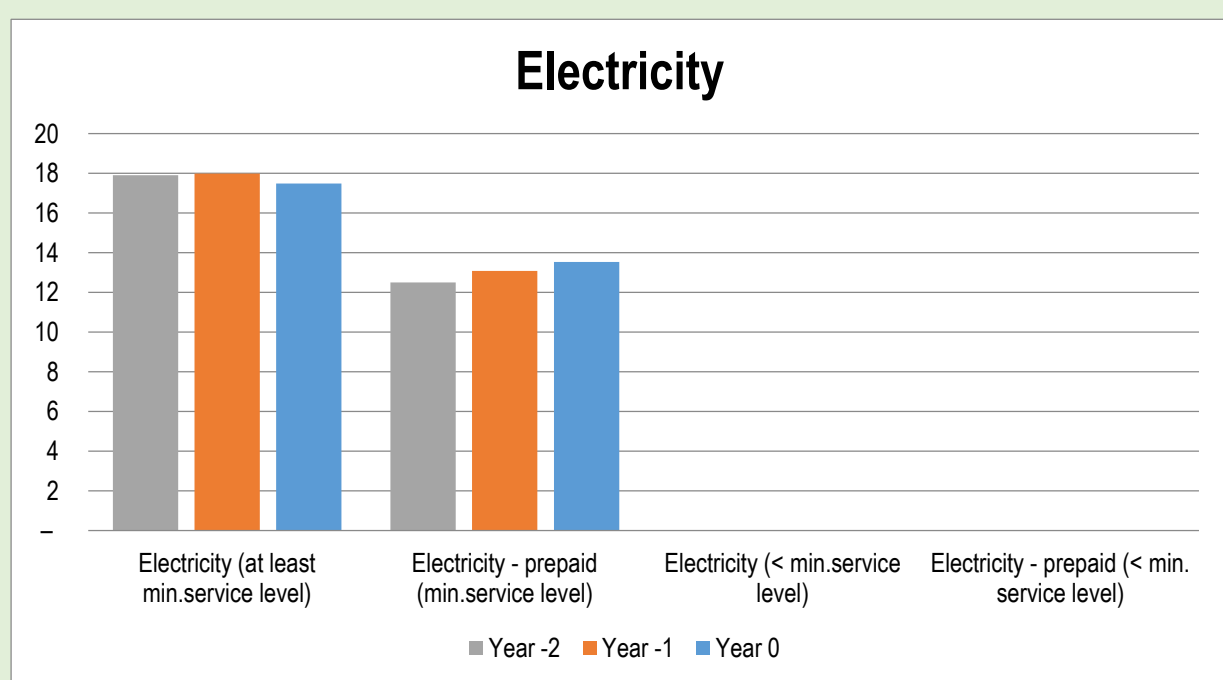
The Matjhabeng Municipality is the Electrical Distribution Authority in the following Municipal areas:

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

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

T 3.3.1

ELECTRICITY



T.3.3.2



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

| Households - Electricity Service Delivery Levels below the minimum | | | | | | |
|--|------------|---------|---------|-----------------|-----------------|----------------|
| Description | Households | | | | | |
| | Year -3 | Year -2 | Year -1 | Year 0 | | |
| | Actual | Actual | Actual | Original Budget | Adjusted Budget | Actual |
| | No. | No. | No. | No. | No. | No. |
| Formal Settlements | | | | | | |
| Total households | 32 103 | 32 103 | 31 303 | 31 303 | 31 303 | 31 021 |
| Households below minimum service level | 155 | 285 | 0 | 0 | 0 | 0 |
| Proportion of households below minimum service level | 0% | 1% | 0% | 0% | 0% | 0% |
| Informal Settlements | | | | | | |
| Total households | 155 | 285 | 285 | 285 | 285 | 285 |
| Households ts below minimum service level | 155 | 285 | 0 | 0 | 0 | 0 |
| Proportion of households ts below minimum service level | 100% | 100% | 0% | 0% | 0% | 0% |
| | | | | | | T 3.3.4 |



| Electricity Service Policy Objectives Taken From IDP | | | | | | | | | |
|--|-----------------------------------|----------------|--------|----------------|---------------|--------|---------------|---------------|-----------------|
| Service Objectives | Outline Service Targets | Year -1 | | Year 0 | | Year 1 | Year 3 | | |
| | | Target | Actual | Target | Actual | Target | Target | Target | Target |
| Service Indicators | | *Previous Year | | *Previous Year | *Current Year | | *Current Year | *Current Year | *Following Year |
| | | (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) |
| Service Objective xxx | | | | | | | | | |
| Maintain distribution losses under 10% | % Losses | 10% | 8% | 10% | 10% | 9% | 10% | 10% | 10% |
| Annual maintenance of 808 substations | Substations maintained | 564 | 596 | 564 | 564 | 605 | 564 | 564 | 564 |
| Maintenance of 29558 street lights Annual maintenance ratio is 30%. | Streetlights repaired | 8 674 | 1 710 | 8 674 | 8 674 | 1 501 | 8 674 | 8 674 | 8 674 |
| Electrical breakdown responses | Reaction on break down situations | 2 158 | 3 840 | 2 158 | 2 158 | 2 718 | 2 158 | 2 158 | 2 158 |
| Scrutinizing of consumer accounts regarding tampering | 500 theft cases handled annually | 500 | 148 | 500 | 500 | 323 | 500 | 500 | 500 |
| | | | | | | | | | |
| <p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p> | | | | | | | | | T 3.3.5 |



| Employees: Electricity Services | | | | | |
|---------------------------------|-------------------|------------------|-----------|----------------------------------|--|
| Job Level | Year -1 (2013/14) | Year 0 (2014/15) | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) % |
| 0 - 3 | 1 | | 1 | | #DIV/0! |
| 4 - 6 | 6 | | 5 | | #DIV/0! |
| 7 - 9 | 22 | | 20 | | #DIV/0! |
| 10 - 12 | 8 | | 7 | | #DIV/0! |
| 13 - 15 | 1 | | 2 | | #DIV/0! |
| 16 - 18 | 43 | | 47 | | #DIV/0! |
| 19 - 20 | 0 | | 0 | | #DIV/0! |
| Total | 81 | | 82 | | #DIV/0! |
| | | | | | T 3.3.6 |

| Financial Performance Year 0: Electricity Services | | | | | |
|--|----------|-----------------|-------------------|--------|--------------------|
| | | | | | R'000 |
| Details | Year - 1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 120 | 125 | 100 | 95 | -32% |
| Expenditure: | | | | | |
| Employees | 125 | 244 | 250 | 248 | 2% |
| Repairs and Maintenance | 25 | 244 | 250 | 248 | 2% |
| Other | 45 | 244 | 250 | 248 | 2% |
| Total Operational Expenditure | 195 | 732 | 750 | 744 | 2% |
| Net Operational Expenditure | 75 | 607 | 650 | 649 | 6% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | T 3.3.7 |



| Capital Expenditure Year 0: Electricity Services | | | | | |
|---|--------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 260 | 326 | 378 | 31% | |
| Project A | 100 | 130 | 128 | 22% | 280 |
| Project B | 80 | 91 | 90 | 11% | 150 |
| Project C | 45 | 50 | 80 | 44% | 320 |
| Project D | 35 | 55 | 80 | 56% | 90 |
| <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 2014/2015 Financial Year, the Electrical Department was able to successfully plan, construct and maintain the electrical distribution networks and infrastructures as to ensure a safe, effective and affordable electrical energy supply to the community of the Matjhabeng Municipality.

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

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

T 3.3.9



3.4 WASTE MANAGEMENT

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

INTRODUCTION TO WASTE MANAGEMENT

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

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

T 3.4.1

| Solid Waste Service Delivery Levels | | | | |
|--|--------------|--------------|--------------|--------------|
| Description | Households | | | |
| | Year -3 | Year -2 | Year -1 | Year 0 |
| | Actual No. | Actual No. | Actual No. | Actual No. |
| <u>Solid Waste Removal: (Minimum level)</u> | | | | |
| Removed at least once a week | 121 024 | 121 024 | 121 024 | 121 024 |
| <i>Minimum Service Level and Above sub-total</i> | 121 024 | 121 024 | 121 024 | 121 024 |
| <i>Minimum Service Level and Above percentage</i> | 4,3% | 3,9% | 77,2% | 77,2% |
| <u>Solid Waste Removal: (Below minimum level)</u> | | | | |
| Removed less frequently than once a week | 655 | 547 | 565 | 523 |
| Using communal refuse dump | 865 | 846 | 487 | 865 |
| Using own refuse dump | 655 | 547 | 565 | 523 |
| Other rubbish disposal | 502 | 952 | 938 | 720 |
| No rubbish disposal | 12 | 123 | 124 | 124 |
| <i>Below Minimum Service Level sub-total</i> | 2 690 | 3 015 | 2 678 | 2 755 |
| <i>Below Minimum Service Level percentage</i> | 95,7% | 96,1% | 95,7% | 95,8% |
| Total number of households | 2 811 | 3 136 | 2 799 | 2 876 |

T 3.4.2



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



| Waste Management Service Policy Objectives Taken From IDP | | | | | | | | | |
|---|---|--|--|--|--|--|--|--|--|
| Service Objectives | 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 Indicators (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| Service Objective xxx | | | | | | | | | |
| Provision of weekly collection service per household (HH) | 133 662 HOUSEHOLDS | 5624 SERVICE POINTS | 5749 SERVICES POINTS | 5749 SERVICE POINTS | 5749 SERVICE POINTS | 5749 SERVICE POINTS | 5749 SERVICE POINTS | 5749 SERVICE POINTS | 5749 SERVICE POINTS |
| Future capacity of existing and earmarked (approved use and in council possession) waste disposal sites | The amount of spare capacity available in terms of the number of years capacity available at the current rate of landfill usage | 20 years of unused landfill capacity available | 15 years of unused landfill capacity available | 15 years of unused landfill capacity available | 10 years of unused landfill capacity available | 15 years of unused landfill capacity available | 10 years of unused landfill capacity available | 10 years of unused landfill capacity available | 10 years of unused landfill capacity available |
| Proportion of waste that is recycled | Volumes of waste recycled as a percentage of total volume of waste disposed of at landfill sites. | 45% of year 2014/2015 waste recycled | 40% of year 2014/2015 waste recycled | 40% of year 2014/2015 waste recycled | 40% of year 2014/2015 waste recycled | 40% of year 2014/2015 waste recycled | 45% of year 2014/2015 waste recycled | 45% of year 2014/2015 waste recycled | 50% of year 2015/2016 waste recycled |
| Proportion of landfill sites in compliance with the Environmental Conservation Act 1989. | 2% of landfill sites by volume that are being managed in compliance with the Environmental Conservation Act 1989. | 2% of sites compliant | 2% of sites compliant | 2% of sites compliant | 2% of sites compliant | 2% of sites compliant | 2% of sites compliant | 2% of sites compliant | 2% of sites compliant |
| | | | | | | | | | |
| <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 3.4.4



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

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



| Financial Performance Year 0: Solid Waste Management Services | | | | | |
|--|---------|-----------------|-------------------|---------|--------------------|
| R'000 | | | | | |
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | -65 153 | -58 519 | 0 | -67 991 | 14% |
| Expenditure: | | | | | |
| Employees | 45 169 | 50 456 | 0 | 48 679 | -4% |
| Repairs and Maintenance | 18 | 8 448 | 0 | 5 | -168 860% |
| Other | 11 959 | 16 245 | 0 | 13 899 | -17% |
| Total Operational Expenditure | 57 146 | 75 149 | 0 | 62 583 | -20% |
| Net Operational Expenditure | 122 299 | 133 668 | 0 | 130 574 | -2% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | T 3.4.7 |

| Financial Performance Year 0: Waste Disposal and Other Services | | | | | |
|--|---------|-----------------|-------------------|--------|--------------------|
| R'000 | | | | | |
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 120 | 125 | 100 | 95 | -32% |
| Expenditure: | | | | | |
| Employees | 125 | 244 | 250 | 248 | 2% |
| Repairs and Maintenance | 25 | 244 | 250 | 248 | 2% |
| Other | 45 | 244 | 250 | 248 | 2% |
| Total Operational Expenditure | 195 | 732 | 750 | 744 | 2% |
| Net Operational Expenditure | 75 | 607 | 650 | 649 | 6% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | T 3.4.8 |



| Capital Expenditure Year 0: Waste Management Services | | | | | |
|---|--------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | Year 0 | | | | Total Project Value |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | |
| Total All | 260 | 326 | 378 | 31% | |
| Project A | 100 | 130 | 128 | 22% | 280 |
| Project B | 80 | 91 | 90 | 11% | 150 |
| Project C | 45 | 50 | 80 | 44% | 320 |
| Project D | 35 | 55 | 80 | 56% | 90 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | T 3.4.9 |

COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL

The Directorate provides Waste Management Services to 5 749 service points of which constitute 133 622 households. The service provision to households is once a week collected from kerb stone, the industries are serviced twice a week and commercial is serviced three times a week. Other services include street cleaning, paper picking and rubble removal. The cleaning services are carried out on a daily basis whilst the rubble removal is carried out as per request.

T 3.4.10



3.5 HOUSING

INTRODUCTION TO HOUSING

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

Land Affairs

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

Housing Development

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

Housing Administration

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

Residential Rental Accommodation

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

T 3.5.1

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



| Housing Service Policy Objectives Taken From IDP | | | | | | | | | |
|---|--|-------------------------|--------|-----------------------|-----------------------|--------|-------------------------|-----------------------|------------------------|
| Service Objectives Service Indicators (i) | Outline Service Targets (ii) | Year 0 | | Year 1 | | | Year 2 | Year 3 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| Service Objective xxx | | | | | | | | | |
| Promotion of security of tenure | Additional houses provided during the year (Houses required at year end) | 2 000 | 1 406 | 2 000 | 4 751 | 2 220 | 0 | 4 751 | 0 |
| <p>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 (2013/14) | Year 0 (2014/15) | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 2 | | 2 | | #DIV/0! |
| 4 - 6 | 9 | | 2 | | #DIV/0! |
| 7 - 9 | 2 | | 10 | | #DIV/0! |
| 10 - 12 | 9 | | 9 | | #DIV/0! |
| 13 - 15 | 0 | | 0 | | #DIV/0! |
| 16 - 18 | 0 | | 0 | | #DIV/0! |
| 19 - 20 | 0 | | 0 | | #DIV/0! |
| Total | 22 | | 23 | | #DIV/0! |
| | | | | | T 3.5.4 |

| Financial Performance Year 0: Housing Services | | | | | | R'000 |
|--|---------|--------------------|----------------------|--------|-----------------------|-------|
| Details | Year -1 | Year 0 | | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget | |
| Total Operational Revenue | -9794 | -6464 | 0 | -10433 | 38% | |
| Expenditure: | | | | | | |
| Employees | 8170 | 8179 | 0 | 8814 | 7% | |
| Repairs and Maintenance | 509 | 3089 | 0 | 255 | -1111% | |
| Other | 3474 | 3206 | 0 | 5575 | 42% | |
| Total Operational Expenditure | 12153 | 14474 | 0 | 14644 | 1% | |
| Net Operational Expenditure | 21947 | 20938 | 0 | 25077 | 17% | |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | | |
| | | | | | T 3.5.5 | |



| Capital Expenditure Year 0: Housing Services | | | | | |
|--|--------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 260 | 326 | 378 | 31% | |
| Project A | 100 | 130 | 128 | 22% | 280 |
| Project B | 80 | 91 | 90 | 11% | 150 |
| Project C | 45 | 50 | 80 | 44% | 320 |
| Project D | 35 | 55 | 80 | 56% | 90 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i> | | | | | T 3.5.6 |

COMMENT ON THE PERFORMANCE OF HOUSING SERVICE OVERALL

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

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

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

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

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

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

T 3.5.7



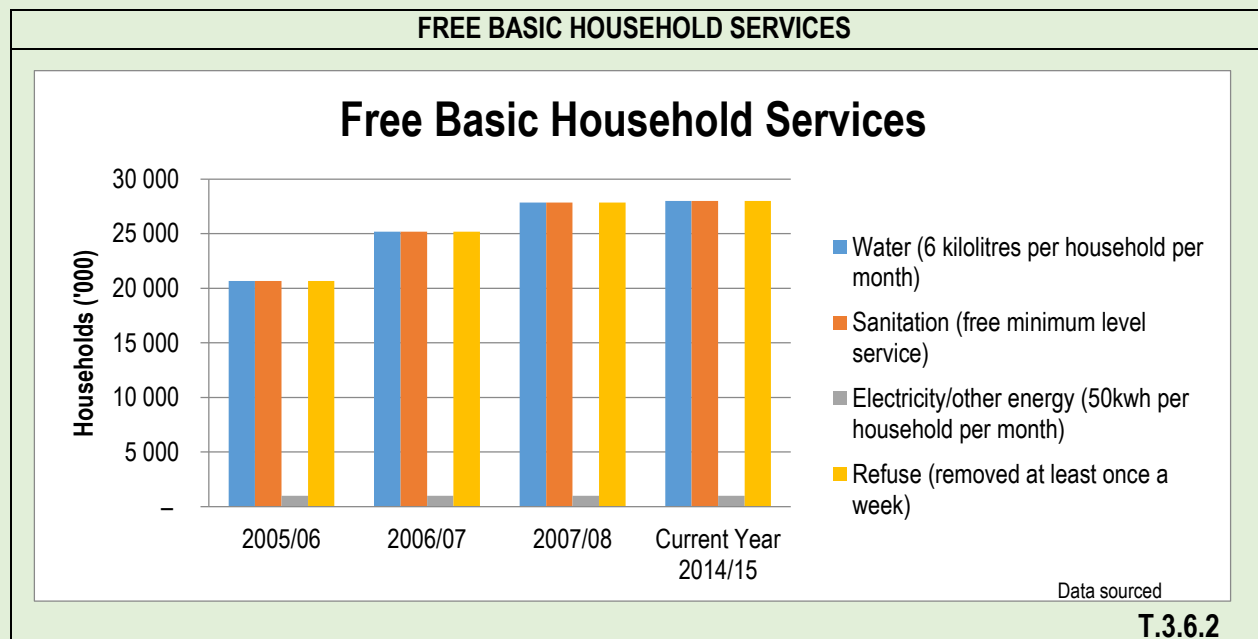
3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

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

T 3.6.1

FREE BASIC HOUSEHOLD SERVICES



T.3.6.2

Free Basic Services To Low Income Households

| | Number of households | | | | | | | | | | |
|----------------|----------------------|---|------------------|--------|-----------------------|--------|------------------------|--------|-------------------|------|--|
| | Total | Households earning less than R1,100 per month | | | | | | | | | |
| | | Total | Free Basic Water | | Free Basic Sanitation | | Free Basic Electricity | | Free Basic Refuse | | |
| | | Access | % | Access | % | Access | % | Access | % | | |
| Year -2 | 23 045 | 23 045 | 23 045 | 23 045 | 23 045 | 23 045 | 23 045 | 23 045 | 23 045 | 100% | |
| Year -1 | 20 339 | 20 339 | 20 339 | 100% | 20 339 | 100% | 20 339 | 100% | 20 339 | 100% | |
| Year 0 | 25 186 | 25 186 | 25 186 | 100% | 25 186 | 100% | 25 186 | 100% | 25 186 | 100% | |

T 3.6.3



| Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered | | | | | |
|---|---------|--------|-------------------|--------|--------------------|
| Services Delivered | Year -1 | Year 0 | | | |
| | Actual | Budget | Adjustment Budget | Actual | Variance to Budget |
| Water | 248 | 244 | 250 | 310 | 21% |
| Waste Water (Sanitation) | 245 | 240 | 250 | 280 | 14% |
| Electricity | 135 | 120 | 130 | 160 | 25% |
| Waste Management (Solid Waste) | 125 | 110 | 120 | 145 | 24% |
| Total | 753 | 714 | 750 | 895 | 20% |
| | | | | | T 3.6.4 |



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

T.3.6.5



COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality provided free basic services to 25 186 indigents.

T 3.6.6



COMPONENT B: ROAD TRANSPORT

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

INTRODUCTION TO ROAD TRANSPORT

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

T 3.7



3.7 ROADS

INTRODUCTION TO ROADS

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

T 3.7.1

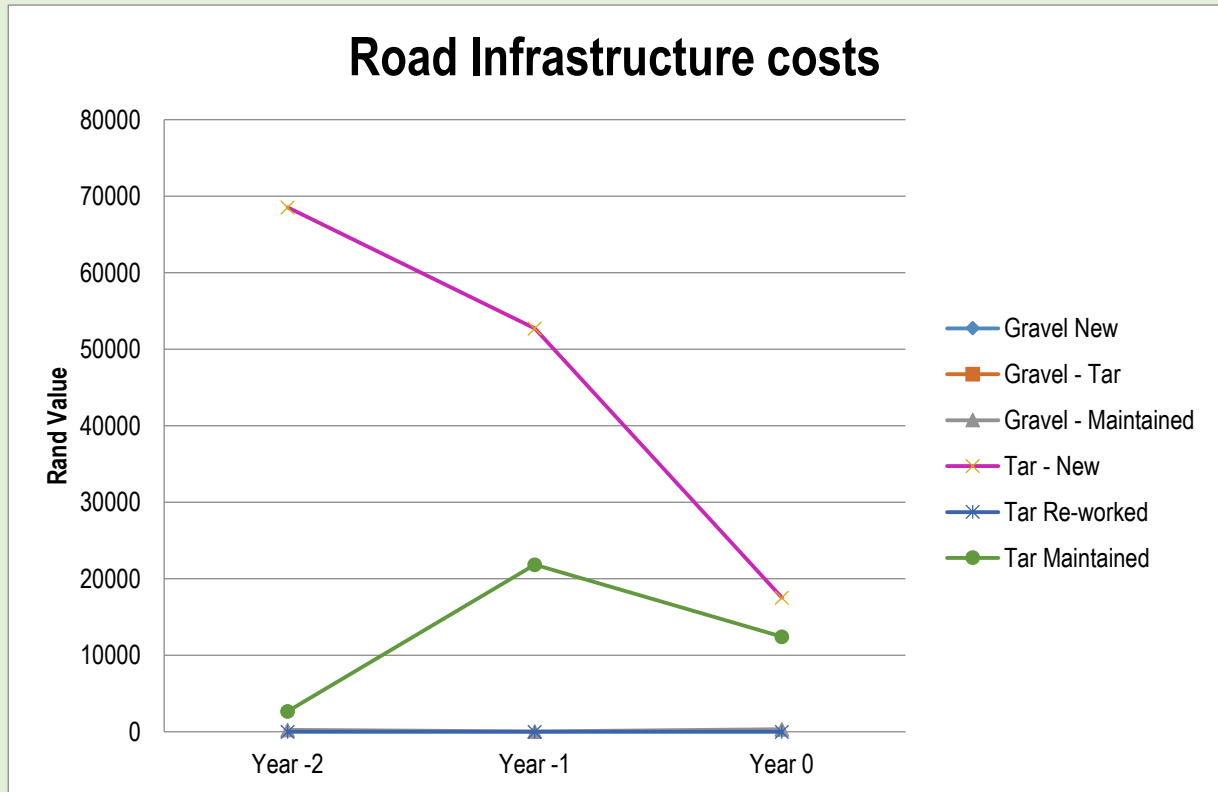
| Gravel Road Infrastructure | | | | |
|----------------------------|--------------------|------------------------------|------------------------------|--|
| | Total gravel roads | New gravel roads constructed | Gravel roads upgraded to tar | Kilometres Gravel roads graded/maintained |
| Year -2 | 573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

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

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



ROAD INFRASTRUCTURE COSTS



T.3.7.5



Road Service Policy Objectives Taken From IDP

| Service Objectives | Outline Service Targets | Year -1 | | Year 0 | | | Year 1 | Year 3 | |
|--|--|----------------|--------|----------------|---------------|--------|---------------|---------------|-----------------|
| | | Target | Actual | Target | | Actual | Target | | |
| Service Indicators | | *Previous Year | | *Previous Year | *Current Year | | *Current Year | *Current Year | *Following Year |
| (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| Service Objective xxx | | | | | | | | | |
| To develop and maintain roads and storm water infrastructure | Construct 50km new distributor roads/ bus/ taxi roads to improve traffic flow and improve stormwater management. | 18 | 10 | 10 | | | | 10 | 10 |
| To develop infrastructure – e.g. roads, water, sewerage, electricity, storm water | Clean, shape, prime, tar and compaction of pothole per m² | 16800 | 17930 | 16000 | 19400 | 16968 | 19400 | 19400 | 19400 |
| | Water, transport gravel, blade, water and roll gravel road per Km | 195 | 195 | 190 | 60 | 66 | 60 | 60 | 60 |
| | | | | | | | | | |
| <p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p> | | | | | | | | | T 3.7.6 |



| Employees: Road Services | | | | | |
|--------------------------|----------------------|-----------------|-----------|-------------------------------------|--------------------------------------|
| Job Level | Year -1 (2013/14) | Year 0 (204/15) | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | | 0 | | #DIV/0! |
| 4 - 6 | 2 | | 1 | | #DIV/0! |
| 7 - 9 | 10 | | 9 | | #DIV/0! |
| 10 - 12 | 8 | | 5 | | #DIV/0! |
| 13 - 15 | 1 | | 1 | | #DIV/0! |
| 16 - 18 | 12 | | 93 | | #DIV/0! |
| 19 - 20 | 0 | | 0 | | #DIV/0! |
| Total | 33 | | 109 | | #DIV/0! |
| | | | | | T3.7.7 |

| Financial Performance Year 0: Road Services | | | | | | R'000 |
|---|-------------|--------------------|----------------------|--------|-----------------------|-------|
| Details | Year - 1 | Year 0 | | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget | |
| Total Operational Revenue | 120 | 125 | 100 | 95 | -32% | |
| Expenditure: | | | | | | |
| Employees | 125 | 244 | 250 | 248 | 2% | |
| Repairs and Maintenance | 25 | 244 | 250 | 248 | 2% | |
| Other | 45 | 244 | 250 | 248 | 2% | |
| Total Operational Expenditure | 195 | 732 | 750 | 744 | 2% | |
| Net Operational Expenditure | 75 | 607 | 650 | 649 | 6% | |
| Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. | | | | | T 3.7.8 | |



| Capital Expenditure Year 0: Road Services | | | | | |
|---|--------|-------------------|--------------------|-------------------------------|---------------------|
| | | | | | R' 000 |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | - | - | 108,512 | 0 | |
| Hani Park: Construction of 8.2km Road network and storm water drainage (MIS:159992) | | 0 | 3,272 | 0 | 22,435 |
| Thabong: Construction of road 142 & 295 | | 0 | 131 | 0 | 48,670 |
| Thabong: Construction of road 300 and storm water in T14 & T16 | | 0 | 57,243 | 0 | 57,286 |
| Kutlwanong: Construction of 2.7km paved road with storm water drainage (MIS:208995) | | 0 | 9,749 | 0 | 18,668 |
| Thabong: Construction of 3.6km paved road (MIS:209872) | | 0 | 20,106 | 0 | 23,499 |
| Phomolong: Construction of 1.24km paved road (MIS:209821) | | 0 | 5,696 | 0 | 6,767 |
| Bronville: Upgrading of 2.645km gravel roads to paved roads and provision of storm water (MIS:214141) | | 0 | 12,315 | -0 | 12,873 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | T 3.7.9 |

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

Formalisation of roads in areas where formal houses are constructed, especially where storm water challenges exists, should also be considered. With the available resources and taking cognisance of the urgency of other critical services, the performance on the roads are above expectations.

T 3.7.10



3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

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

T 3.8.1

| Employees: Transport Services | | | | | |
|-------------------------------|-------------------|------------------|-----------|----------------------------------|-----------------------------------|
| Job Level | Year -1 (2013/14) | Year 0 (2014/15) | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | | 0 | | #DIV/0! |
| 4 - 6 | 0 | | 0 | | #DIV/0! |
| 7 - 9 | 8 | | 8 | | #DIV/0! |
| 10 - 12 | 4 | | 4 | | #DIV/0! |
| 13 - 15 | 7 | | 0 | | #DIV/0! |
| 16 - 18 | 1 | | 7 | | #DIV/0! |
| 19 - 20 | 0 | | 0 | | #DIV/0! |
| Total | 20 | | 19 | | #DIV/0! |
| | | | | | T3.8.4 |

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL

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

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

T 3.8.7



3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

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

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

T.3.9.1

STORMWATER INFRASTRUCTURE

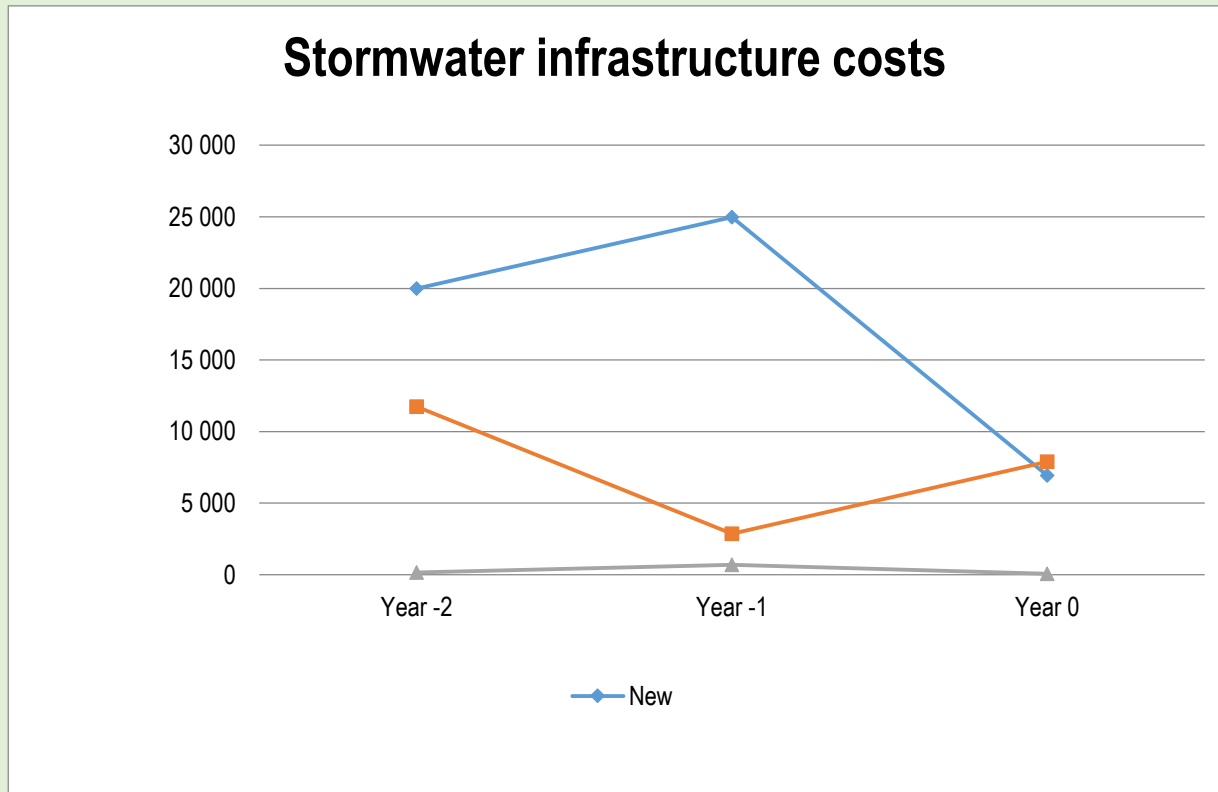
| STORMWATER INFRASTRUCTURE | | | | Kilometres |
|---------------------------|---------------------------|-------------------------|------------------------------|--------------------------------|
| | Total Stormwater measures | New Stormwater measures | Stormwater measures upgraded | Stormwater measures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

COST OF CONSTRUCTION/MAINTENANCE

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



STORMWATER INFRASTRUCTURE COSTS



T.3.9.4



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



| Employees: Stormwater Services | | | | | |
|--------------------------------|-------------------|------------------|-----------|----------------------------------|-----------------------------------|
| Job Level | Year -1 (2013/14) | Year 0 (2014/15) | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | | 0 | | #DIV/0! |
| 4 - 6 | 0 | | 0 | | #DIV/0! |
| 7 - 9 | 3 | | 2 | | #DIV/0! |
| 10 - 12 | 7 | | 6 | | #DIV/0! |
| 13 - 15 | 18 | | 14 | | #DIV/0! |
| 16 - 18 | 48 | | 45 | | #DIV/0! |
| 19 - 20 | 0 | | 0 | | #DIV/0! |
| Total | 76 | | 67 | | #DIV/0! |
| | | | | | T 3.9.6 |

| Financial Performance Year 0: Stormwater Services | | | | | |
|--|--------------------------|-----------------|-------------------|--------|--------------------|
| | | | | | R'000 |
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 0 | 0 | 0 | 0 | 0% |
| Expenditure: | | | | | |
| Employees | Included in Roads | | | | 0% |
| Repairs and Maintenance | 696 | 6 632 | 6 632 | 78 | -8377% |
| Other | Included in Roads | | - | | 0% |
| Total Operational Expenditure | 696 | 6632 | 6 632 | 78 | -8377% |
| Net Operational Expenditure | 696 | 6632 | 6 632 | 78 | -8377% |
| <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 3.9.7 |



| Capital Expenditure Year 0: Stormwater Services | | | | | |
|--|--------|-------------------|--------------------|-------------------------------|---------------------|
| | | | | | R' 000 |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 32,587 | 0 | 4068 | . | |
| Mmamahabane Provision of 3.72km stormwater drainage | 10,674 | 0 | 6,881 | 0 | 10,674 |
| Kutlwanong: Construction of Stormwater and Pedestrian Bridges for section K2 | 14,506 | 0 | 9749 | 0 | 14,506 |
| Thabong T14: Investigate runoff and upgrade existing storm water system | 1,100 | 0 | 1,100 | 0 | 26,594 |
| Thabong T14: Rehabilitation of the Lusaba 1.26km storm water channel (MIS:214241) | 5,707 | 16,529 | 11,159 | 34% | 16,529 |
| Nyakallong: Construction of storm water system – phase 1 (MIS:219132) | 600 | 0 | 521 | 0 | 11,403 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i> | | | | | T 3.9.8 |

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

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

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

T.3.9.9



COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

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

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

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

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

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

T.3.10.1



3.10 PLANNING

| Employees: Planning Services | | | | | |
|------------------------------|----------------------|------------------|-----------|-------------------------------------|--------------------------------------|
| Job Level | Year -1 (2013/14) | Year 0 (2014/15) | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | | 1 | | #DIV/0! |
| 4 - 6 | 1 | | 1 | | #DIV/0! |
| 7 - 9 | 1 | | 1 | | #DIV/0! |
| 10 - 12 | 2 | | 2 | | #DIV/0! |
| 13 - 15 | 0 | | 0 | | #DIV/0! |
| 16 - 18 | 2 | | 2 | | #DIV/0! |
| 19 - 20 | 0 | | 0 | | #DIV/0! |
| Total | 7 | | 7 | | #DIV/0! |
| | | | | | T 3.10.4 |

| Financial Performance Year 0: Planning Services | | | | | | R'000 |
|--|---------|-----------------|----------------------|--------|-----------------------|-------|
| Details | Year -1 | Year 0 | | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget | |
| Total Operational Revenue | 120 | 125 | 100 | 95 | -32% | |
| Expenditure: | | | | | | |
| Employees | 125 | 244 | 250 | 248 | 2% | |
| Repairs and Maintenance | 25 | 244 | 250 | 248 | 2% | |
| Other | 45 | 244 | 250 | 248 | 2% | |
| Total Operational Expenditure | 195 | 732 | 750 | 744 | 2% | |
| Net Operational Expenditure | 75 | 607 | 650 | 649 | 6% | |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | | |
| | | | | | T 3.10.5 | |



| Capital Expenditure Year 0: Planning Services | | | | | | R' 000 |
|---|--------|-------------------|--------------------|-------------------------------|---------------------|--------|
| Capital Projects | Year 0 | | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value | |
| Total All | 260 | 326 | 378 | 31% | | |
| Project A | 100 | 130 | 128 | 22% | 280 | |
| Project B | 80 | 91 | 90 | 11% | 150 | |
| Project C | 45 | 50 | 80 | 44% | 320 | |
| Project D | 35 | 55 | 80 | 56% | 90 | |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | T 3.10.6 | |

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL

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



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

T3.10.7



3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

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

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

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

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

T 3.11.1

| Economic Activity by Sector | | | |
|-------------------------------------|---------|---------|--------|
| | R '000 | | |
| Sector | Year -2 | Year -1 | Year 0 |
| Agric, forestry and fishing | 2 | 1.5 | 1.5 |
| Mining and quarrying | 6 | 5 | 2 |
| Manufacturing | 56 | 58 | 63 |
| Wholesale and retail trade | 45 | 51 | 52 |
| Finance, property, etc. | 51 | 48 | 52 |
| Govt, community and social services | 23 | 25 | 25 |
| Infrastructure services | 34 | 38 | 41 |
| Total | 217 | 226.5 | 236.5 |

T 3.11.2



| Economic Employment by Sector | | | |
|-------------------------------------|----------------|----------------|----------------|
| Sector | Year 1 No. | Year -1 No. | Jobs |
| | | | Year 0 No. |
| Agric, forestry and fishing | 20,000 | 25,000 | 30,000 |
| Mining and quarrying | 400,000 | 435,000 | 372,000 |
| Manufacturing | 320,000 | 300,000 | 270,000 |
| Wholesale and retail trade | 190,000 | 200,000 | 210,000 |
| Finance, property, etc. | 275,000 | 255,000 | 235,000 |
| Govt, community and social services | 300,000 | 310,000 | 320,000 |
| Infrastructure services | 400,000 | 430,000 | 450,000 |
| Total | 1905000 | 1955000 | 1887000 |

T 3.11.3

COMMENT ON LOCAL JOB OPPORTUNITIES

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

T 3.11.4

| Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects) | | | | |
|---|---------------------|---|--|---|
| Total Jobs created / Top 3 initiatives | Jobs created No. | Jobs lost/displaced by other initiatives No. | Net total jobs created in year No. | Method of validating jobs created/lost |
| Total (all initiatives) | | | | |
| Year -2 | 30 | | | Issuing of trading permits, informal businesses e.g. car wash |
| Year -1 | 10 | | | |
| Year 0 | 15 | | | |
| Initiative A (Year 0) | | | | |
| Initiative B (Year 0) | | | | |
| Initiative C (Year 0) | | | | |

T 3.11.5

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



| Local Economic Development Policy Objectives Taken From IDP | | | | | | | | | |
|--|--|-------------------------|------------------|-----------------------|-----------------------|------------------|-------------------------|-----------------------|------------------------|
| Service Objectives <i>Service Indicators</i> (i) | Outline Service Targets (ii) | Year -1 | | Year 0 | | Year 1 | Year 3 | | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| Service Objective xxx | | | | | | | | | |
| Training of people in essential skills: x, y, z | Number of people trained (including retrained upskilled) | x people trained | x people trained | x people trained | x people trained | x people trained | x people trained | x people trained | x people trained |
| | 34 People trained by Bank Seta | 35 | 34 | | | | | 0 | 0 |
| | 114 People trained by CIDB | 100 | 114 | | | | | 0 | 00 |
| | 22 People trained by SALGA | 20 | 22 | | | | | 0 | 0 |
| | 103 People trained by SEDA | | | 50 | 50 | 53 | 53 | 0 | 0 |
| | 63 People trained by DETEA | | | 50 | 63 | | | 0 | 0 |
| | 113 People trained by FILPRO | | | 100 | 113 | | | 0 | 0 |
| <p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p> | | | | | | | | | |

T 3.11.7



| Employees: Local Economic Development Services | | | | | |
|--|----------------------|------------------|-----------|-------------------------------------|--------------------------------------|
| Job Level | Year -1 (2013/14) | Year 0 (2014/15) | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 8 | | 10 | | #DIV/0! |
| 4 - 6 | 6 | | 8 | | #DIV/0! |
| 7 - 9 | 13 | | 16 | | #DIV/0! |
| 10 - 12 | 9 | | 9 | | #DIV/0! |
| 13 - 15 | 0 | | 0 | | #DIV/0! |
| 16 - 18 | 0 | | 1 | | #DIV/0! |
| 19 - 20 | 0 | | 0 | | #DIV/0! |
| Total | 36 | | 44 | | #DIV/0! |
| | | | | | T 3.11.8 |

| Financial Performance Year 0: Local Economic Development Services | | | | | |
|--|---------|--------------------|----------------------|--------|-----------------------|
| | | | | | R'000 |
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 120 | 125 | 100 | 95 | -32% |
| Expenditure: | | | | | |
| Employees | 125 | 244 | 250 | 248 | 2% |
| Repairs and Maintenance | 25 | 244 | 250 | 248 | 2% |
| Other | 45 | 244 | 250 | 248 | 2% |
| Total Operational Expenditure | 195 | 732 | 750 | 744 | 2% |
| Net Operational Expenditure | 75 | 607 | 650 | 649 | 6% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | T 3.11.9 |



| Capital Expenditure Year 0: Economic Development Services | | | | | | R' 000 |
|---|--------|-------------------|--------------------|-------------------------------|---------------------|--------|
| Capital Projects | Year 0 | | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value | |
| Total All | 260 | 326 | 378 | 31% | | |
| Project A | 100 | 130 | 128 | 22% | 280 | |
| Project B | 80 | 91 | 90 | 11% | 150 | |
| Project C | 45 | 50 | 80 | 44% | 320 | |
| Project D | 35 | 55 | 80 | 56% | 90 | |
| | | | | | T 3.11.10 | |

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Despite the fact that the LED Strategy was not approved by Council and still remains a draft that is going through the review process, it is worth noting that certain programmes were executed in promoting economic development and tourism. To this extent, it is worth mentioning that through the collaboration with other sector departments such as Agriculture, land and funding was provided to some community groups that were later formalised as co-operatives.

The support measures are being intensified to optimise the productivity of the co-operatives as well as the SMME's. In this regard, the profiling of all co-operators is currently underway to determine and quantify capacity requirements, once completed respective capacity plans will be developed and executed for each co-operators.

Through the support received from SEDA some SMME's have been trained during the year under review and this programme is ongoing. Regarding tourism, specific programmes for improving customer satisfaction have been instituted through the tourism excellence awards that has demonstrated improvement from strength to strength.

For the success of the programmes that were planned by the department it was viewed essential to consolidate partnership with other institutions as a result agreements will be concluded with some institutions to structure relations with them.

The improved collaboration between the Municipality and other spheres of Government, as well as the private sector, has brought about good results that have been demonstrated by activities and programmes that have been jointly executed and is worth mentioning though that these efforts should be strengthened to optimise the beneficiary through creation of job opportunities and economic growth. Important would be to pay much attention in attracting investment to the region as well as focusing on the retention of the investment already within our jurisdiction.

T 3.11.11



COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

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

T.3.12



3.12 LIBRARIES

INTRODUCTION TO LIBRARIES:

In terms of the Constitution of the Republic of South Africa, 1996, Library Services is a provincial function. Matjhabeng Local Municipality is performing this unfunded mandate to provide information to the community. There are fifteen (15) in our area. The main library is the Welkom Library. The Provincial Government is fully funding and operating the Riebeeckstad Library. Some of our Libraries are offering free computer services (internet) to library users

T 3.12.1

SERVICE STATISTICS FOR LIBRARIES:

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

T.3.12.2



| LIBRARIES; ARCHIVES; MUSEUMS; GALARIES; COMMUNITY FACILITIES; OTHER POLICY OBJECTIVES TAKEN FROM IDP | | | | | | | | | |
|--|-------------------------|---------------|--------|---------------|--------------|--------|--------------|----|-----------------|
| SERVICE OBJECTIVES | OUTLINE SERVICE TARGETS | YEAR -1 | | YEAR 0 | | YEAR 1 | YEAR 3 | | |
| | | TARGET | ACTUAL | TARGET | | ACTUAL | TARGET | | |
| SERVICE INDICATERS | | PREVIOUS YEAR | | PREVIOUS YEAR | CURRENT YEAR | | CURRENT YEAR | | FOLLOWING YEAR |
| SERVICE OBJECTIVE/S | | | | | | | | | |
| HOLIDAY PROGRAM | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| READERTHON PROGRAMS | 60 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| POETRY SESSIONS | 135 | 30 | 60 | 30 | 60 | 30 | 30 | 30 | 30 |
| NATIONAL LIBRARY WEEK | 15 | 15 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| NATIONAL WORLD BOOK DAY | 15 | 15 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| | | | | | | | | | T 3.12.3 |



| Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other | | | | | |
|---|-------------------|------------------|-----------|----------------------------------|-----------------------------------|
| Job Level | Year -1 (2013/14) | Year 0 (2014/15) | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 19 | | 19 | | |
| 4 - 6 | 15 | | 12 | | |
| 7 - 9 | 42 | | 37 | | |
| 10 - 12 | 88 | | 82 | | |
| 13 - 15 | 16 | | 16 | | |
| 16 - 18 | 101 | | 123 | | |
| 19 - 20 | 0 | | 0 | | |
| Total | 281 | | 289 | | |
| | | | | | T 3.12.4 |

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



| Capital Expenditure Year 0: Libraries; Community Facilities; Other | | | | | |
|--|--------|-------------------|--------------------|-------------------------------|---------------------|
| R'000 | | | | | |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from Original budget | Total Project Value |
| Total All | 260 | 326 | 378 | 31% | |
| Project A | 100 | 130 | 128 | 22% | 280 |
| Project B | 80 | 91 | 90 | 11% | 150 |
| Project C | 45 | 50 | 80 | 44% | 320 |
| Project D | 35 | 55 | 80 | 56% | 90 |
| | | | | | T 3.12.6 |

COMMENT ON THE PERFORMANCE OF LIBRARIES

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

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

T 3.12.7



3.13 CEMETERIES AND CREMATORIUMS

INTRODUCTION TO CEMETERIES AND CREMATORIUMS:

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

There is increased demand for burial land due to excessive increase of the population. This is mostly affected by diseases like TB, HIV/AIDS, rapid urbanization in towns and cities. Cemeteries are not just a place for burial purposes, but they are places for spiritual and cultural references, and in some are for connecting with the ancestral spirits through ancestral worship.

The Municipality constantly tries to balance meeting the social, economic, cultural and religious needs of the community. It is often difficult to find suitable land for burial as opposed to land for other priorities such as housing, schools, recreational facilities and others, hence municipality have challenges facing allocation of land for burials.

T 3.13.1

SERVICE STATISTICS FOR CEMETERIES AND CREMATORIUMS:

Annual burial for Matjhabeng Local Municipality is 3 475.

T 3.13.2

| CEMETERIES AND CREMATORIUMS POLICY OBJECTIVES TAKEN FROM IDP | | | | | | | | | |
|--|----------------------------|----------------|--------|----------------|---------------|--------|---------------|---------------|-----------------|
| Service Objectives | Outline Service Targets | Year -1 | | Year 0 | | | Year 1 | Year 3 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year | | *Previous Year | *Current Year | | *Current Year | *Current Year | *Following Year |
| (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| Service Objective xxx | | | | | | | | | |
| <i>Provision of burial space to the community</i> | Provision of graves | 6400 | | 6400 | 4000 | 3475 | 4000 | 4000 | 4000 |
| | | | | | | | | | |
| Upgrading of cemeteries | Upgrading of 13 cemeteries | 13 | 2 | 8 | 5 | 5 | 5 | 5 | 5 |
| | | | | | | | | | |

T 3.13.3



| Employees: Cemeteries and Crematoriums | | | | | |
|--|-------------------|------------------|-----------|----------------------------------|-----------------------------------|
| Job Level | Year -1 (2013/14) | Year 0 (2014/15) | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | | 0 | | #DIV/0! |
| 4 - 6 | 0 | | 0 | | #DIV/0! |
| 7 - 9 | 1 | | 1 | | #DIV/0! |
| 10 - 12 | 0 | | 0 | | #DIV/0! |
| 13 - 15 | 3 | | 3 | | #DIV/0! |
| 16 - 18 | 17 | | 15 | | #DIV/0! |
| 19 - 20 | 0 | | 0 | | #DIV/0! |
| Total | 21 | | 19 | | #DIV/0! |
| | | | | | T 3.13.4 |

| Financial Performance Year 0: Cemeteries and Crematoriums | | | | | | R'000 |
|--|---------|-----------------|-------------------|--------|--------------------|-------|
| Details | Year -1 | Year 0 | | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget | |
| Total Operational Revenue | -1265 | -1601 | | -1233 | -30% | |
| Expenditure: | | | | | | |
| Employees | 3063 | 3469 | 0 | 3188 | -9% | |
| Repairs and Maintenance | 104 | 215 | 0 | 6 | -3483% | |
| Other | 804 | 1284 | 0 | 328 | -291% | |
| Total Operational Expenditure | 3971 | 4968 | 0 | 3522 | -41% | |
| Net Operational Expenditure | 5236 | 6569 | 0 | 4755 | -38% | |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | | |
| | | | | | T 3.13.5 | |



| Capital Expenditure Year 0: Cemeteries and Crematoriums | | | | | |
|--|---------------|------------------------------|-------------------------------|--|--------------------------------|
| R' 000 | | | | | |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 80277 | 0 | 41527 | 0 | 80277 |
| Kutlwanong Creation and Upgrading of Cemeteries | 16910 | 0 | 8450 | 0 | 8450 |
| Meloding Creation and Upgrading of Cemeteries | 16714 | 0 | 7844 | 0 | 7844 |
| Phomolong Creation and Upgrading of Cemeteries | 16910 | 0 | 7014 | 0 | 7014 |
| Virginia Creation and Upgrading of Cemeteries | 14466 | 0 | 7820 | 0 | 7820 |
| Bronville Creation and Upgrading of Cemeteries | 16277 | 0 | 10399 | 0 | 10399 |
| | | | | | T 3.13.6 |



3.14 SOCIAL PROGRAMMES

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



COMPONENT G: SECURITY AND SAFETY

3.20 POLICE (PUBLIC SAFETY TRAFFIC)

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

INTRODUCTION TO SECURITY & SAFETY

PUBLIC SAFETY & TRANSPORT

Objective of the Public Safety Department

The main objective of the Public Safety is to provide administration leadership and strategic guidance and ensuring a safe environment within the municipality in fulfilling its mandate.

Our Approach to Improve Public Safety

The Department of Public Safety will endeavour to:

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

INTRODUCTION TO SECURITY OVERVIEW

SECURITY SERVICES

Security Services is entrusted with a responsibility of safe guarding valuable Council’s assets and resources.

FUNCTIONS OF SECURITY SERVICES

- Safeguarding of Council property.
- Enforcing of by-laws.
- Protection of VIP’s.
- Protection of personnel and clients.
- Investigations.
- Vetting of personnel and companies.
- Crowd control.

INTRODUCTION TO TRAFFIC MANAGEMENT OVERVIEW

The Traffic Division is responsible for traffic law enforcement and the administration thereof. The function also ensures the technical sustainability of road traffic signs, signals and markings throughout the Municipal Area.



The Function of Traffic Policing

- To enforce traffic law
- To conduct public information and awareness programs
- Enforce compliance to road traffic signs, rules and regulations
- To ensure a sustainable and successful maintenance strategy of road signs, signals and markings
- To maintain committed goals through direct enforcement and Traffic Control
- Responsible for all administration duties such as receiving of traffic fines, capturing of data; e.g. Traffic collisions, issuing of summonses and Court rolls as well as general office work.
- The Technical Division is responsible for road marking, erecting of road signs and the sustaining thereof.
- Road Safety Education develops knowledge, skills, attitude and values that enable pedestrians, cyclists, motorists, drivers and passengers to use the road safely.
- Traffic training.

THE KEY ISSUES FOR 2014/2015 ARE:

It needs to be mentioned that the efficiency of the Department is still be hampered by constraints such as staff vacancies, the lack of equipment and the lack of operational as well as capital funding. The high volume of vandalism and copper cable theft.

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

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

T 3.20



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



3.21 FIRE

INTRODUCTION TO FIRE SERVICES

OVERVIEW

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

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

OPERATIONAL

- Residential Fires
- Institutional fires
- Public assembly fires
- Commercial fires
- Industry fires
- Utility fires
- Transport fires
- Other fires
- Vehicle fires
- Vehicle accidents
- Hazardous substances incidents
- Miscellaneous assistance to people

Fire safety activities

- Fire prevention inspections.
- Building plans inspected.
- Hazardous substances installation inspections.
- Fire hydrant inspections

Public Education and Awareness Programs

- Presenting of fire awareness session / programs to school groups and community members.
- Presenting fire training sessions to the community businesses and Municipal staff

During 2012/2013 – Paraffin Safety Awareness Campaign were conducted

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

Challenges

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

T 3.21.1



| Metropolitan Fire Service Data | | | | | |
|--------------------------------|--|------------|--------------|-------------|--------------|
| | Details | Year -1 | Year 0 | | Year 1 |
| | | Actual No. | Estimate No. | Actual No. | Estimate No. |
| 1 | Total fires attended in the year | 638 | | 653 | |
| 2 | Total of other incidents attended in the year | 374 | | 369 | |
| 3 | Average turnout time - urban areas | 10-15 min | | 8 - 12 min | |
| 4 | Average turnout time - rural areas | 20-35 min | | 25 - 35 min | |
| 5 | Fire fighters in post at year end | 63 | | 61 | |
| 6 | Total fire appliances at year end | 4 | | 6 | |
| 7 | Average number of appliance off the road during the year | 3 | | 2 | |
| T 3.21.2 | | | | | |

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

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



| Financial Performance Year 0: Fire Services | | | | | |
|--|---------|-----------------|-------------------|------------|--------------------|
| | | | | | R'000 |
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | -430 | -460,000 | 0 | -608,534 | 24% |
| Expenditure: | | | | | |
| Fire fighters | 21,699 | 22 149,373 | | 23 488,582 | |
| Other employees | 0 | 0 | 0 | 0 | 0% |
| Repairs and Maintenance | 509 | 2 126,161 | 0 | 950,895 | -124% |
| Other | 2,496 | 4 638,332 | 0 | 4 069,163 | -14% |
| Total Operational Expenditure | 3,005 | 6 764,493 | 0 | 5 020,059 | -35% |
| Net Operational Expenditure | 3,435 | 7 224,493 | 0 | 5 628,593 | -28% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | T 3.21.5 |

| Capital Expenditure Year 0: Fire Services | | | | | |
|---|--------|-------------------|--------------------|-------------------------------|---------------------|
| | | | | | R' 000 |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 260 | 326 | 378 | 31% | |
| Satellite Fire Station | 17 000 | 0 | 17,000 | 0% | 17,000 |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | T 3.21.6 |



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

INTRODUCTION TO DISASTER MANAGEMENT:

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

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

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

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

T.3.22.1

SERVICE STATISTICS FOR DISASTER MANAGEMENT:

Disaster Management provided temporary shelters to the communities that was affected by thunderstorms. Fifty (50) salvage sheets were used to assist the affected houses. More than two thousand section 56 (illegal dumping) fines were issued out, though we have challenges of the court dismissing our cases.

T 3.22.2



INTRODUCTION TO PARKS, SPORTS & RECREATION

Matjhabeng Local Municipality's philosophy of sports and recreation is based on the recognition of the vital importance of sports in the holistic development of the individual and the community. Sports and Recreation are an important means of building and developing the character of the individual as well as the social cohesion of the community. It builds the spirit of friendly competition, provides healthy entertainment, it exercises the body, it creates a climate of achievement and challenges the youth in particular to higher levels of endurance and attainment.

It is the responsibility of the Municipality to ensure that sport and recreation facilities are accessible to all through an application of the management and maintenance of sport and recreation policy. According to The National Sport and Recreation Act (Act 110 of 1998) provides for promotion and development of sports and recreation and coordination of the relationships between the Sports Commission, National and recreation federations and the others.

The White Paper on Sport and Recreation gives effect to stated government policy of a better life for all and to get the nation to play, hence the Municipality creates infrastructure for delivery of sport and recreation and ensures the existence of programmes that develop the human resources potential in sport and recreation.

T.3.23



3.23 PARKS, SPORTS AND RECREATION INCLUDING CEMETORIES

SERVICE STATISTICS FOR PARKS, SPORTS & RECREATION

Matjhabeng Local Municipality has a total number of nine hundred and seventy (970) developed and undeveloped parks, and thirty two (32) recreational facilities. Thabong Indoor Sports Centre and Bronville Stadium were refurbished in the year under review. The Municipality refurbished (fencing, guard houses and toilets), at the following cemeteries:

- Kutlwanong
- Virginia
- Meloding
- Phomolong
- Bronville.

T 3.23.1



| Sport and Recreation Policy Objectives Taken From IDP | | | | | | | | | |
|---|---------------------------------|-------------------------|--------|-----------------------|-----------------------|--------|-------------------------|-----------------------|------------------------|
| Service Objectives <i>Service Indicators</i> (i) | Outline Service Targets (ii) | Year 0 | | Year 1 | | | Year 2 | Year 3 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| Service Objective | | | | | | | | | |
| <i>To ensure that basic sport and recreation facilities are available to all communities</i> | 72 | 72 | 71 | 72 | 72 | 71 | 72 | 72 | 72 |
| <i>To ensure the existence of programs that develop human potential through sport and recreation</i> | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| <p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p> | | | | | | | | | |

T 3.23.2



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

| Financial Performance Year 0: Sport and Recreation | | | | | |
|--|-----------|-----------------|-------------------|--------|--------------------|
| | | | | | R'000 |
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | -33 867 | 0 | 0 | -55 | 100% |
| Expenditure: | | | | | |
| Employees | 2 737 388 | 5 792 | 0 | 4 492 | 29% |
| Repairs and Maintenance | 5 092 | 783 | 0 | 11 | -7018% |
| Other | 2 125 942 | 209 | 0 | 67 | |
| Total Operational Expenditure | 4 868 422 | 6 784 | 0 | 4 570 | -48% |
| Net Operational Expenditure | 4 902 289 | 6 784 | 0 | 4 625 | 47% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | T 3.23.4 |



| Capital Expenditure Year 0: Sport and Recreation | | | | | |
|---|---------------|--------------------------|---------------------------|--------------------------------------|----------------------------|
| R' 000 | | | | | |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 87,431 | 0.00 | 45,286 | 0 | |
| Nyakallong / Mmamahabane / Phomolong: New sports and recreation facilities | 7,772 | 0.00 | 6,171 | 0 | 34,281 |
| Phase 3 Thabong Stadium, Zuka Baloi Stadium & Kopano indoor Centre | 42,834 | 0 | 27,211 | 0 | 42,834 |
| Phase 3 Bronville Stadium | 8,680 | 0.00 | 8,656 | 0 | 8,680 |
| Thabong Far East Sports Centre | 24,145 | 0.00 | 2,457 | 0.00 | 24,145 |
| Phase 3 Phomolong stadium | 4000 | 0.00 | 791 | 0 | 7,766 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | T 3.23.5 |

COMMENT ON THE PERFORMANCE OF PARKS, SPORTS & RECREATION OVERALL

Parks

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

Sports & Recreational

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

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

- Kutlwanong
- Bronville
- Virginia
- Meloding
- Phomolong

T 3.23.6



COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councillors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

Introduction to Executive and Council

Council

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

| Political Party | Total | PR | Ward |
|---------------------------------|-------|----|------|
| African National Congress (ANC) | 52 | 22 | 30 |
| Democratic Alliance (DA) | 16 | 10 | 6 |
| Congress of the People (COPE) | 3 | 3 | 0 |
| Freedom Front Plus (FF+) | 1 | 1 | 0 |

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

Speaker

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

The Speaker plays two main important roles:

- Within the Council; and
- In building democracy

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

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

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

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



Executive Mayor / Mayoral Committee

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

- Policy and Monitoring
- Community Services
- Local Economic Development
- Finance
- Technical Services
- Corporate Support Services
- Social Services
- Public Safety & Transport
- Human Settlements and
- Special Programmes

Council Whip

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

Administration

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

T 3.24.1



| The Executive and Council Policy Objectives Taken From IDP | | | | | | | | | |
|--|--|----------------|--------|----------------|---------------|--------|---------------|---------------|-----------------|
| Service Objectives | Outline Service Targets | Year -1 | | Year 0 | | | Year 1 | Year 3 | |
| | | Target | Actual | Target | | Actual | Target | | |
| Service Indicators | | *Previous Year | | *Previous Year | *Current Year | | *Current Year | *Current Year | *Following Year |
| (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| Service Objective xxx | | | | | | | | | |
| | | | | | | | | | |
| To promote social cohesion and nation building | hosted MLM games for annual OR Tambo Games | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Elderly: Organise recreational games for senior citizens | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | Organise recreational games for people with disability | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| To promote social cohesion and community building through Arts & Culture | Hosted MLM Arts & Culture Festival | 1 | 0 | 1 | | | 1 | 1 | 1 |
| To enhance gender participation and equity | Women's Day celebration held | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| To promote awareness on HIV/AIDS | A number of HIV/AIDS material distributed | 5500 | 5500 | 5500 | 5000 | 6000 | 6000 | 6000 | 6000 |
| To promote awareness on gender and child abuse | 16 Days of Activism launched | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| To provide Mayoral bursary scheme to the deserving students | 10 new bursaries provided | 10 | 10 | 11 | 10 | 10 | 10 | 10 | 10 |
| | | | | | | | | | T 3.24.3 |



| Employees: The Executive and Council (all employees) | | | | | |
|--|----------------------|------------------|-----------|-------------------------------------|--------------------------------------|
| Job Level | Year -1 (2013/14) | Year 0 (2014/15) | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 43 | | 50 | | #DIV/0! |
| 4 - 6 | 78 | | 67 | | #DIV/0! |
| 7 - 9 | 256 | | 257 | | #DIV/0! |
| 10 - 12 | 584 | | 509 | | #DIV/0! |
| 13 - 15 | 132 | | 116 | | #DIV/0! |
| 16 - 18 | 938 | | 1389 | | #DIV/0! |
| 19 - 20 | 0 | | 0 | | #DIV/0! |
| Total | 2031 | | 2388 | | #DIV/0! |
| | | | | | T 3.24.4 |

| Financial Performance Year 0: The Executive and Council | | | | | |
|--|---------|--------------------|----------------------|-------------|-----------------------|
| | | | | | R'000 |
| Details | Year -1 | Year 0 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | | 125 | 0 | 95 | -32% |
| Expenditure: | | | | | |
| Employees | 125 | 65,594,970 | 0 | 68,068,553 | 4% |
| Repairs and Maintenance | 25 | 4,195,243 | 0 | 1,793,039 | -134% |
| Other | 45 | 67,487,915 | 0 | 73,869,399 | 9% |
| Total Operational Expenditure | 195 | 137,278,128 | 0 | 143,730,991 | 4% |
| Net Operational Expenditure | 195 | 137,278,003 | 0 | 143,730,896 | 4% |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | T 3.24.5 |

| Capital Expenditure Year 0: The Executive and Council | | | | | |
|---|--------|----------------------|-----------------------|-------------------------------------|------------------------|
| | | | | | R' 000 |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 260 | 326 | 378 | 31% | |
| Project A | 100 | 130 | 128 | 22% | 280 |
| Project B | 80 | 91 | 90 | 11% | 150 |
| Project C | 45 | 50 | 80 | 44% | 320 |
| Project D | 35 | 55 | 80 | 56% | 90 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | T 3.24.6 |



3.25 FINANCIAL SERVICES

| Debt Recovery | | | | | | | |
|--|------------------------------------|---|----------------|------------------------------------|---|---|---|
| R' 000 | | | | | | | |
| Details of the types of account raised and recovered | Year -1 | | Year 0 | | | Year 1 | |
| | Actual for accounts billed in year | Proportion of accounts value billed that were collected in the year % | Billed in Year | Actual for accounts billed in year | Proportion of accounts value billed that were collected % | Estimated outturn for accounts billed in year | Estimated Proportion of accounts billed that were collected % |
| Property Rates | 192 976 982 | 55% | 195 577 909 | 158 520 526 | 81,05% | 171 202 168 | 80% |
| Electricity - B | | | 0 | 0 | | | |
| Electricity - C | 371 495 247 | 85,12% | 139 437 467 | 131 363 584 | 94,21% | 141 872 671 | 80% |
| Water - B | | | 0 | 0 | | | |
| Water - C | 226 233 381 | 97,47% | 293 789 747 | 82 317 734 | 28,02% | 88 903 153 | 80% |
| Sanitation | 115 035 381 | 96,64% | 125 371 953 | 52 184 615 | 41,62% | 56 359 384 | 80% |
| Refuse | 71 103 711 | 27,76% | 79 318 431 | 25 596 832 | 32,27% | 27 644 579 | 80% |
| Other | 62 460 425 | 42,20% | 139 437 467 | 131 363 584 | 94,21% | 141 872 671 | 80% |

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

T 3.25.2



| Financial Service Policy Objectives Taken From IDP | | | | | | | | | |
|--|---------------------------------|---|-------------------------------|---|---|-------------------------------|---|---|---|
| Service Objectives <i>Service Indicators</i> (i) | Outline Service Targets (ii) | Year 0 | | Year 1 | | Year 2 | Year 3 | | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| To increase payment levels to 72% | % increase in the payment rate | 72% payment rate | 55% payment rate | 80% payment rate | 80% payment rate | 64% payment rate | 85% payment rate | 85% payment rate | 90% payment rate |
| To practice sound and sustainable financial management | % decrease in audit queries | 75% decrease in audit queries | 35% decrease in audit queries | 75% decrease in audit queries | 75% decrease in audit queries | 35% decrease in audit queries | 75% decrease in audit queries | 95% decrease in audit queries | 95% decrease in audit queries |
| To obtain a clean audit in 2014 | % decrease in audit queries | 75% decrease in audit queries | 30% 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 |
| To practice sound and sustainable expenditure management | 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 |
| <p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p> | | | | | | | | | |

T 3.25.3



| Employees: Financial Services | | | | | |
|-------------------------------|-------------------|------------------|-----------|----------------------------------|-----------------------------------|
| Job Level | Year -1 (2013/14) | Year 0 (2014/15) | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 4 | | 9 | | #DIV/0! |
| 4 - 6 | 6 | | 4 | | #DIV/0! |
| 7 - 9 | 25 | | 23 | | #DIV/0! |
| 10 - 12 | 82 | | 78 | | #DIV/0! |
| 13 - 15 | 3 | | 4 | | #DIV/0! |
| 16 - 18 | 12 | | 9 | | #DIV/0! |
| 19 - 20 | 0 | | 0 | | #DIV/0! |
| Total | 132 | | 127 | | #DIV/0! |
| | | | | | T 3.25.4 |

| Financial Performance Year 0: Financial Services | | | | | | R'000 |
|--|---------|-----------------|-------------------|---------|--------------------|-------|
| Details | Year -1 | Year 0 | | | Variance to Budget | |
| | Actual | Original Budget | Adjustment Budget | Actual | | |
| Total Operational Revenue | 192 303 | 200 806 | | 198 172 | -1% | |
| Expenditure: | | | | | | |
| Employees | 39 613 | 45 835 | 0 | 42 800 | -7% | |
| Repairs and Maintenance | 796 | 705 | 0 | 0 | 0% | |
| Other | 20 557 | 64 939 | 0 | 10 204 | -536% | |
| Total Operational Expenditure | 60 966 | 111 480 | 0 | 53 003 | -110% | |
| Net Operational Expenditure | 131 337 | 89 326 | 0 | 145 169 | 38% | |
| | | | | | T 3.25.5 | |

| Capital Expenditure Year 0: Financial Services | | | | | | R' 000 |
|--|--------|-------------------|--------------------|-------------------------------|---------------------|--------|
| Capital Projects | Year 0 | | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value | |
| Total All | 0 | 0 | 0 | 0% | | |
| Fencing of Fresh Produce Market | 0 | 0 | 0 | 0% | 0 | |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i> | | | | | T 3.25.6 | |



3.26 HUMAN RESOURCES

| Human Resource Services Policy Objectives Taken From IDP | | | | | | | | | |
|---|---|--------------------------------|--------|------------------------------|------------------------------|--------|--------------------------------|------------------------------|-------------------------------|
| Service Objectives <i>Service Indicators</i> (i) | Outline Service Targets (ii) | Year -1 | | Year 0 | | | Year 1 | Year 3 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous Year (iii) | | *Previous Year (v) | *Current Year (vi) | | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| Service Objective xxx | | | | | | | | | |
| To develop a performance management system for all employees | Signed Performance Contracts for all employees on post level 0 to 5/4 | 0 | 0 | 0 | 300 | 0 | 0 | 0 | 0 |
| | Signed Quarterly Performance appraisals for all employees on post level 0 to 5/4 | 0 | 0 | 0 | 300 | 0 | 0 | 0 | 0 |
| To improve the Administration of the Staff Establishment | Number of critical vacant positions filled | 0 | 0 | 0 | 30 | 0 | 0 | 0 | 0 |
| To review the Macro Organisational Structure | Approved revised Organisational Structure | 0 | 0 | 0 | 1 | 10 | 0 | 0 | 0 |
| To provide Task Compliant Job Descriptions | Number of posts with functional Job Descriptions | 0 | 0 | 0 | 1972 | 0 | 0 | 0 | 0 |
| To develop an efficient and effective Human Resource Management | Existence of an approved Human Resource Plan | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 |
| To ensure compliance with the Employment equity Act | Existence of an approved Human Resource Policy Manual | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 |
| To capacitate the institution to enable it to provide efficient, effective and sustainable service delivery | Maximise the number of Senior Management & Finance Personnel to be competent via National Treasury requirements for Financial Officials as per the Government Gazette 29967 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 |
| | Existence of an Equity Policy | 0 | 0 | 0 | 50 | 83 | 0 | 0 | 0 |
| T 3.26.3 | | | | | | | | | |



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

| Financial Performance Year 0: Human Resource Services | | | | | | R'000 |
|---|-----------|--------------------|----------------------|------------|-----------------------|-------|
| Details | Year -1 | Year 0 | | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget | |
| Total Operational Revenue | 0 | 0 | 0 | 0 | | |
| Expenditure: | | | | | | |
| Employees | 8,612,546 | 8,755,047 | 0 | 9,301,163 | 6% | |
| Repairs and Maintenance | 0 | 102,104 | 0 | 0 | | |
| Other | 589,002 | 2,305,181 | 0 | 966,854 | -138% | |
| Total Operational Expenditure | 9,201,549 | 11,162,332 | 0 | 10,268,017 | -9% | |
| Net Operational Expenditure | 9,201,549 | 11,162,332 | 0 | 10,268,017 | -9% | |
| T 3.26.5 | | | | | | |

| Capital Expenditure Year 0: Human Resource Services | | | | | | R' 000 |
|---|--------|----------------------|-----------------------|-------------------------------------|------------------------|--------|
| Capital Projects | Year 0 | | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value | |
| Total All | 260 | 326 | 378 | 31% | | |
| Project A | 100 | 130 | 128 | 22% | 280 | |
| Project B | 80 | 91 | 90 | 11% | 150 | |
| Project C | 45 | 50 | 80 | 44% | 320 | |
| Project D | 35 | 55 | 80 | 56% | 90 | |
| T 3.26.6 | | | | | | |



3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

T.3.27.1

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

| Financial Performance Year 0: ICT Services | | | | | | R'000 |
|--|-----------|--------------------|----------------------|-----------|-----------------------|-------|
| Details | Year -1 | Year 0 | | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget | |
| Total Operational Revenue | 0 | 0 | 0 | 0 | 0% | |
| Expenditure: | | | | | | |
| Employees | 2,986,959 | 2,598,522 | 0 | 3,372,045 | 23% | |
| Repairs and Maintenance | 727,132 | 2,792,180 | 0 | 1,717,685 | -63% | |
| Other | 5,344,290 | 10,827,532 | 250 | 4,890,476 | -121% | |
| Total Operational Expenditure | 9,058,381 | 16,218,234 | 250 | 9,980,206 | -63% | |
| Net Operational Expenditure | 9,058,381 | 16,218,234 | 250 | 9,980,206 | -63% | |
| <i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i> | | | | | | |
| T 3.27.5 | | | | | | |



| Capital Expenditure Year 0: ICT Services | | | | | |
|--|--------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 260 | 326 | 378 | 31% | |
| Project A | 100 | 130 | 128 | 22% | 280 |
| Project B | 80 | 91 | 90 | 11% | 150 |
| Project C | 45 | 50 | 80 | 44% | 320 |
| Project D | 35 | 55 | 80 | 56% | 90 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i> | | | | | T 3.27.6 |

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

The IDP shows that one of the objectives of ICT is to upgrade and maintain ICT Infrastructure. The report addressing this objective involves liaising with SITA on implementation of Government wide webpage development. In the meantime the provincial department came on board to assist the municipality in maintaining its website but the process has been fully successful and additional efforts between the municipality and the Office of the Premier are being implemented to rectify the challenges.

The items below were procured:

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

T.3.27.7



3.28 PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES

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

| Employees: Property; Legal; Risk Management; and Procurement Services | | | | | |
|---|----------------------|------------------|-----------|--|--------------------------------------|
| Job Level | Year -1 (2013/14) | Year 0 (2014/15) | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 2 | | 1 | | #DIV/0! |
| 4 - 6 | 5 | | 6 | | #DIV/0! |
| 7 - 9 | 8 | | 8 | | #DIV/0! |
| 10 - 12 | 12 | | 12 | | #DIV/0! |
| 13 - 15 | 3 | | 3 | | #DIV/0! |
| 16 - 18 | 4 | | 5 | | #DIV/0! |
| 19 - 20 | 0 | | 0 | | #DIV/0! |
| Total | 34 | | 35 | | #DIV/0! |
| | | | | | T 3.28.4 |



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

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

INTRODUCTION

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

T 4.0.1



4.1 EMPLOYEE TOTAL AND VACANCIES

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

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

T 4.1.1



| Vacancy Rate: Year 0 | | | |
|---|------------------------------|--|---|
| Designations | *Total Approved Posts | *Vacancies (Total time that vacancies exist using fulltime equivalents) | *Vacancies (as a proportion of total posts in each category) |
| | No. | No. | % |
| Municipal Manager | 1 | 0 | 0,00 |
| CFO | 1 | 1 | 100,00 |
| Other S57 Managers (excluding Finance Posts) | 10 | 1 | 10,00 |
| Other S57 Managers (Finance posts) | 3 | 1 | 33,33 |
| Police officers | 12 | 3 | 25,00 |
| Fire fighters | 20 | 3 | 15,00 |
| Senior management: Levels 13-15 (excluding Finance Posts) | 25 | 5 | 20,00 |
| Senior management: Levels 13-15 (Finance posts) | 6 | 2 | 33,33 |
| Highly skilled supervision: levels 9-12 (excluding Finance posts) | 35 | 8 | 22,86 |
| Highly skilled supervision: levels 9-12 (Finance posts) | 8 | 1 | 12,50 |
| Total | 121 | 25 | 20,66 |

T 4.1.2

| Turn-over Rate | | | |
|-----------------------|---|---|------------------------|
| Details | Total Appointments as of beginning of Financial Year | Terminations during the Financial Year | Turn-over Rate* |
| | No. | No. | |
| Year -2 | 24 | 108 | 450% |
| Year -1 | 553 | 148 | 27% |
| Year 0 | 29 | 65 | 224% |
| Total | 606 | 321 | |

T 4.1.3

COMMENT ON VACANCIES AND TURNOVER

The Matjhabeng Local Municipality's staff turnover is as the result of people reaching retirement age and death. During the year under review Matjhabeng Local Municipality has not experienced the departure of a Section 57 Manager.

In the year under review Matjhabeng Local Municipality experienced the staff turnover of 14%. This is considered low because the universally accepted norm is 15%. The Matjhabeng Local Municipality's staff turnover is as the result of people reaching the retirement age and others is the death. During the year under review Matjhabeng Local Municipality has not experienced the departure of a Section 57 Manager

T 4.1.4



INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Matjhabeng Municipality's vacancy rate is at 51% of its total staff establishment. Despite the economic challenges, the Municipality has managed to provide at least minimum services to the community. This has been possible due to mobility of staff which as a need arises, is taken to work where the demand for services is required.

Overtime Policy

Despite the challenges of keeping within the prescripts of Basic Conditions of Employment Act, 1997, the municipality has implemented the measures to control overtime by using the earning threshold as determined by the Minister of Labour. No overtime, unless it is an emergency, is worked without prior application and approval by the Head of Department

Employee Assistance Program

The Matjhabeng Local Municipality has programs that assist employees on:

- Stress Management
- Alcohol and substance abuse
- Work related issues such as absenteeism
- Psycho-social problems
- HIV/AIDS support and counselling
- Financial life-skills

Skills Development

Matjhabeng Local Municipality provides employees with the opportunity to further their formal studies through study assistant program

Labour Relations

The Labour Relations component is utilized to keep harmonious relationships between the employer and the employees. Issues that affect employees and employer are discussed at the Local Labour Forum. Representation at this forum is in terms of Collective Agreement.

Occupational Health and Safety

During the year under review, 300 employees who work at high risk areas such as sewerage plants were taken for annual Hepatitis health check-ups.

Furthermore the Municipality complies with legislation in terms of:

- Legal appointment of Municipal Manager in terms of 16.1 of the Occupation Health and Safety Act, including Managers reporting directly to the Municipal Manager in terms of 16.2 of the Act, have been done.
- Appointment of Safety Representations.

Employment Equity

The Employment Equity Report was compiled and approved by Council in 2011/12 financial year. Progress reports are submitted to the Department of labour annually.

T 4.2.0



4.2 POLICIES

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



| | | | | |
|----|----------------------------------|-----------|------|----------------|
| 45 | Travelling & Subsistence | 28-Aug-07 | 2011 | 28-Aug-07 |
| 46 | Work Organisation | | | |
| 47 | Uniforms and Protective Clothing | | | |
| 48 | Other: | | | |
| | | | | T 4.2.1 |

COMMENT ON WORKFORCE POLICY DEVELOPMENT

The Municipality utilizes the services of SALGA when developing policies and procedures that relates to organizational development. This is done to ensure that policies and procedures are in line with applicable collective agreements and legislation.

T.4.2.1.1



4.3 INJURIES, SICKNESS AND SUSPENSIONS

| Number and Cost of Injuries on Duty | | | | | |
|---------------------------------------|--------------------|------------------------------|---------------------------------------|-----------------------------------|----------------------|
| Type of injury | Injury Leave Taken | Employees using injury leave | Proportion employees using sick leave | Average Injury Leave per employee | Total Estimated Cost |
| | Days | No. | % | Days | R'000 |
| Required basic medical attention only | 105 | 44 | 42% | 2 | 34002 |
| Temporary total disablement | 0 | 0 | | 0 | 0 |
| Permanent disablement | 0 | 0 | | 0 | 0 |
| Fatal | 0 | 3 | | 0 | 0 |
| Total | 105 | 47 | 45% | 21 | 34002 |

T 4.3.1

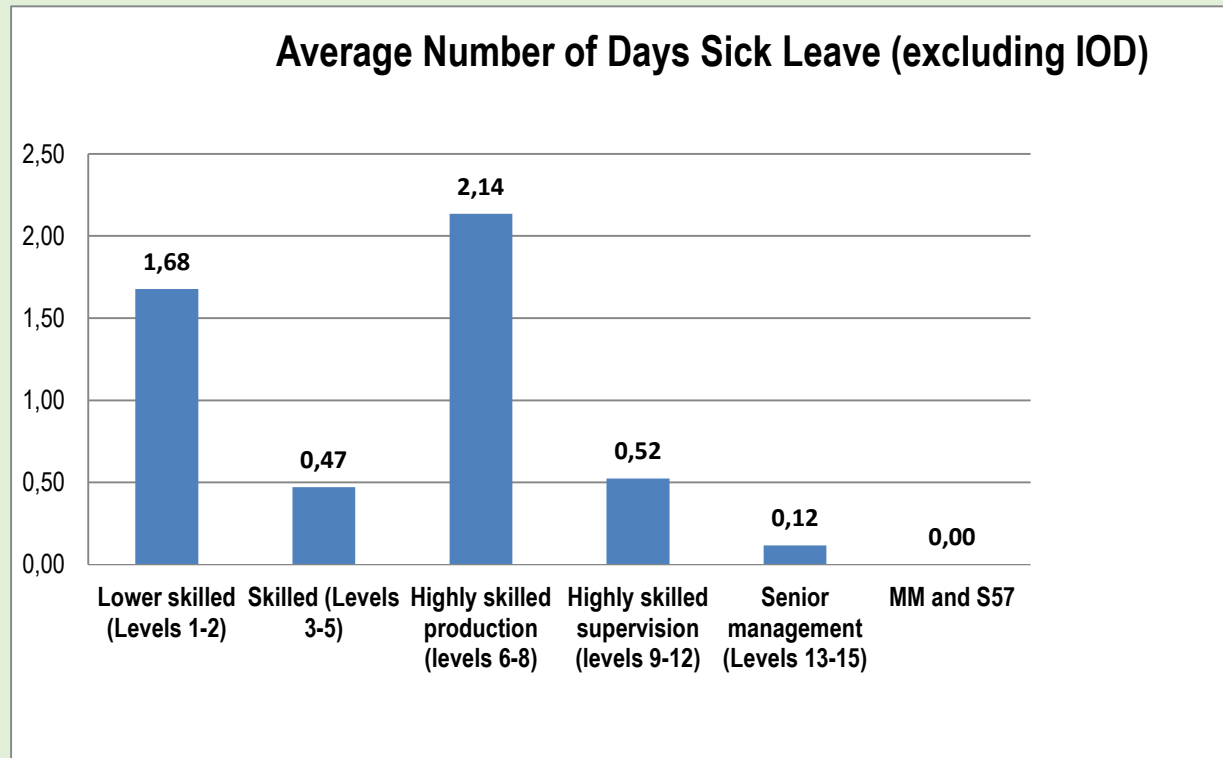
| Number of days and Cost of Sick Leave (excluding injuries on duty) | | | | | | |
|--|------------------|--|----------------------------|--------------------------|-----------------------------------|----------------|
| Salary band | Total sick leave | Proportion of sick leave without medical certification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

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

T 4.3.2



AVERAGE NUMBER OF DAYS SICK LEAVE (EXCLUDING IOD)



T.4.3.3

COMMENT ON INJURY AND SICK LEAVE

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

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

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

T.4.3.4



| Number and Period of Suspensions | | | | |
|---|---|---------------------------|---|-------------------------|
| Position | Nature of Alleged Misconduct | Date of Suspension | Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised | Date Finalised |
| Admin Officer | Alleged assault towards Senior Manager Town Planning and Housing | 21/4/2015 | Matter partly heard. Was set down for 4/12 but parties failed to attend proceedings | New date to be set down |
| Foreman | Suspension - Failure to attend to burst pipe in Long Road Welkom on 13 April 2015 | 15/6/2015 | Employee went on pension in terms of Par 9.1 of Disc Code and hearing did not proceed. | 27/10/2015 |
| | | | | |
| | | | | T 4.3.5 |

| Disciplinary Action Taken on Cases of Financial Misconduct | | | |
|---|--|---|-----------------------|
| Position | Nature of Alleged Misconduct and Rand value of any loss to the municipality | Disciplinary action taken | Date Finalised |
| Cashier | Par: 2.7.10 Petty cash shortage of R96.15 Par: 2.7.5 Gross dishonesty by write the receipts and did not put the money through cash drawer system. | Disciplinary hearing held, case dismissed by Presiding Officer : Agreement was made in good faith between the employer and employee; employee was under the impression that the matter was closed; continuation of the matter will have a double jeopardy impact on employee; employee cannot be held responsible if employer did not follow right procedures | 13/5/2015 |
| General Worker | Alleged theft of electrical Transformer by assisting with its loading and offloading. No monetary value was indicated in the Accusation and Investigation Report | Case dismissed due to: Case based on circumstantial evidence; Prosecutor failed to discharge on a balance of probability that the employee was guilty | 19/6/2015 |
| Acting Street Light Attendant; Electrician, 3 x Artisan Aids | Alleged involvement of 6 streetlight fittings - no monetary value was indicated on the forms when the employees where charged | Case dismissed due to: Prosecutor could not even begin to formulate an opening statement; in presenting Management Case there was nothing concrete to base the case on; total lack of evidence | 8/6/2015 |
| | | | T 4.3.6 |

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

There were two cases of financial misconduct during the year under review. One employee was found guilty and was dismissed. One employee resigned before the case could be finalized. The file for one case was closed.

T.4.3.7



4.4 PERFORMANCE REWARDS

| Performance Rewards By Gender | | | | | |
|--|---------------------|------------------------------------|-------------------------|--------------------------------------|--|
| Designations | Beneficiary profile | | | | |
| | Gender | Total number of employees in group | Number of beneficiaries | Expenditure on rewards Year 1 R' 000 | Proportion of beneficiaries within group % |
| Lower skilled (Levels 1-2) | Female | 20 | 9 | | 45% |
| | Male | 30 | 12 | | |
| Skilled (Levels 3-5) | Female | | | | |
| | Male | | | | |
| Highly skilled production (levels 6-8) | Female | | | | |
| | Male | | | | |
| Highly skilled supervision (levels 9-12) | Female | | | | |
| | Male | | | | |
| Senior management (Levels 13-15) | Female | | | | |
| | Male | | | | |
| MM and S57 | Female | | | | |
| | Male | | | | |
| Total | | 50 | 21 | | |
| <i>Has the statutory municipal calculator been used as part of the evaluation process?</i> | | | | | Yes/No |
| | | | | | T 4.4.1 |

COMMENT ON PERFORMANCE REWARDS

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

T 4.4.1.1



COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Matjhabeng Municipality's vacancy rate is at 51% of its total staff establishment. Despite the economic challenges the Municipality has managed to provide at least minimum services to the community. This has been possible due to mobility of staff which as a need arises, is taken to work where the demand for services is required.

Overtime Policy

Despite the challenges of keeping within the prescripts of Basic Conditions of Employment Act, 1997, the municipality has implemented the measures to control overtime by using the earning threshold as determined by the Minister of Labour. No overtime, unless it is an emergency, is worked without prior application and approval by the Head of Department.

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- Stress Management
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- Psycho-social problems
- HIV/AIDS support and counselling
- Financial life-skills.

Skills Development

Matjhabeng Local Municipality provides employees with the opportunity to further their formal studies through study assistant program.

Labour Relations

The Labour Relations component is utilized to keep harmonious relationships between the employer and the employees. Issues that affects employees and employer are discussed at the Local Labour Forum. Representation at this forum is in terms of Collective Agreement.

Occupational Health and Safety

During the year under review, 300 employees who work at high risk areas such as sewerage plants were taken for annual Hepatitis health checkup.

Furthermore the Municipality complies with legislation in terms of:

- Legal appointment of Municipal Manager in terms of 16.1 of the Occupation Health and Safety Act, including managers reporting directly to Municipal Manager in terms of 16.2 of the Act, have been done.
- Appointment of Safety Representations.

Employment Equity

The Employment Equity Report was compiled and approved by Council in 2011/2012 financial year. Progress reports are submitted to the Department of Labour annually.

T.4.5.0



4.5 SKILLS DEVELOPMENT AND TRAINING

| Skills Matrix | | | | | | | | | | | | | | |
|--|--------|--|--|------------------------|-----------------------|---|------------------------|-----------------------|-------------------------|------------------------|-----------------------|---------------|------------------------|-----------------------|
| Management level | Gender | Employees in post as at 30 June Year 0 | Number of skilled employees required and actual as at 30 June Year 0 | | | | | | | | | | | |
| | | | Learnerships | | | Skills programmes & other short courses | | | Other forms of training | | | Total | | |
| | | | No. | Actual: End of Year -1 | Actual: End of Year 0 | Year 0 Target | Actual: End of Year -1 | Actual: End of Year 0 | Year 0 Target | Actual: End of Year -1 | Actual: End of Year 0 | Year 0 Target | Actual: End of Year -1 | Actual: End of Year 0 |
| MM and s57 | Female | | 5 | | | | | | | 0 | 1 | | | 1 |
| | Male | | 5 | | | | | | | 1 | 2 | | 1 | 2 |
| Councillors, senior officials and managers | Female | | 2 | | | | | | | 3 | 3 | | 3 | 3 |
| | Male | | 3 | | | | | | | 4 | 4 | | 4 | 4 |
| Technicians and associate professionals* | Female | | 4 | | | | | | | 2 | 2 | | 2 | 2 |
| | Male | | 8 | | | | | | | 8 | 9 | | 8 | 9 |
| Professionals | Female | | 8 | | | | | | | 6 | 6 | | 6 | 6 |
| | Male | | 6 | | | | | | | 2 | 2 | | 2 | 2 |
| Sub total | Female | | 19 | | | | | | | 11 | 12 | | 11 | 12 |
| | Male | | 22 | | | | | | | 15 | 17 | | 15 | 17 |
| Total | | 0 | 82 | 0 | 0 | 0 | 0 | 0 | 0 | 52 | 58 | 0 | 52 | 58 |

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

T 4.5.1



Financial Competency Development: Progress Report*

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

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

T 4.5.2

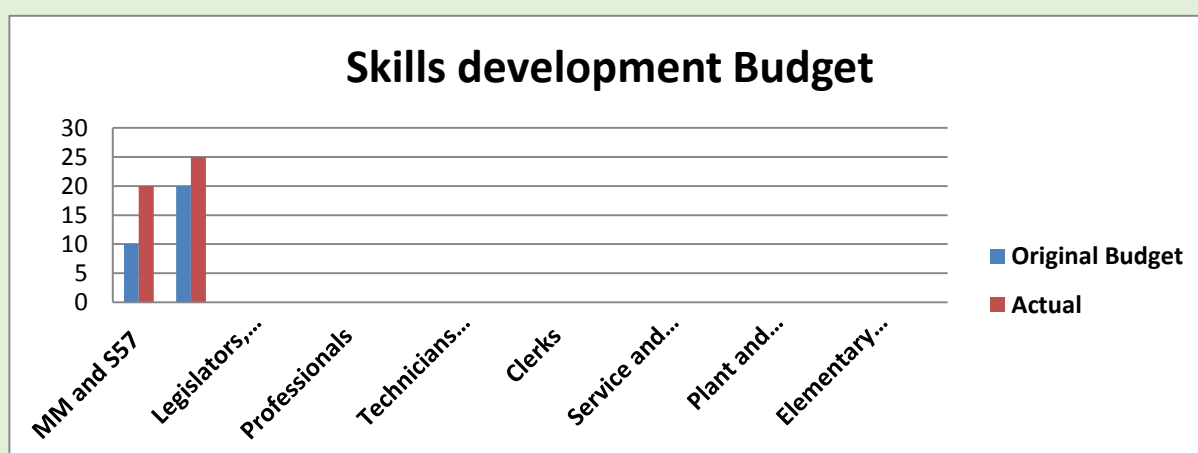


Skills Development Expenditure

R'000

| Management level | Gender | Employee s as at the beginning of the financial year | Original Budget and Actual Expenditure on skills development Year 1 | | | | | | | | |
|--|--------|---|---|--------------------|---|--------------------|----------------------------|--------------------|--------|--------------------|--------|
| | | | Learnerships | | Skills programmes & other short courses | | Other forms of training | | Total | | |
| | | | No. | Original Budget | Actual | Original Budget | Actual | Original Budget | Actual | Original Budget | Actual |
| MM and S57 | Female | | | | | | | 10 | 20 | 10 | 20 |
| | Male | | | | | | | 20 | 25 | 20 | 25 |
| Legislators, senior officials and managers | Female | | | | | | | | | | |
| | Male | | | | | | | | | | |
| Professionals | Female | | | | | | | | | | |
| | Male | | | | | | | | | | |
| Technicians and associate professionals | Female | | | | | | | | | | |
| | Male | | | | | | | | | | |
| Clerks | Female | | | | | | | | | | |
| | Male | | | | | | | | | | |
| Service and sales workers | Female | | | | | | | | | | |
| | Male | | | | | | | | | | |
| Plant and machine operators and assemblers | Female | | | | | | | | | | |
| | Male | | | | | | | | | | |
| Elementary occupations | Female | | | | | | | | | | |
| | Male | | | | | | | | | | |
| Sub total | Female | | | | | | | 10 | 20 | 10 | 20 |
| | Male | | | | | | | 20 | 25 | 20 | 25 |
| Total | | | 0 | 0 | 0 | 0 | 0 | 30 | 45 | 30 | 45 |

SKILLS DEVELOPMENT BUDGET



T.4.5.3



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

The following table outlines the progress in terms of Managers and senior Manager who meet competency levels. The Management Development Program for those who do not meet the minimum competencies has been scheduled in the year 2014/15 financial year.

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

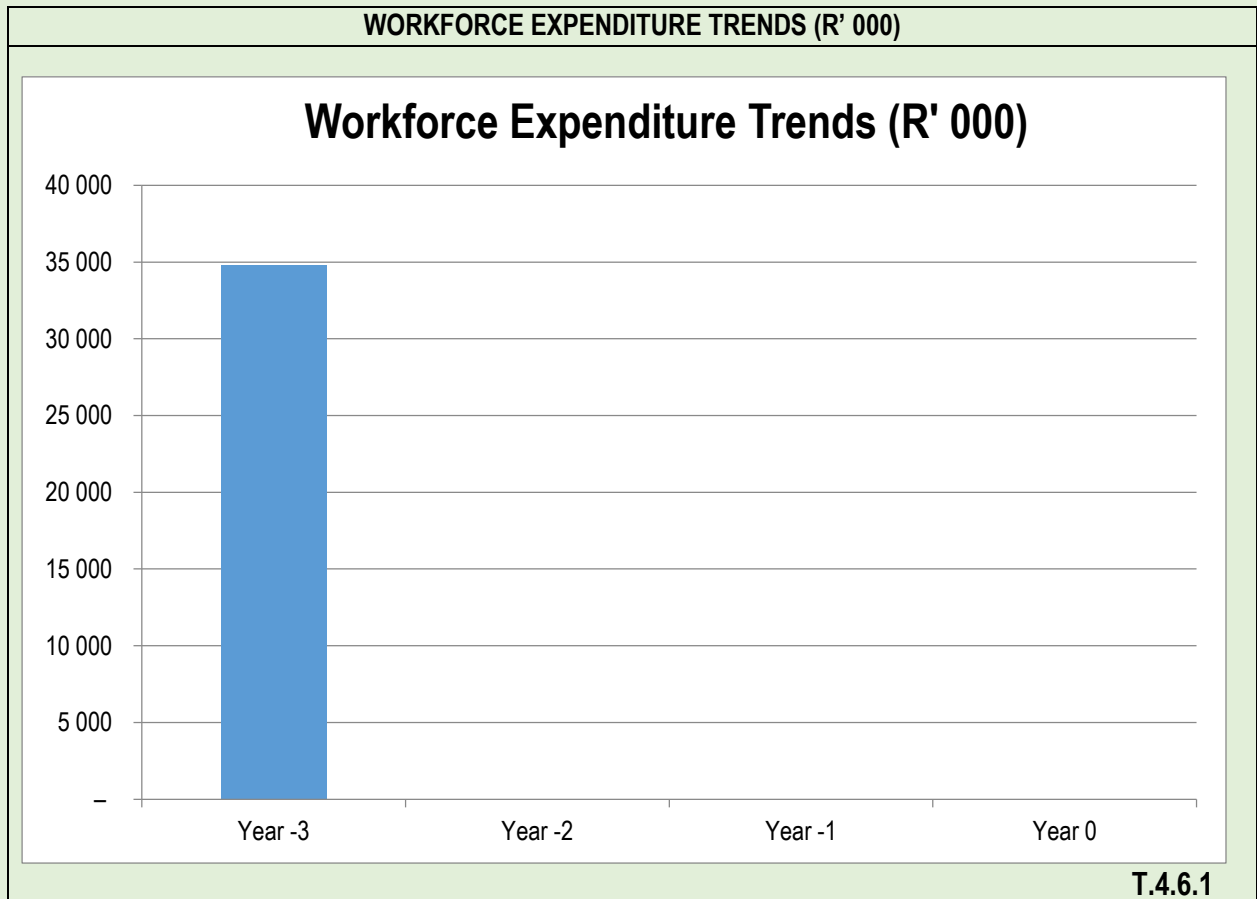
T.4.5.4

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



COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE



COMMENT ON WORKFORCE EXPENDITURE

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

T 4.6.1.1



| Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded | | |
|---|--------|----------------|
| Beneficiaries | Gender | Total |
| Lower skilled (Levels 1-2) | Female | |
| | Male | |
| Skilled (Levels 3-5) | Female | |
| | Male | |
| Highly skilled production (Levels 6-8) | Female | |
| | Male | |
| Highly skilled supervision (Levels 9-12) | Female | |
| | Male | |
| Senior management (Levels 13-16) | Female | |
| | Male | |
| MM and S 57 | Female | |
| | Male | |
| Total | | 0 |
| | | T 4.6.2 |

| Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation | | | | |
|---|---------------------|----------------------|--------------------|----------------------|
| Occupation | Number of employees | Job evaluation level | Remuneration level | Reason for deviation |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | T 4.6.3 |

| Employees appointed to posts not approved | | | | |
|---|-------|---------------------|---------------|---|
| Department | Level | Date of appointment | No. appointed | Reason for appointment when no established post exist |
| | | | | |
| | | | | |
| | | | | T 4.6.4 |



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

No positions were upgraded during the year under review.

T 4.6.5

DISCLOSURES OF FINANCIAL INTERESTS

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

Councillors who have a financial interest complete the Disclosure of Financial Interest forms and in a council meeting in accordance with a standing item in the business of every Ordinary Council meeting for disclosure of financial interest by all Councillors.

Section 57 appointees disclose their financial interest annually in line with the annual review of their service level agreements.

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

T.4.6.6



CHAPTER 5: FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL PERFORMANCE

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

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

T.5.0.1



COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

Section 122 of the Municipal Finance Management Act 56 of 2003 states that every municipality must prepare annual financial statements for each financial year. The annual financial statements for the 2014/2015 financial year was prepared in compliance with section 122 of the Municipal Finance Management Act as well as GRAP.

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

T.5.1.0

| Financial Performance of Operational Services | | | | | | | R '000 |
|---|----------------|------------------|--------------------|-----------------|-----------------|--------------------|--------|
| Description | Year -1 | Year 0 | | Year 0 Variance | | | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget | |
| Operating Cost | | | | | | | |
| Water | 234 903 | 646 886 | 646 880 | 200 031 | -223,39% | -223,39% | |
| Waste Water (Sanitation) | 35 913 | 167 768 | 167 637 | 49 438 | -239,35% | -239,08% | |
| Electricity | 221 925 | 472 486 | 464 806 | 262 497 | -80,00% | -77,07% | |
| Waste Management | 62 584 | 206 033 | 204 701 | 64 723 | -218,33% | -216,27% | |
| Housing | 14 646 | 16 659 | 16 426 | 22 040 | 24,41% | 25,47% | |
| Component A: sub-total | 569 971 | 1 509 833 | 1 500 450 | 598 729 | -152,17% | -150,61% | |
| Waste Water (Stormwater Drainage) | 14 336 | 27 981 | 27 981 | 9 879 | -183,23% | -183,23% | |
| Roads | 14 011 | 41 954 | 36 442 | 31 360 | -33,78% | -16,21% | |
| Transport | - | - | - | - | 0,00% | 0,00% | |
| Component B: sub-total | 28 346 | 69 935 | 8 624 | 9 554 | -631,96% | 9,73% | |
| Planning | - | - | - | - | 0,00% | 0,00% | |
| Local Economic Development | 11 172 | 17 370 | 17 308 | 12 935 | -34,29% | -33,81% | |
| Component B: sub-total | 11 172 | 17 370 | 17 308 | 12 935 | -34,29% | -33,81% | |
| Planning (Strategic & Regulatory) | - | - | - | - | 0,00% | 0,00% | |
| Local Economic Development | - | - | - | - | 0,00% | 0,00% | |
| Component C: sub-total | - | - | - | - | 0,00% | 0,00% | |
| Community & Social Services | 4 713 | 11 014 | 11 009 | 6 608 | -66,68% | -66,60% | |
| Environmental Protection | - | - | - | 6 405 | 0,00% | 0,00% | |
| Health | - | 4 414 | 4 414 | 463 | 0,00% | 0,00% | |
| Security and Safety | 96 308 | 109 081 | 111 047 | 132 849 | 17,89% | 16,41% | |
| Sport and Recreation | 64 349 | 75 174 | 74 041 | 80 286 | 6,37% | 7,78% | |
| Corporate Policy Offices and Other | - | 54 297 | 54 223 | 72 234 | 0,00% | 0,00% | |
| Component D: sub-total | 165 370 | 253 980 | 254 734 | 298 845 | 15,01% | 14,76% | |
| Total Expenditure | 774 860 | 1 851 118 | 1 781 116 | 920 063 | -101,19% | -93,59% | |

T 5.1.2



COMMENT ON FINANCIAL PERFORMANCE

The variance of 40.34% on the financial performance was a result of the cash flow constraints and the low consumer pay rate experienced during the year under review.

T.5.1.3



5.2 GRANTS

| Grant Performance | | | | | | |
|---|----------------|----------------|------------------------|-----------------|---------------------------|-------------------------------|
| R' 000 | | | | | | |
| Description | Year -1 | Year 0 | | Year 0 Variance | | |
| | Actual | Budget | Adjustment s Budget | Actual | Original Budget (%) | Adjustment s Budget (%) |
| Operating Transfers and Grants | | | | | | |
| National Government: | 428 512 | 417 931 | - | 418 552 | | |
| Equitable share | 426 072 | 415 397 | - | 416 018 | -0,15% | (0) |
| Municipal Systems Improvement | 890 | 934 | - | 934 | 0,00% | (0) |
| Finance Management | 1 550 | 1 600 | - | 1 600 | | |
| Provincial Government: | - | - | - | - | | |
| Health subsidy | - | | | - | | |
| Housing | - | | | - | | |
| Ambulance subsidy | - | | | - | | |
| Sports and Recreation | - | | | - | | |
| District Municipality: | - | - | - | - | | |
| <i>[insert description]</i> | | | | | | |
| Other grant providers: | - | - | - | - | | |
| <i>[insert description]</i> | | | | | | |
| Total Operating Transfers and Grants | 428 512 | 417 931 | - | 418 552 | | |

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.

T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS

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

T 5.2.2



| Grants Received From Sources Other Than Division of Revenue Act (DoRA) | | | | | | |
|--|----------------------|---------------------|-------------------------------|-----------------------|--|--|
| Details of Donor | Actual Grant Year -1 | Actual Grant Year 0 | Year 0 Municipal Contribution | Date Grant terminates | Date Municipal contribution terminates | Nature and benefit from the grant received, include description of any contributions in kind |
| Parastatals | | | | | | |
| A - "Project 1" | | | | | | |
| A - "Project 2" | | | | | | |
| B - "Project 1" | | | | | | |
| B - "Project 2" | | | | | | |
| | | | | | | |
| Foreign Governments/Development Aid Agencies | | | | | | |
| A - "Project 1" | | | | | | |
| A - "Project 2" | | | | | | |
| B - "Project 1" | | | | | | |
| B - "Project 2" | | | | | | |
| | | | | | | |
| Private Sector / Organisations | | | | | | |
| A - "Project 1" | | | | | | |
| A - "Project 2" | | | | | | |
| B - "Project 1" | | | | | | |
| B - "Project 2" | | | | | | |
| | | | | | | |
| | | | | | | T 5.2.3 |



5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

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

T 5.3.1

| TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0 | | R1m | | | |
|---|-------------------------------------|---------|---------|--------|--|
| Asset 1 | | | | | |
| Name | Road 300 | | | | |
| Description | Construction of Storm water & roads | | | | |
| Asset Type | Road & Storm Water | | | | |
| Key Staff Involved | PMU | | | | |
| Staff Responsibilities | Project Management | | | | |
| Asset Value | Year -3 | Year -2 | Year -1 | Year 0 | |
| | | 50 402 | 6 841 | 0 | |
| Capital Implications | | | | | |
| Future Purpose of Asset | | | | | |
| Describe Key Issues | | | | | |
| Policies in Place to Manage Asset | | | | | |
| Asset 2 | | | | | |
| Name | Kutlwanong WWTW | | | | |
| Description | Upgrading of sewerage plant | | | | |
| Asset Type | Sanitation | | | | |
| Key Staff Involved | PMU | | | | |
| Staff Responsibilities | Project Management | | | | |
| Asset Value | Year -3 | Year -2 | Year -1 | Year 0 | |
| | | 30 210 | 4 039 | 1 498 | |
| Capital Implications | | | | | |
| Future Purpose of Asset | | | | | |
| Describe Key Issues | | | | | |
| Policies in Place to Manage Asset | | | | | |
| T 5.3.2 | | | | | |



COMMENT ON ASSET MANAGEMENT

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

T.5.3.3

| Repair and Maintenance Expenditure: Year 0 | | | | |
|--|-----------------|-------------------|--------|-----------------|
| R' 000 | | | | |
| | Original Budget | Adjustment Budget | Actual | Budget variance |
| Repairs and Maintenance Expenditure | 159,911 | 0 | 26,882 | 83% |
| T 5.3.4 | | | | |

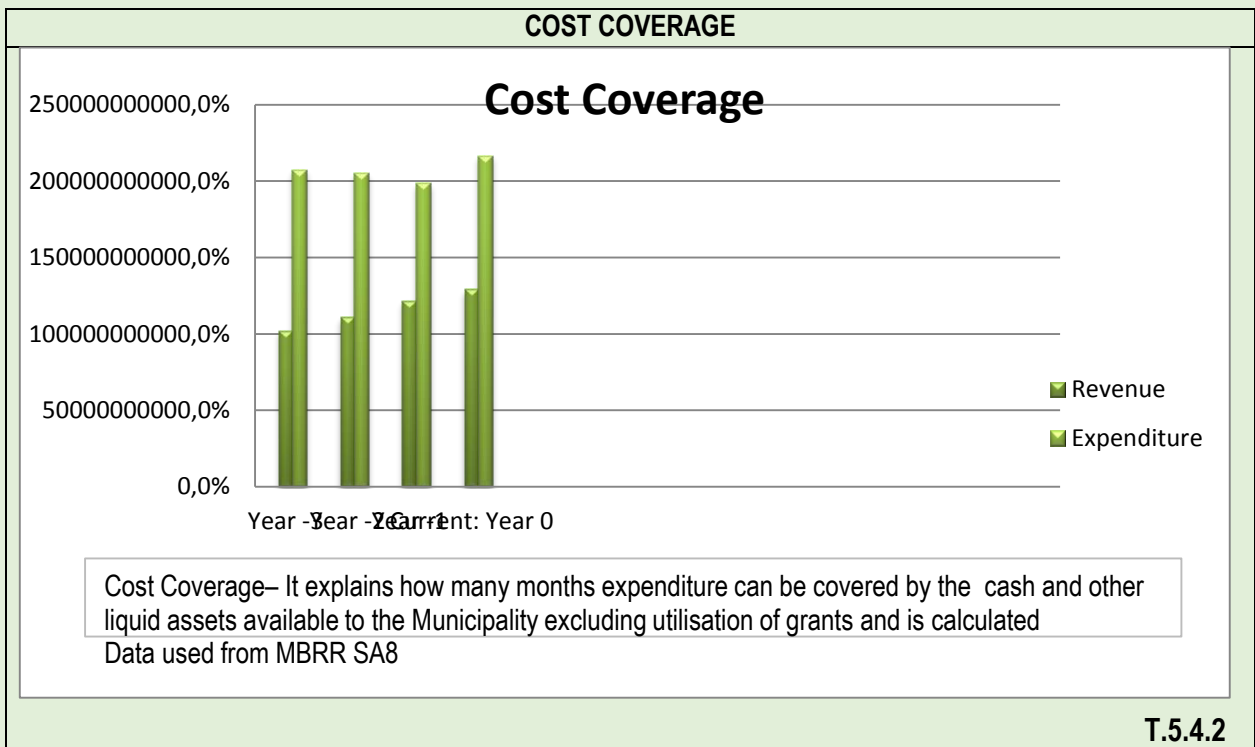
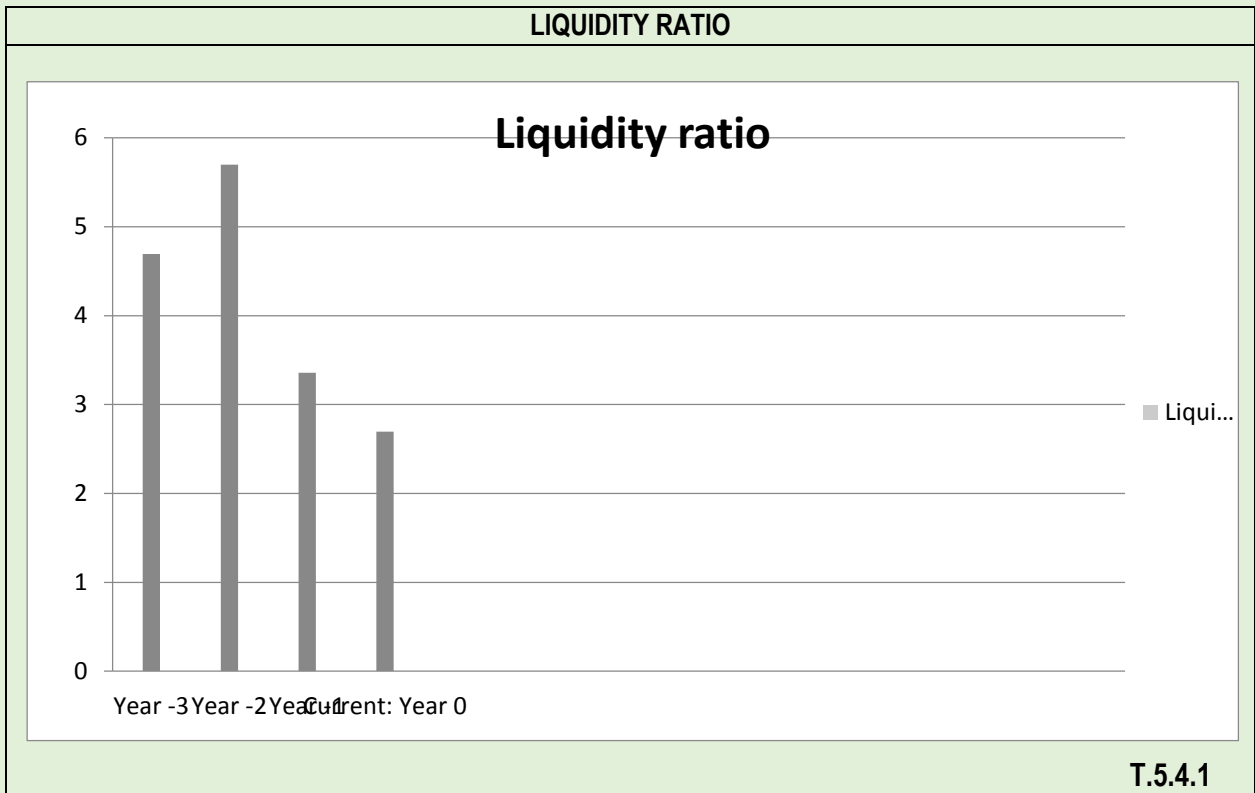
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

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

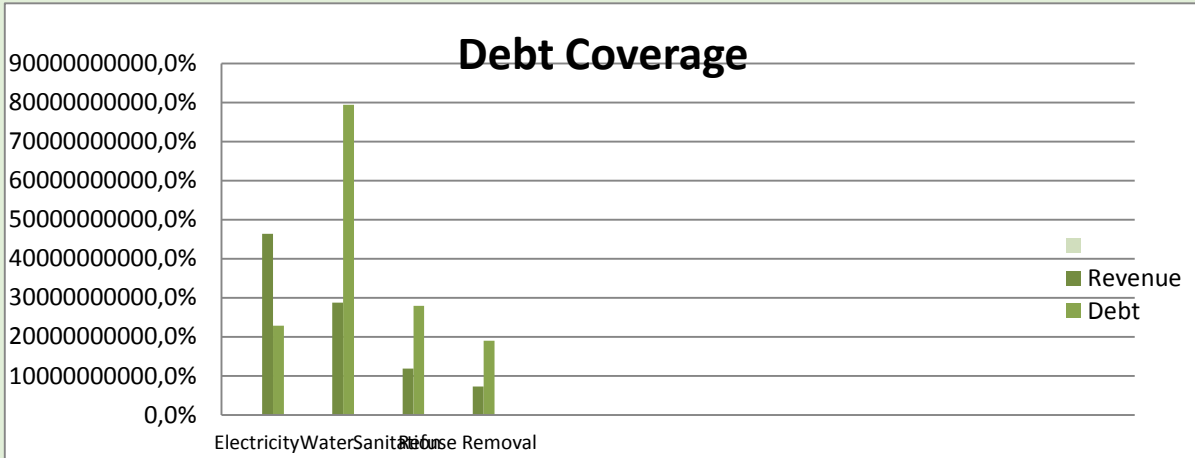
T 5.3.4.1



5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



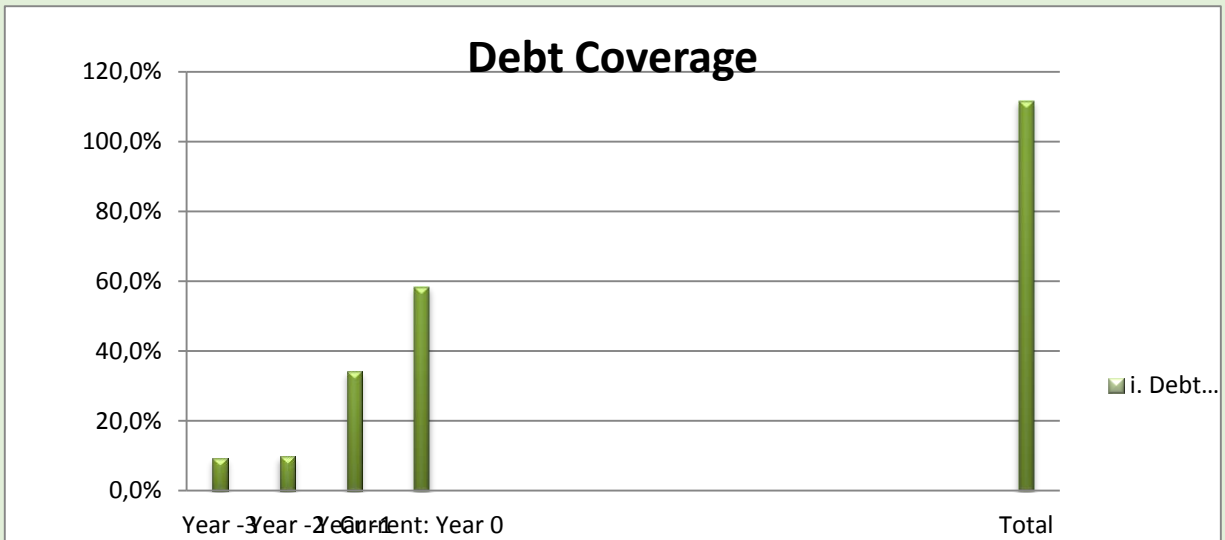
TOTAL OUTSTANDING SERVICE DEBTORS



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

T.5.4.3

DEBT COVERAGE



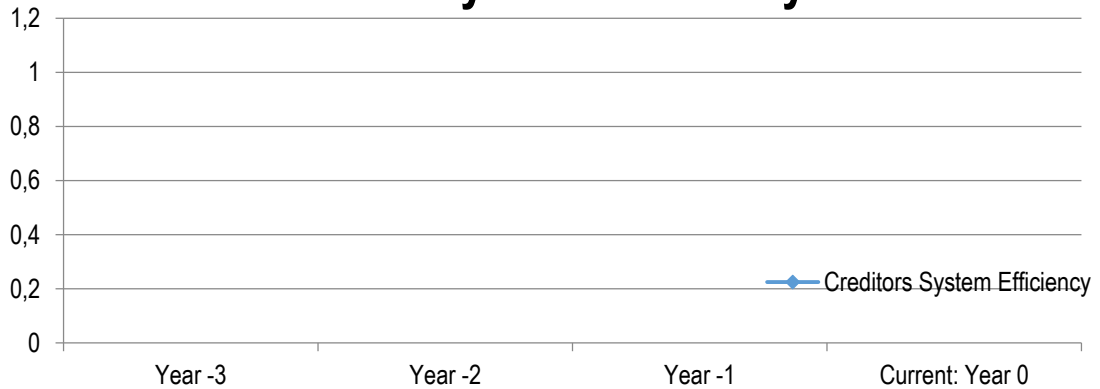
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality
Data used from MBRR SA8

T.5.4.4



CREDITORS SYSTEM EFFICIENCY

Creditors System Efficiency

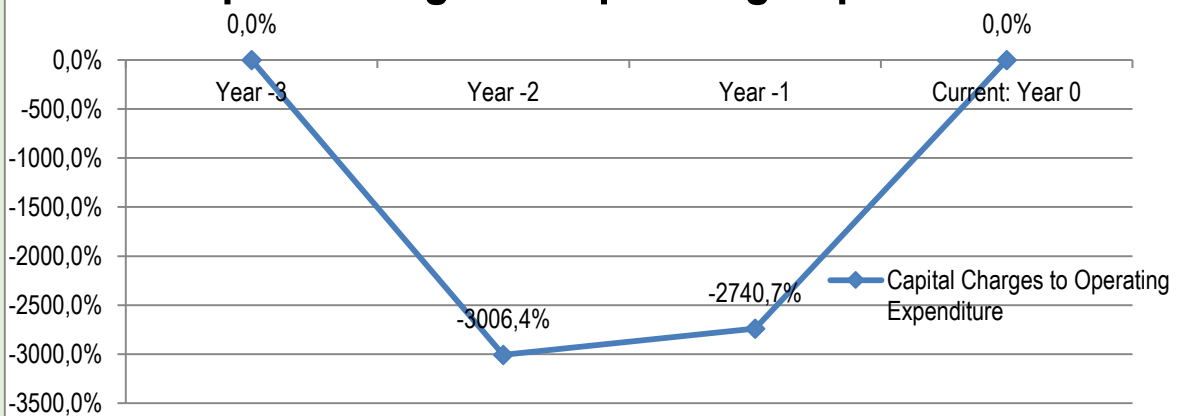


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days).
 This ratio is calculated by outstanding trade creditors divided by credit purchases
 Data used from MBRR SA8

T.5.4.5

CAPITAL CHARGES TO OPERATING EXPENDITURE

Capital Charges to Operating Expenditure

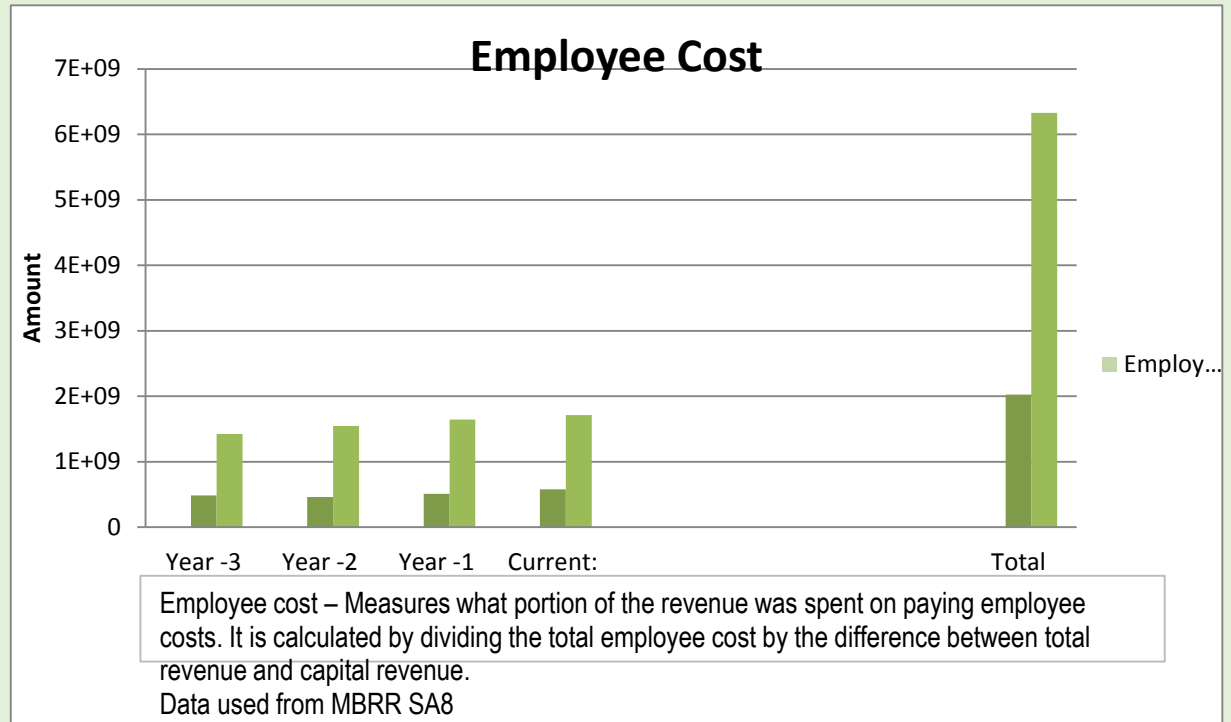


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.
 Data used from MBRR SA8

T.5.4.6

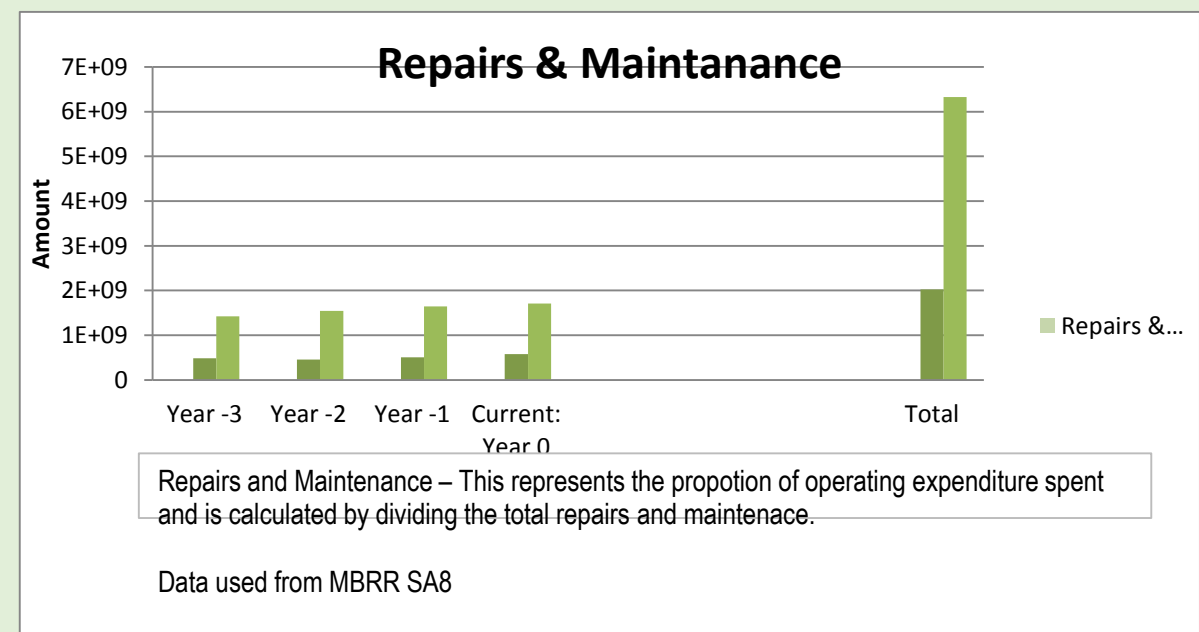


EMPLOYEE COSTS



T.5.4.7

REPAIRS & MAINTENANCE

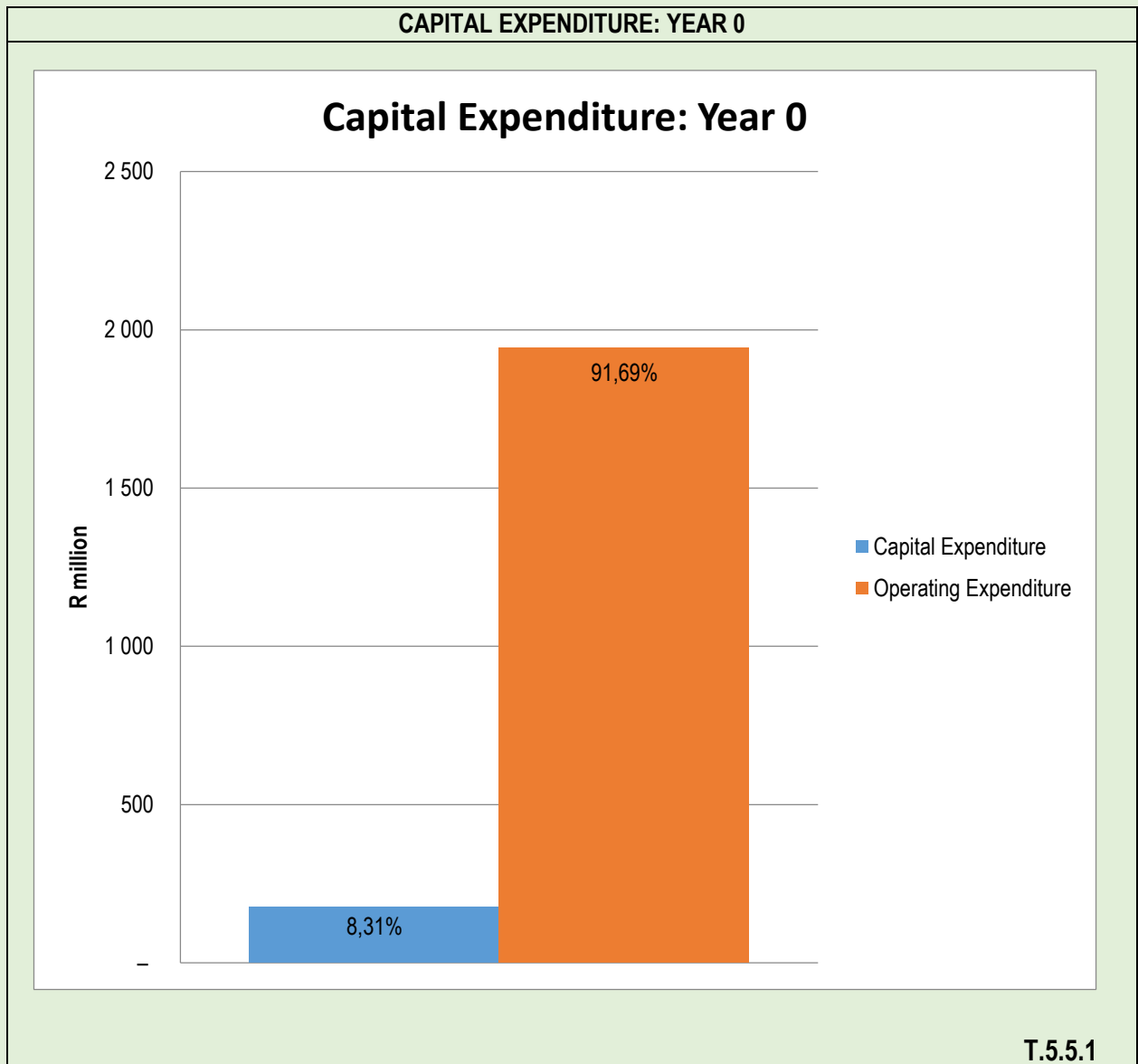


T.5.4.8



COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

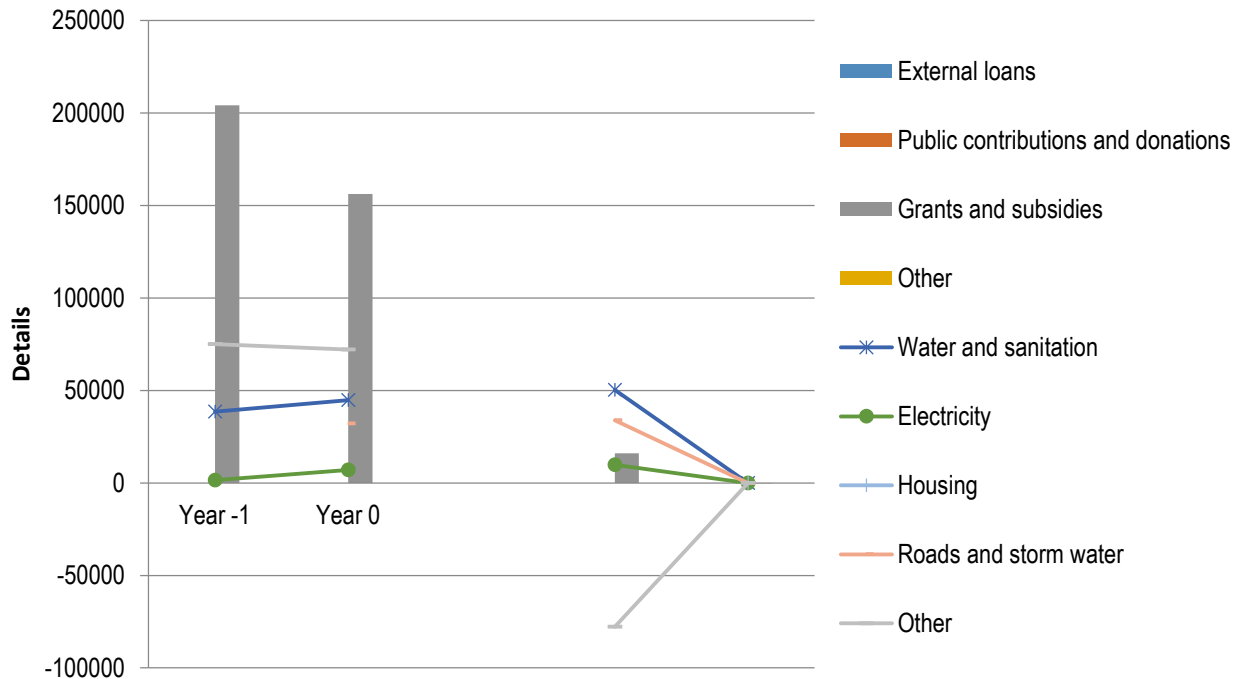
5.5 CAPITAL EXPENDITURE



5.6 SOURCES OF FINANCE

SOURCE OF FINANCE AND CAPITAL EXPENDITURE

Source of Finance and Capital Expenditure



T.5.6.1

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

R' 000

| Details | Year -1 | Year 0 | | | | |
|------------------------------------|---------------|----------------------|-------------------|--------------|-------------------------------|---------------------------|
| | Actual | Original Budget (OB) | Adjustment Budget | Actual | Adjustment to OB Variance (%) | Actual to OB Variance (%) |
| Source of finance | | | | | | |
| External loans | 0 | 0 | 0 | 0 | 0,00% | 0,00% |
| Public contributions and donations | 0 | 0 | 0 | 0 | 0,00% | 0,00% |
| Grants and subsidies | 204129 | 156246 | 0 | 16088 | -100,00% | -89,70% |
| Other | 0 | 0 | 0 | 0 | 0,00% | 0,00% |
| Total | 204129 | 156246 | 0 | 16088 | -100,00% | -89,70% |
| Percentage of finance | | | | | | |
| External loans | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| Public contributions and donations | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| Grants and subsidies | 100,0% | 100,0% | 0,0% | 100,0% | 100,0% | 0,0% |
| Other | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| Capital expenditure | | | | | | |



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



5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

| Capital Expenditure of 5 largest projects* | | | | | |
|---|---|-------------------|--------------------|--------------------------|-------------------------|
| Name of Project | Current: Year 0 | | | Variance: Current Year 0 | |
| | Original Budget | Adjustment Budget | Actual Expenditure | Original Variance (%) | Adjustment variance (%) |
| | A - Name of Project | 57 286 400,00 | 57 286 400,00 | 57 286 400,00 | 0% |
| 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 | 98,773 | 96% | 4,002 | 4% |
| Sanitation | 79,534 | 72% | 30,906 | 28% |
| Electricity | 30,415 | 99% | 320 | 1% |
| Waste management | | % | | % |
| Housing | | % | | % |
| T 5.8.2 | | | | |

| Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs | | | | | | |
|--|----------------|--------------------|----------------|-------------|--------------------|---|
| R' 000 | | | | | | |
| Details | Budget | Adjustments Budget | Actual | Variance | | Major conditions applied by donor (continue below if necessary) |
| | | | | Budget | Adjustments Budget | |
| Infrastructure - Road transport | | | | % | % | |
| <i>Roads, Pavements & Bridges</i> | 45,427 | | 79,607 | 75% | % | |
| <i>Storm water</i> | 44,641 | | 14,991 | -66% | % | |
| Infrastructure - Electricity | | | | % | % | |
| <i>Generation</i> | | | | % | % | |
| <i>Transmission & Reticulation</i> | | | | % | % | |
| <i>Street Lighting</i> | 806 | 806 | 806 | 0% | % | |
| Infrastructure - Water | | | | % | % | |
| <i>Dams & Reservoirs</i> | | | | % | % | |
| <i>Water purification</i> | | | | % | % | |
| <i>Reticulation</i> | 12,293 | | 0 | -100% | % | |
| Infrastructure - Sanitation | | | | % | % | |
| <i>Reticulation</i> | 11,004 | | 6,724 | -39% | % | |
| <i>Sewerage purification</i> | 27,461 | | 24,134 | -12% | % | |
| Infrastructure - Other | | | | % | % | |
| <i>Waste Management</i> | | | | % | % | |
| <i>Transportation</i> | | | | % | % | |
| <i>Gas</i> | | | | % | % | |
| Other Specify: | | | | % | % | |
| Community facilities (Sport, Taxi & Str traders) | 56,860 | | 44,464 | -22% | % | |
| PMU support | 2,341 | | 10,100 | 331% | % | |
| Total | 200,833 | | 180,826 | -10% | % | |
| T 5.8.3 | | | | | | |



COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

| Cash Flow Outcomes | | | | |
|---|------------------------|------------------------|------------------------|----------------|
| R'000 | | | | |
| Description | Year -1 | Current: Year 0 | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Ratepayers and other | 618 498 | 1 140 394 | | 1 047 666 |
| Government - operating | | 428 360 | | 428 512 |
| Government - capital | | 189 130 | | 189 130 |
| Interest | 7 | 81 629 | | 47 428 |
| Dividends | 0 | | | 0 |
| Payments | | | | |
| Suppliers and employees | (1 357) | (1 363 071) | | (1 509 943) |
| Finance charges | (57) | (1 941) | | (132 854) |
| Transfers and Grants | | - | | (29 426) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 617 091 | 474 500 | - | 40 514 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts | | | | |
| Proceeds on disposal of PPE | - | 5 000 | | - |
| Decrease (Increase) in non-current debtors | - | | | - |
| Decrease (increase) other non-current receivables | (97) | | | |
| Decrease (increase) in non-current investments | (5 524) | | | |
| Payments | | | | |
| Capital assets | (173 316) | (20 000) | | - |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (178 937) | (15 000) | - | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts | | | | |
| Short term loans | | | | |
| Borrowing long term/refinancing | | | | |
| Increase (decrease) in consumer deposits | | | | |
| Payments | | | | |
| Repayment of borrowing | 65 422 | 4 000 | | (59) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | 65 422 | 4 000 | - | (59) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 503 576 | 463 500 | - | 40 455 |
| Cash/cash equivalents at the year begin: | 44 665 | (2 111) | | 44 665 |
| Cash/cash equivalents at the year-end: | (2 111) | 461 389 | - | 85 120 |
| <i>Source: MBRR A7</i> | | | | T 5.9.1 |



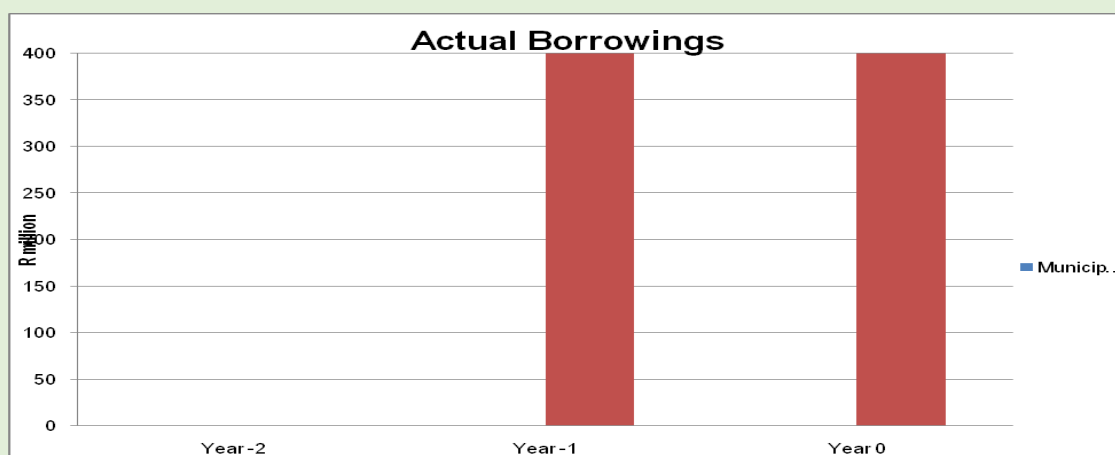
5.10 BORROWING AND INVESTMENTS

| Actual Borrowings: Year -2 to Year 0 | | | |
|--|---------------|----------------|----------|
| | R' 000 | | |
| Instrument | Year -2 | Year -1 | Year 0 |
| Municipality | | 0 | 0 |
| Long-Term Loans (annuity/reducing balance) | 19275 | 170019 | |
| Long-Term Loans (non-annuity) | | | |
| Local registered stock | | | |
| Instalment Credit | | | |
| Financial Leases | | | |
| PPP liabilities | | | |
| Finance Granted By Cap Equipment Supplier | | | |
| Marketable Bonds | | | |
| Non-Marketable Bonds | | | |
| Bankers Acceptances | | | |
| Financial derivatives | | | |
| Other Securities | | | |
| Municipality Total | 19 275 | 170 019 | 0 |
| Municipal Entities | | | |
| Long-Term Loans (annuity/reducing balance) | | | |
| Long-Term Loans (non-annuity) | | | |
| Local registered stock | | | |
| Instalment Credit | | | |
| Financial Leases | | | |
| PPP liabilities | | | |
| Finance Granted By Cap Equipment Supplier | | | |
| Marketable Bonds | | | |
| Non-Marketable Bonds | | | |
| Bankers Acceptances | | | |
| Financial derivatives | | | |
| Other Securities | | | |
| Entities Total | 0 | 0 | 0 |

T 5.10.2



ACTUAL BORROWINGS



T.5.10.3

| Municipal and Entity Investments | | | |
|--|---------|---------|----------|
| | R' 000 | | |
| Investment* type | Year -2 | Year -1 | Year 0 |
| | Actual | Actual | Actual |
| Municipality | | | |
| Securities - National Government | | | |
| Listed Corporate Bonds | | | 322 |
| Deposits - Bank | 38 789 | 30 320 | 10 580 |
| Deposits - Public Investment Commissioners | | | |
| Deposits - Corporation for Public Deposits | | | |
| Bankers Acceptance Certificates | | | |
| Negotiable Certificates of Deposit - Banks | | | |
| Guaranteed Endowment Policies (sinking) | | | |
| Repurchase Agreements - Banks | | | 15 777 |
| Municipal Bonds | | | |
| Other | | | |
| Municipality sub-total | | 30320 | 26679744 |
| Municipal Entities | | | |
| Securities - National Government | | | |
| Listed Corporate Bonds | | | |
| Deposits - Bank | | | |
| Deposits - Public Investment Commissioners | | | |
| Deposits - Corporation for Public Deposits | | | |
| Bankers Acceptance Certificates | | | |
| Negotiable Certificates of Deposit - Banks | | | |
| Guaranteed Endowment Policies (sinking) | | | |
| Repurchase Agreements - Banks | | | |
| Entities sub-total | 0 | 0 | 0 |
| Consolidated total: | 0 | 30320 | 26679744 |

T 5.10.4



CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

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

6.1 AUDITOR GENERAL REPORT YEAR -1 (PREVIOUS YEAR)

REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE AND THE COUNCIL ON THE MATJHABENG LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the financial statements of the Matjhabeng Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2014, the statements of financial performance, changes in net assets, cash flows and comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Property, plant and equipment

4. I was unable to obtain sufficient appropriate audit evidence regarding property, plant and equipment, as the municipality did not provide me with documentation to support the values of some assets and evidence that all assets were accounted for as outlined in the requirements of SA Standards of GRAP, GRAP 17, *Property, plant and equipment* (GRAP 17). In addition, completed capital projects could not be physically verified due to inadequate descriptions and locations recorded in the asset register. I was unable to confirm the property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustments relating to property, plant and equipment stated at R5 286 392 330 (2013: R5 319 068 056), in note 10 to the financial statements was necessary. In addition, I could not determine the correctness of the impairment assessment, residual and useful lives of all municipal assets in accordance with SA Standards of GRAP, GRAP 26, *Impairment of cash-generating assets* or the accuracy of depreciation in accordance with GRAP 17 due to inadequate descriptions and locations recorded in the asset register to facilitate physical verification of the condition of the assets, therefore I was unable to determine the net carrying amount of property, plant and equipment as it was impracticable to do so.



Service charges

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

Investment property

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

Inventory

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

Consumer receivables from exchange transactions

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



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

Consumer receivables from non-exchange transactions

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

Trade and other payables

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

Value-added tax receivable

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

Depreciation and impairment

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



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

Property rates

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

Government grants and subsidies

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

General expenses

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

Rental of facilities

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



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

Fines

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

Unauthorised expenditure

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

Irregular expenditure

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

Fruitless and wasteful expenditure

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

Commitment

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



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

Cash flow statement

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

Disclaimer of opinion

23. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matters

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

Restatement of corresponding figures

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

Material losses

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

Material impairments

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

Financial sustainability

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



Additional matters

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

Unaudited supplementary schedules

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

Unaudited disclosure notes

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

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

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

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

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

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

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



Development priority 8: Infrastructure

Usefulness of reported performance information

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

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

Reliability of reported performance information

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

Additional matter

41. I draw attention to the following matter:

Achievement of planned targets

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

Compliance with legislation

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



Strategic planning and performance management

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

Budgets

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

Annual financial statements

48. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer audit opinion.

Audit committee

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



Internal audit

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

Procurement and contract management

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



Human resource management

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

Expenditure management

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

Conditional grants and transfers

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

Revenue management

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



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

Asset management

77. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

Liability management

78. An adequate management, accounting and information system which accounts for liabilities was not in place, as required by section 63(2)(a) of the MFMA.

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

Consequence management

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

81. Unauthorised, irregular and fruitless and wasteful expenditure was not always recovered from the liable person, as required by section 32(2) of the MFMA.

82. Authorisation of unauthorised expenditure was not done through an adjustment budget, as required by section 32(2)(a)(i) of the MFMA.

Internal control

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

Leadership

84. Although the municipality addressed capacity constraints in the finance division and approved the finance-related policies, these actions were not timeous enough to enable the municipality to improve its general control environment.

85. The municipality did not always take timeous corrective action to address weaknesses in the finance and performance reporting directorate as well as compliance with laws and regulations. This resulted in non-compliance with applicable legislation and gave rise to unauthorised, fruitless and wasteful and irregular expenditure.

86. The municipality did not entirely implement the recommendations from various external oversight reports that ought to improve the control environment and lead to an improvement in audit outcomes.



Financial and performance management

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

Governance

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

Auditor-General
Bloemfontein

30 November 2014



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

GLOSSARY

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



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



APPENDICES

APPENDIX A – COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

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



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

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

TA



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

| Committees (other than Mayoral / Executive Committee) and Purposes of Committees | |
|---|--|
| Municipal Committees | Purpose of Committee |
| Chairperson Committee | Co-ordination of Ward Councillors Affairs |
| Audit Committee | Performance Auditing of the Municipality |
| Municipal Public Accounts Committee (MPAC) | Oversight on financial activities of the Municipality |
| Rules Section 79 Committee | Monitor implementation of Rules |
| Municipal Demarcation Committee | Discuss and make recommendations to Council on determination of Municipal boundaries |
| Housing Dispute Resolution Committee | Handles community disputes over ownership and occupancy of sites |
| | |
| T. B | |



APPENDIX C – THIRD TIER ADMINISTRATIVE STRUCTURE

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



APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

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



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



APPENDIX E – WARD REPORTING (FUNCTIONALITY OF WARD COMMITTEES)

FUNCTIONALITY OF WARD COMMITTEES BROAD COMMENTS ON PUBLIC PARTICIPATION

- The office has for development and a single public participation programme of the municipality; there has not been any response to that;
- The office remains grossly inadequate to satisfactorily respond to the expectations of meaningful public participation; there is literally only one car and one driver to service 36 wards;
- In recent years, there has been a proliferation of provincial and national departments as well as other public entities rolling out their outreach programmes to the municipality, which have further stretched our limited capacity;
- There is a need to improve communication and interaction between the Offices of the Speaker and the Mayor for monitoring and reporting on the IDP and Budget-related consultations. This also extends to Imbizos as they are led by the Office of the Executive Mayor;
- In the last financial year, the 'impromptu' meetings facilitated by the 'ad hoc' committee on the launching of projects disrupted a significant number of our the planned wards constituency meetings;
- The input in the annual report is done relying on the monthly reports of the ward councillors. Some wards do carry out their activities but do not report. This therefore means that in actual practice, the reality is better what is reported;
- In the last year, the Office of the Speaker also established the stakeholder's forum within Matjhabeng, which seeks to broaden the space of public participation beyond the ward committees;
- Ward Constituency meetings constantly discuss service delivery issues. But they also include feedback on the latest developments and challenges.

T. E

| Functionality of Ward Committees | | | | | |
|----------------------------------|--|----------------------------------|---|--|---|
| Ward Name (Number) | Name of Ward Councillor and elected Ward committee members | Committee established (Yes / No) | Number of monthly Committee meetings held during the year | Number of monthly reports submitted to Speakers Office on time | Number of quarterly public ward meetings held during year |
| 1 | Cllr TL Mabote | Yes | 11 | 4 | 2 |
| | Ramokolobeng Petrus Morake | | | | |
| | Mamokete Angelina Sesing | | | | |
| | Joseph Lebetsa | | | | |
| | Motshehi Joseph Mohoje | | | | |
| | Mojaki Eugene Ndame | | | | |
| | Rachel Phatlane | | | | |
| | Paulina Mokhajoa | | | | |
| | Paul Mohlomi | | | | |
| | Kolisile James Bacela | | | | |
| | Mojalefa Paul Mohlomi | | | | |
| 2 | Cllr KS Tsubella | Yes | 5 | 2 | 4 |
| | Berries Mosidi Emily | | | | |
| | Dikhang Tlaleng Paulina | | | | |
| | Tsautse Salemane Daniel | | | | |
| | Berries Ramohapelwa | | | | |



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



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



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



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



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



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



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



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



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



APPENDIX F – WARD INFORMATION

| WARD TITLE: WARD NAME (NUMBER) | | | | |
|---|--|------------|------------|-------------|
| Capital Projects: Seven Largest in Year 0 (Full List at Appendix O) | | | | |
| R' 000 | | | | |
| No. | Project Name and detail | Start Date | End Date | Total Value |
| 1 | Hani Park / Bronville: Public Transport Facilities Including Taxi Ranks | 03/04/2014 | 15/07/2015 | 16 277, 00 |
| 2 | Welkom (Thabong) T16: Construction Waterborne Sanitation for 1300 Stands | 15/20/2014 | 30/10/2016 | 61 899, 00 |
| 3 | Welkom: Industrial Park SMME Zone Fencing / Paving & Shelter | 07/04/2015 | 30/06/2016 | 31 555, 00 |
| 4 | Meloding: Taxi Centre | 15/04/2014 | 30/11/2015 | 28 456, 00 |
| 5 | Nyakallong: WWTP Upgrade | 02/02/2016 | 02/02/2017 | 52 299, 00 |
| 6 | Virginia: WWTP Sludge Management | 02/02/2016 | 02/02/2017 | 41 655, 00 |
| 7 | Upgrade and Create New Sports and Recreational Facilities Phase 3 Thabong Stadium, Zuka Baloi Stadium & Kopano Indoor Centre | 02/04/2014 | 30/06/2016 | 42 834, 00 |
| | | | | |
| T F.1 | | | | |



APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP

| Long Term Contracts (20 Largest Contracts Entered into during Year 0) | | | | | |
|---|---|------------------------|-------------------------|-----------------|---|
| R' 000 | | | | | |
| Name Of Service Provider (Entity Or Municipal Department) | Description Of Services Rendered By The Service Provider | Start Date Of Contract | Expiry Date Of Contract | Project Manager | Contract Value |
| Khabokedi Waste Management | Operation Of Maintenance In Odendaalsrus And Welkom | 01-Aug-14 | 31-Jul-16 | CS | R426359.28 per month |
| Cubicle Trading | Design And Printing Of IDP And Annual Report | 01-Aug-14 | 31-Jul-17 | Infra | R187793.00 IDP R1387793.00 Annual report |
| WW Civils And Constructions | Connections And Disconnections Of Water Supply | 01-Feb-15 | 31-Jan-18 | Infra | billed monthly |
| Tunes Trading | Supply And Delivery Of Protective Clothing | 06-Feb-15 | 05-Jan-18 | CFO | per rates |
| Practicon | Supply And Delivery Of Protective Clothing | 02-Feb-15 | 01-Jan-18 | CFO | per rates |
| Sunday Kit | Supply And Delivery Of protective Clothing | 02-Feb-15 | 01-Jan-18 | | per rates |
| Trading Enterprise | Supply And Delivery Of Protective Clothing | 12-Feb-15 | 11-Jan-18 | CFO | per rates |
| JVR Funerals | Rendering Of Pauper And Destitute Burials | 18-Jul-14 | 18-Jun-17 | CFO | per rates |
| Babuthing | Rendering Of Pauper And Destitute Burials | 18-Jul-14 | 18-Jun-17 | CFO | per rates |
| Lesole Agencies | Fencing, Paving And Shelter | 21-May-15 | 21-Apr-18 | | R19772801.00 |
| Lele And Tshidi Construction | Connections And Disconnections Of Water Supply | 02-Feb-15 | 01-Jan-18 | | billed monthly |
| Fire Fighting Equipment | Supply And Delivery Of Fire Engines | 24-May-15 | 24-Apr-18 | | R 12883187.54 |
| Golden Mile Trading | Hosting And Management Of Matjhabeng Tourism | | | | |
| Manna Holding | Compilation Of The Valuation Roll | 01-Dec-14 | 30-Jun-18 | CFO | R9500.000.00 |
| Pumpshop Africa | Construction Of Inlet Works And Installation Of Pump Sets | 21-May-15 | 21-Apr-16 | Infra | R4027199.00 |
| Metsi Chem | Supply And Delivery Of Chlorine Gas | 09-Nov-15 | 01-Oct-18 | Infra | per rates |
| Star Trading | Supply And Delivery Of Water Materials | 18-Jul-14 | 17-Jun-17 | Infra | R1800000.00 |
| Lemontswa Trading | Supply And Delivery Of Water Materials | 18-Jul-14 | 17-Jun-17 | Infra | R5200000.00 |
| Royalman Trading | Supply And Delivery Of Water Materials | 18-Jul-14 | 17-Jun-17 | Infra | R1000000.00 |
| Down Touch Inv | Fencing At Construction Site Kutloanong | 11-May-15 | 10-Apr-18 | Infra | R 8 490 956,89 |

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APPENDIX K.1 – REVENUE COLLECTION PERFORMANCE BY VOTE

| Revenue Collection Performance by Vote | | | | | | | R' 000 |
|--|--------------|-----------------|-----------------|--------------|-----------------|--------------------|--------|
| Vote Description | Year -1 | Current: Year 0 | | | Year 0 Variance | | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget | |
| Council General | 446 951 | 602 188 | 0 | 586 347 | -3% | | |
| Office of the Municipal Manager | 96 922 | 58 712 | 0 | 107 156 | 45% | | |
| Corporate Support Services | 28 | 10 946 | 0 | | #DIV/0! | | |
| Finance | 201 587 | 238 759 | 0 | 217 942 | -10% | | |
| Community Services | 69 614 | 64 912 | 0 | 72 527 | 10% | | |
| Public Safety and Transport | 3 055 | 2 256 | 0 | 11 549 | 80% | | |
| Economic Development | 116 | | 0 | | #DIV/0! | | |
| Engineering Services | 156 450 | | 0 | 119 017 | 100% | | |
| Water | 326 699 | 311 393 | 0 | 287 363 | -8% | | |
| Electricity | 398 918 | 664 906 | 0 | 463 670 | -43% | | |
| Housing Services | 11 150 | | 0 | 11 203 | 100% | | |
| Total Revenue by Vote | 1 711 | 1 954 | - | 1 877 | #DIV/0! | - | |

*Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.
This table is aligned to MBRR table A3*

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APPENDIX K.2 – REVENUE COLLECTION PERFORMANCE BY SOURCE

| Revenue Collection Performance by Source | | | | | | | R '000 |
|--|------------------|------------------|--------------------|--------------|-------------------|--------------------|--------|
| Description | Year -1 | Year 0 | | | Year 0 Variance | | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget | |
| Property rates | 176 827 | 180 514 | – | 192 549 | -2% | 100% | |
| Property rates - penalties & collection charges | – | | – | | | | |
| Service Charges - electricity revenue | 394 390 | 664 906 | – | 463 670 | -69% | 100% | |
| Service Charges - water revenue | 214 470 | 196 047 | – | 287 363 | 9% | 100% | |
| Service Charges - sanitation revenue | 106 639 | 115 346 | – | 119 017 | -8% | 100% | |
| Service Charges - refuse revenue | 67 410 | 64 912 | – | 72 527 | 4% | 100% | |
| Service Charges - other | – | | – | | | | |
| Rentals of facilities and equipment | 11 234 | 8 068 | – | 11 203 | 28% | 100% | |
| Interest earned - external investments | 7 589 | | – | 4 352 | 100% | 100% | |
| Interest earned - outstanding debtors | 96 977 | 86 119 | – | 102 800 | 11% | 100% | |
| Dividends received | 11 | | – | 15 | 100% | 100% | |
| Fines | 2 301 | 6 892 | – | 11 500 | -200% | 100% | |
| Licences and permits | 14 | | – | 49 | 100% | 100% | |
| Agency services | – | | – | | | | |
| Transfers recognised - operational | 603 407 | 417 931 | – | 419 259 | 31% | 100% | |
| Other revenue | 21 147 | | – | 25 378 | 100% | 100% | |
| Gains on disposal of PPE | – | | – | 167 088 | | | |
| Environmental Protection | – | | – | | | | |
| Total Revenue (excluding capital transfers and contributions) | 1 702 416 | 1 740 735 | – | 1 877 | -92651,63% | 100,00% | |

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.

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APPENDIX L – CONDITIONAL GRANTS: EXCLUDING MIG

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

* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.

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

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

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



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

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

T M.1



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

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



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

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

T M.2



APPENDIX N – CAPITAL PROJECT BY PROGRAMME YEAR 0

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



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

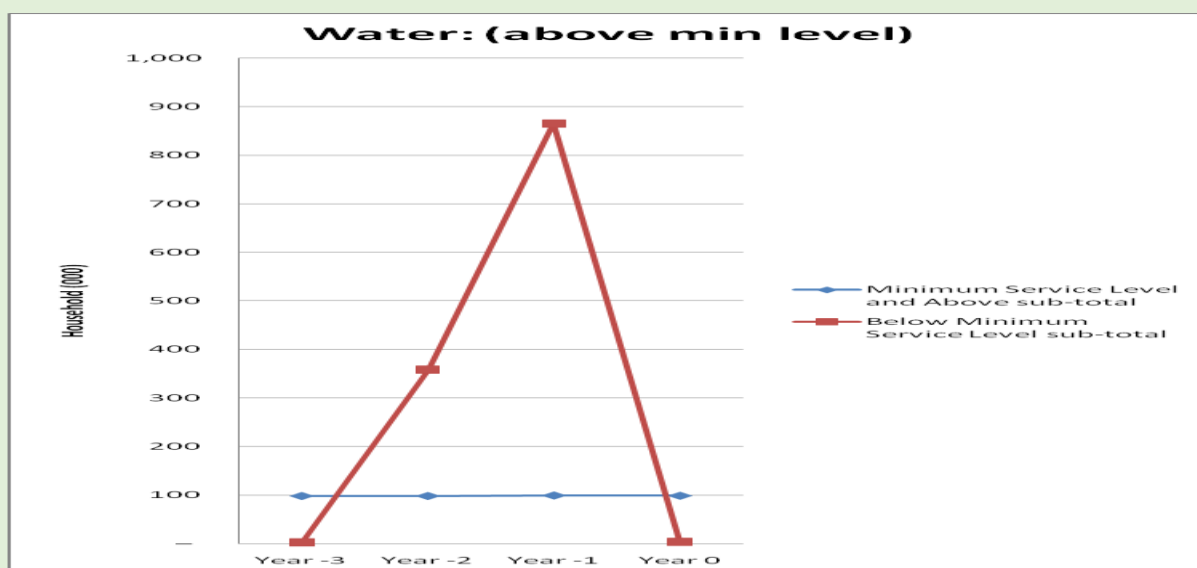


APPENDIX A10 -2 - SERVICES

| Water Service Delivery Levels | | | | | | | |
|---|-----|---------|---------|---------|-----------------|-----------------|--------|
| Description | Ref | Year -3 | Year -2 | Year -1 | Year 0 | | |
| | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Actual |
| Household (000) | 1 | | | | 120 | | |
| Water: (above min level) | | | | | | | |
| Piped water inside dwelling | | 49 | 49 | 49 | 49 | | 49 |
| Piped water inside yard (but not in dwelling) | | 47 | 47 | 47 | 47 | | 47 |
| Using public tap (within 200m from dwelling) | 2 | 2 | 2 | 3 | 2 | | 2 |
| Other water supply (within 200m) | 4 | | | | | | |
| <i>Minimum Service Level and Above sub-total</i> | | 98 | 98 | 99 | 99 | - | 99 |
| <i>Minimum Service Level and Above Percentage</i> | | 97% | 21% | 10% | 96% | #DIV/0! | 96% |
| Water: (below min level) | | | | | | | |
| Using public tap (more than 200m from dwelling) | 3 | | | | | | |
| Other water supply (more than 200m from dwelling) | 4 | 3 | 4 | 3 | 4 | | 4 |
| No water supply | | | | | | | |
| <i>Below Minimum Service Level sub-total</i> | | 3 | 359 | 865 | 4 | - | 4 |
| <i>Below Minimum Service Level Percentage</i> | | 3% | 79% | 90% | 4% | #DIV/0! | 4% |
| Total number of households* | 5 | 101 | 457 | 965 | 103 | - | 103 |
| * - To include informal settlements | | | | | | | |

| Households - Water Service Delivery Levels below the minimum | | | | | | | |
|--|-----|---------|---------|---------|-----------------|-----------------|---------|
| Description | Ref | Year -3 | Year -2 | Year -1 | Year 0 | | |
| | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Actual |
| Household (000) | | | | | | | |
| Formal Settlements | 1 | | | | | | |
| Total households | | 85 | 85 | 85 | 85 | 100,000 | 100,000 |
| Households below minimum service level | | 6 | 4 | 4 | 2 | 25,000 | 25,000 |
| Proportion of households below minimum service level | | 7% | 5% | 5% | 3% | 25% | 25% |
| Informal Settlements | | | | | | | |
| Total households | | 8 | 8 | 7 | 7 | 100,000 | 100,000 |
| Households ts below minimum service level | | 25,000 | 25,000 | 25,000 | 4 | 25,000 | 25,000 |
| Proportion of households ts below minimum service level | | 309598% | 327697% | 348044% | 62% | 25% | 25% |





| Sanitation Service Delivery Levels | | | | | | | |
|--|-----|---------|---------|---------|-----------------|-----------------|--------|
| Description | Ref | Year -3 | Year -2 | Year -1 | Year 0 | | |
| | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Actual |
| Household (000) | 1 | | | | | | |
| <u>Sanitation/sewerage: (above minimum level)</u> | | | | | | | |
| Flush toilet (connected to sewerage) | | 79 | 87 | 94 | 79 | | 79 |
| Flush toilet (with septic tank) | | - | - | - | - | | - |
| Chemical toilet | | - | - | - | - | | - |
| Pit toilet (ventilated) | | - | - | - | - | | - |
| Other toilet provisions (above mini-service level) | | - | - | - | - | | - |
| <i>Minimum Service Level and Above sub-total</i> | | 79 | 87 | 94 | 79 | - | 79 |
| <i>Minimum Service Level and Above Percentage</i> | | 64.7% | 68.8% | 73.7% | 71.8% | #DIV/0! | 71.8% |
| <u>Sanitation/sewerage: (below minimum level)</u> | | | | | | | |
| Bucket toilet | | 20 | 15 | 7 | 2 | | 2 |
| Other toilet provisions (below min.service level) | | 11 | 11 | 11 | 13 | | 13 |
| No toilet provisions | | 12 | 13 | 15 | 15 | | 15 |
| <i>Below Minimum Service Level sub-total</i> | | 43 | 39 | 33 | 31 | - | 31 |
| <i>Below Minimum Service Level Percentage</i> | | 35.3% | 31.2% | 26.3% | 28.2% | #DIV/0! | 28.2% |
| Total number of households* | 5 | 121 | 127 | 127 | 109 | - | 109 |

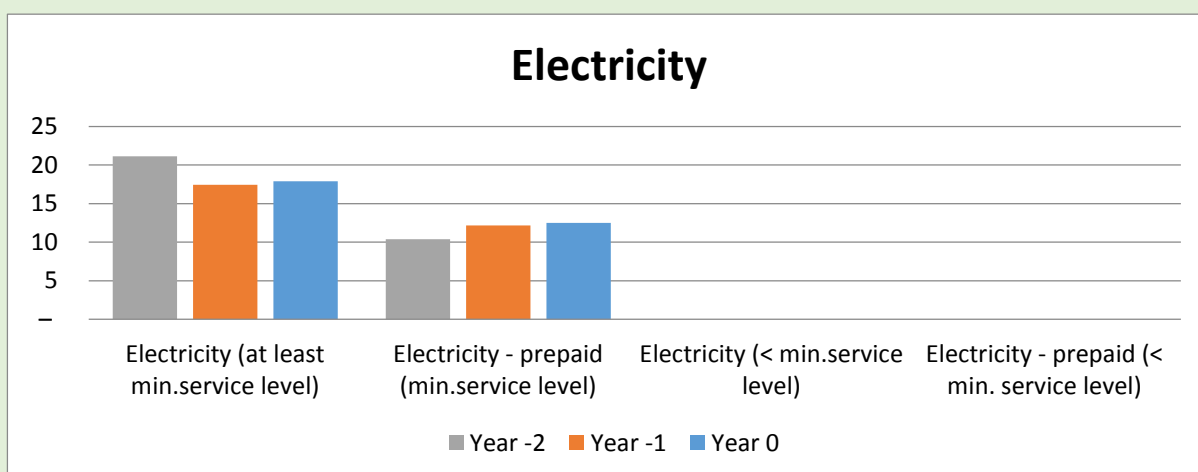
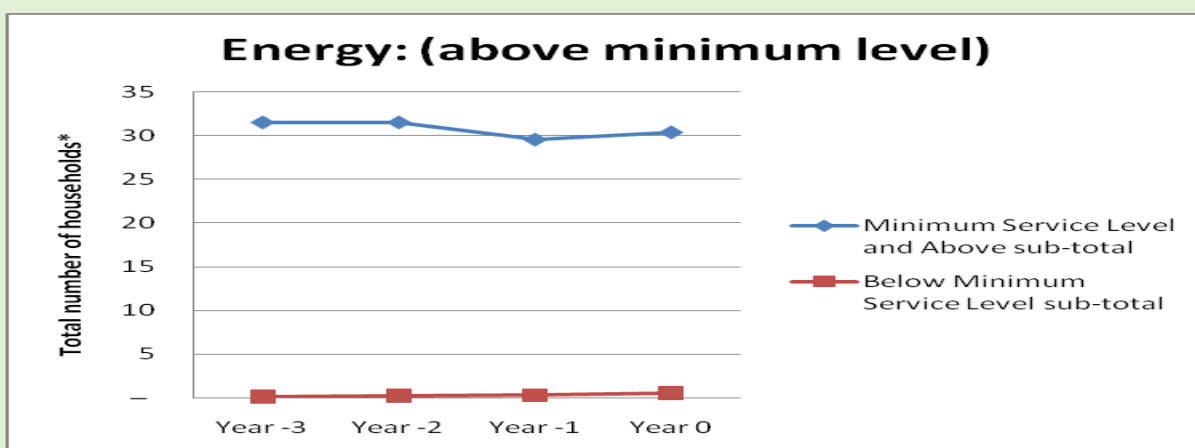


| Households - Sanitation Service Delivery Levels below the minimum | | | | | | | |
|---|-----|---------|---------|---------|-----------------|-----------------|--------|
| Description | Ref | 2005/06 | 2006/07 | 2007/08 | 2008/09 | | |
| | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Actual |
| Household (000) | | | | | | | |
| Formal Settlements | 1 | | | | | | |
| Total households | | 85 | 85 | 85 | 79 | 79 | 79 |
| Households below minimum service level | | 8 | 6 | 4 | 5 | 5 | 5 |
| Proportion of households below minimum service level | | 9% | 7% | 5% | 6% | 6% | 6% |
| Informal Settlements | | | | | | | |
| Total households | | 8 | 5 | 3 | 4 | 4 | 4 |
| Households ts below minimum service level | | 4 | 4 | 4 | 4 | 4 | 4 |
| Proportion of households ts below minimum service level | | 55% | 83% | 166% | 100% | 100% | 100% |

| Electricity Service Delivery Levels | | | | | | | |
|---|-----|---------|---------|---------|-----------------|-----------------|--------|
| Description | Ref | 2005/06 | 2006/07 | 2007/08 | 2008/09 | | |
| | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Actual |
| Household (000) | 1 | | | | | | |
| Energy: (above minimum level) | | | | | | | |
| Electricity (at least min.service level) | | 22 | 21 | 17 | 18 | | 18 |
| Electricity - prepaid (min.service level) | | 9 | 10 | 12 | 13 | | 13 |
| <i>Minimum Service Level and Above sub-total</i> | | 32 | 32 | 30 | 30 | - | 30 |
| <i>Minimum Service Level and Above Percentage</i> | | 99.5% | 99.1% | 98.9% | 98.1% | #DIV/0! | 98.1% |
| Energy: (below minimum level) | | | | | | | |
| Electricity (< min.service level) | | - | - | - | - | - | - |
| Electricity - prepaid (< min. service level) | | - | - | - | - | - | - |
| Other energy sources | | 0 | 0 | 0 | 1 | | 1 |
| <i>Below Minimum Service Level sub-total</i> | | 0 | 0 | 0 | 1 | - | 1 |
| <i>Below Minimum Service Level Percentage</i> | | 0.5% | 0.9% | 1.1% | 1.9% | #DIV/0! | 1.9% |
| Total number of households* | 5 | 32 | 32 | 30 | 31 | - | 31 |



| Households - Electricity Service Delivery Levels below the minimum | | | | | | | |
|--|-----|---------|---------|---------|-----------------|-----------------|--------|
| Description | Ref | 2005/06 | 2006/07 | 2007/08 | 2008/09 | | |
| Household (000) | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Actual |
| Formal Settlements | 1 | | | | | | |
| Total households | | 32 | 32 | 32 | 32 | 32 | 32 |
| Households below minimum service level | | 0 | 0 | 0 | 0 | 0 | 0 |
| Proportion of households below minimum service level | | 0% | 1% | 0% | 1% | 1% | 1% |
| Informal Settlements | | | | | | | |
| Total households | | 0 | 0 | 0 | 0 | 0 | 0 |
| Households ts below minimum service level | | 0 | 0 | 0 | 0 | 0 | 0 |
| Proportion of households ts below minimum service level | | 31% | 75% | 100% | 100% | 100% | 100% |





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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

General Information

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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

General Information

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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

General Information

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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Index

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

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| Accounting Officer's Report | 6 |
| Statement of Financial Position | 7 |
| Statement of Financial Performance | 8 |
| Statement of Changes in Net Assets | 9 |
| Cash Flow Statement | 10 - 11 |
| Statement of Comparison of Budget and Actual Amounts | 12 - 13 |
| Appropriation Statement | 14 - 16 |
| Notes to the Financial Statements | 40 - 90 |

Abbreviations

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



Matjhabeng Local Municipality

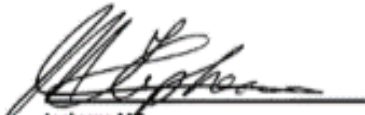
(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Accounting Officer's Responsibilities and Approval

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

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



Lepheana M.F.
Municipal Manager
Welkom
31 August 2015



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Accounting Officer's Report

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

1. Review of activities

Main business and operations

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

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

2. Financial sustainability

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continues to source funding for the ongoing operations for the municipality.

Although certain financial ratios may appear unfavourable, the municipality still has the power to levy rates and taxes and it will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue Act, 2014 (Act No. 10 of 2014).

3. Events after the reporting date

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

4. Accounting Officer's interest in contracts

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

5. Accounting policies

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

6. Accounting Officer

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

| Name | Nationality | Changes |
|--------------|---------------|----------------------------|
| Lepheane M F | South African | Appointed 14 November 2014 |



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Cash Flow Statement

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



Matjhabeng Local Municipality

(Registration number F5184)

Financial Statements for the year ended 30 June 2015

Cash Flow Statement

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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|-----------------|-------------|--------------|------------------------------------|--|-----------|
|--|-----------------|-------------|--------------|------------------------------------|--|-----------|

Statement of Financial Performance

Revenue

Revenue from exchange transactions

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

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

Revenue from non-exchange transactions

Taxation revenue

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

| | | | | | | |
|---|--------------------|----------|--------------------|--------------------|--------------------|--|
| Total revenue from non-exchange transactions | 606 445 208 | - | 606 445 208 | 790 396 499 | 183 951 291 | |
|---|--------------------|----------|--------------------|--------------------|--------------------|--|

| | | | | | | |
|----------------------|----------------------|---------------------|----------------------|----------------------|-------------------|--|
| Total revenue | 1 794 315 228 | (10 657 128) | 1 783 658 100 | 1 876 769 435 | 93 111 335 | |
|----------------------|----------------------|---------------------|----------------------|----------------------|-------------------|--|

Expenditure

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

| | | | | | | |
|--------------------------|------------------------|-------------------|------------------------|------------------------|----------------------|--|
| Total expenditure | (1 797 515 228) | 19 772 394 | (1 777 742 834) | (2 163 033 739) | (385 290 905) | |
|--------------------------|------------------------|-------------------|------------------------|------------------------|----------------------|--|

| | | | | | | |
|--------------------------|--------------------|------------------|------------------|----------------------|----------------------|--|
| Operating deficit | (3 200 000) | 9 115 266 | 5 915 266 | (286 264 304) | (292 179 570) | |
|--------------------------|--------------------|------------------|------------------|----------------------|----------------------|--|

| | | | | | | |
|----------------------------|-----------|---|-----------|--------------|--------------|--|
| Gain on disposal of assets | 3 200 000 | - | 3 200 000 | (40 423 875) | (43 623 875) | |
|----------------------------|-----------|---|-----------|--------------|--------------|--|

| | | | | | | |
|-------------------------------------|---|---|---|-----------|-----------|---------|
| Actuarial gain on employee benefits | - | - | - | 3 339 864 | 3 339 864 | Note 49 |
|-------------------------------------|---|---|---|-----------|-----------|---------|



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Appropriation Statement

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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Appropriation Statement

| | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget | Actual outcome | Unauthorised expenditure | Variance | Actual outcome as % of final budget | Actual outcome as % of original budget |
|--|------------------------|--|--------------------------------|--|--|------------------------|------------------------|-----------------------------|----------------------|---|--|
| Total expenditure | (1 843 392 927) | (6 146 991) | (1 849 539 918) | - | - | (1 849 539 918) | (2 165 656 079) | (30 926 586) | (316 116 161) | 117 % | 117 % |
| Surplus/(Deficit) | 45 877 699 | (16 804 119) | (62 681 818) | - | - | (62 681 818) | (452 617 857) | - | (389 936 039) | (722)% | 987 % |
| Government grants and subsidies - capital | - | - | - | - | - | - | 167 088 202 | - | 167 088 202 | DIV/0 % | DIV/0 % |
| Contributions recognised - capital and contributed assets | - | - | - | - | - | - | (167 964 917) | - | (167 964 917) | DIV/0 % | DIV/0 % |
| Surplus / (Deficit) after capital transfers and contributions | (45 877 699) | (16 804 119) | (62 681 818) | - | - | (62 681 818) | 451 741 142 | - | (389 059 324) | (721)% | (985)% |
| Fair value adjustments | - | - | - | - | - | - | 17 125 | - | 17 125 | DIV/0 % | DIV/0 % |
| Loss on disposal of assets | 3 200 000 | - | 3 200 000 | - | - | 3 200 000 | (40 423 875) | - | (43 623 875) | (1 263)% | (1 263)% |
| Actuarial gain on employee benefits | - | - | - | - | - | - | 3 339 864 | - | 3 339 864 | DIV/0 % | DIV/0 % |
| Deficit for the year | (49 077 699) | (16 804 119) | (65 881 818) | - | - | (59 481 818) | 414 674 256 | - | 474 156 074 | (697)% | (845)% |



Matjhabeng Local Municipality

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Financial Statements for the year ended 30 June 2015

Appropriation Statement

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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

1. Presentation of Financial Statements

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

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Allowance for slow moving, damaged and obsolete inventory

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

Receivables

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

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

Impairment testing

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

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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of Property, plant and equipment

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

Employee benefit obligations

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

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

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

Provisions

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

Fair value estimation

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

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

Provision for impairment of receivables

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

1.4 Investment property

Initial recognition

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

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

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

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

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

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



Matjhabeng Local Municipality

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Financial Statements for the year ended 30 June 2015

Accounting Policies

1.4 Investment property (continued)

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

Subsequent measurement

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal instalments over the useful life of the property, which is as follows:

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

Disposal

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

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

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

1.5 Property, plant and equipment

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

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

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

Initial recognition

Property, plant and equipment is initially measured at cost.

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

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

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

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

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



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1.5 Property, plant and equipment (continued)

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

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

Subsequent measurement

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

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

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

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

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

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

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

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

Disposal

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

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

1.6 Site restoration and dismantling cost

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



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1.6 Site restoration and dismantling cost (continued)

The related asset is measured using the cost model:

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

1.7 Heritage assets

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Derecognition

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

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

1.8 Financial instruments

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

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



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1.8 Financial Instruments (continued)

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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

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



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1.8 Financial Instruments (continued)

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

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

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

Classification

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

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

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

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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



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1.8 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

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

Reclassification

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

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

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

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:



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1.8 Financial instruments (continued)

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

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

Financial assets measured at cost:

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



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1.8 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it 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 from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

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



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1.8 Financial instruments (continued)

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

Presentation

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

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

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

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

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

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

1.9 Tax

Value added tax (VAT)

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

1.10 Leases

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

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

Finance leases - lessee

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

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

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.



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1.10 Leases (continued)

Operating leases - lessor

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

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

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

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

Operating leases - lessee

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

1.11 Inventories

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

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

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

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

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

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

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

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

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

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

1.12 Impairment of cash-generating assets

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

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



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1.12 Impairment of cash-generating assets (continued)

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

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

Identification

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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



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Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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



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1.12 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- Its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.13 Impairment of non-cash-generating assets

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

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

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

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

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

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

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



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

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

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

Useful life is either:

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

1.14 Employee benefits

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

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

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

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



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Accounting Policies

1.14 Employee benefits (continued)

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

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

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

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

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

Post-employment benefits

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

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

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



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Accounting Policies

1.14 Employee benefits (continued)

Other long term employee benefit

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

1.15 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

Provisions are not recognised for future operating deficits.

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

A contingent liability is:

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

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



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1.15 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

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

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

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

1.16 Revenue from exchange transactions

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

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

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

Measurement

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

Rendering of services

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

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

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

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

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

Interest and dividends

Revenue arising from the use by others of entity assets yielding interest and dividends are recognised when:

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

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

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



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Accounting Policies

1.17 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

Recognition

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

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

Measurement

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

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



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Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Taxes

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

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

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

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

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

Fines

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

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

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

1.18 Investment income

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

1.19 Borrowing costs

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

1.20 Comparative figures

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

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

1.21 Unauthorised expenditure

Unauthorised expenditure means:

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

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

1.22 Fruitless and wasteful expenditure

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

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



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Accounting Policies

1.23 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

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

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

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

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

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

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

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

1.24 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

Investments in securities

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

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

1.25 Consumer deposits

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

1.26 Unspent conditional grants and receipts

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



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Accounting Policies

1.27 Commitments

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

1.28 Related parties

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

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

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

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

1.29 Budget information

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

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

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

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

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



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Notes to the Financial Statements

| | 2015 | 2014 |
|--|------|------|
|--|------|------|

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods:

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



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Notes to the Financial Statements

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



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Notes to the Financial Statements

| | 2015 | 2014 |
|---|------------|------------|
| 4. Investments (continued) | | |
| Current assets | | |
| At amortised cost | 18 862 179 | 10 580 227 |
| Investments at fair value | | |
| Fair value hierarchy of investments at fair value | | |
| Fair values are determined annually at the Statement of Financial Position date from the quoted prices on the Senwes website. | | |
| For investments recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels: | | |
| Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets. | | |
| Level 2 applies inputs other than quoted prices that are observable for the assets either directly as prices or indirectly derived from prices. | | |
| Level 3 applies inputs which are not based on observable market data. | | |
| Level 1 | | |
| Class 1 Unlisted shares | 339 207 | 322 082 |
| Investments at amortised cost | | |
| Investments at amortised cost past due but not impaired | | |
| There are no investments past due but not impaired for the current or prior reporting period. | | |
| Investments at amortised cost impaired | | |
| There are no investments impaired for the current or prior reporting period. | | |
| Credit quality of investments | | |
| The credit quality of investments that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates. | | |
| The carrying value of investments recorded at amortised cost approximate their fair values. | | |
| The maximum exposure to credit risk at the reporting date is the carrying amount of investments. | | |
| Renegotiated terms | | |
| None of the investments that are fully performing have been renegotiated in the last year. | | |
| Collateral | | |
| Limited cession over the ABSA Fixed deposit account 20-5944-0982 for the ABSA primary account overdraft facility. | - | 10 000 000 |



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

Other receivables pledged as security

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

Renegotiated terms

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

Fair value of other receivables

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

Other receivables impaired

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

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

Collateral

The municipality does not hold any collateral as security.

6. VAT receivable

| | | |
|-----------------------|-------------------|-------------------|
| Value added tax (VAT) | <u>47 089 117</u> | <u>18 362 769</u> |
|-----------------------|-------------------|-------------------|

The municipality is registered on the cash basis for VAT purposes. Thus output VAT is declared on receipts once cash is received and input VAT is claimed on payments when actual payment is made.



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

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



Matjhabeng Local Municipality

(Registration number FS1B4)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

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



Matjhabeng Local Municipality

(Registration number FS184)
Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

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

Consumer receivables pledged as security

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

Credit quality of consumer receivables

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

Renegotiated terms

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

Fair value of consumer receivables

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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

| | 2015 | 2014 |
|--|----------------------|------------------------|
| 7. Consumer receivables (continued) | | |
| Consumer receivables past due but not impaired | | |
| Consumer receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2015, - (2014: 421 994 475) were past due but not impaired. | | |
| The ageing of amounts past due but not impaired is as follows: | | |
| 31 - 60 days | 40 879 048 | 22 869 263 |
| 61 - 90 days | 27 542 242 | 15 017 420 |
| 91 days + | 822 507 422 | 384 107 792 |
| Consumer receivables impaired | | |
| As of 30 June 2015, consumer receivables of 890 910 712 (2014: 1 785 003 011) were impaired and provided for. | | |
| Reconciliation of provision for impairment of consumer receivables | | |
| Opening balance | (1 785 003 011) | (1 749 737 579) |
| Contributions to provision | (73 512 082) | (38 941 330) |
| Bad debt written off against provision | 1 028 322 181 | 3 675 898 |
| | (830 192 912) | (1 785 003 011) |
| The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. | | |
| Collateral | | |
| The municipality holds collateral over these balances in the form of consumer deposits, which are not covering the total outstanding debt. Refer to note 13. | | |
| 8. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Cash on hand and advances | 9 474 | 8 874 |
| Bank balances | - | 940 326 |
| Short-term deposits | 720 445 | 720 205 |
| Collections account | 785 576 | 701 726 |
| Bank overdraft | (1 569 372) | - |
| | (53 877) | 2 371 131 |
| Current assets | 1 515 495 | 2 371 131 |
| Current liabilities | (1 569 372) | - |
| | (53 877) | 2 371 131 |



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

| | 2015 | 2014 |
|--|-----------|------------|
| 8. Cash and cash equivalents (continued) | | |
| No restrictions have been imposed on the municipality in terms of the availability of its cash and cash equivalents for use. | | |
| The following undrawn facilities are available for future operating activities and commitments: | | |
| Bank overdraft facility | - | 10 000 000 |
| ACB mag tape debit facility | 2 000 000 | 2 000 000 |
| Housing guarantee | 500 000 | 500 000 |
| Fleet card | 60 000 | 60 000 |
| Collateral | | |
| Limited cession over the ABSA Fixed deposit account 20-5944-0982 for the ABSA overdraft facility. Refer to note 3. | - | 10 000 000 |

The municipality had the following bank accounts

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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

| | 2015 | 2014 |
|--|------|------|
|--|------|------|

9. Investment property

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

Reconciliation of investment property - 2015

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

Reconciliation of investment property - 2014

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

Pledged as security

No property was pledged as security for any financial liability.

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

There are no contractual obligations on investment property.

10. Property, plant and equipment

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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

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



Matjhabeng Local Municipality

(Registration number FS184)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

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

Pledged as security

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



Matjhabeng Local Municipality

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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

| | 2015 | 2014 |
|--|------|------|
|--|------|------|

11. Heritage assets

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

Reconciliation of heritage assets 2015

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

Reconciliation of heritage assets 2014

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

Pledged as security

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

12. Trade and other payables

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



Matjhabeng Local Municipality

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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

| | 2015 | 2014 |
|---|----------------------|----------------------|
| 12. Trade and other payables (continued) | | |
| Included in above is payables from exchange transactions | | |
| Accrued bonus | 9 092 246 | 8 403 688 |
| Accrued leave pay | 57 768 433 | 59 935 191 |
| Eskom | 619 760 862 | 422 430 094 |
| Payments received in advance from consumer receivables | 31 562 545 | 24 192 572 |
| Salary control accounts | 24 472 852 | 21 159 619 |
| Sedibeng Water Board | 1 167 962 455 | 903 261 162 |
| Trade payables | 281 992 969 | 172 555 783 |
| | <u>2 192 612 362</u> | <u>1 605 938 109</u> |

Included in above is payables from non-exchange transactions

| | | |
|-------------------|--------|--------|
| Deposits received | 20 463 | 31 654 |
|-------------------|--------|--------|

13. Consumer deposits

| | | |
|-----------------------|-------------------|-------------------|
| Electricity and water | <u>30 231 537</u> | <u>31 765 750</u> |
|-----------------------|-------------------|-------------------|

Guarantees held in lieu of electricity and water deposits amounted to R 2,792,366 (2014: R 1,723,571).

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

No interest is paid to consumers on deposits held.

The carrying value of consumer deposits approximate their fair values.

14. Unspent conditional grants

Unspent conditional grants comprises of:

Unspent conditional grants and receipts

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

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

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



Matjhabeng Local Municipality

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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

| | 2015 | 2014 | |
|--|-------------------------------|------------------------|---------------------|
| 15. Provisions | | | |
| Reconciliation of provisions - 2015 | | | |
| Rehabilitation of landfill sites | Opening Balance 49 363 059 | Discounting 780 973 | Total 50 144 032 |
| Reconciliation of provisions - 2014 | | | |
| Rehabilitation of landfill sites | Opening Balance 48 910 454 | Discounting 452 605 | Total 49 363 059 |
| Non-current liabilities | 49 025 542 | 48 582 086 | |
| Current liabilities | 1 118 490 | 780 973 | |
| | 50 144 032 | 49 363 059 | |

Rehabilitation of landfill sites

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

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

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

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

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

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

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



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

16. Employee benefits

Post-retirement medical aid plan

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

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

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

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

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

Long service benefits

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

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

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

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

Carrying value

| | | |
|---|---------------|---------------|
| Present value of the employee benefit obligations-wholly unfunded | (349 773 364) | (322 410 090) |
|---|---------------|---------------|

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



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



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

16. Employee benefits (continued)

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

| | One percentage point increase | One percentage point decrease |
|------------------------------|-------------------------------|-------------------------------|
| Employee benefit obligations | 389 967 886 | 276 300 537 |
| Service and interest costs | 50 365 576 | 39 692 230 |

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

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

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

Defined contribution plans

The municipality makes provision for post-retirement benefits to all employees and councilors, who belong to different defined retirement contribution plans which are 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 | 27 363 274 | 17 332 561 |
|---|------------|------------|

17. Financial instruments disclosure

Categories of financial instruments



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| | 2015 | 2014 | |
|---|----------------|----------------------|----------------------|
| Financial instruments disclosure (continued) | | | |
| 2015 | | | |
| Financial assets | | | |
| | At fair value | At amortised cost | Total |
| Investments | - | 18 862 179 | 18 862 179 |
| Other receivables | - | 10 491 717 | 10 491 717 |
| Consumer receivables | - | 939 869 118 | 939 869 118 |
| Cash and cash equivalents | - | 1 515 495 | 1 515 495 |
| Non-current investments | 339 207 | - | 339 207 |
| Non-current consumer receivables | - | 350 382 | 350 382 |
| | <u>339 207</u> | <u>971 088 891</u> | <u>971 428 098</u> |
| Financial liabilities | | | |
| | | At amortised cost | Total |
| Trade and other payables | | 2 213 683 427 | 2 213 683 427 |
| Consumer deposits | | 30 231 537 | 30 231 537 |
| Bank overdraft | | 1 559 372 | 1 559 372 |
| | | <u>2 245 474 336</u> | <u>2 245 474 336</u> |
| 2014 | | | |
| Financial assets | | | |
| | At fair value | At amortised cost | Total |
| Investments | - | 10 580 227 | 10 580 227 |
| Other receivables | - | 4 252 346 | 4 252 346 |
| Consumer receivables | - | 539 574 792 | 539 574 792 |
| Cash and cash equivalents | - | 2 371 131 | 2 371 131 |
| Non-current investments | 322 082 | 15 777 435 | 16 099 517 |
| Non-current consumer receivables | - | 1 611 777 | 1 611 777 |
| | <u>322 082</u> | <u>574 167 708</u> | <u>574 489 790</u> |
| Financial liabilities | | | |
| | | At amortised cost | Total |
| Trade and other payables | | 1 581 927 731 | 1 581 927 731 |
| Consumer deposits | | 31 765 750 | 31 765 750 |



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



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



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



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

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

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

Integrated national electrification program (INEP)

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

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

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

Energy Efficiency and Demand Side Management Programme (EEDSM)

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

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

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

Municipal infrastructure grant (MIG)

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

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



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

20. Government grants and subsidies (continued)

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

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

National Treasury - Neighbourhood development programme

| | | |
|---|----------|-----------|
| Current-year receipts | - | 100 000 |
| Conditions met - transferred to revenue | - | (100 000) |
| | <u>-</u> | <u>-</u> |

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

Expanded Public Works Programme (EPWP)

| | | |
|---|----------------|-------------|
| Current-year receipts | 1 139 000 | 1 000 000 |
| Conditions met - transferred to revenue | (395 111) | (1 000 000) |
| | <u>743 889</u> | <u>-</u> |

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

Changes in level of government grants

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

21. Other income

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



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

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

Valuations

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

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

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

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

23. Rental of facilities

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



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



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|---|--------------------|--------------------|
| 25. Employee related costs | | |
| Basic salaries | 317 750 533 | 273 058 116 |
| Bonuses | 21 221 455 | 19 297 303 |
| Pension | 44 178 451 | 40 034 190 |
| Other long term employee benefits | 4 195 887 | 1 273 404 |
| Employee benefits - Medical aid | 9 511 550 | 6 503 453 |
| Group life insurance | 1 248 962 | 1 163 737 |
| Housing allowances | 5 581 889 | 4 622 820 |
| Leave pay provision charge | 13 099 591 | 11 685 612 |
| Medical aid | 34 415 811 | 36 566 876 |
| Other allowance | 17 141 638 | 15 847 395 |
| Overtime payments | 49 850 513 | 44 043 877 |
| Transport allowance | 29 055 401 | 26 048 795 |
| UIF | 3 176 995 | 2 828 428 |
| | 550 428 676 | 482 974 006 |
| Remuneration of Municipal Manager - Ramathebane G | | |
| Annual Remuneration | 120 967 | 1 229 440 |
| Contributions to UIF, Medical and Pension Funds | 301 946 | 223 944 |
| | 422 913 | 1 453 384 |
| Remuneration of Municipal Manager - Lepheana M F | | |
| Annual Remuneration | 812 843 | - |
| Contributions to UIF, Medical and Pension Funds | 14 450 | - |
| | 827 293 | - |
| Remuneration of Chief Finance Officer - Tsoaeli E T | | |
| Annual Remuneration | 933 674 | 165 055 |
| Car Allowance | 363 894 | 60 649 |
| Contributions to UIF, Medical and Pension Funds | 173 475 | 17 041 |
| | 1 471 043 | 242 745 |
| The Chief Financial Officer was appointed on 1 May 2014, thus the remuneration reflected in the prior year is for a period of 2 months. | | |
| Remuneration of Director Infrastructure - Besani M F | | |
| Annual Remuneration | - | 788 050 |
| Contributions to UIF, Medical and Pension Funds | - | 1 069 |
| | - | 789 119 |



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



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

25. Employee related costs (continued)

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

Remuneration Director Community Services - Mogopodi M R E

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

Remuneration Director Local Economic Development - Msweli X F

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

26. Remuneration of councillors

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

In-kind benefits

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

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

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

Remuneration Executive Mayor - Ngangelizwe S

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

Remuneration Speaker - Stofile C



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



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



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

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



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| | 2015 | 2014 |
|---|--------------------|--------------------|
| 27. Depreciation and impairment | | |
| Property, plant and equipment | 253 653 630 | 276 258 614 |
| Investment property | 6 691 979 | 6 691 979 |
| | <u>260 345 609</u> | <u>282 950 593</u> |
| 28. Finance costs | | |
| Employee benefits | 28 406 622 | 27 684 530 |
| Borrowings | - | 1 388 598 |
| Trade and other payables | 147 211 207 | 103 216 290 |
| Cash and cash equivalents | (1 538 421) | 112 049 |
| Provisions | 780 973 | 452 605 |
| | <u>174 860 381</u> | <u>132 854 072</u> |
| 29. Debt impairment | | |
| Contributions to consumer receivables debt impairment provision | <u>73 512 082</u> | <u>38 941 330</u> |
| 30. Bulk purchases | | |
| Electricity | 341 427 981 | 336 813 554 |
| Water | 403 831 296 | 328 431 685 |
| | <u>745 259 277</u> | <u>665 245 239</u> |
| 31. Contracted services | | |
| Legal services | 17 845 448 | 20 772 889 |
| Meter reading services | 17 683 977 | 22 693 930 |
| Professional services | 28 834 306 | 53 327 112 |
| Security services | 27 740 100 | 23 632 318 |
| Valuation services | 7 959 635 | - |
| | <u>100 063 466</u> | <u>120 425 649</u> |



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

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

The effects of the reclassification are as follows:



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| | 2015 | 2014 |
|--|------|------|
|--|------|------|

36. Comparative figures (continued)

Statement of Financial Performance

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

37. Prior period errors

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

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

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

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

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

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

Statement of Financial Position

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

Statement of Financial Performance

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



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Notes to the Financial Statements

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



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Notes to the Financial Statements

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

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

- Motor vehicles
- Software licenses

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



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Notes to the Financial Statements

| | 2015 | 2014 |
|--|-----------|------------|
| 40. Contingencies | | |
| The Municipality has the following contingent liabilities: | | |
| Court proceedings: | | |
| The following cases against the municipality have been recorded as contingent liabilities as there is uncertainty as to the outcome of the cases. The municipality is defending the cases. The potential legal costs have not been included in the claims. | | |
| Koth Properties | | |
| Koth Properties was appointed to prepare general valuation to be executed and completed. The agreement was terminated by the municipality due to failure to meet time frame agreed upon and submission of report which is characterized by a lot of omissions, uncertainties and confusion. Koth Properties issued a combined summons against the municipality for breach of contract. | - | 14 400 000 |
| Fujitsu Services (Pty) Ltd | | |
| The municipality was issued with a combined summons from Fujitsu Services (Pty) Ltd. Fujitsu Services (Pty) Ltd alleged that a contract was entered into for "customer improvement service framework agreement". In terms of the agreement the plaintiff undertook to design, implement and deliver customer care improvement services and same was alleged to have been performed and invoices were produced to the municipality for payment. | 7 051 943 | 7 051 943 |
| Chief Chunda & Associates | | |
| On 28 June 2013, the municipality was served with summons from Chief Chunda & Associates. The service provider alleges that they were appointed for the implementation of a water conservation and demand management program in February 2011. They further alleged to have discharged their obligations as per the agreement and as a result of the municipality's unlawful conduct he had suffered damages. | 6 710 263 | 6 710 263 |
| Afribatho Design | | |
| During October 2013, notice of proposed legal proceedings and letter of demand was issued by Messrs Symington & De Kok acting on behalf of the plaintiff. Subsequently a summons as served to the municipality on 22 November 2013 by the plaintiff claiming payment together with interests for professional services rendered in respect of the service agreement. The municipality is defending the main action and application for exception is scheduled for August 2014. | 5 870 235 | 5 870 235 |
| Tanker Project Solutions CC | | |
| The municipality was issued with a combined summons from Tanker Project Solutions CC claiming payment. Tanker Project Solutions CC alleged that they entered into a written agreement wherein they would act as a consultant for the municipality in respect of the planning, design, supervision of infrastructure projects, development and implementation of technical assistance projects in terms of tender notice 29/2009. | 3 000 000 | 3 000 000 |
| MMS Collections (Pty) Ltd | | |
| The municipality was issued with letter of demand, claiming payment for an amount alleged to be agreed between the parties involved. The municipality has since instructed its attorneys to settle the matter out of court. The municipality is engaging with the plaintiff attorneys on settlement negotiations. | 2 870 649 | 2 870 649 |
| Ramabulana Investment Services (Pty) Ltd | | |



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| | 2015 | 2014 |
|--|-----------|-----------|
| 40. Contingencies (continued) | | |
| The municipality was served with combined summons from Ramabulana Investment Municipality Services (Pty) Ltd. The plaintiff alleges that they have performed in terms of the contract and the defendants are refusing / reluctant to remunerate for service rendered. The municipality has opposed the application and in addition has also filed a counter application. | 1 517 941 | 1 821 367 |
| Mr. C G Jacobs Mr. Jacobs, an employee of Council, indicated in 2008 of his intention to resign from the municipality at the retirement age of 60 (sixty). A few days before his retirement, he was advised by a fellow colleague, to reserve his rights in the matter as there was a strong indication that the rules of the Free State Pension Fund were to change allowing employees to retire only at the age of 65. Although Mr. Jacobs wrote to Council informing it that he reserves his right not to retire pending the outcome of the decision of the Free State Pension Fund, he (Mr. Jacobs) filled out the application forms for his pension funds to be released which subsequently occurred. Council informed him on 1 October 2008 to vacate his office. The Municipality lost its arguments at arbitration. The matter was removed from the roll pending settlement negotiations. Facts and witnesses need to be prepared in order to rebut the plaintiff's allegations. | - | 1 881 172 |
| Mr. F S Sale & 82 Others The plaintiffs in the matter herein alleges that they are entitled to certain amount of payment for work performed on Saturdays and Sundays since 2004. They further allege that notwithstanding their demands the municipality refuses and/or neglects to pay such services. A round table meeting has been arranged with respective departments on a way forward and in an attempt to establish the defence. | 1 579 966 | 1 579 966 |
| Gain Industries CC & Craft Hydraulic Services On 23 April 2013, the municipality was served with summons by the plaintiff. Plaintiff alleges that he rendered professional services to the municipality during 2012 on the municipality's special request and instance. The matter has been set down for 28-29 October 2014. | 360 628 | 360 628 |
| Mr. T J Njilo On 20 August 2012, a notice was issued against Mr. Njilo for contravening with section 4 of the National Building Regulations and Building Standard Act 103 of 1977 in that he erected illegal structure made to the property on the ground that the buildings do not comply with the provisions of the National Building Regulations and Building Standard Act 103 of 1977. The application was dismissed on a pint in limine that the municipal manager does not have the locus standi to launch such application. The matter was the taken on appeal. | - | 100 000 |
| Mr. J J Human Mr. Human was appointed as an audit committee member for the municipality. He further indicated that subsequent to his appointment he attended several meetings as scheduled. He was paid R 11,855 for all sittings as well as travel costs however there are still amounts outstanding. On 29 April 2013 Mr. Human issued summons against the municipality. | 19 422 | 19 422 |
| Oppenheimer Golf Club | | |



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

Contingent assets

Remuneration of councillors

The municipality did not remunerate its political office bearers and members of its political structures within the framework of the Public Offices Bearers Act, 1998 (Act. No. 20 of 1998) due to differences of opinion of the grading of the municipality. In terms of section 167(2) of the MFMA, the municipality must recover these overpayments.

These amounts have not been accounted for as a receivable at year-end as there is currently uncertainty surrounding the outcome of the dispute. The grading of the municipality will be finalised once a conclusion is reached based on the meeting to be held between the municipality, SALGA and CoGTA.

Supply of bulk electricity - Eskom Holdings SOC LTD

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

Supply of bulk water - Sedibeng Water Board

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



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| | 2015 | 2014 |
|--|------|------|
|--|------|------|

41. Related parties

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Related party relationships

Members of key management
Members of the Council

Refer to general info and note 25 - Employee related costs

Refer to general info and note 26 - Remuneration of
councillors

Related party balances

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

Related party transactions

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

42. Financial sustainability

The municipality is experiencing financial difficulties, indicators are as follow:

- Suppliers were not paid within the legislative 30 days;
- There are a material increase in outstanding trade and other payables;
- Unspent conditional grant liabilities are not backed up by available cash balances;
- Employee benefit obligations are unfunded;
- Slow collection and low recoverability of outstanding consumer receivables; and
- Unfavourable financial ratio's.

The municipality is exploring alternative options to improve its financial position.

Although certain financial ratio's may appear unfavourable, the municipality still has the power to levy rates and taxes and it will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue Act, 2014 (Act No. 10 of 2014).

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

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

43. Events after the reporting date

No significant events occurred after the reporting date.

44. Unauthorised expenditure

| | | |
|--|----------------------|----------------------|
| Opening balances | 3 698 128 927 | 3 244 888 921 |
| Unauthorised expenditure - operating expenditure | 443 303 655 | 453 240 006 |
| | <u>4 141 432 582</u> | <u>3 698 128 927</u> |

Unauthorised expenditure relate to expenditure incurred that were not budgeted for per department vote (budget overspending).



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

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

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

46. Irregular expenditure

| | | |
|-----------------------|--------------------|--------------------|
| Opening balance | 484 659 738 | 399 533 588 |
| Irregular expenditure | 226 054 096 | 85 126 150 |
| | <u>710 713 834</u> | <u>484 659 738</u> |

47. Risk management

Financial risk management

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

Capital risk management

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

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

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

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



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| | 2015 | 2014 |
|--|------|------|
|--|------|------|

47. Risk management (continued)

Liquidity risk

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

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| At 30 June 2015 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|--------------------------|------------------|-----------------------|-----------------------|--------------|
| Trade and other payables | 2 122 349 896 | - | - | - |
| Consumer deposits | 30 231 537 | - | - | - |

| At 30 June 2014 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|--------------------------|------------------|-----------------------|-----------------------|--------------|
| Trade and other payables | 1 498 278 693 | - | - | - |
| Consumer deposits | 31 765 750 | - | - | - |

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

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

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

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

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

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

Market risk



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

47. Risk management (continued)

Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

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

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

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

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

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Price risk

The municipality is exposed to equity securities price risk because of investments held by the municipality and classified on the statement of financial position at fair value through surplus or deficit. The municipality is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the municipality does not invest in more equity securities as it is prohibited by the MFMA.

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

48. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

| | | |
|-----------------------------|-----------|-----------|
| Current year membership fee | 6 423 460 | 5 018 120 |
|-----------------------------|-----------|-----------|

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

Material losses

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

There were no material losses through criminal conduct.



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



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

Councillors' arrear consumer accounts

The following Councillors had accounts outstanding at 30 June 2015:

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

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



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49. Budget differences

Material differences between budget and actual amounts

Variance Explanations

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

Basis for material differences between budget and actual amounts

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

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

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

Changes from the approved budget to the final budget

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



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50. Deviation from supply chain management regulations

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

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

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



THE END

