



**2016/2017**

**MATJHABENG  
LOCAL MUNICIPALITY  
DRAFT ANNUAL  
REPORT  
VOLUME V**



# CONTENTS

REVISED ANNUAL REPORT TEMPLATE.....	6
<b>CHAPTER 1:-</b> <b>MAYOR’S FOREWORD AND EXECUTIVE SUMMARY</b>	
<b>COMPONENT A:</b> MAYOR’S FOREWORD.....	7
<b>COMPONENT B</b> EXECUTIVE SUMMARY.....	10
1.1     MUNICIPAL MANAGER’S OVERVIEW.....	10
1.2     MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW...	12
1.3     SERVICE DELIVERY OVERVIEW.....	17
1.4     FINANCIAL HEALTH OVERVIEW.....	18
1.6     AUDITOR GENERAL REPORT YEAR 0.....	20
1.7     STATUTORY ANNUAL REPORT PROCESS.....	31
<b>CHAPTER 2:-</b> <b>GOVERNANCE</b>	
<b>COMPONENT A:</b> POLITICAL AND ADMINISTRATIVE GOVERNANCE	
2.1     POLITICAL GOVERNANCE.....	32
2.2     ADMINISTRATIVE GOVERNANCE.....	40
<b>COMPONENT B:</b> INTERGOVERNMENTAL RELATIONS	
2.3     INTERGOVERNMENTAL RELATIONS.....	44
<b>COMPONENT C:</b> PUBLIC ACCOUNTABILITY AND PARTICIPATION	
2.4     PUBLIC MEETINGS.....	45
2.5     IDP PARTICIPATION AND ALIGNMENT.....	49
<b>COMPONENT D:</b> CORPORATE GOVERNANCE	
2.6     RISK MANAGEMENT.....	50
2.7     SUPPLY CHAIN MANAGEMENT.....	51
2.8     BY-LAWS.....	51
2.9     WEBSITES.....	52
<b>CHAPTER 3:-SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)</b>	
<b>COMPONENT A:</b> BASIC SERVICES	
3.1     WATER PROVISION.....	53
3.2     WASTE WATER (SANITATION) PROVISION.....	60



3.3	ELECTRICITY.....	68
3.4	WASTE MANAGEMENT.....	74
3.5	HOUSING.....	81
3.6	FREE BASIC SERVICES AND INDIGENT SUPPORT.....	86
<b>COMPONENT B: ROAD TRANSPORT</b>		
3.7	ROADS.....	89
3.8	TRANSPORT (VEHICLE LICENSING & PUBLIC BUS OPERATION).....	94
3.9	WASTE WATER (STORMWATER DRAINAGE).....	96
<b>COMPONENT C: PLANNING &amp; DEVELOPMENT</b>		
3.10	PLANNING.....	102
3.11	LED (INCLUDING TOURISM & MARKET PLACES).....	104
<b>COMPONENT D: COMMUNITY &amp; SOCIAL SERVICES</b>		
3.12	LIBRARIES.....	111
3.13	CEMETERIES.....	115
3.14	SOCIAL PROGRAMMES.....	118
<b>COMPONENT E: SECURITY AND SAFETY</b>		
3.19	LEGAL, RISK MANAGEMENT.....	120
3.20	POLICE (TRAFFIC – PUBLIC SAFETY).....	121
3.21	FIRE.....	124
3.22	OTHER – DISASTER MANAGEMENT.....	128
<b>COMPONENT F: PARKS, SPORT &amp; RECREATION</b>		
3.23	PARKS, SPORTS & RECREATION INCLUDING CEMETERIES.....	132
<b>COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES</b>		
3.24	EXECUTIVE AND COUNCIL.....	136
3.25	FINANCIAL SERVICES.....	141
3.26	HUMAN RESOURCES SERVICES.....	145
3.27	INFORMATION & COMMUNICATION TECHNOLOGY (ICT) SERVICES.....	148
3.28	PROPERTY, LEGAL, RISK MANAGEMENT & PROCUREMENT SERVICES.....	151

**CHAPTER 4:- ORGANISATIONAL DEVELOPMENT PERFORMANCE**

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

4.1	EMPLOYEE TOTALS AND VACANCIES.....	153
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**COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE**

4.2	POLICIES.....	157
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4.3	INJURIES, SICKNESS AND SUSPENSIONS.....	160
4.4	PERFORMANCE REWARDS.....	164
<b>COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE</b>		
4.5	SKILLS DEVELOPMENT AND TRAINING.....	166
<b>COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE</b>		
4.6	EMPLOYEE EXPENDITURE.....	170
<b>CHAPTER 5:- FINANCIAL PERFORMANCE</b>		
<b>COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE</b>		
5.1	STATEMENTS OF FINANCIAL PERFORMANCE.....	173
5.2	GRANTS.....	174
5.3	ASSET MANAGEMENT.....	175
5.4	FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS.....	178
<b>COMPONENT B: SPENDING AGAINST CAPITAL BUDGET</b>		
5.5	CAPITAL EXPENDITURE.....	182
5.6	SOURCES OF FINANCE.....	182
5.7	CAPITAL SPENDING ON 5 LARGEST PROJECTS.....	184
5.8	BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW.....	185
<b>COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS</b>		
5.9	CASH FLOW.....	186
5.10	BORROWING AND INVESTMENTS.....	187
<b>CHAPTER 6:- AUDITOR GENERAL AUDIT FINDINGS</b>		
<b>COMPONENT A: AUDITOR GENERAL OPINION YEAR -1</b>		
6.1	AUDIT ANNUAL PERFORMANCE REPORT YEAR -1 (PREVIOUS YEAR) .....,	190
6.2	AUDITOR GENERAL REPORT YEAR -1 (PREVIOUS YEAR - 2014).....	201
<b>GLOSSARY.....</b>		211
<b>APPENDICES</b>		
<b>APPENDIX A: COUNCILLORS, COMMITTEE ALLOCATION &amp; COUNCIL ATTENDANCE.....</b>		213



<b>APPENDIX B: COMMITTEES AND COMMITTEE PURPOSES.....</b>	<b>216</b>
<b>APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE.....</b>	<b>217</b>
<b>APPENDIX D: FUNCTIONS OF MUNICIPALITY / ENTITY.....</b>	<b>218</b>
<b>APPENDIX E: WARD REPORTING.....</b>	<b>219</b>
<b>APPENDIX F: WARD INFORMATION.....</b>	<b>233</b>
<b>APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS.....</b>	<b>234</b>
<b>APPENDIX K(i): REVENUE COLLECTION PERFORMANCE BY VOTE.....</b>	<b>235</b>
<b>APPENDIX K(ii): REVENUE COLLECTION PERFORMANCE BY SOURCE.....</b>	<b>236</b>
<b>APPENDIX L: CONDITIONAL GRANTS RECEIVED EXCLUDING MIG.....</b>	<b>237</b>
<b>APPENDIX M (i): CAPITAL EXPENDITURE (NEW ASSETS PROGRAMME).....</b>	<b>238</b>
<b>APPENDIX M (ii): CAPITAL EXPENDITURE (UPGRADE / RENEWAL PROGRAMME).....</b>	<b>241</b>
<b>APPENDIX N: CAPITAL PROGRAMME BY PROJECT YEAR 0.....</b>	<b>243</b>
<b>APPENDIX A10 – 2: SERVICES.....</b>	<b>245</b>
<b>VOLUME V: ANNUAL FINANCIAL STATEMENTS.....</b>	<b>252</b>
<b>APPENDIX O: KPA 1 BASIC SERVICE DELIVERY.....</b>	<b>339</b>
<b>APPENDIX P: KPA 2 MUNICIPAL TRANSFORMATION &amp; INSTITUTIONAL DEVELOPMENT.....</b>	<b>359</b>
<b>APPENDIX Q: KPA 3 MUNICIPAL FINANCIAL VIABILITY &amp; MANAGEMENT.....</b>	<b>370</b>
<b>APPENDIX R: KPA 4 GOOD GOVERNANCE.....</b>	<b>374</b>
<b>APPENDIX S: KPA 5 LOCAL ECONOMIC DEVELOPMENT.....</b>	<b>383</b>



## REVISED ANNUAL REPORT TEMPLATE

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

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

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

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

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

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

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

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

MFMA Implementation Unit, National Treasury- July 2012



## CHAPTER 1: EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: EXECUTIVE MAYOR'S FOREWORD



**Cllr Nkosinjani Speelman**

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**CLLR N. SPEELMAN  
EXECUTIVE MAYOR**

**T 1.0.1**

The Annual Report is an invaluable transparent vehicle and instrument to measure and report on the performance of Matjhabeng Local Municipality in a democratic society. The Annual Report for the financial year 2016-2017 therefore reflects on the operational activities and service delivery implementation of the Municipality for the period 01 July 2016 to 30 June 2017.

The Report is a result of a legal compliance and it is generated in terms of Section 121 (1) of the Municipal Finance Management Act (MFMA) 56 of 2003, as well as Section 46 of the Municipal Systems Act, which further requires local government to prepare a performance report for each financial year.

The purpose of this Annual Report is to provide:

- A record of the activities and accomplishments of the Matjhabeng Local Municipality
- A report on the performance in service delivery and budget implementation; and to



- Promote transparent accountability to local communities.

As required by law, the key performance areas of local government in any given year must find expression in an Integrated Development Plan (IDP) as well as the Service Delivery and Budget Implementation Plan (SDBIP) of departments on operational level. The Annual Report forges linkages between the IDP, SDBIPs, Annual Financial Statements, Performance Reports and more. Information thereto is captured in the Annual Report for the year under review.

The Annual Report further demonstrates the Municipality's commitment to create an environment conducive for making local government – the sphere of government closest to citizens and the coalface of service delivery in our developmental state – work better and do more.

Many other variables not mentioned here affected the Municipality in some ways during the year under review. The successful local government elections in 2016, which saw new political leadership taking office, is but one. Building on the foundation of people and service delivery centred policies and programmes developed by the ANC, which is the ruling party in Council since 2000, citizens can be assured of the Municipality's firm commitment to consolidate service delivery and progress achieved with regards to good governance. Our ultimate goal is to ensure the deepened democracy and accountability in fulfilling our legislative mandate of ensuring the provision of quality services, development and poverty alleviation and eradication.

Giants facing the Municipality are an ageing infrastructure in established suburbs, poor workmanship of contractors in townships, corruption, a downturn in the economy, retrenchments in dominant sectors, shifting migration patterns and an increase in vandalism and illegal mining, which impacts the Municipality due to infrastructure being deliberately destroyed or plundered for their purposes and gain.

Like many municipalities in the world in general, and South Africa in particular, Matjhabeng Local Municipality also confronts significant challenges relating to unemployment as well as the provision of basic services such as water, sanitation, electricity, safety and social development with lesser revenue.

Nevertheless, there was significant progress made during the year under review, in particular in intensifying efforts aimed at improving the quality of life of the citizens of Matjhabeng. As a Municipality we are focused on achieving a clean audit report from the Auditor General, following the unqualified opinion for the financial year 2015 – 2016.

This achievement – the first in 17 years – and other achievements are a reflection of teamwork and the invaluable contributions of many. I would like to thank all.





In the financial year under review we have deepened the thrust and impact of our existing policies and developmental programmes directed at accelerating service delivery and facilitate the effective implementation of government's programmes on social and economic transformation.

The rate of payment for services rendered by the Municipality remains unsatisfactory. We therefore call upon all consumers of services to pay for such services. In this regard, we wish to thank all those households, businesses and all citizens who continue to pay for their services in order to ensure that the Municipality is able to deliver services in line with its constitutional mandate.

“With external factors such as continued urbanisation and migration on the one hand and the economy that globally experiences 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.”

---

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



## COMPONENT B: EXECUTIVE SUMMARY

### 1.1 MUNICIPAL MANAGER'S OVERVIEW



**Mr. Evans Thabiso Tsoaeli**

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

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

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

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



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

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

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

I thank you

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**MR ET TSOAELI**  
**ACTING MUNICIPAL MANAGER**

**T 1.1.1**



## 1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### BACKGROUND DATA

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

T 1.2.1

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

Source: STATS SA 2011

T 1.2.2

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

Source: STATS SA 2011

T 1.2.3

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

Source: STATS SA 2011

T 1.2.4

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



## HISTORICAL OVERVIEW OF TOWNS WITHIN MATJHABENG

The Municipality is made up of six towns, namely:

### WELKOM (THABONG)

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

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

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

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

### VIRGINIA (MELODING)

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

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

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

### VENTERSBURG (MMAMAHABANE)

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



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

### **ODENDAALSRUS (KUTLWANONG)**

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

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

### **HENNENMAN (PHOMOLONG)**

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

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

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

### **ALLANRIDGE (NYAKALLONG)**

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

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

**T 1.2.6**



<b>OVERVIEW OF NEIGHBOURHOODS WITHIN 'MATJHABENG MUNICIPALITY'</b>		
<b>Settlement Type</b>	<b>Households</b>	<b>Population</b>
<b>TOWNS</b>		
ALLANRIDGE	663	3 315
HENNENMAN	958	4 311
ODENDAALSRUS	2 213	9 959
RIEBEECKSTAD	3 092	15 460
VENTERSBURG	359	1 616
VIRGINIA	4 454	22 270
WELKOM	9 708	48 540
<b>Sub-Total</b>	<b>21 447</b>	<b>105 471</b>
<b>TOWNSHIPS</b>		
BRONVILLE	2 159	12 306
KUTLWANONG	11 966	70 599
MELODING	10 482	60 796
MMAMAHABANE	2 345	14 070
NYAKALLONG	4 010	24 060
PHOMOLONG	4 871	29 226
THABONG	29 064	165 665
WHITES	55	314
<b>Sub-Total</b>	<b>64 952</b>	<b>377 582</b>
<b>INFORMAL SETTLEMENTS</b>		
NYAKALLONG	177	974
KUTLWANONG	1 505	8 278
THABONG/BRONVILLE	2 262	12 441
MELODING	821	4 516
PHOMOLONG	539	2 965
MMAMAHABANE	379	2 085
<b>Sub-Total</b>	<b>5683</b>	<b>31 259</b>
<b>Total</b>	<b>92 082</b>	<b>514 312</b>
		<b>T 1.2.6</b>

Source: Rapid Assessment Report of HDA (September 2013)

<b>NATURAL RESOURCES</b>	
<b>MAJOR NATURAL RESOURCE</b>	<b>BENEFIT TO THE COMMUNITY</b>
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.
	<b>T 1.2.8</b>



## COMMENTS ON BACKGROUND DATA

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

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

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

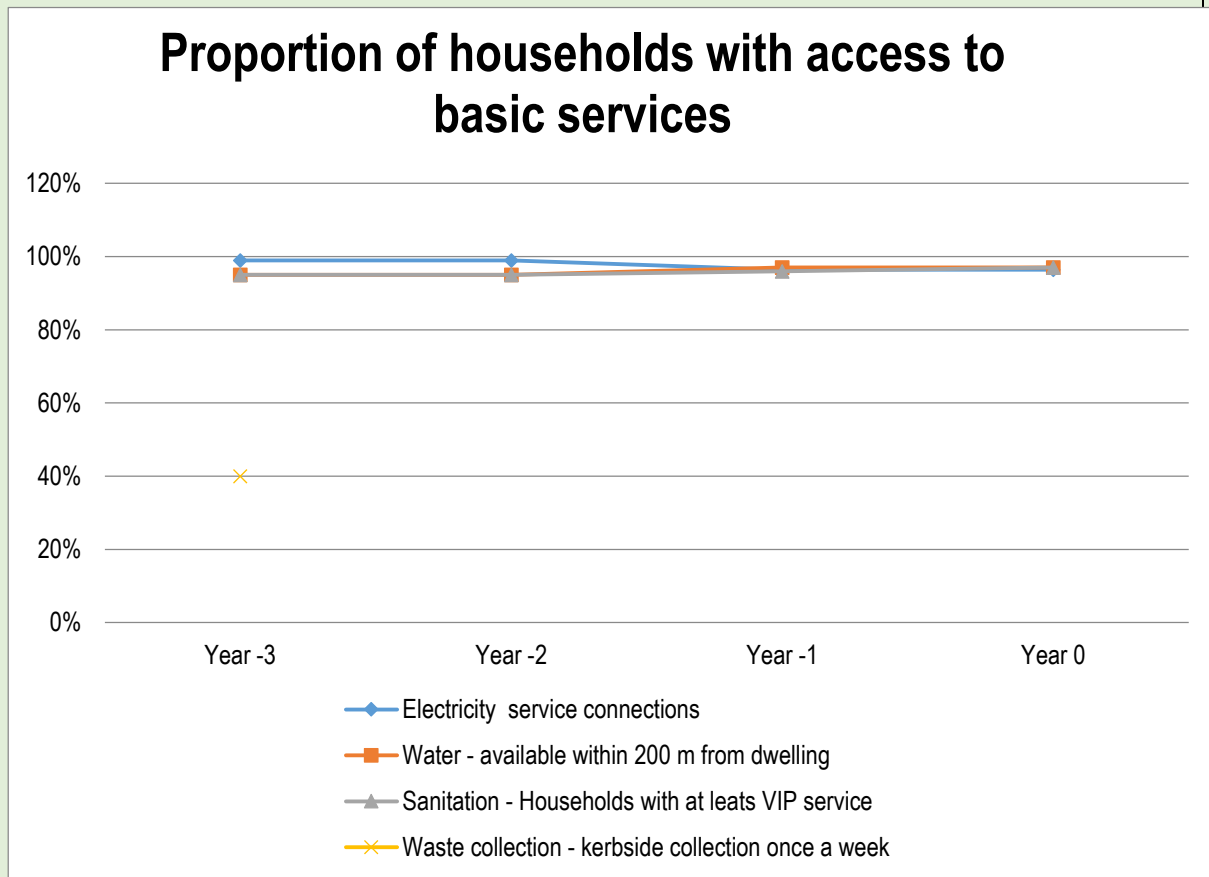
**T 1.2.9**





### 1.3 SERVICE DELIVERY OVERVIEW

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



T 1.3.2

#### COMMENT ON ACCESS TO BASIC SERVICES:

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

T 1.3.3



## 1.4 FINANCIAL HEALTH OVERVIEW

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

The budget of the Municipality has been compiled in compliance with Chapter 4 of the Municipal Finance Management Act 56 of 2003. The total budget for the 2016/2017 financial year was R 2 036 735 000 and capital budget of R 153 363 000.

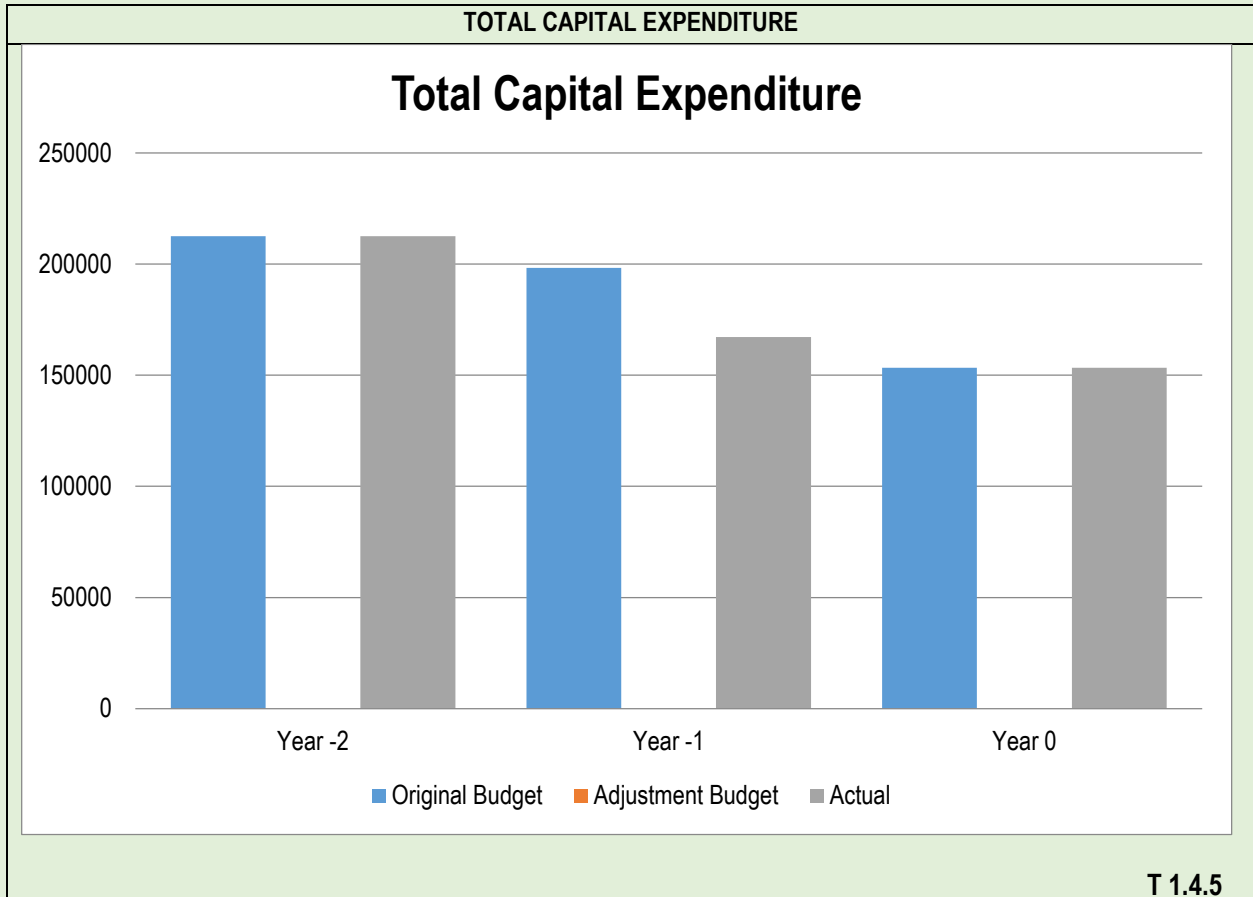
T 1.4.1

FINANCIAL OVERVIEW: YEAR 0			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	502 155	502 155	505 355
Taxes, Levies and tariffs	201 665	201 665	1 335 757
Other	1 451 017	1 471 017	419 600
Sub Total	2 154 837	2 174 837	2 260 712
Less: Expenditure	2 036 735	2 036 735	2 810 990
<b>Net Total*</b>	<b>118 102</b>	<b>138 102</b>	<b>-550 279</b>
<i>* Note: surplus/(deficit)</i>			T 1.4.2

OPERATING RATIOS	
DETAIL	%
Employee Cost	<10%
Repairs & Maintenance	32%
Finance Charges & Impairment	22%
T 1.4.3	



TOTAL CAPITAL EXPENDITURE: YEAR -2 TO YEAR 0			
			R'000
DETAIL	YEAR -2	YEAR -1	YEAR 0
Original Budget	212 482	198 246	153 363
Adjustment Budget	0	0	0
Actual	212 482	167 088	153 363
			<b>T 1.4.4</b>



**COMMENT ON CAPITAL EXPENDITURE OUTSTANDING**

The capital expenditure and sources of funds for the 16/17 financial year consist of grant funding (MIG) and internal funds generated. The MIG allocation for 16/17 financial year was R 113 363 000 and internally generated funds were R 40 000 000. The total capital budget for the 16/17 financial year was R 153 363 000.

**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 audit of the financial statements

#### Opinion

1. I have audited the financial statements of the Matjhabeng Local Municipality set out on pages 252 to 338, which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Matjhabeng Local Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

#### Basis for opinion

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

#### Material uncertainty relating to going concern

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

## Emphasis of matters

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

### Irregular expenditure

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

### Fruitless and wasteful expenditure

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

### Restatement of corresponding figures

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

### Material losses

12. As disclosed in note 52 to the financial statements, material electricity losses of R74 080 387 (2016: R75 434 684) was incurred, which represents 13,25% (2016:18,70%) of total electricity purchased, mainly due to tampering and theft.

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

### Material impairments

14. As disclosed in note 12 to the financial statements, receivables from non-exchange transactions was impaired by R187 612 632 (2016: R173 681 854).

15. As disclosed in note 14 to the financial statements, receivables from exchange transactions was impaired by R1 532 476 770 (2016: R1 187 481 412).

## Other matters

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

### Unaudited disclosure notes

17. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement, as contained in note 52 to the financial statements, did not form part of the audit of the financial statements and, accordingly, I do not express opinion on it.

## Service delivery matters

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

## Responsibilities of the accounting officer for the financial statements

20. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
21. In preparing the financial statements, the accounting officer is responsible for assessing the Matjhabeng Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the municipality or cease operations, or there is no realistic alternative but to do so.

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

22. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
23. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

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

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

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

KPA	Pages in the annual performance report
KPA 1 – basic service delivery and infrastructure investment	340 - 359

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

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

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

Various indicators

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

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

Length (km) of undersigned gravel roads constructed

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

### **Other matters**

31. I draw attention to the matters below.

Achievement of planned targets

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

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

### **Introduction and scope**

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

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



## Annual financial statements, performance and annual reports

35. The financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, liabilities and expenditure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.
36. The annual performance report for the year under review did not include a comparison with the previous financial year and measures taken to improve performance, as required by section 46(1)(b) and (c) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (Municipal Systems Act).

## Procurement and contract management

37. Due to poor record keeping, sufficient appropriate audit evidence could not be obtained that all contracts were awarded in accordance with the legislative requirements as reported in paragraph 38, 39 and 43 below. Similar limitation was also reported in the previous year.
38. Sufficient appropriate audit evidence could not be obtained that quotations were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
39. Sufficient appropriate audit evidence could not be obtained that quotations were only accepted from, and contracts awarded to, bidders whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43. Similar non-compliance was also reported in the previous year.
40. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the previous year.
41. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2).
42. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).
43. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
44. The performance of some of the contractors or service providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
45. Awards were made to service providers who were in the service of the municipality and whose directors were in the service of the municipality, in contravention of section 112(j) of the MFMA and SCM regulation 44. Furthermore, the service provider failed to declare that s/he was in the service of the municipality, as required by SCM regulation 13(c).

46. Awards were made to service providers who were in the service of other state institutions and whose directors were in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulation 44.

#### Expenditure management

47. Effective steps were not taken to prevent irregular expenditure of R323 171 276 as disclosed in note 51 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM processes.

48. Effective steps were not taken to prevent fruitless and wasteful expenditure of R220 861 454 as disclosed in note 50 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the fruitless and wasteful expenditure was caused by interest levied by Eskom on late payments.

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

#### Assets management

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

#### Liabilities management

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

#### Human resource management

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

#### Budgets

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

#### Other information

54. The Matjhabeng Local Municipality's accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected KPAs presented in the annual performance report that have been specifically reported in the auditor's report.

55. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

56. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected KPAs presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

57. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

### Internal control deficiencies

58. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

59. The leadership did not always take adequate corrective actions in time to address weaknesses in the finance and performance reporting directorate. This resulted in non-compliance with applicable legislation and gave rise to unauthorised, irregular and fruitless and wasteful expenditure.

60. The leadership did not ensure that an organisational structure that is aligned to the municipality's needs was approved on time. As a result, personnel that needed to address the municipality's needs were not appointed during the financial year. The municipality tried to address the capacity constraints in the finance section by appointing the consultants; however, this may result in overreliance on the consultants if capacity constraints are not addressed.

61. Management did not, in all instances, prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. This resulted in material differences that gave rise to material adjustments in the annual financial statements submitted for auditing. Additionally, controls over revenue management were not effective, resulting in significant consumer accounts being billed using estimates without actual meter readings being taken.

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

63. The audit committee was not effective during the financial year as they only met twice. The contracts of all the audit committee members expired at the end of June 2017 and, as a result, they were not available to review the financial statements before they were submitted for auditing.

64. The internal audit division was not adequately resourced to plan and execute risk-based audits. As a result, a significant number of audits planned for 2016-17 were not done and they could not adequately advise the accounting officer and report to the audit committee on implementing the internal audit plan and matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management, performance management, loss control and compliance with the legislation.

### Other reports

65. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

66. At the time of this report, there was an ongoing investigation being conducted by the South African Police Services into allegations of unauthorised amendments to the supplier banking details on the municipality's accounting system. The investigation covers the specific incident that occurred on 13 May 2016.

67. There was an ongoing investigation into allegations of forgery of the a signature of a municipal official that resulted in a payment being made without a service being rendered to the municipality. This investigation is being conducted by the South African Police Services and covers a specific incident that occurred on 11 November 2015. At the time of this report, this investigation had not yet been finalised.

Bloemfontein

30 November 2017



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

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

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:

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

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

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

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

## 1.7 STATUTORY ANNUAL REPORT PROCESS

#	ACTIVITY	TIME FRAME	ACTUAL
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July/August	It was developed and submitted to Council for approval in May 2017
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting)		IDP and Budget were approved 30 days before the start of the new financial year
3	Finalize the 4 <sup>th</sup> quarter Report for previous financial year.		To be submitted in August 2017.
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General.		On the 16 August 2017 in the form of a draft without draft AFS.
5	Municipal entities submit draft Annual reports to MM.		Not relevant to MLM
6	Audit / Performance committee considers draft Annual Report of Municipality and entities (where relevant)	August	August 2017.
7	Mayor tables the unaudited Annual Report		30 August 2017
8	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General		31 August 2017
9	Annual Performance Report submitted to Auditor General to be provided as input to the IDP Analysis Phase		31 August 2017. IDP Manager to use the report as input to the analysis phase.
10	Auditor General Audits Annual Report including consolidated Annual Financial Statements and Performance data	August – December	The audits will be done between August and December
11	Municipalities receive and start to address the Auditor General's comments	November/January	As per the queries to be issued.
12	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor General's Report		The Audited work will be tabled in Council after receipt of the formal Audit Report.
13	Audited Annual Report is made public and representation is invited		Immediately after the Audit Report is presented to Council
14	Oversight Committee assesses Annual Report		Immediately after the Audit Report is presented to Council
15	Council adopts Oversight Report	March 2018	Immediately after the Audit Report is presented to Council
16	Oversight Report is made public		April 2017
17	Oversight Report is submitted to relevant Provincial Councils		April 2017
18	Commencement of draft Budget/IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.	April/May 2018	May 2017
			<b>T 1.7.1</b>

## CHAPTER 2: GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### 2.1 POLITICAL GOVERNANCE

##### POLITICAL STRUCTURE



**EXECUTIVE MAYOR**  
Cllr Nkosinjani Speelman



**SPEAKER**  
Cllr BC Stofile



**CHIEF WHIP**  
Cllr MJ Sephiri



**MAYORAL COMMITTEE / EXECUTIVE COMMITTEE**



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



**MMC HUMAN SETTLEMENTS**  
Cllr TD Khalipha



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



**MMC TOURISM & AGRICULTURE**  
Cllr MC Radebe



**MMC PUBLIC SAFETY**  
Cllr VR Morris



**MMC LED AND PLANNING**  
Cllr DR Direko



**MMC INFRASTRUCTURE**  
Cllr ME Tshopo



**MMC COMMUNITY SERVICES**  
Cllr TB Lushaba



**MMC FINANCE**  
Cllr S Manese



**MMC CORPORATE SERVICES**  
Cllr VE Mawela

**T 2.1.1**

**COUNCILLORS**

**PR COUNCILLORS**



Cllr NW Speelman



Cllr MJ Sephiri



Cllr B Stofile



Cllr MR Tsupa



Cllr DR Direko



Cllr M Kabi



Cllr NE Thelingoane



Cllr SD Manese



Cllr MH Ntsebeng



Cllr XN Masina



Cllr TB Lushaba



Cllr MC Radebe



Cllr ML Radebe



Cllr MG Mafaisa



Cllr KSV Moipatle



Cllr NM Phofeli



Cllr ME Tshopo



Cllr VE Mawela



Cllr JS Marais



Cllr LN Presente



Cllr MM Rakaki



Cllr A Styger



Cllr MJ Badenhorst



Cllr AJ Manenye



Cllr EJ Jacobs



Cllr PF Botha



Cllr TW Lethake



Cllr ME Senxezi



Cllr MT Macingwane



Cllr ME Tsoaeli



Cllr LE Khetsi



Cllr NA Mthebere



Cllr AM Sithole



Cllr SDM Taljaard



Cllr ME Nqeobo



Cllr B Ramabolu

## WARD COUNCILLORS



Ward 1  
Clr Sebotsa



Ward 2  
Clr Tshabangu



Ward 3  
Clr Schleich



Ward 4  
Clr Liphoko



Ward 5  
Clr Molelekoa



Ward 6  
Clr Mahlumba



Ward 7  
Clr Monjovo



Ward 8  
Clr Masienyane



Ward 9  
Clr Badenhorst



Ward 10  
Clr Ramalefane



Ward 11  
Clr Morris



Ward 12  
Clr Moshoeu



Ward 13  
Clr Thelingoane



Ward 14  
Clr Chaka



Ward 15  
Clr Ntuli



Ward 16  
Clr Meli



Ward 17  
Clr Khalipha



Ward 18  
Clr Moloja



Ward 19  
Clr Ramatisa



Ward 20  
Clr Nkonka



Ward 21  
Cllr Pholo



Ward 22  
Cllr Poo



Ward 23  
Cllr Tlake



Ward 24  
Cllr Mphikeleli



Ward 25  
Cllr Nthako



Ward 26  
Cllr Tsatsa



Ward 27  
Cllr Van Rooyen



Ward 28  
Cllr Mosia



Ward 29  
Cllr Mafa



Ward 30  
Cllr Molefi



Ward 31  
Cllr Mokhomo



Ward 32  
Van Schalkwyk



Ward 33  
Cllr Malherbe



Ward 34  
Cllr Daly



Ward 35  
Cllr Manzana



Ward 36  
Cllr Khothule

T 2.1.2

### **POLITICAL DECISION-MAKING PROCESS**

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

Decisions of Council are kick started by a recommendation made at Executive Management level. Secondly, Section 80 recommends to a Mayoral committee and ultimately Council takes a resolution on a matter. Depending on the nature of a Council decision, the general public will be consulted for inputs on the matters discussed by Council and then Council will finally ratify a matter under discussion. Public consultation assumes different forms, for example, it can be face to face meetings with the general public, a platform can be created for the public to make inputs (written or verbal), can be through the sittings of the Ward Committees or even through formal stakeholder engagements.

**T 2.1.3**

## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipality is governed administratively by the Accounting Officer: Mr ET Tsoaeli, who assumed his position in an acting capacity on the 15<sup>th</sup> February 2017. The former Municipal Manager, Advocate MF Lepheana took charge of all administrative functions of the Municipality prior to the appointment of Mr Tsoaeli as Acting Municipal Manager. The Municipality entered 2016/2017 financial year with a full complement of section 56/57 Managers as all positions were filled. It was only until January 2017 when the two positions of Executive Director: LED & Planning (Mr X.W Msweli) and Executive Director: Community Services (Me M Mogopodi) became vacant. Advertisements were published of the two vacant positions in April 2017.

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

The vacant positions were occupied on an acting capacity by the following officials: Acting Chief Financial Officer: Me L, Williams who acted from 1 March to 31 July 2017; Acting Chief Financial Officer Mr M.S Sejake who acted from 1st August 2017 to date; Acting Executive Director Community Services: Mr M Atolo who acted from 1 March 2017 until 31 May 2017; Acting Executive Director Community Services: Mr J Molawa who acted from 1 June 2017 and Acting Executive Director LED & Planning: Me M. Mothekhe who acted from 1 March 2017 until 30 June 2017..

**T 2.2.1**



**TOP ADMINISTRATIVE STRUCTURE**



**ACTING MUNICIPAL MANAGER**  
Mr E.T. Tsoaeli



**EXECUTIVE DIRECTOR  
STRATEGIC SUPPORT SERVICES**  
Mr. T.B Makofane



**ACTING CFO**  
Mr M.S. Sejake



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



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



**EXECUTIVE DIRECTOR  
INFRASTRUCTURE**  
Me. B Maswanganyi



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

## **COMPONENT B: INTERGOVERNMENTAL RELATIONS**

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

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

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

**T 2.3.0**

## 2.3 INTERGOVERNMENTAL RELATIONS

### DISTRICT INTERGOVERNMENTAL STRUCTURES

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

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

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

Municipal Managers' Forum

CFO Forum

Energy Forum

LED Forum

District Coordinating Forum

Technical IGR Forum

PMS Forum

Risk Management Forum

MECLOGA

Premier's Coordinating Forum

Back to Basics

IDP Managers'

**T 2.3.4**

## 2.4 PUBLIC MEETINGS

### COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

#### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

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

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

Mayoral Imbizos

IDP/budget representative forum

Ward Constituency meetings

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

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

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

T 2.4.0

## COMMUNICATION, PARTICIPATION AND FORUMS

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

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

T 2.4.1

## WARD COMMITTEES

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

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

T 2.4.2

Road PUBLIC MEETINGS						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Ward 10	18 April 2016	2	2	292	Yes	IDP & Budget incorporating inputs from Public Meetings were made public from 10 <sup>th</sup> June 2016
Ward 18 & 20	18 April 2016	5	2	342	Yes	
Ward 19 & 36	18 April 2016	3	2	325	Yes	
Ward 22	20 April 2016	2	4	310	Yes	
Ward 26	20 April 2016	3	1	140	Yes	
Ward 28	20 April 2016	3	1	164	Yes	
Ward 29	20 April 2016	4	1	25	Yes	
Ward 31	21 April 2016	3	2	89	Yes	
Ward 12	21 April 2016	1	1	54	Yes	
Ward 25	21 April 2016	1	2	163	No	
Ward 13	25 April 2016	2	1	362	Yes	
Ward 14	25 April 2016	2	2	601	Yes	
Ward 15	25 April 2016	4	2	138	Yes	
Ward 16	25 April 2016	2	1	135	Yes	
Ward 17	28 April 2016	4	1	220	Yes	
Ward 11	28 April 2016	1	2	70	Yes	
Ward 23	28 April 2016	1	1	136	Yes	
Ward 24	28 April 2016	3	1	55	Yes	
Ward 1	4 May 2016	3	3	114	Yes	
Ward 4	4 May 2016	3	2	89	Yes	
Ward 5	5 May 2016	2	0	127	Yes	
Ward 7	5 May 2016	3	3	270	Yes	

T 2.4.3

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Ward 32 & 33	9 May 2016	1	1	20	Yes	IDP & Budget incorporating inputs from Public Meetings were made public from 10 <sup>th</sup> June 2016
Ward 34	9 May 2016	3	1	56	Yes	
Ward 35	9 May 2016	1	1	189	Yes	
Ward 35 & 36	11 May 2016	2	2	58	Yes	
Ward 10, 25 & 35	11 May 2016	1	1	68	Yes	
Ward 12	11 May 2016	1	1	140	Yes	
Ward 27	11 May 2016	1	2	20	Yes	
Ward 21	11 May 2016	3	2	162	Yes	
						<b>T 2.4.3</b>

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

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

Nevertheless, apart from meeting a legal requirement in as far as consulting the public is concerned, meetings held yielded positive outcomes. The general public was able to input into programmes where such were needed, and these contributed significantly to improving the Council decisions. For example, the IDP and Budget together with other policies approved have public ownership. As a result of these meetings, management were sensitised on urgent community matters that would not have reached them under normal circumstances.

**T 2.4.3.1**



## 2.5 IDP PARTICIPATION AND ALIGNMENT

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

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

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

We had such positions as they related to performance monitoring and compliance in the Municipality. Positions which could help monitor implementation of relevant laws are quite placed lower down the management echelon. These positions included officials who dealt with Risk Management, Internal Audit and Performance Management.

**T 2.6.0**

## 2.6 RISK MANAGEMENT

### RISK MANAGEMENT

Risk Management is a management process through which the Municipality identifies, evaluates and controls significant risks that can result in failure, to attain strategic objectives. The main responsibility of Risk Management is to support the development of an overall Enterprise Risk Management Framework aligned to Municipal Strategy (IDP). A reviewed risk management policy was approved during the Council sitting of 13 December 2016.

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

1. Conducting Risk Assessment within the Municipality.
2. Advising and guiding the Municipality in terms of institutional risk matters.
3. Developing a Risk Management Strategy and Implementation Plan.
4. Coordinating Risk Management activities.
5. Facilitating identification and assessment of risks.
6. Recommending risk responses to management.

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

**T 2.6.1**

## 2.7 SUPPLY CHAIN MANAGEMENT

### OVERVIEW SUPPLY CHAIN MANAGEMENT

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

In order to address the declining local economy, the Municipality incorporated a number of local economic development initiatives and projects in the Integrated Development Plan. The Municipality also realised that it's Supply Chain Management Policy and practices could play an important role in stimulating local economic growth and development. Policy changes were designed to contribute to the achievement of the Municipality's objectives regarding local economic growth and development. In particular, there is emphasis on giving 70% of business opportunities to local businesses to ensure that we sustain local SMMEs.

T 2.7.1

## 2.8 BY-LAWS

BY-LAWS INTRODUCED DURING YEAR 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Municipal Spatial Planning and Land Use Management Act	-	Yes	13th – 30th April 2015		2015

*\*Note: See MSA section 13.*

T 2.8.1

## 2.9 WEBSITES

<b>Municipal Website: Content and Currency of Material</b>		
<b>Documents published on the Municipality's / Entity's Website</b>	<b>Yes / No</b>	<b>Publishing Date</b>
Current annual and adjustments budgets and all budget-related documents	Yes	31st July 2017
All current budget-related policies	Yes	31st July 2017
The previous annual report (Year -1)	Yes	1st March 2017
The annual report (Year 0) published/to be published	Yes	12th April 2018
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	30th August 2016
All service delivery agreements (Year 0)	N/A	N/A
All long-term borrowing contracts (Year 0)	N/A	N/A
All supply chain management contracts above a prescribed value (give value) for Year 0	N/A	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	N/A	N/A
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	N/A
Public-private partnership agreements referred to in section 120 made in Year 0	N/A	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	30th June 2017
<i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i>		

**T 2.9.1**

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

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

**T 2.9.1.1**

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

### COMPONENT A: BASIC SERVICES

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

#### INTRODUCTION TO BASIC SERVICES

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

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

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

**T 3.1.0**

### 3.1 WATER PROVISION

#### INTRODUCTION TO WATER PROVISION

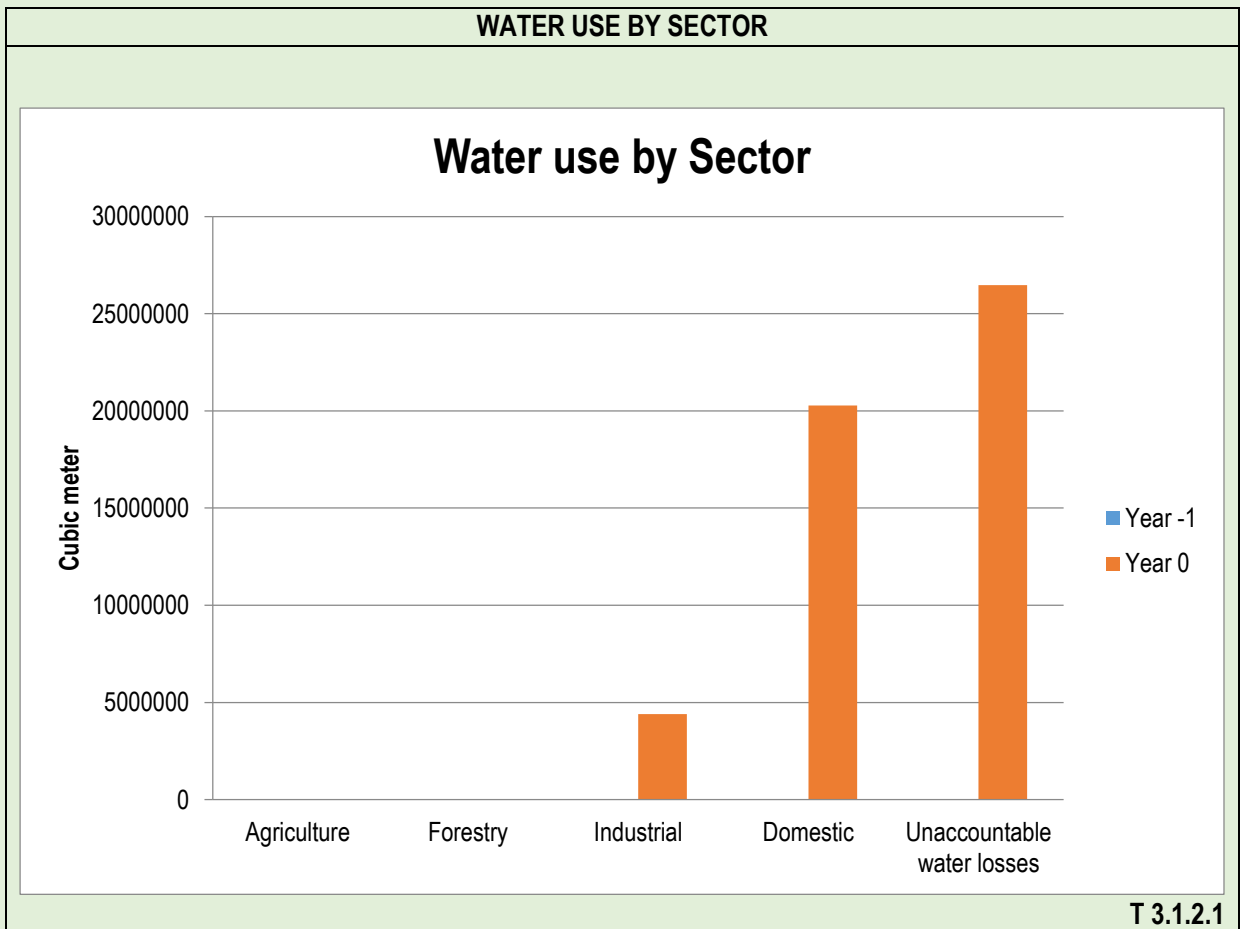
Matjhabeng Local Municipality is the Water Service Authority with Sedibeng Water as its Water Services Provider supplying Bulk Water as per the Water Services Act 108 of 1997. Due to the down scaling of the mines in the area, the current bulk water supply capacity is more than adequate to service the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

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

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

**T 3.1.1**

TOTAL USE OF WATER BY SECTOR (CUBIC METERS)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year -1	0	0	0	0	0
Year 0	6 837	0	4 395 334	20 272 074	26 466 532
<i>NB: There was no figures provided in Year -1</i>					
<b>T 3.1.2</b>					



### COMMENT ON WATER USE BY SECTOR:

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

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

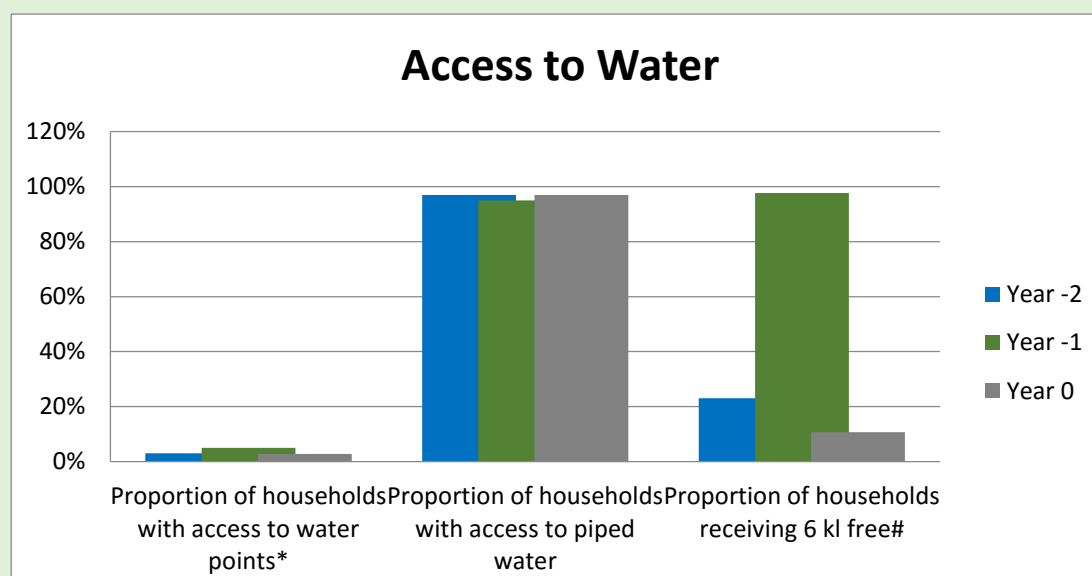
Maintenance of water networks in old high-income areas becomes difficult as little funding is available to maintain and upgrade such. All governmental supporting actions are focussed on PDI areas.

T 3.1.2.2

WATER SERVICE DELIVERY LEVELS						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Actual	Actual	Actual
	No.	No.	No.	No.	No.	No.
<b>Water: (above min level)</b>						
Piped water inside dwelling	49 315	50 742	50 801	96 746	96 746	96 746
Piped water inside yard (piped water inside yard and inside dwelling consolidated under year 0)	46 997	46 997	46 997	-	-	-
Using public tap (within 200m from dwelling)	1 916	1 489	1 489	2 837	2 837	2 837
Other water supply (within 200m)						
<i>Minimum Service Level and Above sub-total</i>	98 228	99 228	99 288	99 583	99 583	99 583
<i>Minimum Service Level and Above Percentage</i>	96%	97%	96%	97%	97%	97%
<b>Water: (below min level)</b>						
Using public tap (more than 200m from dwelling)	4 467	3 467	5 400	3080	3080	3080
Other water supply (more than 200m from dwelling)						
No water supply						
<i>Below Minimum Service Level sub-total</i>	4 467	3 467	5 400	3080	3080	3080
<i>Below Minimum Service Level Percentage</i>	4%	3%	4%	3%	3%	3%
<b>Total number of households*</b>	<b>102 695</b>	<b>102 875</b>	<b>102 695</b>	<b>102 663</b>	<b>102 663</b>	<b>102 663</b>
<i>The information of Statistics SA (2011) was used as a base. The Municipality embarked on an extensive data collection programme to verify and update previous year's information. Programmes was also implemented to improve services below minimum level. Information provided is based on services provided per stand or dwelling and not per household. According to Statistics SA (2011) 2,9 persons make a household.</i>						
<b>T 3.1.3</b>						

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.
<b>Formal Settlements</b>						
Total households	86 284	87 711	90 969	99 583	99 583	99 583
Households below minimum service level	0	0	1 254	1 235	1 235	1 235
Proportion of households below minimum service level	0%	0%	1%	1%	1%	1%
<b>Informal Settlements</b>						
Total households	7 183	6 183	6 150	6 150	6 150	6 150
Households below minimum service level	4 387	3 960	1 845	1 845	1 845	1 845
Proportion of households below minimum service level	61%	64%	30%	30%	30%	30%
<i>There are no households that are provided with services that are below minimum service level (public tap – more than 200m from dwelling)</i>						
<b>T 3.1.4</b>						

ACCESS TO WATER			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
Year -2	3%	97%	23%
Year -1	5%	95%	97.9%
Year 0	2.8%	97%	10.74%



**T 3.1.5**



WATER SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service KPI  (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)
To replace 15% of worn out water pipelines and ancillary works in a five-year cycle	Length (km) of worn out water pipelines replaced (KPA: 1, KPI 49)	4200	3269	4200	1km	2.013km achieved	15km	15km	15km
	Old galvanised steel pipes replaced (KPA: 1, KPI 50)	0	0	0	0	1km achieved	1km	1km	1km
	Number of hydrants refurbished (KPA: 1, KPI 51)	190	233	190	500	307 achieved	100	100	100
To develop and maintain water networks and ancillary works as well as water demand management system to reduce water loss and enhance revenue	Number of dysfunctional water meters replaced (KPA:1, KPI 52)	6200	7643	6200	1000	1767 meters achieved	1000	1000	1000
	Number of water connections with meters installed in Kutlwanong Ex9, K2 and Block 5 (200 stands) (KPA: 1, KPI 53)	0	0	0	200	Not achieved	200	200	200
	Number of house connections and meters installed (KPA: 1, KPI 54)	0	0	0	180	Not achieved	180	180	180
	Number of water meters investigated (KPA:1, KPI 55)	0	0	0	2000	1272 achieved	2000	2000	2000
	Number of zonal meters and valves installed (KPA:1, KPI 56)	0	0	0	40	Not achieved	40	40	40
	Leak detection investigation and analysis conducted (KPA:1, KPI 57)	0	0	0	12	3 achieved	2	2	2
	Number of water meters installed at developed parks that are irrigated with portable water (KPA:1, KPI 58)	0	0	0	50	10 achieved	-	-	-
<b>NB:- Please refer to attached Appendix O for a detailed input on KPA 1: Basic Service Delivery.</b>								<b>T 3.1.6</b>	

**Employees: Water Demand, Water and Effluent Water**

Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2					
3	1	2	1	1	50%
5/4	2	6	1	5	83%
5					
6	1	6	1	5	83%
7/6					
7					
8/7	1	4	1	3	75%
8	2	9	1	8	89%
9	6	17	4	13	76%
10/9	1	2	1	1	50%
10	7	17	4	13	76%
11					
12/9					
12/11	2	24	2	22	92%
12					
13					
14/13	4	24	3	21	88%
14					
15	5	14			
16/15	3	27	1	26	96%
16		10			0%
18/17	162	242	140	102	42%
<b>Total</b>	<b>197</b>	<b>404</b>	<b>160</b>	<b>244</b>	<b>60%</b>

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

**T 3.1.7**

FINANCIAL PERFORMANCE YEAR 0: WATER SERVICES					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-345 375	-222 023	-222 023	-342 295	54%
Expenditure:					
Employees	35 895	37 612	37 612	41 248	10%
Repairs and Maintenance	15 853	33 864	33 864	20 347	-40%
Other	4 077	317 509	317 509	604 915	91%
<b>Total Operational Expenditure</b>	55 825	388 985	388 985	666 511	71%
<b>Net Operational Expenditure</b>	<b>347 269</b>	<b>166 962</b>	<b>166 962</b>	<b>320 899</b>	<b>92%</b>
<b>T 3.1.8</b>					

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	0	0	0	0	
<i>No Water Projects</i>					
<b>T 3.1.9</b>					

**COMMENT ON WATER SERVICES PERFORMANCE OVERALL:**

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

**T 3.1.10**

### 3.2 WASTE WATER (SANITATION) PROVISION

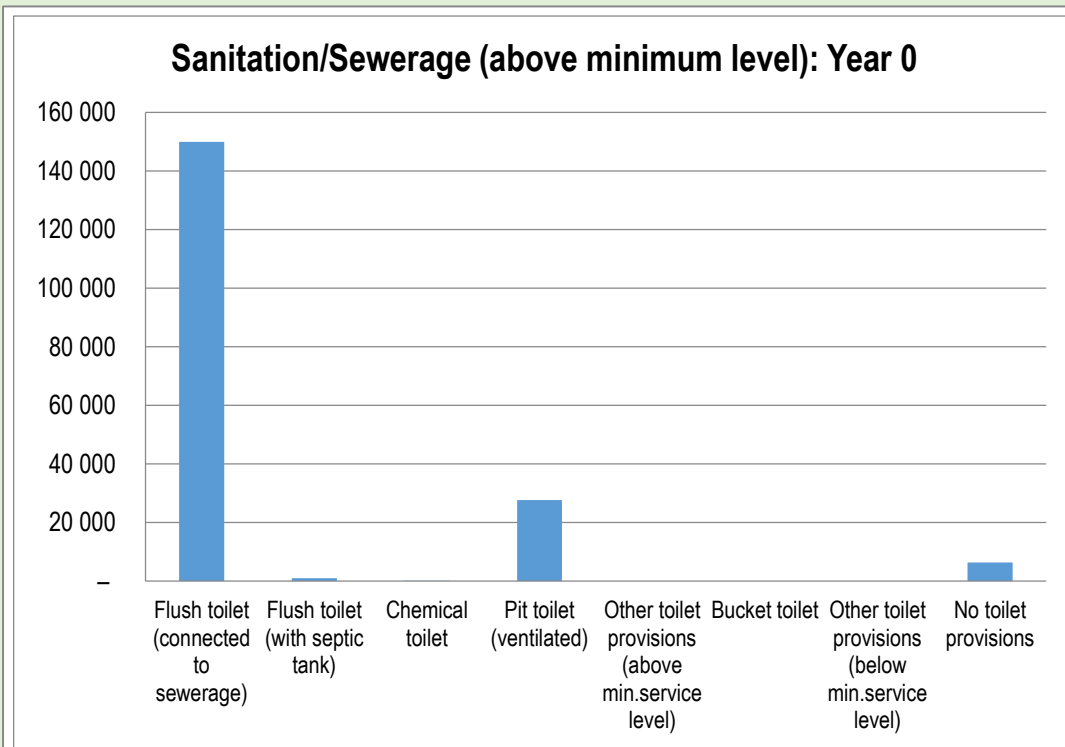
#### INTRODUCTION TO SANITATION PROVISION

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

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

T 3.2.1

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

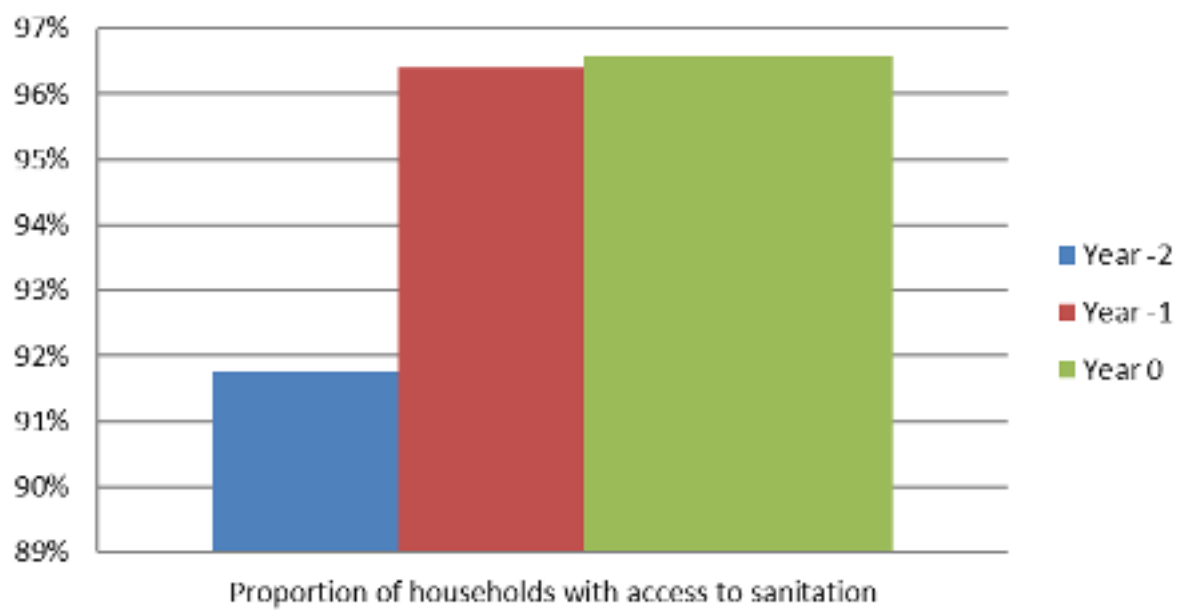


T 3.2.2

SANITATION SERVICE DELIVERY LEVELS						
Description	Year -3	Year -2	Year -1	*Households		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Sanitation/sewerage: (above minimum level)</b>						
Flush toilet (connected to sewerage)	95 708	97 135	97 135	103 172	103 172	149 948
Flush toilet (with septic tank)	956	956	956	178	178	956
Chemical toilet	111	111	111	0	0	111
Pit toilet (ventilated)	512	512	512	244	244	27 581
Other toilet provisions (above min. service level)	0	0	0	8 922	8 922	0
<i>Minimum Service Level and Above sub-total</i>	97 287	98 714	98 714	112 516	112 516	178 596
<i>Minimum Service Level and Above Percentage</i>	90,4%	91,8%	96,4%	86.6%	86.6%	96.6%
<b>Sanitation/sewerage: (below minimum level)</b>						
Bucket toilet	5 195	5 195	0	14 600	14 600	0
Other toilet provisions (below min. service level)	2 170	743	0	0	0	0
No toilet provisions	2 930	2 930	3 680	2 792	2 792	6297
<i>Below Minimum Service Level sub-total</i>	10 295	8 868	3 680	17 392	17 392	6297
<i>Below Minimum Service Level Percentage</i>	9,6%	8,2%	3,6%	13.4	13.4	3.4%
<b>Total households</b>	<b>107 582</b>	<b>107 582</b>	<b>102 394</b>	<b>129 908</b>	<b>129 908</b>	<b>184 893</b>
						<b>T 3.2.3</b>

HOUSEHOLDS - SANITATION SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
Description	Year -3	Year -2	Year -1	Households		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
Total households	107 582	98 714	98 714	129 908	129 908	184 893
Households below minimum service level	10 725	8 868	3 680	17 392	17 362	6 297
Proportion of households below minimum service level	10%	9%	4%	13%	13%	3%
<b>Informal Settlements</b>						
Total households	4 467	4 467	6 150	4105	4105	4105
Households below minimum service level	4 313	4 313	6 150	3013	3013	3013
Proportion of households below minimum service level	97%	97%	100%	73%	73%	73%
						<b>T 3.2.4</b>

## Access to Sanitation



T.3.2.5

WASTE WATER (SANITATION) SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service KPIs	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
To develop sewer infrastructure networks and facilities for households so as to ensure a healthy environment	Number of stands connected to bulk and internal sewerage reticulation <b>(KPA: 1, KPI 21)</b>	-	-	-	1300 stands	1300 stands connected	1300 stands connected	-	-
	Number of stands connected to existing sewer network in Mmamahabane <b>(KPA: 1, KPI 22)</b>	-	-	-	54 stands	Not Achieved	54 stands connected	-	-
To upgrade the bulk sewer networks, pump stations and Waste Water Treatment Works (WWTP) to 100% functionality to ensure a healthy environment during the next five financial years.	% refurbishment of the WWTW in Nyakallong <b>(KPA: 1, KPI 23)</b>	-	-	-	75% refurbished	Not Achieved	60% construction completed	Retention	-
	% refurbishment of WWTP Sludge Management – Virginia <b>(KPA: 1, KPI 24)</b>	-	-	-	50% refurbished	Not Achieved	100% construction completed	-	-
	% refurbishment of WWTP, Pump Station and outfall sewer pipe line in Mmamahabane <b>(KPA: 1, KPI 25)</b>	-	-	-	10% refurbished	Not Achieved	100% construction completed	-	-
	Functional Septic Tank system – Whites <b>(KPA:1, KPI 26)</b>	-	-	-	1 Functional Septic Tank System	Not Achieved	100% construction completed	-	-

Stage of completion of the Works- Kutlwanong <b>(KPA: 1, KPI 27)</b>	-	-	-	Construction Stage	Not Achieved	60% completed	Retention	-
Stage of completion of the Works -T8 <b>(KPA: 1, KPI 28)</b>	-	-	-	Construction Stage	Not Achieved	60% complete	Retention	-
Stage of completion of the Works – Phomolong <b>(KPA: 1, KPI 29)</b>	-	-	-	Functional Pump Station	Not Achieved	30% complete	Retention	-
Stage of completion of the Works – Witpan <b>(KPA: 1, KPI 30)</b>	-	-	-	Construction Stage	Construction Stage	-	-	-
Stage of completion of the Works – Klippan <b>(KPA: 1, KPI 31)</b>	-	-	-	Fully functional pump station	Not Achieved	100% completed of Pump station refurbishment and upgrade and 10 % completed of canal refurbishment and upgrade Phase 1	100% completed of canal refurbishment and upgrade Phase 1	100% completed of canal refurbishment and upgrade Phase 1
Number of pump stations refurbished to comply with Green Drop Standards <b>(KPA: 1, KPI 32)</b>	-	-	-	12 pump stations refurbished	12 pump stations refurbished	100% of annual target refurbish subject to availability of budget	100% of annual target refurbish subject to availability of budget	100% of annual target refurbish subject to availability of budget
Number of sumps cleaned in the next financial year <b>(KPA: 1, KPI 33)</b>	-	-	-	4 sumps cleaned	4 sumps cleaned	8 sumps cleaned	8 sumps cleaned	8 sumps cleaned



To renew dilapidated, dysfunctional worn out sewer infrastructure	Length (2500m) of outfall sewer lines refurbished <b>(KPA: 1, KPI 34)</b>	-	-	-	Construction Stage	Not Achieved	40% completed of upgrade and refurbishment	Retention	-
	Length of outfall sewer lines refurbished <b>(KPA: 1, KPI 35)</b>	-	-	-	1.3km of outfall sewer lines refurbished	Not Achieved	-	-	100% completed of refurbishment
To replace iron manhole covers with lockable covers without resale value to cover open manholes and reduce risk of damage to public and equipment.	Number of manhole covers replaced <b>(KPA: 1, KPI 36)</b>	-	-	-	200 Man Hole covers replaced	Not Achieved	200 Man Hole covers replaced	200 manhole covers replaced	200 manhole covers replaced
<b>NB:- Capital budget was not allocated for the replacement of the sewer lines, as such, the Operational budget was used for critical maintenance. Please refer to attached Appendix O for a detailed input on KPA 1: Basic Service Delivery.</b>									<b>T 3.2.6</b>

Employees: Purification Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2					
3					
4					
5/4	0	1	0	1	100%
5					
6	1	2	1	1	50%
7/6					
7					
8/7	0	1	1	0	0%
8	5	7	1	6	86%
9	3	5	2	3	60%
10/9					
10	0	10	3	7	70%
11					
12/9					
12/11					
12					
13					
14/13					
14					
15	5	14	6	8	57%
16/15	3	12	1	11	92%
16					
18/17	50	101	48	53	52%
<b>Total</b>	<b>67</b>	<b>153</b>	<b>63</b>	<b>90</b>	<b>59%</b>

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

**T 3.2.7**

FINANCIAL PERFORMANCE YEAR 0: SANITATION SERVICES					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-128 256	-128 914	-128 914	-150 033	16%
Expenditure:					
Employees	25 748	24 749	24 749	32 992	-33%
Repairs and Maintenance	9 587	30 061	30 061	8 300	72%
Other	9 142	6 349	6 349	14 732	-132%
<b>Total Operational Expenditure</b>	<b>44 477</b>	<b>61 159</b>	<b>61 159</b>	<b>56 024</b>	<b>8%</b>
<b>Net Operational Expenditure</b>	<b>129 180</b>	<b>67 755</b>	<b>67 755</b>	<b>94 009</b>	<b>-39%</b>
					<b>T 3.2.8</b>

CAPITAL EXPENDITURE YEAR 0: SANITATION SERVICES					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>35 986</b>	<b>35 986</b>	<b>53 084</b>	<b>-47%</b>	
<b>Thabong T16:</b> Provision of waterborne sanitation for 1300 stands (MIS:216509)	12 665	12 665	25 996	-105%	61899
<b>Nyakallong:</b> Upgrading and rehabilitation of waste water treatment works (MIS:214157)	541	541	375	31%	52299
<b>Virginia:</b> Upgrading of waste water treatment works (MIS:215450)	16 671	16 671	16 278	2%	41655
<b>Mmamahabane:</b> WWTW, Pump Station and Outfall sewer pipe line	271	271	1019	-276%	12953
<b>Whites:</b> Septic Tank System	2	2	2	0%	979
<b>Phomolong:</b> Upgrading of Pumping Station, Outfall and Rising Main	635	635	1 006	-58%	17000
<b>Welkom:</b> Refurbishment of Witpan WWTW	5 110	5 110	8 339	-63%	10000
					<b>T 3.2.9</b>

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

Sewer networks were extended and maintained but due to shortage of funding and resources, some major challenges exist. Cognisance must also be taken of the increase in water usage due to developments and high living standards. This results in higher flows to WWTW.

**T.3.2.10**

## **3.3 ELECTRICITY**

### **INTRODUCTION TO ELECTRICITY**

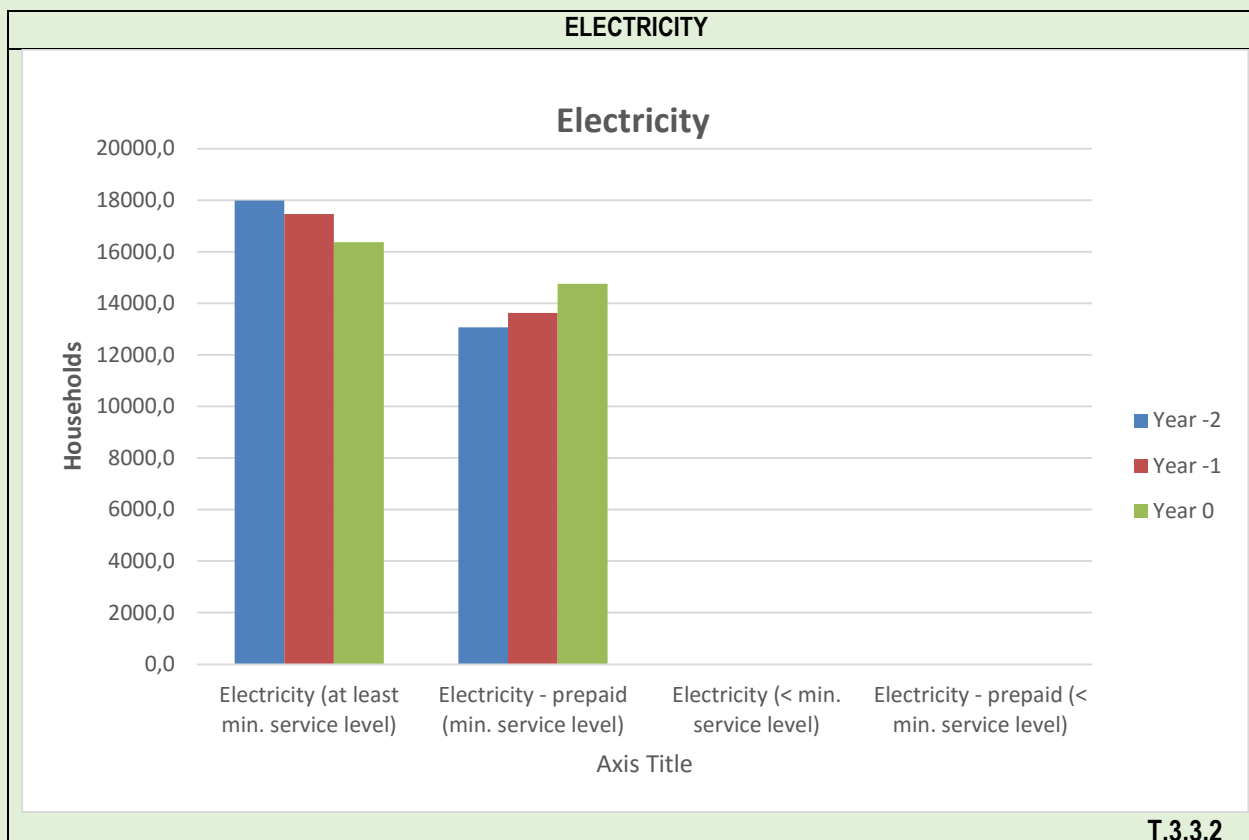
The Matjhabeng Local Municipality is the Electrical Distribution Authority in the following Municipal areas:

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

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

**T.3**

## ELECTRICITY



ELECTRICITY SERVICE DELIVERY LEVELS				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<b>Energy: (above minimum level)</b>				
Electricity (at least min. service level)	17 915	17 984	17 463	16 368
Electricity - prepaid (min. service level)	12 500	13 076	13 624	14 758
<i>Minimum Service Level and Above sub-total</i>	30 415	31 060	31 087	31 126
<i>Minimum Service Level and Above Percentage</i>	98%	97%	97%	97%
<b>Energy: (below minimum level)</b>				
Electricity (< min. service level)	0	0	0	0
Electricity - prepaid (< min. service level)	0	0	0	0
Other energy sources	584	872	931	924
<i>Below Minimum Service Level sub-total</i>	584	872	931	924
<i>Below Minimum Service Level Percentage</i>	2%	3%	3%	3%
<b>Total number of households</b>	<b>30 999</b>	<b>31 932</b>	<b>32 018</b>	<b>32 050</b>
				<b>T 3.3.3</b>

HOUSEHOLDS - ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
Description	Year -3	Year -2	Year -1	Households		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
Total households	31303	31021	31 959	31126	31126	31126
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
<b>Informal Settlements</b>						
Total households	285	285	931	924	924	924
Households below minimum service level	0	0	931	924	924	924
Proportion of households below minimum service level	0%	0%	100%	100%	100%	100%
						<b>T 3.3.4</b>

Electricity Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service KPIs  (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)
To ensure an effective and safe 132kV Distribution network	New transformer installed <b>(KPA: 1, KPI 81)</b>	-	-	-	1 Transformer installed	Not Achieved	1	1	1
To ensure the effectiveness of the medium voltage distribution networks	4km of low and medium voltage network supplied to Extension 15, Thabong <b>(KPA: 1, KPI 82)</b>	-	-	-	Supply 4km of low and medium voltage network in Extension 15 Thabong	Not Achieved	0	0	0
To ensure an effective service and adhere to Road Ordinances as well SANS Regulations	Number of high mast lights installed <b>(KPA: 1, KPI 83)</b>	-	-	-	WELKOM: Install thirteen (13) High mast lights: Hani Park(3), Bronville(6) and Meloding (4)	13 high mast lights installed	0	0	0
	Number of street light management and buildings converted to energy efficient lighting in Matjhabeng Municipal Area <b>(KPA: 1, KPI 84)</b>	-	-	-	Construction Stage	Not Achieved	0	0	0
<b>NB:- Please refer to attached Appendix O for a detailed input on KPA 1: Basic Service Delivery.</b>									<b>T 3.3.5</b>



Employees: Electricity Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2	0	1	0	1	100%
3	1	2	1	1	50%
4					
5/4	4	4	4	0	0%
5					
6	2	11	2	9	82%
7/6					
7					
8/7	1	13	1	12	92%
8	3	5	3	2	40%
9	9	21	12	9	43%
10/9	1	2	1	1	50%
10	2	3	2	1	33%
11	0	2	0	2	100%
12/9					
12/11	3	13	3	10	77%
12					
13					
14/13	6	12	6	6	50%
14					
15	1	2	1	1	50%
16/15	10	32	10	22	69%
16	2	10	2	8	80%
18/17	38	45	37	8	18%
<b>Total</b>	<b>83</b>	<b>178</b>	<b>85</b>	<b>93</b>	<b>52%</b>

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

**T 3.3.6**





Financial Performance Year 0: Electricity Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-492 202	-787 093	-787 093	-553 172	-30%
Expenditure:					
Employees	25 093	30 979	30 979	28 755	7%
Repairs and Maintenance	11,003	54 439	54 439	19 814	64%
Other	4,603	362 657	362 657	592 567	-63%
<b>Total Operational Expenditure</b>	40 699	448 075	448 075	641 136	-43%
<b>Net Operational Expenditure</b>	<b>753 937</b>	<b>-339 018</b>	<b>-339 018</b>	<b>87 964</b>	<b>-126%</b>
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
<b>T 3.3.7</b>					

R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	24200	24200	0	100%	
DOE and GIZ EEDSM energy efficient streetlighting project	16 000	16 000	0	100%	0.00
Urania 132kV substation upgrade	5 000	5 000	0	100%	0.00
Provision and Installation 6.6kV Overhead line to the Bronville Town Area	BM3 200	3 200	0	100%	0.00
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<b>T 3.3.8</b>

#### COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

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

**T 3.3.9**



### **3.4 WASTE MANAGEMENT :**

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

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

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

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

**T 3.4.1**



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

Solid Waste Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<b>Solid Waste Removal: (Minimum level)</b>				
Removed at least once a week	123 195	123 195	123 195	123 195
<i>Minimum Service Level and Above sub-total</i>	123 195	123 195	123 195	123 195
<i>Minimum Service Level and Above percentage</i>	86%	86%	86%	86%
<b>Solid Waste Removal: (Below minimum level)</b>				
Removed less frequently than once a week	655	547	565	19 980
Using communal refuse dump	865	846	487	20
Using own refuse dump	655	547	565	4 000
Other rubbish disposal	502	952	938	300
No rubbish disposal	12	123	124	–
<i>Below Minimum Service Level sub-total</i>	2 690	3 015	2 678	24 300
<i>Below Minimum Service Level percentage</i>	14%	96.1%	95.6%	16.5%
<b>Total number of households</b>	<b>2,813</b>	<b>3,138</b>	<b>2,801</b>	<b>147 495</b>

T 3.4.2

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

T 3.4.3



WASTE MANAGEMENT SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service KPIs	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
To ensure efficient management and maintenance of landfill sites throughout Matjhabeng municipality	Upgraded landfill site (KPA:1,KPI 16)	10 years of unused landfill capacity available	15 years of unused landfill capacity available	15 years of unused landfill capacity available	1 upgraded landfill site - Odendaalsrus	Not Achieved	1 upgraded landfill site - Welkom	1 upgraded landfill site - Welkom	1 upgraded landfill site
To ensure an effective Waste management system	Procurement of 2000 wheelie bins (KPA:1,KPI 17)	0	0	0	2000	Not Achieved	2000	2000	3000
<b>NB:- Please refer to attached Appendix O for a detailed input on KPA 1: Basic Service Delivery.</b>									<b>T 3.4.4</b>



<b>Employees: Waste Management, Waste Disposal and Other Services</b>					
<b>Job Level</b>	<b>Year -1</b>		<b>Year 0</b>		
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
1					
2					
3	1	1	1	0	0%
4					
5/4	0	2	0	2	100%
5					
6					
7/6					
7					
8/7					
8	1	2	1	1	50%
9					
10/9	6	11	6	5	45%
10	4	5	3	2	40%
11					
12/9					
12/11	2	26	2	24	92%
12					
13					
14/13	4	18	4	14	78%
14					
15	9	27	9	18	67%
16/15	0	1	0	1	100%
18/17	388	402	388	14	3%
<b>Total</b>	<b>415</b>	<b>495</b>	<b>414</b>	<b>81</b>	<b>16%</b>

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

**T 3.4.5**



Employees: Waste Disposal and Other Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1	0	0	0	0	0
2	0	0	0	0	0
3	0	0	0	0	0
5	0	0	0	0	0
5/4	0	0	0	0	0
5	0	0	0	0	0
6	0	0	0	0	0
7/6	0	0	0	0	0
7	0	0	0	0	0
8/7	0	0	0	0	0
8	0	0	0	0	0
9	0	0	0	0	0
10/9	0	0	0	0	0
10	0	0	0	0	0
11	0	0	0	0	0
12/9	0	0	0	0	0
12/11	0	0	0	0	0
12	0	0	0	0	0
13	0	0	0	0	0
14/13	0	0	0	0	0
14	0	0	0	0	0
15	0	0	0	0	0
16/15	0	0	0	0	0
16	0	0	0	0	0
17	0	0	0	0	0
18/17	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>NB: Information accounted for under Table 3.4.5.</i>					
					<b>T 3.4.6</b>



FINANCIAL PERFORMANCE YEAR 0: SOLID WASTE MANAGEMENT SERVICES					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-78 928	-72 517	-72 517	-93 719	29%
Expenditure:					
Employees	48 679	60 226	60 226	70 780	82%
Repairs and Maintenance	5	2 145	2 145	0	100%
Other	13 899	18 512	18 512	17 699	4%
<b>Total Operational Expenditure</b>	62 583	80 883	80 883	88 479	-3%
<b>Net Operational Expenditure</b>	<b>130 574</b>	<b>8 366</b>	<b>8 366</b>	<b>5 240</b>	<b>61%</b>
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					<b>T 3.4.7</b>

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
<b>Total Operational Revenue</b>					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
<b>Total Operational Expenditure</b>					
<b>Net Operational Expenditure</b>					
<i>Refer to Table 3.4.7</i>					
					<b>T 3.4.8</b>



CAPITAL EXPENDITURE YEAR 0: WASTE MANAGEMENT SERVICES					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>60 000</b>	<b>60 000</b>	<b>51 017</b>	<b>15%</b>	
Odendaalsrus Landfill Site	12 000	12 000	11 092	8%	12 000
Bronville Landfill Site	12 000	12 000	24 596	-105%	12 000
Allanridge Landfill Site	12 000	12 000	5 083	58%	12 000
Hennenman Landfill Sites	12 000	12 000	8 170	32%	12 000
Virginia Landfill Site	12 000	12 000	2 080	83%	12 000
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.)</i>					
<b>T 3.4.9</b>					

### COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL

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

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

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

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

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

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

**T 3.4.10**





### 3.5 HOUSING

#### INTRODUCTION TO HOUSING

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

##### Land Affairs

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

##### Housing Development

Is responsible for the facilitation and provision / construction of houses for the low and middle income earners. The branch further 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. It is also responsible for the transfer of houses, sites and distribution of Title Deeds. The branch is also mandated to facilitate dispute resolutions 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	111 160	91 975	82,7%
Year -2	113 101	93 475	82,6%
Year -1	115 601	95 975	83,0%
.Year 0	114 875	95 975	84.0%
			T 3.5.2



HOUSING SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service KPIs	Year 0		Year			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<i>To promote security of tenure</i>	Number of sites released for BNG and Intervention Programs (Land Restitution, Military Veteran Program, Racial Integration Program) <b>(KPA: 1, KPI 1)</b>	2 000	0	2 000	4751	Not Achieved	-	-	-
	Number of leads from marketing initiatives for FLISP (workshops etc.) <b>(KPA: 1, KPI 2)</b>	N/A	1368	N/A	N/A	Not Achieved	-	-	-
	Number of sites released through Land Availability Agreements <b>(KPA: 1, KPI 3)</b>	1761	0	1761	1761	Not Achieved	-	-	-
<b>NB:- Please refer to attached Appendix O for a detailed input on KPA 1: Basic Service Delivery.</b>									<b>T 3.5.3</b>



Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2	1	1	1	0	0%
3	1	3	2	1	33%
4					
5/4	2	6	2	4	67%
5					
6					
7/6	9	11	6	5	45%
7					
8/7					
8					
9					
10/9	1	3	1	2	67%
10					
11					
12/9					
12/11	9	9	6	3	33%
12					
13					
14/13					
14					
15					
16/15					
16					
17					
18/17					
<b>Total</b>	<b>23</b>	<b>33</b>	<b>18</b>	<b>15</b>	<b>45%</b>

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

**T 3.5.4**



Financial Performance Year 0: Housing Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-8 791	-13 054	-13 054	-11 597	-11%
Expenditure:					
Employees	8 814	10 820	10 820	11 997	-11%
Repairs and Maintenance	255	4 487	4 487	485	89%
Other	5 575	2 296	2 296	9 914	332%
<b>Total Operational Expenditure</b>	14 644	17 604	17 604	22 396	-27%
<b>Net Operational Expenditure</b>	<b>25 077</b>	<b>4 550</b>	<b>4 550</b>	<b>10 799</b>	<b>-137%</b>
<p><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></p>					
<b>T 3.5.5</b>					

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					
Project A					
Project B					
Project C					
Project D					
<p><i>No Capital Projects in the current year.</i></p>					
<b>T 3.5.6</b>					



## COMMENT ON THE PERFORMANCE OF HOUSING SERVICE OVERALL

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

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

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

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

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

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

**T 3.5.7**

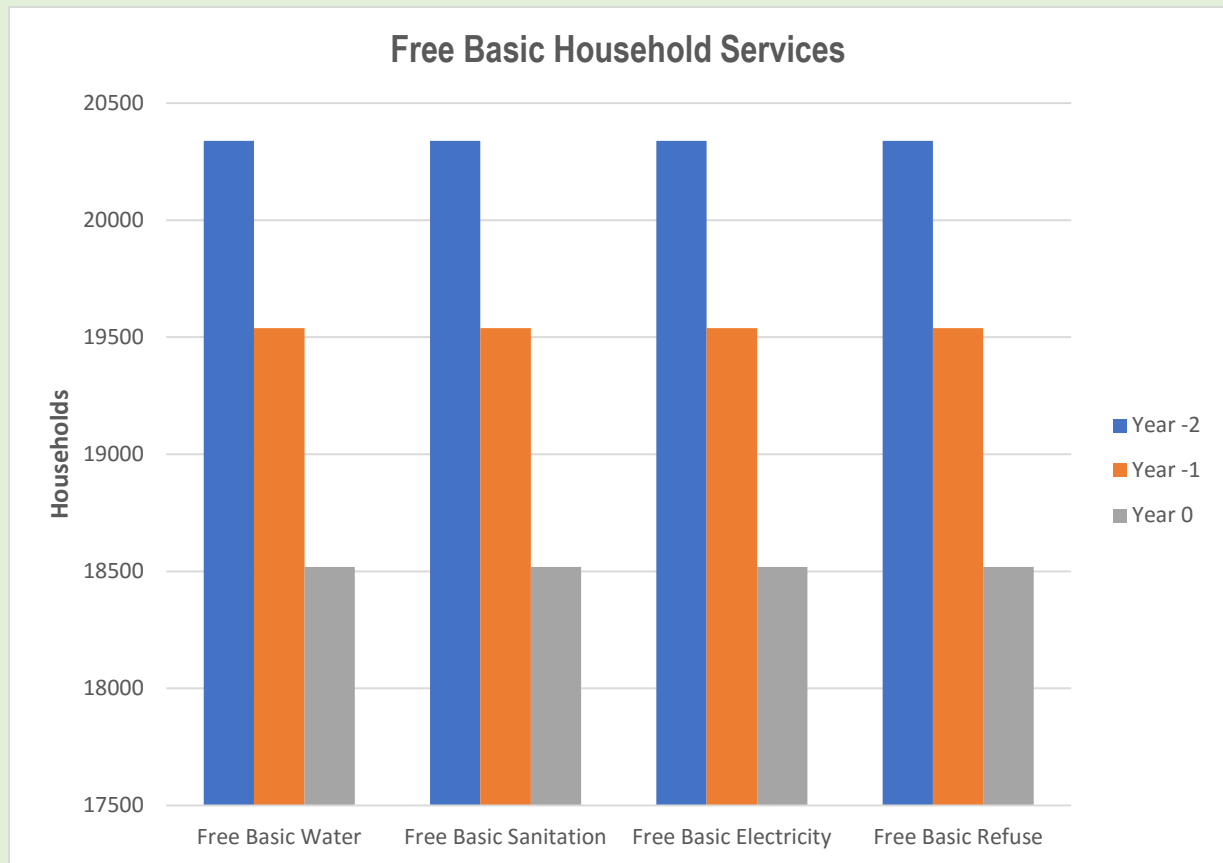


### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

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

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

T 3.6.1



T 3.6.2



FREE BASIC SERVICES TO LOW INCOME HOUSEHOLDS										
	Number of households									
	Total	Households earning less than R1,100 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	Access	%	Access	%	Access	%
Year -2	20 339	20 339	20 339	100%	20 339	100%	20 339	100%	20 339	100%
Year -1	19 539	19 539	19 539	100%	19 539	100%	19 539	100%	19 539	100%
Year 0	18 518	18 518	18 518	100%	18 518	100%	18 518	100%	18 518	100%
										<b>T 3.6.3</b>

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	310	20 000 000	20 000 000	24 635 395	-19%
Waste Water (Sanitation)	280	8 000 000	8 000 000	8 479 208	-6%
Electricity	160	2 000 000	2 000 000	4 194 371	-52%
Waste Management (Solid Waste)	145	2 850 000	2 850 000	3 991 584	-29%
<b>Total</b>	<b>895</b>	<b>32 850 000</b>	<b>32 850 000</b>	<b>41 300 558</b>	<b>-26%</b>
					<b>T 3.6.4</b>



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)
To ensure that there is an improved infrastructure delivery by the end of the financial year	Number of new and existing stands serviced by June 2017 (KPA:1, KPI 37)	1000	-	1000	1000	Not Achieved	1000		
<b>NB: No capital budget allocated to PSE System.</b> <i>Please refer to attached Appendix O for a detailed input on KPA 1: Basic Service Delivery.</i>									<b>T 3.6.5</b>

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT	
The Municipality provided free basic services to 18 519 indigents.	<b>T 3.6.6</b>





## 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.

T 3.7

## 3.7 ROADS

### INTRODUCTION TO ROADS

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

T 3.7.1

### GRAVEL ROAD INFRASTRUCTURE

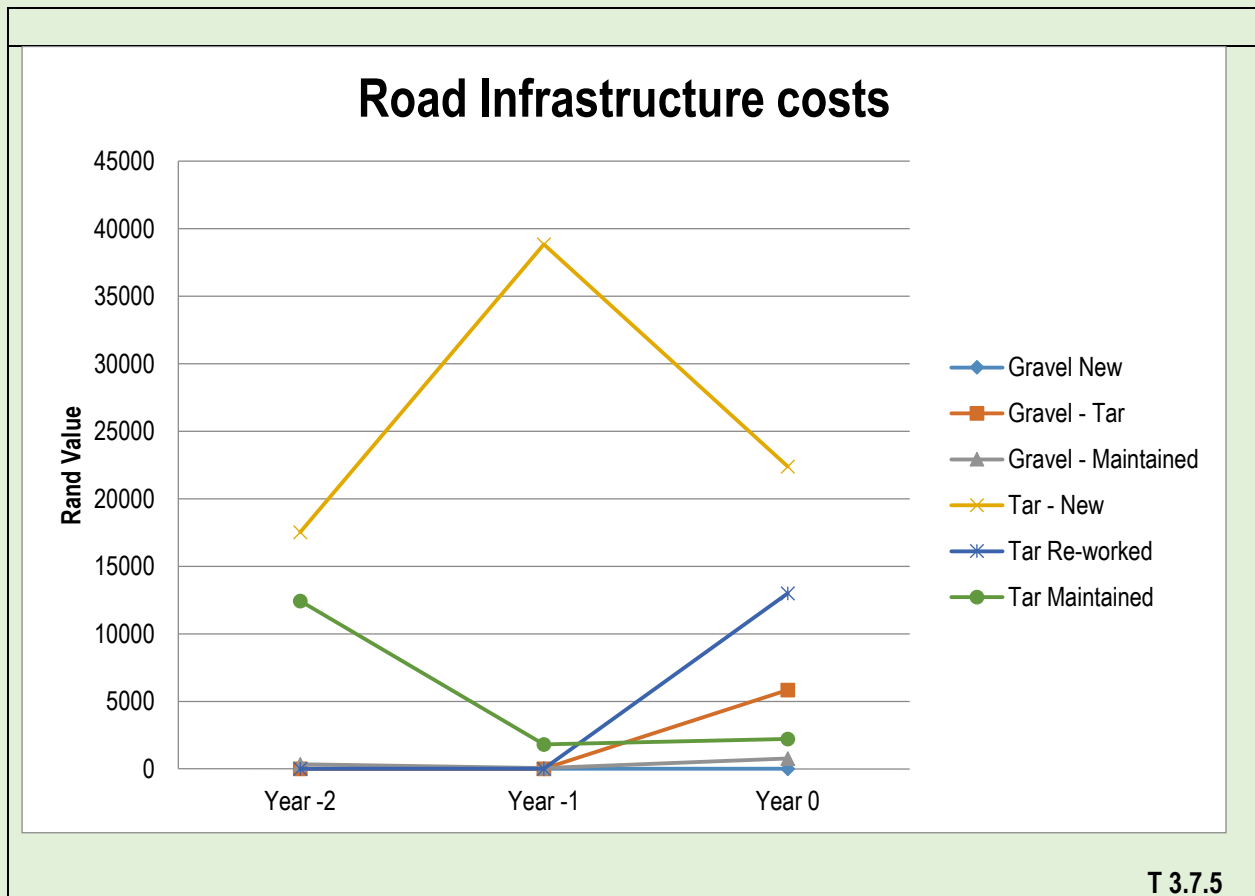
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained	Kilometers
Year -2	558	0	0	66	
Year -1	560	0	2	59	
Year 0	701	23	6	34	
					T 3.7.2

### TARRED ROAD INFRASTRUCTURE

	Total tarred roads	New tar/paved roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained	Kilometers
Year -2	1 232	12	0	0	0	
Year -1	1 236	4	0	0	0	
Year 0	1 083	6	7	3	436	
					T 3.7.3	



COST OF CONSTRUCTION/MAINTENANCE						
						R' 000
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -2	0	0	345	17 540	0	12 441
Year -1	0	0	68	38 851	0	1 816
Year 0	0	5 854	779	22 381	13 000	2 212
						<b>T 3.7.4</b>



ROAD SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service KPIs	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
To develop and maintain road and storm water infrastructure	Length (km) of Mngoma Road upgraded (KPA: 1, KPI 59)	0	0	0	1.6km	Not Achieved	100% completed of construction		
	Length (km) of road upgraded on Themba Boyd (KPA: 1, KPI 60)	0	0	0	1.3km	1.3km achieved	Retention	-	-
	Length (km) of road upgraded in Thokoza, Thuhlwane (KPA: 1, KPI 61)	0	0	0	1.5km	1.5km achieved	Retention	-	-
	Length (km) of roads, sidewalks and storm water constructed in Meloding (KPA: 1, KPI 62)	0	0	0	0.5km	Not Achieved	60% completed of construction	Retention	-
To maintain road infrastructure in a cost-effective manner, extend its life expectancy and maintain safe operations	Length (km) of streets paved per year (KPA: 1, KPI 63)	0	0	0	15.0km	15km achieved	100% of roads resealed according to approved tender	100% of roads resealed according to approved tender	100% of roads resealed according to approved tender
To maintain road infrastructure in a cost-effective manner, extend its life expectancy and maintain safe operations	Size (m <sup>2</sup> ) of potholes patched (KPA: 1, KPI 64)	19 400 potholes patched	15 095 potholes patched	19 400 potholes patched	15.8m <sup>2</sup> potholes patched	6.8m <sup>2</sup> potholes patched	15.8m <sup>2</sup> potholes patched	15.8m <sup>2</sup> potholes patched	15.8m <sup>2</sup> potholes patched
To develop and maintain gravel roads to enhance accessibility and driving safety, especially during raining periods.	Length (km) of undersigned gravel roads constructed (KPA: 1, KPI 65)	-	-	-	10.0km	6km achieved	12.0km	10.0km	10.0km
	Length (km) of gravel roads re-gravelled (KPA: 1, KPI 66)	-	-	-	60.0km	67.15km achieved	60.0km	60.0km	60.0km

NB: - Please refer to attached Appendix O for a detailed input on KPA 1: Basic Service Delivery.

T 3.7.6



Employees: Roads, Stormwater & Building Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2					
3	1	1	1	0	0%
5					
5/4	3	4	3	1	25%
5					
6	4	10	4	6	60%
7/6	0	3	0	3	100%
7					
8/7	3	17	3	14	82%
8	3	5	3	2	40%
9	5	22	5	17	77%
10/9	0	2	0	2	100%
10	3	9	3	6	67%
11					
12/9					
12/11	5	32	5	27	84%
12					
13					
14/13	4	27	4	23	85%
14					
15	2	13	1	12	92%
16/15	7	19	5	14	74%
16	2	2	1	1	50%
17					
18/17	129	155	130	25	16%
<b>Total</b>	<b>171</b>	<b>321</b>	<b>168</b>	<b>153</b>	<b>48%</b>

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

**T 3.7.7**



FINANCIAL PERFORMANCE YEAR 0: ROAD SERVICES					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	0%
Expenditure:					
Employees	24 055	24 867	24 867	9 557	62%
Repairs and Maintenance	2 780	57 629	57 629	1 884	97%
Other	5 695	11 313	11 313	4 992	56%
<b>Total Operational Expenditure</b>	32 531	93 809	93 809	16 433	82%
<b>Net Operational Expenditure</b>	32 531	93 809	93 809	16 433	82%
					<b>T 3.7.8</b>

CAPITAL EXPENDITURE YEAR 0: ROAD SERVICES					
					R' 000
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	21 144	21 144	19 510	8%	
<b>Thabong:</b> Construction of Dr. Mngoma Road in Thabong	5 856	5 856	5 558	5%	10446
<b>Thabong:</b> Construction of 1.26km paved streets and storm water channel in Themba, Lonely and Boyd (Old Thabong) (MIS:228095)	3 638	3 638	2 380	35%	8358
<b>Thabong:</b> Construction of 1.54km paved streets and storm water channel in Thokoza, Hlahala and Thuhlwane (MIS:228067)	4 568	4 568	4 676	-2%	11868
<b>Meloding:</b> Construction of 2km paved roads and stormwater drainage	7 082	7 082	6 896	3%	17375
					<b>T 3.7.9</b>

#### COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

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

**T.3.7.10**



### 3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

#### INTRODUCTION TO TRANSPORT

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

T 3.8.1

#### EMPLOYEES: FLEET MANAGEMENT

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

T 3.8.2



### COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL

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

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

**T 3.8.3**

Employees: Fleet Management					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2					
3	0	1	0	1	100%
5					
5/4	1	1	0	1	100%
5					
6					
7/6					
7					
8/7					
8	1	1	1	0	0%
9	5	7	4	3	43%
10/9	1	1	1	0	0%
10					
11					
12/9					
12/11				0	
12					
13					
14/13					
14					
15					
16/15	5	32	4	28	88%
16					
17					
18/17	2	0	1		
<b>Total</b>	<b>15</b>	<b>43</b>	<b>11</b>	<b>32</b>	<b>74%</b>

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

**T 3.8.4**



### 3.9 WASTE WATER (STORMWATER DRAINAGE)

#### INTRODUCTION TO STORMWATER DRAINAGE

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

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

**T 3.9.1**

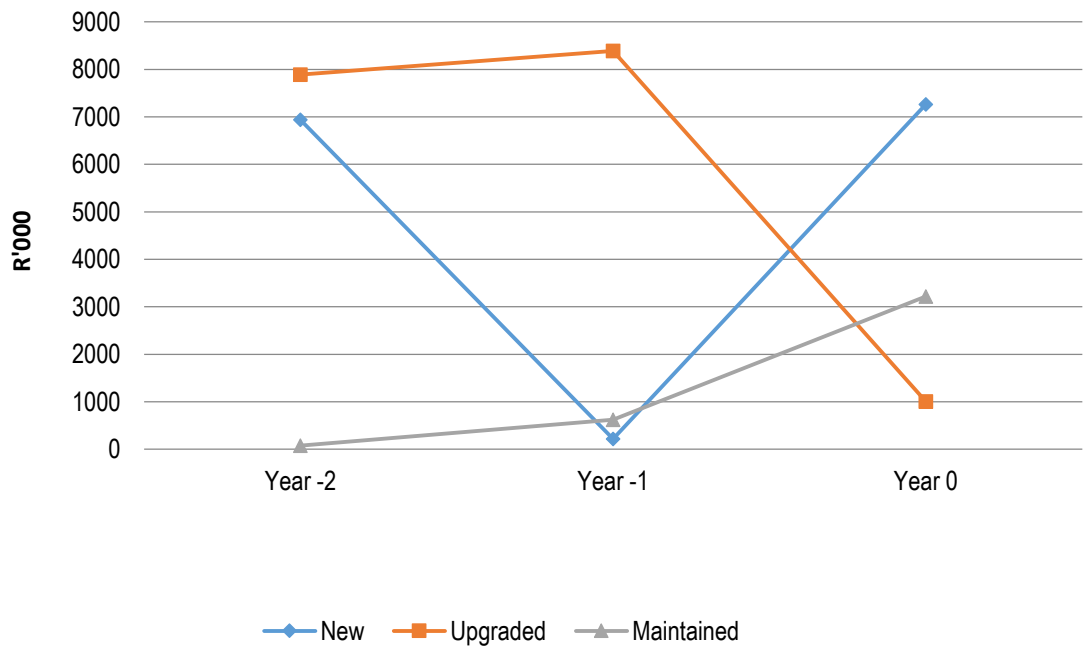
STORMWATER INFRASTRUCTURE				Kilometres
	Total Stormwater measures	New Stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
Year -2	590	0	1	8
Year -1	593	0	3	8
Year 0	593	2	1	25
				<b>T 3.9.2</b>

COST OF CONSTRUCTION/MAINTENANCE				R' 000
	Storm water Measures			
	New	Upgraded	Maintained	
Year -2	6 939	7 890	78	
Year -1	218	8 389	620	
Year 0	7 262	1 004	3 216	
			<b>T 3.9.3</b>	





## Stormwater infrastructure costs



T 3.9.4



STORMWATER POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service KPIs  (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)
To construct new storm water networks and upgrade existing networks	Length (km) of main storm water system in Nyakallong * (KPA: 1, KPI 68)	-	-	-	2 km Constructio n in Nyakallong	Not Achieved	2.0km	3.0km	3.0km
	1 Retention Dam in Sand river constructed (KPA: 1, KPI 69)	-	-	-	1 Retention Dam in Sand river	Not Achieved	1 Retention Dam in Sand river	-	-
To compile and implement a maintenance and upgrading plan for storm water canals and networks	Length (km) of storm water canals cleaned (KPA: 1, KPI 70)	5.8km	2.2km	7.1km	7.1km	6.3km achieved	7.1km	5.6km	5.6km
	Length (km) of unlined storm water canals cleaned (KPA: 1, KPI 71)	6.8km	5.4km	5.6km	5.6km	4.2km achieved	5.6km	6,8km	6.8km
	Length (km) of water drainage pipes cleaned and maintained (KPA: 1, KPI 72)	0	0	0	13km	8,7km achieved	10km	10km	10km
	Number of stolen catch pit and manhole lids repaired or replaced (KPA: 1, KPI 73)	0	0	0	400	400 achieved	100% completed of annual mainten an ce target	100% completed of annual mainten an ce target	100% completed of annual mainten an ce target
<p><i>NB:- Storm water channels implemented over 2 financial years. Report 2016/2017.</i></p> <p><b>Please refer to attached Appendix O for a detailed input on KPA 1: Basic Service Delivery.</b></p>									
<b>T 3.9.5</b>									



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

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

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
<b>Total Operational Revenue</b>	0	0	0	0	0%
Expenditure:	620				
Employees	0	0	0	0	0%
Repairs and Maintenance	620	13 053	13 053	1 844	86%
Other	0	0	0	0	0%
<b>Total Operational Expenditure</b>	620	13 053	13 053	1 844	86%
<b>Net Operational Expenditure</b>	620	13 053	13 053	1 844	86%
<b>T 3.9.7</b>					

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	2700	7262	7262	63%	
<b>Nyakallong:</b> Construction of storm water system – phase 1 (MIS:219132)	2700	7262	7262	63%	11402
<b>T 3.9.8</b>					

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

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

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

**T 3.9.9**



## COMPONENT C: PLANNING AND DEVELOPMENT

### INTRODUCTION TO PLANNING AND DEVELOPMENT

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

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

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

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

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

T 3.10.1



### 3.10 PLANNING

APPLICATIONS FOR LAND USE DEVELOPMENT						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	Year -1	Year 0	Year -1	Year 0	Year -1	Year 0
Planning application received	4	4	15	15	0	907
Determination made in year of receipt	4	4	9	9	0	810
Determination made in following year	8	8	0	0	0	97
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	4	4	6	6	0	97
						<b>T 3.10.2</b>

Employees: Planning Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2					
3	1	1	1	0	0%
5					
5/4	1	2	1	1	50%
5					
6	0	3	0	3	100%
7/6					
7					
8/6	0	2	0	2	100%
8/7	0	1	0	1	100%
8					
9					
10/9	2	2	1	1	50%
10					
11					
12/9					
12/11					
12					
13					
14/13					
14					
15					
16/15	2	7	1	6	86%
16					
17					
18/17					
<b>Total</b>	<b>6</b>	<b>18</b>	<b>4</b>	<b>14</b>	<b>78%</b>

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

**T 3.10.4**



FINANCIAL PERFORMANCE YEAR 0: PLANNING SERVICES					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	95	0	0	0	0
Expenditure:					
Employees	248	3 197	3 197	2 500	22%
Repairs and Maintenance	248	210	210	0	100%
Other	248	73	73	27	63%
<b>Total Operational Expenditure</b>	744	3 481	3 481	2 528	27%
Net Operational Expenditure	649	3481	3481	2528	27%
					<b>T 3.10.5</b>

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	210	210	184	12%	
Facilities for Street Traders - Welkom	210	210	184	12%	2 161
<i>NB: No Capital Projects in the current year.</i>					<b>T 3.10.6</b>



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

#### INTRODUCTION TO ECONOMIC DEVELOPMENT

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

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

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

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

T 3.11.1

ECONOMIC ACTIVITY BY SECTOR			
	R '000		
Sector	Year -2	Year -1	Year 0
Agriculture, forestry and fishing	1,5	1,5	113 772
Mining and quarrying	5	2	7 789 792
Manufacturing	58	63	571 075
Wholesale and retail trade	51	52	2 420 226
Finance, property, etc.	48	52	2 012 305
Government, community and social services	25	25	2 279 587
Infrastructure services	38	41	576 339
<b>Total</b>	<b>226,5</b>	<b>236,5</b>	<b>15 763 096</b>

Source: HIS Markit, Regional Explorer, 2017 (Year 0)

T 3.11.2





<b>ECONOMIC EMPLOYMENT BY SECTOR</b>			
<b>Sector</b>	<b>Year 1 No.</b>	<b>Year -1 No.</b>	<b>Jobs</b>
			<b>Year 0 No.</b>
Agriculture, forestry and fishing	-	30 000	6 053
Mining and quarrying	-	372 000	24 997
Manufacturing	-	270 000	8 458
Wholesale and retail trade	-	210 000	23 921
Finance, property, etc.	-	235 000	10 988
Government, community and social services	-	320 000	27 084
Infrastructure services	-	450 000	7 021
<b>Total</b>		<b>1 887 000</b>	<b>108 522</b>
<b>Source: HIS Markit, Regional Explorer, 2017 (Year 0)</b>			<b>T 3.11.3</b>

<b>COMMENT ON LOCAL JOB OPPORTUNITIES</b>
Owing to the decline of the mining operation in the area, job opportunities associated with this industry have decreased. The unemployment rate remains high as a direct result of this. Nevertheless, opportunities exist in other sectors such as small-scale mining agriculture, tourism and manufacturing sectors.
<b>T 3.11.4</b>

<b>JOBS CREATED DURING YEAR 0 BY LED INITIATIVES (EXCLUDING EPWP PROJECTS)</b>				
<b>Total Jobs created / Top 3 initiatives</b>	<b>Jobs created No.</b>	<b>Jobs lost / displaced by other initiatives No.</b>	<b>Net total jobs created in year No.</b>	<b>Method of validating jobs created / lost</b>
Total (all initiatives)				
Year -2	875	0	0	0
Year -1	252	0	0	0
Year 0	30	0	0	Site visits
Business licences (Year 0)	15		77	
Commonages (Year 0)	18		28	Site visits
Small Scale Farmers (Year 0)	4		16	Site visits
				<b>T 3.11.5</b>

<b>JOB CREATION THROUGH EPWP* PROJECTS</b>		
<b>Details</b>	<b>EPWP Projects</b>	<b>Jobs created through EPWP projects</b>
	<b>No.</b>	<b>No.</b>
Year -2	50	2 900
Year -1	66	4 500
Year 0		105
<i>* - Extended Public Works Programme</i>		<b>T 3.11.6</b>



LOCAL ECONOMIC DEVELOPMENT POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service KPIs  (ii)	Year -1		Year 0 16/17		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)
<b>KPA 1 BASIC SERVICE DELIVERY ONLY</b>									
<i>To promote the security of tenure</i>	Number of sites released for BNG and Intervention Programs (Land Restitution, Military Veteran Program, Racial Integration Program) (KPA: 1, KPI 1)	-	-	-	2000 sites	Not Achieved	-	-	-
	Number of leads from marketing initiatives for FLISP (workshops etc.) (KPA: 1, KPI 2)	-	-	-	-	Not Achieved	-	-	-
	Number of sites released through: Land Availability Agreements (LAA) (KPA: 1, KPI 3)	-	-	-	1761 sites	Not Achieved	-	-	-
	Number of abandoned deregistered sites identified and transferred in Matjhabeng Local Municipality in June 2017 (KPA: 1, KPI 4)	-	-	-	1500 sites	Not Achieved	-	-	-
	Number of applications submitted to Provincial Human Settlement for processing (KPA:1, KPI 5)	-	-	-	500 applications	Not Achieved	-	-	-
To obtain accreditation status of Housing personnel to comply with legislation	5 staff members trained (KPA: 1. KPI 6)	-	-	-	5 staff members trained	Not Achieved	-	-	-
	Level 1 Business Plan obtained (KPA:1, KPI 7)	-	-	-	Level 1 Business Plan	Not achieved	-	-	-



To implement control measures to alleviate and mitigate audit queries	Number of audit queries received and addressed (KPA: 1, KPI 8)	-	-	-	100% queries addressed	100% queries addressed	100%	-	-
To facilitate the implementation of Special Presidential Package Programs	Number of residential units fully integrated in Merriespruit, Masimong and Kitty (KPA: 1, KPI 9)	-	-	-	Three Mining residential units fully integrated	Not achieved Merriespruit and Masimong fully integrated	Kitty	-	-
	Number of informal settlements formalised in identified wards (KPA: 1, KPI 10)	-	-	-	21 formalised settlements	Not achieved	-	-	-
To outline planning of the department through implementation of the housing sector plan	Approved Housing Sector Plan (KPA: 1, KPI 11)	-	-	-	Housing Sector Plan	Not Achieved	-	-	-
To improve the administration activities and functions of the department	Online solution software (KPA: 1, KPI 12)	-	-	-	1 Online solution software	Not achieved	-	-	-

**NB:- Please refer to attached Appendix O for a detailed input on KPA 1: Basic Service Delivery.**

**T 3.11.7**



Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1	1	1	0	1	100%
2	1	3	0	3	100%
3	4	8	0	8	100%
5					
5/4	5	13	2	11	85%
5					
6					
7/6	16	23	6	17	74%
8	1	3	0	3	100%
9					
10/9	3	9	0	9	100%
10					
11					
12/9					
12/11	9	9	0	9	100%
12					
13					
14/13					
14					
15					
16/15					
16					
17					
18/17					
<b>Total</b>	<b>40</b>	<b>69</b>	<b>8</b>	<b>61</b>	<b>88%</b>

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

T 3.11.8



FINANCIAL PERFORMANCE YEAR 0: LOCAL ECONOMIC DEVELOPMENT SERVICES					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	95	723	723	389	46%
Expenditure:					
Employees	248	12 279	12 279	12 900	-5%
Repairs and Maintenance	248	3 094	3 094	28	99%
Other	248	1 213	1 213	1 145	6%
<b>Total Operational Expenditure</b>	744	16 586	16 586	14 074	16%
<b>Net Operational Expenditure</b>	<b>649</b>	<b>15 863</b>	<b>15 863</b>	<b>13 685</b>	<b>14%</b>
					<b>T 3.11.9</b>

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
<b>Total All</b>	<b>4 611</b>	<b>4 611</b>	<b>3 922</b>	<b>15%</b>	
Welkom Taxi Rank	4 401	4 401	3 739	15%	68 066
Street Traders	210	210	184	13%	2 161
					<b>T 3.11.10</b>



### **COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:**

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

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

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

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

The improved collaboration between the Municipality and other spheres of Government, as well as the private sector, has brought about good results that have been demonstrated by activities and programmes that have been jointly executed. This collaboration should be strengthened to optimise the benefit through creation of job opportunities and economic growth. It would be important to pay attention to attracting investment to the region as well as to focus on the retention of the investment already within our jurisdiction.

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

**T 3.11.11**



## **COMPONENT D: COMMUNITY & SOCIAL SERVICES**

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

### **INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES**

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

**T 3.12**

## **3.12 LIBRARIES**

### **INTRODUCTION TO LIBRARIES:**

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

**T 3.12.1**

### **SERVICE STATISTICS FOR LIBRARIES:**

There are fifteen (15) libraries operating within our jurisdiction. These libraries have enrolled ± 824 610 members. Welkom, Thabong 1 and Meloding libraries have the highest membership combined. All these libraries offer yearly programmes such as: spell check, toy library, puzzles, and kids drawing, tell your own story and world book day.

**T 3.12.2**



LIBRARIES; ARCHIVES; MUSEUMS; GALARIES; COMMUNITY FACILITIES; OTHER POLICY OBJECTIVES TAKEN FROM IDP									
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	YEAR -1		YEAR 0		YEAR 1	YEAR 3		
		TARGET	ACTUAL	TARGET		ACTUAL	TARGET		
		PREVIOUS YEAR		PREVIOUS YEAR	CURRENT YEAR		CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
SERVICE INDICATERS									
SERVICE OBJECTIVE/S									
HOLIDAY PROGRAM	0	60	60	-	-	-	-	-	-
READERTHON PROGRAMS	0	15	15	-	-	-	-	-	-
POETRY SESSIONS	0	30	30	-	-	-	-	-	-
NATIONAL LIBRARY WEEK	0	30	30	-	-	-	-	-	-
NATIONAL WORLD BOOK DAY	0	30	30	-	-	-	-	-	-
<b>NB: Not in the IDP as a result of the process of transferring Libraries back to the Province.</b>									<b>T 3.12.3</b>





Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2					
3	1	1	1	0	0%
5					
5/4	0	2	0	2	100%
5					
6					
7/6	0	4	0	4	100%
7					
8/7					
8	1	2	1	1	50%
9					
10/9	7	15	7	8	53%
10					
11					
12/9					
12/11	17	41	14	27	66%
12					
13					
14/13	0	1	0	1	100%
14					
15					
16/15					
16					
17					
18/17	20	21	16	5	24%
<b>Total</b>	<b>46</b>	<b>87</b>	<b>39</b>	<b>48</b>	<b>55%</b>

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

T 3.12.4



FINANCIAL PERFORMANCE YEAR 0: LIBRARIES; ARCHIVES; COMMUNITY FACILITIES; OTHER					
R'000					
DETAILS	YEAR 1	YEAR 0			
	ACTUAL	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-9	-5	-5	-9	-80%
Expenditure:					
Employees	14953	15 044	15 044	14953	1%
Repairs and Maintenance	0	166	166	0	100%
Other	0	1 666	1 666	0	-100%
<b>Total Operational Expenditure</b>	14953	16 876	16 876	14953	11%
<b>Net Operational Expenditure</b>	<b>14 944</b>	<b>16 871</b>	<b>16 871</b>	<b>14 944</b>	<b>11%</b>
<b>T 3.12.5</b>					

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
<b>Total All</b>					
<b>No Projects</b>					
<b>T 3.12.6</b>					

### COMMENT ON THE PERFORMANCE OF LIBRARIES

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

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

**T 3.12.7**



### 3.13 CEMETERIES

#### INTRODUCTION TO CEMETERIES AND CREMATORIIUMS:

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

There is increased demand for burial land due to excessive increase of the population. This is mostly affected by rapid urbanization in towns and cities.

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

T 3.13.1

#### SERVICE STATISTICS FOR CEMETERIES AND CREMATORIIUMS:

Annual burials for Matjhabeng Local Municipality is 3 237.

T 3.13.2

#### CEMETERIES AND CREMATORIIUMS POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service KPI	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)
To provide adequate burial space for the community	Develop New Mmamahabane cemetery (KPA: 1, KPI 15)	8	5	5	1	Not Achieved	1	1	1
<b>NB: - Please refer to attached Appendix O for a detailed input on KPA 1: Basic Service Delivery.</b>									

T3.13.3



Employees: Cemeteries and Crematoriums					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1	0	0	0	0	0
2	0	0	0	0	0
3	0	0	0	0	0
5	0	0	0	0	0
5/4	0	0	0	0	0
5	0	0	0	0	0
6	0	0	0	0	0
7/6	0	0	0	0	0
7	0	0	0	0	0
8/7	0	0	0	0	0
8	0	0	0	0	0
9	0	0	0	0	0
10/9	0	0	0	0	0
10	0	0	0	0	0
11	0	0	0	0	0
12/9	0	0	0	0	0
12/11	0	0	0	0	0
12	0	0	0	0	0
13	0	0	0	0	0
14/13	0	0	0	0	0
14	0	0	0	0	0
15	0	0	0	0	0
16/15	0	0	0	0	0
16	0	0	0	0	0
17	0	0	0	0	0
18/17	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
NB: Employees accounted for in Table 3.4.5					
					<b>T 3.13.4</b>



FINANCIAL PERFORMANCE YEAR 0: CEMETERIES AND CREMATORIUMS					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-1 233	-1 601	-1 601	-1 233	23%
Expenditure:					
Employees	3 188	3 469	3 469	3 188	8%
Repairs and Maintenance	6	215	215	6	97%
Other	328	1 284	1 284	328	74%
<b>Total Operational Expenditure</b>	3 522	4 968	4 968	3 522	29%
<b>Net Operational Expenditure</b>	<b>4 755</b>	<b>3 367</b>	<b>3 367</b>	<b>2 289</b>	<b>127%</b>
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					<b>T 3.13.5</b>

CAPITAL EXPENDITURE YEAR 0: CEMETERIES AND CREMATORIUMS N/A					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2 300	0	2300	0	8 500
Mmamahabane Cemetery - Phase 1	2 300	0	2300	0	8 500
					<b>T 3.13.6</b>



### 3.14 SOCIAL PROGRAMMES

Child Care; Aged Care; Social Programs Policy Objectives Taken From IDP									
Service Objectives	Outline Service KPIs	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)
<b>Workshops, Seminars &amp; Campaigns</b>									
To ensure Health and Wellness of employees within Matjhabeng Local Municipality	Number of life skills awareness sessions conducted (KPA: 2, KPI 20)	-	-	-	30	10 achieved	30	30	30
	Number of employees who attended counselling sessions (KPA: 2, KPI 21)	2500	649	2500	2500	Not Achieved	2500	2500	2500
<b>NB:- Please refer to attached Appendix P for a detailed input on KPA 2: Municipal Transformation and Institutional Development.</b>							<b>T 3.14.3</b>		



Employees: Child Care; Aged Care; Social Programmes					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1	0	0	0	0	0%
2	0	0	0	0	0%
3	0	0	0	0	0%
5	0	0	0	0	0%
5/4	0	0	0	0	0%
5	0	0	0	0	0%
6	0	0	0	0	0%
7/6	0	0	0	0	0%
7	0	0	0	0	0%
8/7	0	0	0	0	0%
8	0	0	0	0	0%
9	0	0	0	0	0%
10/9	0	0	0	0	0%
10	0	0	0	0	0%
11	0	0	0	0	0%
12/9	0	0	0	0	0%
12/11	0	0	0	0	0%
12	0	0	0	0	0%
13	0	0	0	0	0%
14/13	0	0	0	0	0%
14	0	0	0	0	0%
15	0	0	0	0	0%
16/15	0	0	0	0	0%
16	0	0	0	0	0%
17	0	0	0	0	0%
18/17	0	0	0	0	0%
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<i>NB: Employees accounted for under Table 3.26.4</i>					
<b>T 3.14.4</b>					



### 3.19 LEGAL; RISK MANAGEMENT

Employees: Legal; Risk Management					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2	1	1	1	0	0%
3	2	2	1	1	50%
5					
5/4	1	3	1	2	67%
5					
6					
7/6	1	3	1	2	67%
7					
8/7					
8	1	2	1	1	50%
9					
10/9	0	2	0	2	100%
10					
11					
12/9					
12/11	1	1	1	0	0%
12					
13					
14/13					
14					
15					
16/15					
16					
17					
18/17					
<b>Total</b>	<b>7</b>	<b>14</b>	<b>6</b>	<b>8</b>	<b>57%</b>

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

T 3.19.4





## COMPONENT E: SECURITY AND SAFETY

### 3.20 POLICE (PUBLIC SAFETY TRAFFIC)

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

#### INTRODUCTION TO SAFETY & SECURITY

#### PUBLIC SAFETY & TRANSPORT

##### Objective of the Public Safety Department

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

##### Our Approach to Improve Public Safety

The Department of Public Safety will endeavour to:

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

#### INTRODUCTION TO SECURITY

##### OVERVIEW

##### SECURITY SERVICES

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

##### FUNCTIONS OF SECURITY SERVICES

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



## **INTRODUCTION TO TRAFFIC MANAGEMENT**

### **OVERVIEW**

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

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

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

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

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

**T 3.20**



Employees: Police Officers					
Job Level	Year -1	Year 0			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
1	0	0	0	0	0%
2	0	0	0	0	0%
3	0	0	0	0	0%
5	0	0	0	0	0%
5/4	0	0	0	0	0%
5	0	0	0	0	0%
6	0	0	0	0	0%
7/6	0	0	0	0	0%
7	0	0	0	0	0%
8/7	0	0	0	0	0%
8	0	0	0	0	0%
9	0	0	0	0	0%
10/9	0	0	0	0	0%
10	0	0	0	0	0%
11	0	0	0	0	0%
12/9	0	0	0	0	0%
12/11	0	0	0	0	0%
12	0	0	0	0	0%
13	0	0	0	0	0%
14/13	0	0	0	0	0%
14	0	0	0	0	0%
15	0	0	0	0	0%
16/15	0	0	0	0	0%
16	0	0	0	0	0%
17	0	0	0	0	0%
18/17	0	0	0	0	0%
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<i>NB: The Municipality does not have the police department.</i>					
					<b>T 3.20.4</b>



### INTRODUCTION TO FIRE SERVICES

#### OVERVIEW

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

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

#### OPERATIONAL

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

#### Fire safety activities

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

#### Public Education and Awareness Programs

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

During 2016/2017 – Paraffin Safety Awareness Campaigns were conducted

#### Challenges

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

T 3.21.1



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	653	500	638	600
2	Total of other incidents attended in the year	369	500	374	650
3	Average turnout time - urban areas	8 - 12 min	10minutes	12 minutes	15-20 min
4	Average turnout time - rural areas	25 - 35 min	25-30 min	25 min	35-40min
5	Fire fighters in post at year end	61	63	78	78
6	Total fire appliances at year end	6	18	2	20
7	Average number of appliance off the road during the year	2	10	10	15
					<b>T 3.21.2</b>

FIRE SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service KPIs	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Ensure safer communities	Number of Fire Officers appointed in Mmamahabane satellite fire station ( KPA: 2 , KPI 34)	-	-	-	20	Not Achieved	20	-	-
<p><b>NB:- Please refer to attached Appendix P for a detailed input on KPA 2: Municipal Transformation and Institutional Development.</b></p> <p style="text-align: right;"><b>T 3.21.3</b></p>									

Employees: Fire Services		
Job Level	Year -1	Year 0



<b>Fire Fighters</b>	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
<b>Administrators</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
1					
2					
3	0	1	1	0	0%
5					
5/4	2	2	1	1	50%
5					
6	3	4	3	1	25%
7/6					
7					
8/7					
8	12	15	11	4	27%
9					
10/9					
10					
11					
12/9	58	65	51	14	22%
12/11	3	5	3	2	40%
12					
13					
14/13	0	1	0	1	100%
14					
15					
16/15					
16					
17					
18/17	1	8	2	6	75%
<b>Total</b>	<b>79</b>	<b>101</b>	<b>72</b>	<b>29</b>	<b>29%</b>

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

**T 3.21.4**



FINANCIAL PERFORMANCE YEAR 0: FIRE SERVICES						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	-608 534	-1 553	-1 553	-1 290	17%	
Expenditure:						
Fire fighters	23 488	3 119	3 119	32 834	-953%	
Other employees	0	0	0	0	0	
Repairs and Maintenance	950	3 004	3 004	322	89%	
Other	4 069	4 522	4 522	2 080	54%	
<b>Total Operational Expenditure</b>	5 020	38 713	38 713	35 235	9%	
<b>Net Operational Expenditure</b>	<b>5 628</b>	<b>37 160</b>	<b>37 160</b>	<b>33 945</b>	<b>9%</b>	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						<b>T 3.21.5</b>

CAPITAL EXPENDITURE YEAR 0: FIRE SERVICES						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
<b>Total All</b>						
<i>No Capital project</i>						
<b>NB: No Capital Projects in the current year.</b>						<b>T 3.21.6</b>



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

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

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

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

**T 3.22.1**

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

There were no Disaster Management incidents reported in the year under review.

**T 3.22.2**





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

*NB: Disaster Management is a function of the Lejweleputswa District Municipality.*

**T 3.22.4**



## COMMENT ON THE PERFORMANCE OF PUBLIC SAFETY & TRANSPORT

### **Traffic**

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

### **Security**

The Department could not equip the Municipal buildings with Surveillance cameras, alarms and armed response due to financial constraints

Similarly,4 the department was not able to effect the appointment and training of 140 Security officers as planned.

### **Fire & Rescue**

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



## COMPONENT F: PARKS, SPORT AND RECREATION

### INTRODUCTION TO PARKS, SPORTS & RECREATION

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

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

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

**T 3.23**



### 3.23 PARKS, SPORTS AND RECREATION INCLUDING CEMETERIES

#### SERVICE STATISTICS FOR PARKS, SPORTS & RECREATION

Thabong Indoor Sports Centre and Bronville Stadium were refurbished in the year under review. The Municipality refurbished Entrances and Exit facilities at the following cemeteries: Kutlwanong, Bronville, Virginia, Meloding and Phomolong  
One Urban Park has been developed in Kutlwanong as Lukhanyiso Greening project donated by Department of Environmental Affairs.

T 3.23.1



SPORT AND RECREATION POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service KPIs  (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)
To ensure that basic sport and recreation facilities are available to all communities	Stadium upgraded: Thabong (KPA: 1, KPI 13)	-	-	-	1 Upgraded stadium: Thabong	Not Achieved	1 Upgraded stadium: Thabong	-	-
	Indoor Sports Complex established (Far East Hall) (KPA: 1, KPI 14)	-	-	-	1 Indoor Sports Complex, Far East Hall	Not Achieved	1 Indoor Sports Complex, Far East Hall	-	-
<b>NB:- Please refer to attached Appendix 0 for a detailed input on KPA 1: Basic Service Delivery</b>									<b>T.23.2</b>



Employees: Sport and Recreation					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2	1	1	1	0	0%
3	0	2	0	2	100%
5					
5/4	4	5	4	1	20%
5					
6					
7/6	1	3	1	2	67%
7					
8/7					
8	3	8	3	5	63%
9	1	1	1	0	0%
10/9	0	4	0	4	100%
10					
11					
12/9					
12/11	11	33	11	22	67%
12					
13					
14/13	2	16	2	14	88%
14					
14/16	2	4	2	2	50%
15	29	74	29	45	61%
16/15	35	86	35	51	59%
16	16	75	45	30	40%
17					
18/17	204	427	384	43	10%
<b>Total</b>	<b>309</b>	<b>739</b>	<b>518</b>	<b>221</b>	<b>30%</b>

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

**T 3.23.3**



FINANCIAL PERFORMANCE YEAR 0: SPORT AND RECREATION					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	-55	0	0	0	0%
Expenditure:					
Employees	4 492	2 985	2 985	2 728	9%
Repairs and Maintenance	11	330	330	0	100%
Other	67	72	72	2 334	-3142%
<b>Total Operational Expenditure</b>	4 570	3 388	3 388	5 063	-49%
<b>Net Operational Expenditure</b>	<b>4 625</b>	<b>3 388</b>	<b>3 388</b>	<b>5 063</b>	<b>-49%</b>
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
<b>T 3.23.4</b>					

CAPITAL EXPENDITURE YEAR 0: SPORT AND RECREATION					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	66 979	66 979	29 668	56%	66 979
Phase 3 Thabong Stadium	42 834	42 834	27 211	36%	42 834
Thabong Far East Sports Centre	24 145	24 145	2 457	905	24 145
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
<b>T 3.23.5</b>					

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



## COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

### 3.24 EXECUTIVE AND COUNCIL

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

#### INTRODUCTION TO EXECUTIVE AND COUNCIL

##### Introduction to Executive and Council

##### Council

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

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

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

##### Speaker

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

The Speaker plays two main important roles:

- Within the Council; and
- In building democracy

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

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





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

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

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

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

IDP/Policy Development and Monitoring

Community Services

Local Economic Development, Small Business, Spatial Planning and Land Use Management

Finance

Infrastructure

Corporate Support Services

Rural Development and Land Reform – Tourism, Environmental Affairs, Agriculture including Education, Health,

Women and children

Public Safety & Transport

Human Settlements and

Sports, Art and Culture including Elderly and People with disabilities

### **Council Whip**

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

### **Administration**

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

**T 3.24.1**





Employees: The Political Office					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0					
1	3	3	3	0	0%
2	1	1	1	0	0%
3	5	5	5	0	0%
5/4	6	9	13	-4	-44%
6	8	8	8	0	0%
7/6	4	6	4	2	33%
7	3	3	3	0	0%
8/6					
8/7					
8	1	1	1	0	0%
9	6	8	8	0	0%
10/9	0	0	3	-3	-38%
10					
12/9					
12/11	0	1	0	1	100%
14/13	0	0		0	0%
15				0	
16/15	1	1	1	0	0%
16					
18/17					
<b>Total</b>	<b>38</b>	<b>46</b>	<b>50</b>	<b>-4</b>	<b>-9%</b>

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

T 3.24.4

FINANCIAL PERFORMANCE YEAR 0: THE EXECUTIVE AND COUNCIL					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	95	522 155	522 155	504 477	3%
Expenditure:					
Employees	68 068 553	48 092	48 092	55 064	-14%
Repairs and Maintenance	1 793 039	1 048	1 048	927	12%
Other	73 869 399	75 888	75 888	166 599	-120%
<b>Total Operational Expenditure</b>	143 730 991	125 027	125 027	222 590	-78%
<b>Net Operational Expenditure</b>	<b>143 730 896</b>	<b>397 127</b>	<b>397 127</b>	<b>281 887</b>	<b>29%</b>

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

T 3.24.5



Capital Expenditure Year 0: The Executive and Council					
					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>					<b>T 3.24.6</b>



### 3.25 FINANCIAL SERVICES

DEBT RECOVERY							
Details of the types of account raised and recovered	Year -1		Year 0			Year 1	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	158 520 526	81.05%	283 929 500	279 795 592	99%	171 202 168	80%
Electricity - B	0	0	0	0	0%	0	0%
Electricity - C	131 363 584	94.21%	524 467 752	556 343 610	106%	141 872 671	80%
Water - B	0	0	0	0	0%	0	0%
Water - C	82 317 734	28.02%	366 642 034	342 295 037	93%	88 903 153	80%
Sanitation	52 184 615	41.62%	171 498 684	149 194 731	87%	56 359 384	80%
Refuse	25 596 832	32.27%	106 840 530	93 709 261	88%	27 644 579	80%
Other	131 363 584	94.21%	159 623 452	98 874 827	62%	141 872 671	80%

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

**T 3.25.2**



FINANCIAL SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service KPIs	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
To increase the municipal revenue earning capacity and collection	Data Purification Exercise (KPA 3, KPI 18)	-	-	-	Ongoing	Not achieved	-	-	-
	% increase in monthly consumer Pay rate (KPA 3, KPI 19)	Ongoing	55% payment rate	Ongoing	85% payment rate	Not achieved	85% payment rate	85% payment rate	85% payment rate
	To ensure accurate indigent register (KPA 3, KPI 20)	-	-	100% accurate register	100% accurate register	Achieved	100% accurate register	100% accurate register	100% accurate register
	A reviewed Municipal Revenue Enhancement Plan (KPA 3, KPI 21)	-	-	-	1 reviewed Municipal Revenue enhancement Plan	Achieved	1 reviewed Municipal Revenue enhancement Plan	1 reviewed Municipal Revenue enhancement Plan	1 reviewed Municipal Revenue enhancement Plan
% decrease in audit queries	Audit query action plan (KPA 3, KPI 9)	75% decrease in audit queries	35% decrease in audit queries	75% decrease in audit queries	17 <sup>th</sup> February	Achieved	February 2018	February 2020	February 2021
<b>NB. Please refer to attached Appendix Q: Municipal Financial Viability and Management</b>									
<b>T 3.25.3</b>									



Employees: Financial Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1	1	1		1	100%
2	2	2	2	0	0%
3	6	6	5	1	17%
5					
5/4	7	12	6	6	50%
5					
6					
7/6	3	14	1	13	93%
7					
8/7					
8	8	23	6	17	74%
9					
10/9	43	64	51	13	20%
10					
11					
12/9					
12/11	74	77	74	3	4%
12					
13					
14/13	1	6	1	5	83%
14					
15	1	1	1	0	0%
16/15	0	8	1	7	88%
16					
17					
18/17	9	10	10	0	0%
<b>Total</b>	<b>155</b>	<b>224</b>	<b>158</b>	<b>66</b>	<b>29%</b>
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					
<b>T 3.25.4</b>					



FINANCIAL PERFORMANCE YEAR 0: FINANCIAL SERVICES						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	200 806	-391 099	-391 099	-114 804	71%	
Expenditure:						
Employees	45 835	53 530	53 530	54 398	-2%	
Repairs and Maintenance	705	601	601	2	99%	
Other	64 939	118 579	118 579	67 689	43%	
<b>Total Operational Expenditure</b>	111 480	172 710	172 710	122 088	29%	
<b>Net Operational Expenditure</b>	<b>89 326</b>	<b>-218 389</b>	<b>-218 389</b>	<b>7 284</b>	<b>103%</b>	
<b>T 3.25.5</b>						

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





### 3.26 HUMAN RESOURCES SERVICES

HUMAN RESOURCE SERVICES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service KPIs	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
To improve levels of productivity and Performance within Matjhabeng Local Municipality	Signed Performance Contracts for all employees (KPA 2, KPI 10)	1800	7	1800	100% signed performance contracts	Not achieved	Rollout planned from senior manager to Supervisor levels	Rollout planned from below Supervisor levels	
To ensure that the Matjhabeng Local Municipality is capacitated with a skilled and competent workforce across all levels in order to meet Service Delivery Objectives	Approved Organizational Structure (KPA: 2, KPI 12)	1	0	1	1	Achieved	1	1	1
To ensure that the Matjhabeng Local Municipality has a Human Resources Plan aligned with the IDP and SDBIPs	Approved Human Resources Plan (KPA: 2, KPI 13)	1	1	1	1	Achieved	1	1	1
To ensure that the Matjhabeng Local Municipality has HR Policy aligned with relevant legislation	Approved HR Policy (KPA: 2, KPI 14)	1	0	1	1	Achieved	1	1	1
To ensure compliance with the Employment Equity Act	Revised Employment Equity Policy and Plan (KPA: 2, KPI 15)	1	1	1	1	Not Achieved	1	1	1
<b>NB: Please refer to attached Appendix P for detailed input on KPA 2: Municipal Transformation and Institutional Development</b>									
									<b>T 3.26.3</b>



Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2	1	1	1	0	0%
3	2	3	2	1	33%
5					
5/4	3	9	4	5	56%
5					
6					
7/6	4	8	4	4	50%
7					
8/7					
8	4	4	4	0	0%
9					
10/9	0	6	1	5	83%
10					
11					
12/9					
12/11	6	9	6	3	33%
12					
13					
14/13	0	1	0	1	100%
14					
15					
16/15					
16					
17					
18/17					
<b>Total</b>	<b>20</b>	<b>41</b>	<b>22</b>	<b>19</b>	<b>46%</b>
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					

T 3.26.4



**FINANCIAL PERFORMANCE YEAR 0: HUMAN RESOURCE SERVICES**

Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	0
Expenditure:					
Employees	9 301 163	9 015	9 015	9 014	0%
Repairs and Maintenance	0	107	107	0	100%
Other	966 854	210	210	130	38%
<b>Total Operational Expenditure</b>	10 268 017	9 332	9 332	9 143	2%
<b>Net Operational Expenditure</b>	<b>10 268 017</b>	<b>9 332</b>	<b>9 332</b>	<b>9 143</b>	<b>2%</b>
<b>T 3.26.5</b>					

**CAPITAL EXPENDITURE YEAR 0: HUMAN RESOURCE SERVICES**

R' 000

Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
<b>Total All</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<i>NB: No Capital Projects in the current year</i>					
<b>T 3.26.6</b>					



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

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

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

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

**T 3.27.1**



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

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

T 3.27.4



Financial Performance Year 0: ICT Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	0	0	0	0	0
Expenditure:					
Employees	3 372 045	4 882	4 882	5 174	6%
Repairs and Maintenance	1 717 685	3 991	3 991	1 862	53%
Other	4 890 476	1 375	1 375	1 333	3%
<b>Total Operational Expenditure</b>	9 980 206	10 248	10 248	8 369	18%
<b>Net Operational Expenditure</b>	<b>9 980 206</b>	<b>10 248</b>	<b>10 248</b>	<b>8 369</b>	<b>18%</b>
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
<b>T 3.27.5</b>					

Capital Expenditure Year 0: ICT Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>1 050</b>	<b>0</b>	<b>1 050</b>	<b>0%</b>	
Project A: IT Equipment	1 050	0	1 050	0%	1050
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
<b>T 3.27.6</b>					

### COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

The ICT Primary Objectives are as follows:-

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

The ICT Department has achieved all the above objectives.

With the upgrade on the VPN network there has been improvements in the speed / performance of the network at the external offices; namely Odendaalsrus, Virginia Main Building, Mechanical Workshop and Clinic Building offices and the connection of Customer Care. We are continually upgrading as technology is improving consistently. IT queries range from hardware to software issues, 99% of the time our technicians address the issues within 2 working days. Our more complex issues are dealt with by specialist staff. The recruitment and retention of competent and experienced personnel remains a significant challenge.

**T 3.27.7**

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



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

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

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

**T 3.28.4**



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

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### INTRODUCTION

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

The Key fundamentals underpinning OD are:

Organisational transformation and change management

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

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

**T 4.0.1**





#### 4.1 EMPLOYEE TOTAL AND VACANCIES

Employees					
Total Municipal Employees/headcount	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water Demand, Water and Effluent Water	404	333	140	193	58%
Purification Services	153	158	64	94	59%
Electricity Services	178	178	85	93	52%
Waste Management, Waste Disposal and Other Services	495	495	414	81	16%
Housing	33	31	18	13	42%
Roads Stormwater and Buildings	321	321	168	153	48%
Fleet Management	43	43	11	32	74%
Planning	18	18	4	14	78%
Local Economic Development	69	16	8	8	50%
Library	87	87	39	48	55%
Employees: Legal; Risk Management	14	14	6	8	57%
Fire Services	101	101	72	29	29%
Sports and Recreation	739	739	518	221	30%
The Political Office	47	49	39	10	20%
Financial Services	224	223	158	65	29%
Human Resources Services	36	41	22	19	46%
ICT	10	10	13	-3	-30%
Council		0	72	-72	%
Municipal Manager's Office	10	24	13	11	46%
Strategic Support Services	42	46	17	29	63%
Corporate Services	74	89	50	39	44%
Community Services	367	290	164	126	43%
Infrastructure	246	421	211	210	50%
<b>Totals</b>	<b>3 725</b>	<b>3,727</b>	<b>2,306</b>	<b>1,421</b>	<b>38%</b>

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.

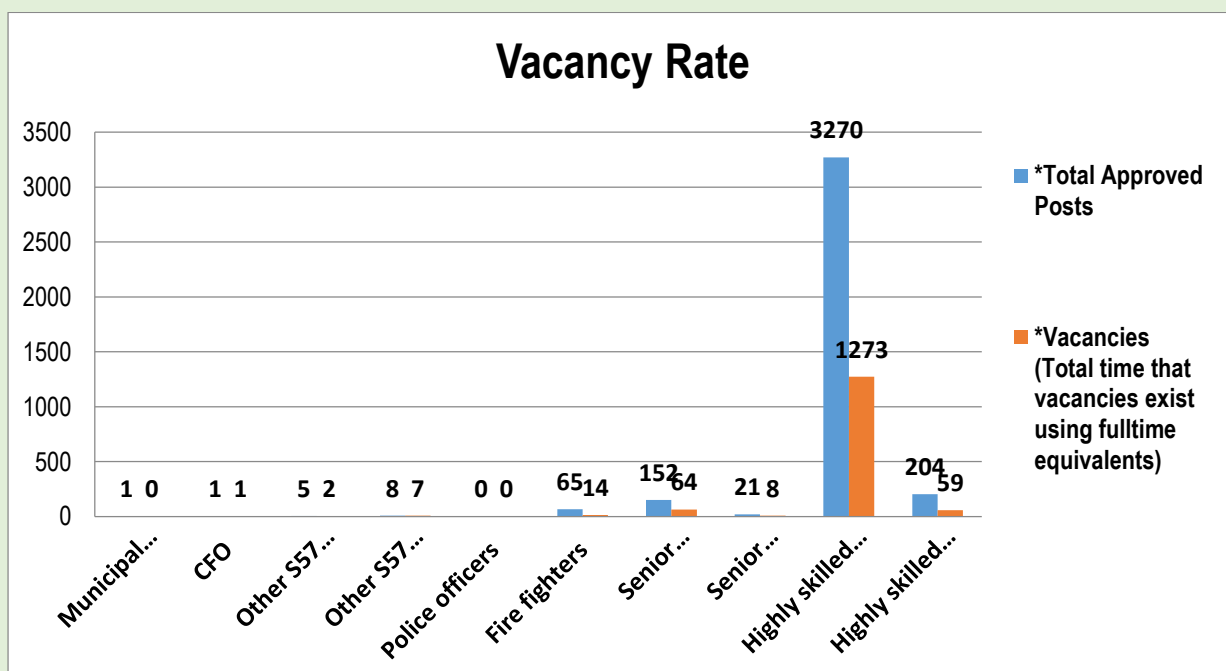
T 4.1.1



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	0	100.00
Other S57 Managers (excluding Finance Posts)	5	2	40.00
Other S57 Managers (Finance posts)	8	7	87.50
Police officers	0	0	
Fire fighters	65	14	21.54
Senior management: Levels 2-5/4 (excluding Finance Posts)	152	64	42.11
Senior management: Levels 2-5/4 (Finance posts)	21	8	38.10
Highly skilled supervision: levels 6-18/17 (excluding Finance posts)	3270	1273	38.93
Highly skilled supervision: levels 6-18/17 (Finance posts)	204	59	28.92
<b>Totals</b>	<b>3727</b>	<b>1428</b>	<b>38.31</b>

Note: \*For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 4.1.2



Turn-over Rate			
Details	Appointments during the Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year -2	536	128	31%
Year -1	46	138	11%
Year 0	43	112	260%
* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year			
			<b>T 4.1.3</b>

#### COMMENT ON VACANCIES AND TURNOVER

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

**T 4.1.4**



## COMPONENT B: MANAGING THE MUNICIPALWORK FORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

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

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

**T 4.2.0**



## 4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action	100%	100%	Is integrated in the Human Resource Policy Manual
2	Attraction and Retention	100%	100%	Is integrated in the Human Resource Policy Manual
3	Code of Conduct for employees	100%	100%	In place and induction has been conducted.
4	Delegations, Authorisation & Responsibility	100%	100%	In Place
5	Disciplinary Code and Procedures	100%	100%	Aligned with the Collective Agreement which came into effect on the 1st July 2016 until 30 June 2020
6	Essential Services	100%	100%	Aligned with the Collective Agreement which came into effect on the 1st July 2016 until 30 June 2021
7	Employee Assistance / Wellness	100%	100%	(MC37/2005) Adopted 2005. Policy reviewed, noted by MAYCO and awaiting Council approval.
8	Employment Equity	100%	100%	Is integrated in the Human Resource Policy Manual.
9	Exit Management Interview	100%	100%	In place.
10	Grievance Procedures	100%	100%	Aligned with the Collective Agreement which came into effect on the 1st July 2016 until 30 June 2020
11	HIV/Aids	100%	100%	Adopted 2009. Policy has been reviewed and noted by MAYCO. It will be submitted to Council for approval.
12	Human Resource and Development/Training and Development	100%	100%	Policy has been reviewed and noted by MAYCO. It will be submitted to Council for on the 31st August 2017.
13	Information Technology	0%	0%	Draft policies were submitted and noted by Council on the 31st May 2017.
14	Job Evaluation	0%	0%	Draft roll out plan in place. Roll out will take place in the first quarter of 2017/2018 financial year.
15	Leave	100%	100%	Aligned with the Collective Agreement which came into effect on the 1st July 2016 until 30 June 2020
16	Occupational Health and Safety	100%	100%	In Place.
17	Official Housing	100%	100%	In Place.



18	Official Journeys	100%	100%	In Place.
19	Official transport to attend Funerals	100%	100%	In Place.
20	Official Working Hours and Overtime	100%	100%	Aligned with the Collective Agreement which came into effect on the 1st July 2016 until 30 June 2020
21	Organisational Rights	100%	100%	Aligned with the Collective Agreement which came into effect on the 1st July 2016 until 30 June 2020
22	Payroll Deductions	100%	100%	In Place.
23	Performance Management and Development	100%	100%	Council approved the framework on the 13 <sup>th</sup> December 2016.
24	Recruitment, Selection and Appointments	100%	100%	In Place.
25	Remuneration Scales and Allowances	100%	100%	In Place.
26	Resettlement	100%	100%	In Place.
27	Sexual Harassment	100%	100%	In Place.
28	Skills Development	100%	100%	In Place.
29	Smoking	100%	100%	In Place.
30	Special Skills	100%	100%	LGSETA Scarce skills model and categories are applied.
31	Work Organisation	100%	100%	In Place.
32	Uniforms and Protective Clothing	100%	100%	In Place.
33	Other:			In Place.
34	Other: Termination of Service due to Ill Health	100%	100%	In Place.
35	Termination of Service due to Poor Work	100%	100%	Aligned with the Collective Agreement which came into effect on the 1st July 2016 until 30 June 2020
36	Customer Care policy & charter	100%	100%	Approved by Council on the 13th December 2016.
37	Language policy	100%	100%	Approved by Council on the 13th December 2016.
38	Other: Indigent (Destitute) & Unknown Pauper Burial Policy	100%	100%	(A115/2013) 2013/09/26

*Use name of local policies if different from above and at any other HR policies not listed.*

**T 4.2.1**



### **COMMENT ON WORKFORCE POLICY DEVELOPMENT**

The Municipality has reviewed all HR policies. New employees have accordingly been inducted on policies, procedures and code of conduct.

The municipality has designed the policy universe in order to align to applicable legislation, strengthen systems, reinforce procedures and review the relevance in order to ensure that the municipality adequately responds to challenges.

Corporate Services is the custodian of these policies and ensures that they are available to employees and to members of the public.

The review process is undertaken by council periodically during its sittings

**T 4.2.1.1**



### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

NUMBER AND COST OF INJURIES ON DUTY					
Type of Injury	Injury Leave Taken	Employees using Injury Leave	Proportion Employees using WCA Leave	Average WCA Leave per Employee	Total Estimated Cost
	Days	Days	%	Days	R'000
Required basic medical attention only	445	38	1.3%	1.7	271 303.48
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
<b>Total</b>	<b>445</b>	<b>38</b>	<b>1.3%</b>	<b>1.7</b>	<b>271 303.48</b>

T 4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Job level	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
0 - 3	365	3%	33	62	11.06	783109
4 - 6	715	6%	64	129	11.17	948441
7 - 9	1260	10%	110	188	11.45	1127038
10 - 12	3780	9%	319	469	11.85	2393859
15 - 13	561	2%	52	103	10.79	259871
16 - 18	6532	4%	620	1333	10.54	2349411
<b>Total</b>	<b>13213</b>	<b>6%</b>	<b>1198</b>	<b>2284</b>	<b>66.86</b>	<b>7861729</b>

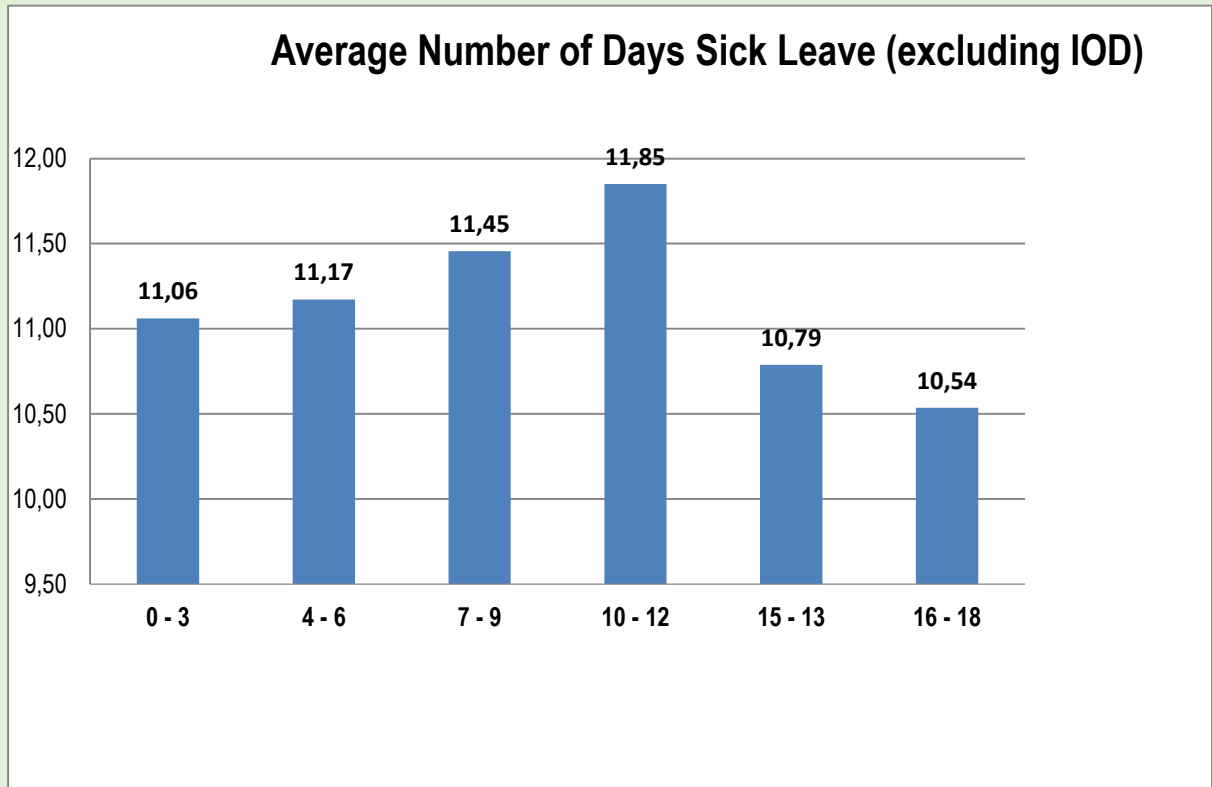
\* - Number of employees in post at the beginning of the year  
 \*Average is calculated by taking sick leave in column 2 divided by total employees in column 5

T 4.3.2





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



T 4.3.3

### COMMENT ON INJURY AND SICK LEAVE

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

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

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

T 4.3.4



Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Acting Manager Customer Care	Gross Negligence - arising from the mishandling of cars during the employee's tenure as Acting Manager Fleet Management; Gross Dereliction of duty in respect of Municipal fleet disappearing under his supervision	8/12/2016	Disciplinary action instituted against the employee. Employee tendered his resignation on 15/2/2017	15/2/2017
Acting Manager Parks	<p><b>Count 1:</b> Organising and addressing incitefull and unlawful meeting on 16 November 2016 and 24 November without approval from Accounting Officer;</p> <p><b>Count 2:</b> Fraud in that you took advantage of the frail and sickly nature of Me N Kumbelane and registered yourself as beneficiary as a brother in insurance so that you should benefit by cashing out when she passed away;</p> <p><b>Count 3:</b> Subversive and undermining activities against the discipline and administration of the Municipality when you addressed an illegal meeting in a Municipal Hall that you had no permission to occupy;</p> <p><b>Count 4:</b> Defying your suspension conditions in that despite knowing or having to ought to have known, continued to access the Municipal Building without permission</p>	13/12/2016	Disciplinary action instituted against the employee. Suspension uplifted 30/5/2017. Partly heard matter	Estimate time of finalisation: 28/7/2017
Manager High Voltage	Fraudulent transactions relating to Emarauda; Misrepresentation on high mast lighting in Mmahabane and Ventersburg	23/12/2016	Disciplinary action instituted against the employee. Suspension uplifted 25/4/2017. Employer Representative to conduct further investigation and complete the charge sheet for the disciplinary hearing to commence	Estimate time of finalisation: End August 2017
<b>T 4.3.5</b>				



<b>DISCIPLINARY ACTION TAKEN ON CASES OF FINANCIAL MISCONDUCT</b>			
<b>POSITION</b>	<b>NATURE OF ALLEGED MISCONDUCT AND RAND VALUE OF ANY LOSS TO THE MUNICIPALITY</b>	<b>DISCIPLINARY ACTION TAKEN</b>	<b>DATE FINALIZED</b>
Security Officers	Copper cable to the value of R5000 was allegedly stolen by employees whilst on duty	Formal disciplinary Action taken	N/A
General Worker	Allegedly produced fraudulent orders to Bevins Hardware Store, taking and selling goods for financial gain. Value: Approximately R4 026-00	Employee resigned before the matter was finalized	Date of resignation is 1 December 2016
General Worker	Allegedly stole a 11000/400 Volt Transformer: Approximate value R100 000	Formal disciplinary Action taken	N/A
Credit Control Clerk	Allegedly defrauded a member of the Public to the value of R40 500-00	Employee dismissed	N/A
Foreman	Allegedly stole a drum of petrol at the Municipality's Workshop at Witpan. Approximately R250	Formal disciplinary Action taken	N/A
Office Aid	Allegedly stole a drum of petrol at the Municipality's Workshop.	Employee found not guilty	N/A
Clerk	Being part of or in the company of people who defrauded a member of public of an amount of R100 000 for a tender that did not exist	Formal disciplinary Action taken	N/A
General Workers	Allegedly stole copper cable. Monetary value was not indicated in the investigation report as well as Accusation of Misconduct Form	Formal disciplinary Action taken	N/A
			<b>T 4.3.6</b>

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

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

**T 4.3.7**



#### 4.4 PERFORMANCE REWARDS

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

#### COMMENT ON PERFORMANCE REWARDS

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

**T 4.4.1.1**



## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

#### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

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

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

All information obtained was imported to the required LGSETA Template and submitted to LGSETA on 28 April 2017. Considering the year under review, training interventions covering various occupational categories have been attended by a total number of one hundred and two (102) delegates at a total cost of R 3.3 million rand. These PIVOTAL (Professional; Vocational, Technical and Academic) learning areas included Municipal Finance Management, Customer Care, Labour Relations, Infrastructure (Water and Waste Water Treatment Process Control), Information Technology, Risk Management, and formal studies via Study Assistance. The Workplace Skills Plan intends to focus on the mentioned learning areas as well as scarce and critical skills. In addition, Declarations of Intent to access Discretionary Skills Funding for Skills Programmes and Learnerships also targeting unemployed beneficiaries have been submitted to the LGSETA. Workplace Integrated Learning (WIL) initiatives included Water and Waste Water Treatment Process Control Learnerships, Internships for Finance, Information Technology, PMU and Electrical Engineering.

**T 4.5.0**



#### 4.5 SKILLS DEVELOPMENT AND TRAINING

SKILLS MATRIX														
Management Level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required as at 30 June Year 0											
			Learnerships			Skills and other short courses			Other forms of training			Total		
			No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0
MM and S57	Female	2	5	5	5	0	0	0	0	0	0	5	5	5
	Male	5	15	15	15	0	0	0	1	0	1	16	15	16
Councillors, senior officials and managers	Female	41	2	2	2	0	0	0	3	0	3	5	2	5
	Male	72	3	3	3	6	0	6	4	0	4	13	3	13
Technicians and associate professionals*	Female	28	4	4	4	8	0	8	5	0	5	17	4	17
	Male	53	8	8	8	14	0	14	8	0	8	30	8	30
Professionals	Female	32	8	8	8	6	0	6	6	0	6	20	8	20
	Male	80	6	6	6	11	0	11	2	0	2	19	6	19
*Other	Female	814	0	0	0	0	0	0	0	0	0	0	0	0
	Male	1179	0	0	0	0	0	0	0	0	0	0	0	0
Sub total	Female	917	19	19	19	14	0	14	14	0	14	47	19	47
	Male	1389	32	32	32	31	0	31	15	0	15	78	32	78
<b>Total</b>		<b>2306</b>	<b>51</b>	<b>51</b>	<b>51</b>	<b>45</b>	<b>0</b>	<b>45</b>	<b>29</b>	<b>0</b>	<b>29</b>	<b>125</b>	<b>51</b>	<b>125</b>

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

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

T 4.5.1



**FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT\***

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

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

**T 4.5.2**



## SKILLS DEVELOPMENT EXPENDITURE

R

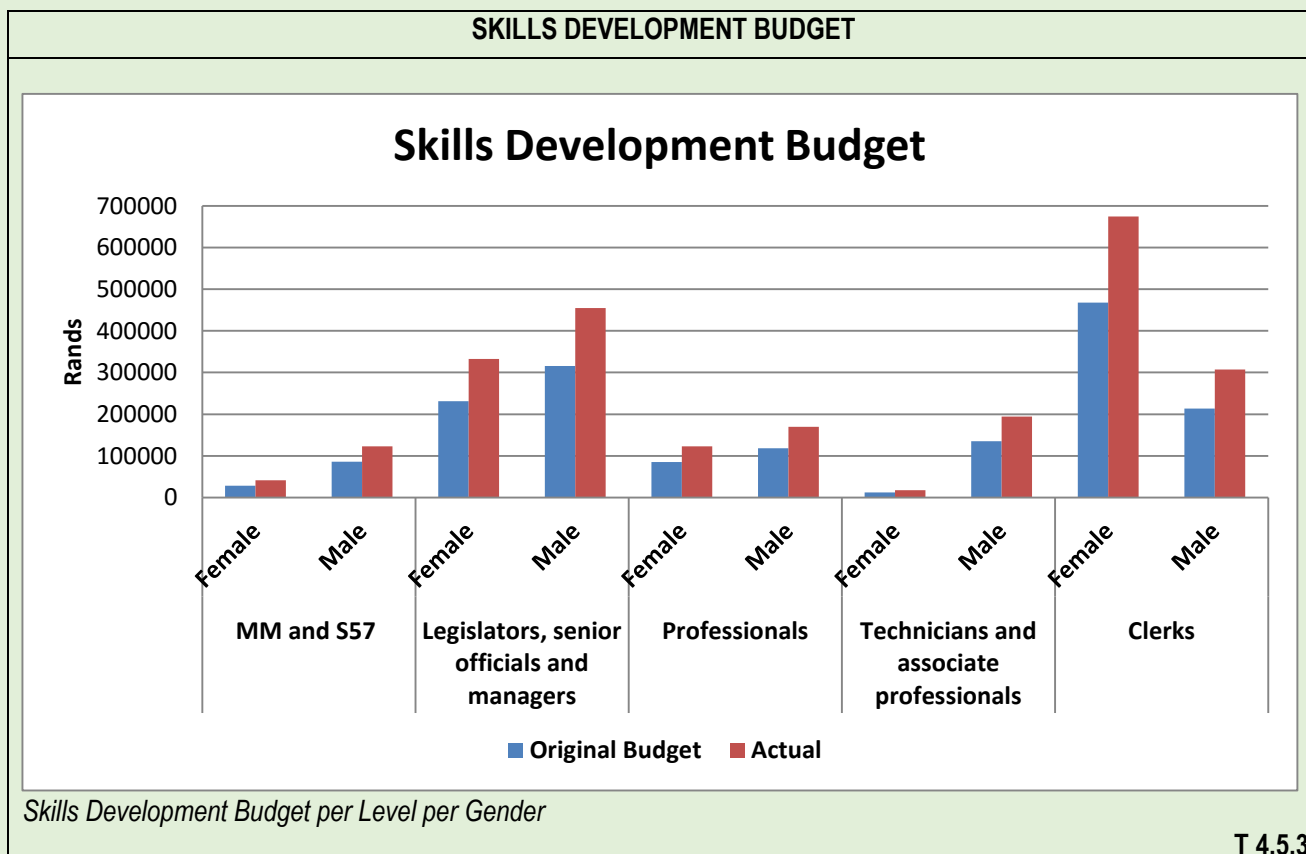
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of TRAINING		Total	
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget
MM and S57	Female	2	28 500	41 048	0	0	0	0	28 500	41 048
	Male	5	85 500	123 145	0	0	0	0	85 500	123 145
Legislators, senior officials and managers	Female	41	228 000	328 387	3 000	4 321	0	0	231 000	332 708
	Male	72	285 000	410 484	31 000	44 649	0	0	316 000	455 133
Professionals	Female	28	57 000	82 097	28 163	40 563	0	0	85 163	122 660
	Male	53	85 500	123 145	32 520	46 838	0	0	118 020	169 983
Technicians and associate professionals	Female	32	0	0	12 000	17 284	0	0	12 000	17 284
	Male	80	57 000	82 097	77 710	111 925	0	0	134 710	194 022
Clerks	Female	814	427 000	615 005	25 122	36 183	16 244	23 396	468 366	674 585
	Male	1179	171 000	246 290	26 022	37 479	16 107	23 199	213 129	306 968
Sub total	Female	917	740 500	1 066 538	68 285	98 350	16 244	23 396	825 029	1 188 284
	Male	1389	684 000	985 161	167 252	240 892	16 107	23 199	867 359	1 249 252
<b>Total</b>		<b>2306</b>	<b>1 424 500</b>	<b>2 051 699</b>	<b>235 537</b>	<b>339 242</b>	<b>32 351</b>	<b>46 595</b>	<b>1 692 388</b>	<b>2 437 536</b>

Total spent as reflected on this table correlates with the Annual Financial statement for the year 2016/2017 on Training. This amounts to

R2 437 536.

**T 4.5.3**

## SKILLS DEVELOPMENT BUDGET



**T 4.5.3**





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

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

**T 4.5.4**

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



## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### 4.6 EMPLOYEE EXPENDITURE

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

**T 4.6.2**

EMPLOYEES WHOSE SALARY LEVELS EXCEED THE GRADE DETERMINED BY JOB EVALUATION				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0

**Job Evaluation has not yet been implemented.** **T 4.6.3**

EMPLOYEES APPOINTED TO POSTS NOT APPROVED				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exists
None	N/A	N/A	0	N/A

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



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

No positions were upgraded during the year under review.

**T 4.6.5**

**DISCLOSURES OF FINANCIAL INTERESTS**

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

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

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

**T 4.6.6**



## CHAPTER 5: FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL PERFORMANCE

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

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

**T 5.0.1**



## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

#### INTRODUCTION TO FINANCIAL STATEMENTS

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

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

T 5.1.0

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

T 5.1.2



### COMMENT ON FINANCIAL PERFORMANCE

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

T 5.1.3

## 5.2 GRANTS

GRANT PERFORMANCE							R' 000
Description	Year -1	Year 0		Year 0 Variance			
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
<b>Operating Transfers and Grants</b>							
<b>National Government:</b>	<b>406 586</b>	<b>391 992</b>	<b>391 992</b>	<b>391 992</b>	0%	0%	
Equitable share	402 909	385 851	385 851	385 851	0%	0%	
Municipal Systems Improvement Department of Water Affairs Levy replacement	930	-	-	-	0%	0%	
Other transfers/grants [insert description]	2747	6 141	6 141	6 141	0%	0%	
<b>Provincial Government:</b>	-	-	-	-			
Health subsidy	-			-			
Housing	-			-			
Ambulance subsidy	-			-			
Sports and Recreation	-			-			
Other transfers/grants [insert description]							
<b>District Municipality:</b>	-	-	-	-			
[insert description]							
<b>Other grant providers:</b>	-	-	-	-			
[insert description]							
<b>Total Operating Transfers and Grants</b>	<b>406 586</b>	<b>391 992</b>	<b>391 992</b>	<b>391 992</b>	<b>0%</b>	<b>0%</b>	

T 5.2.1

### COMMENT ON OPERATING TRANSFERS AND GRANTS

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

T 5.2.2



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

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	T16: Construction Waterborne Sanitation for 1300 stands			
Description	Installation of sewer pipes and Construction of Toilet Structures			
Asset Type	Toilet Structures			
Key Staff Involved	PMU			
Staff Responsibilities	Project Management			
	Year -3	Year -2	Year -1	Year 0
Asset Value	-	-	-	61 693 794
Capital Implications	N/A			
Future Purpose of Asset	N/A			
Describe Key Issues	N/A			
Policies in Place to Manage Asset	Yes			



<b>Asset 2</b>				
Name	Upgrading of Thabong Stadium ( Phase 2)			
Description	Stadium			
Asset Type	Stadium			
Key Staff Involved	PMU			
Staff Responsibilities	Project Management			
	Year -3	Year -2	Year -1	Year 0
Asset Value	-	-	-	57 191 165
Capital Implications	N/A			
Future Purpose of Asset	N/A			
Describe Key Issues	N/A			
Policies in Place to Manage Asset	Yes			
<b>Asset 3</b>				
Name	Virginia: WWTP Sludge Management			
Description	Upgrade and Waste Water Treatment Works			
Asset Type	Waste Water Treatment Works			
Key Staff Involved	PMU			
Staff Responsibilities	Project Management			
	Year -3	Year -2	Year -1	Year 0
Asset Value	-	-	-	29 281 777
Capital Implications	N/A			
Future Purpose of Asset	N/A			
Describe Key Issues	N/A			
Policies in Place to Manage Asset	Yes			
				<b>T 5.3.2</b>

#### COMMENT ON ASSET MANAGEMENT

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

**T 5.3.3**





<b>REPAIR AND MAINTENANCE EXPENDITURE: YEAR 0</b>				
				R'000
	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>	<b>Budget variance</b>
Repairs and Maintenance Expenditure	216 263	216 263	59 945	72%
				<b>T 5.3.4</b>

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

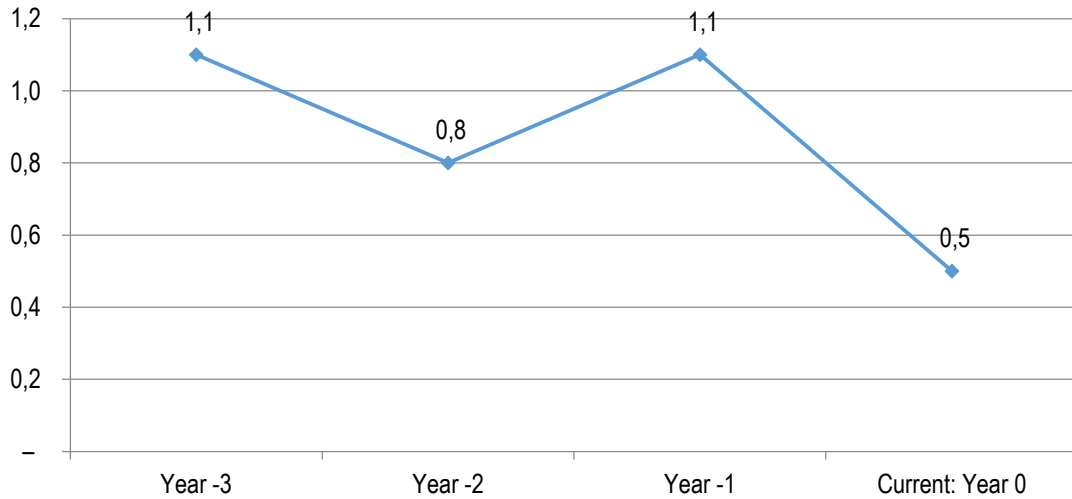
The budget for repair and maintenance for the year under review was R 216 263 000 and the actual expenditure for the year under review was at R 59 945 000 which is resulted into a variance of 72%. The reason for the under-spending was as a result of the cash flow constraints experienced during the year under review

**T 5.3.4.1**



**5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS**

### Liquidity Ratio

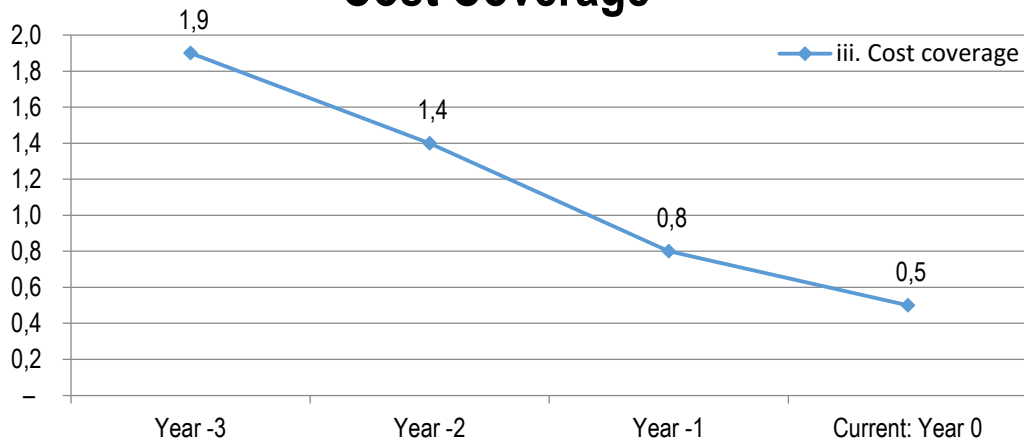


Liquidity Ratio – Measures the municipality’s ability to pay its bills and is calculated by dividing the monetary assets (due within one year ) by the municipality’s current liabilities. A higher ratio is better.

Data used from MBRR SA8

T 5.4.1

### Cost Coverage

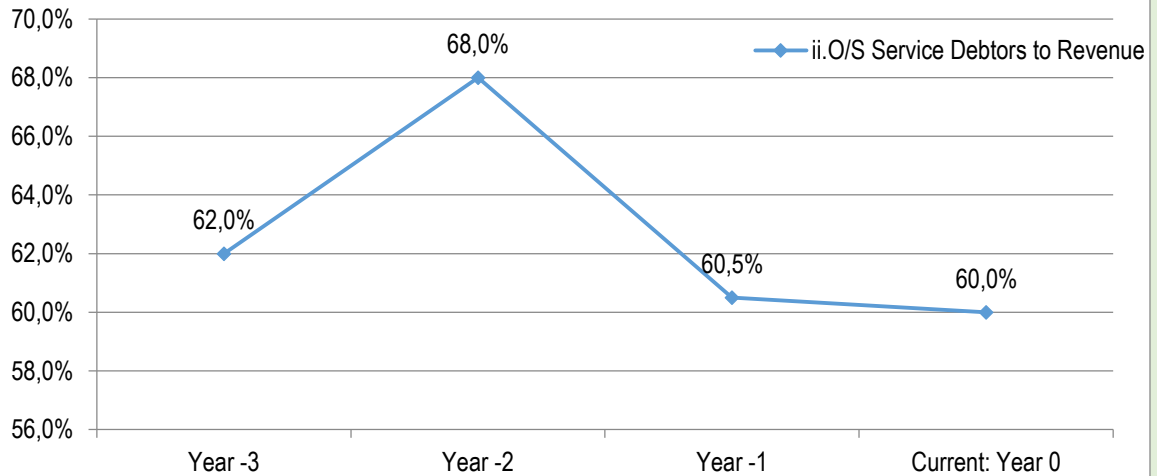


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

T 5.4.2



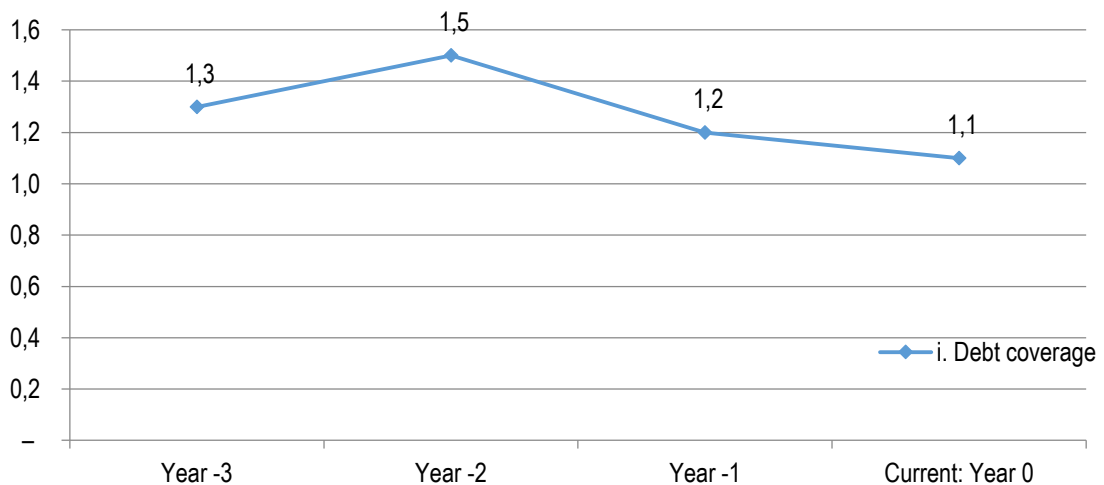
## Total Outstanding Service Debtors



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

T 5.4.3

## Debt Coverage



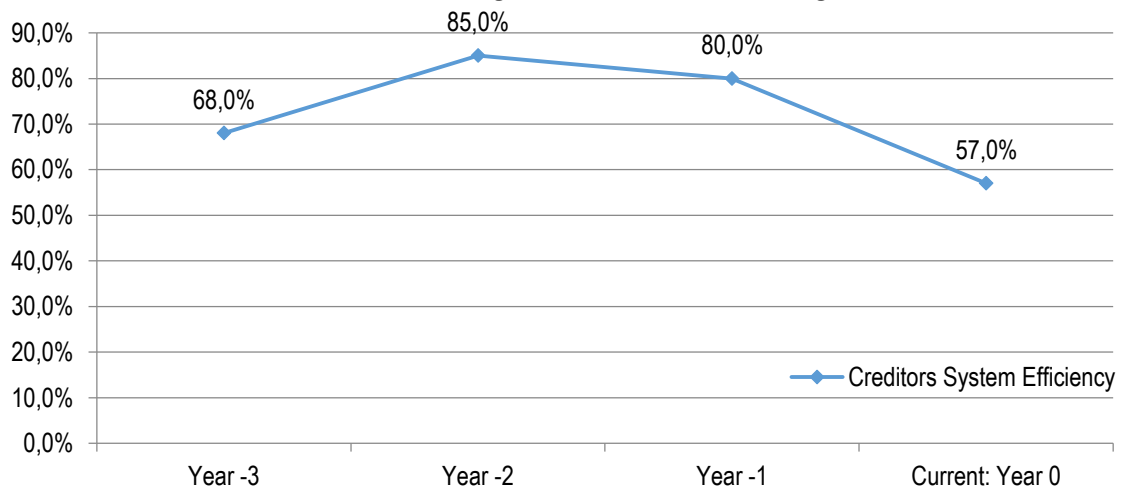
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4



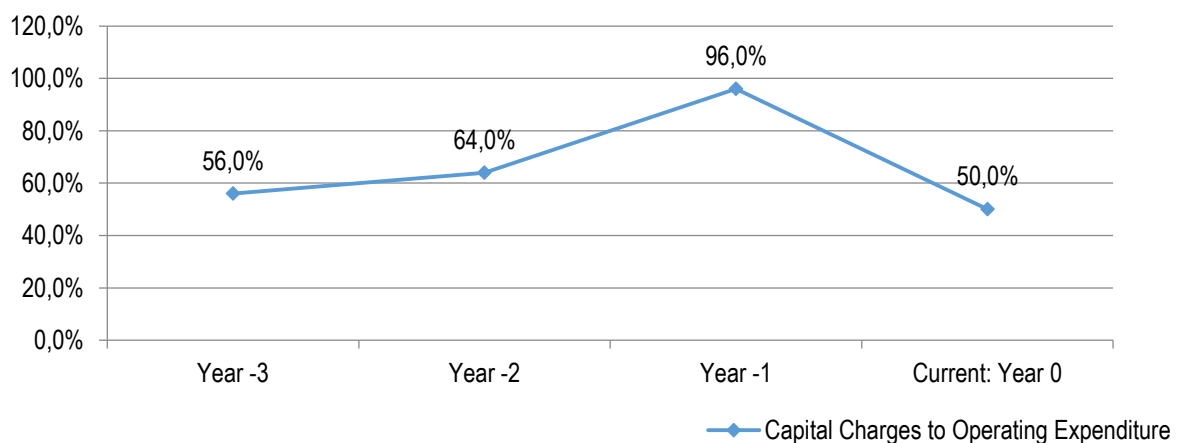
## Creditors System Efficiency



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

T 5.4.5

## Capital Charges to Operating Expenditure



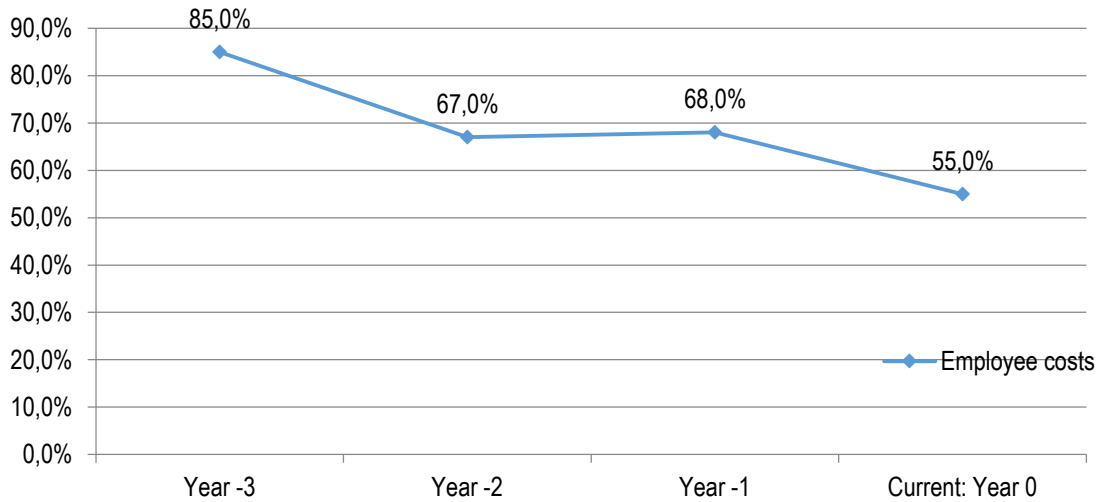
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6



## Employee Costs

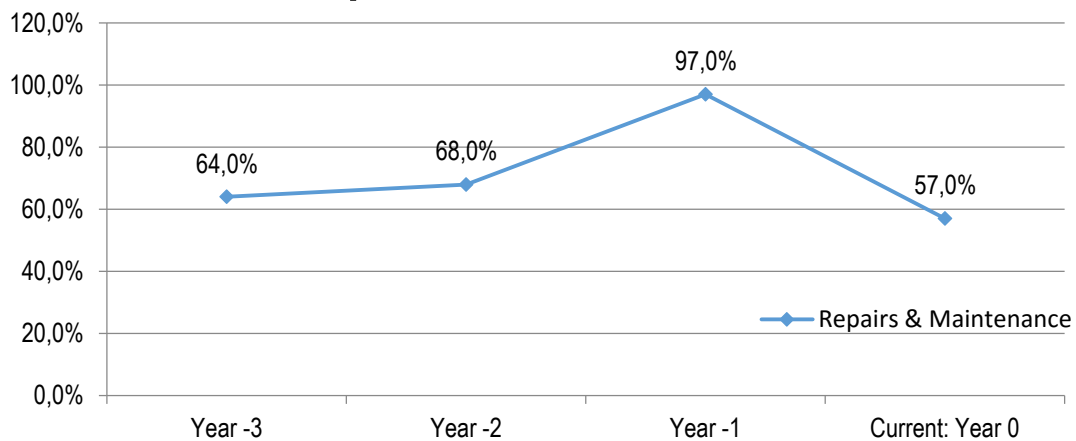


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7

## Repairs & Maintenance



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

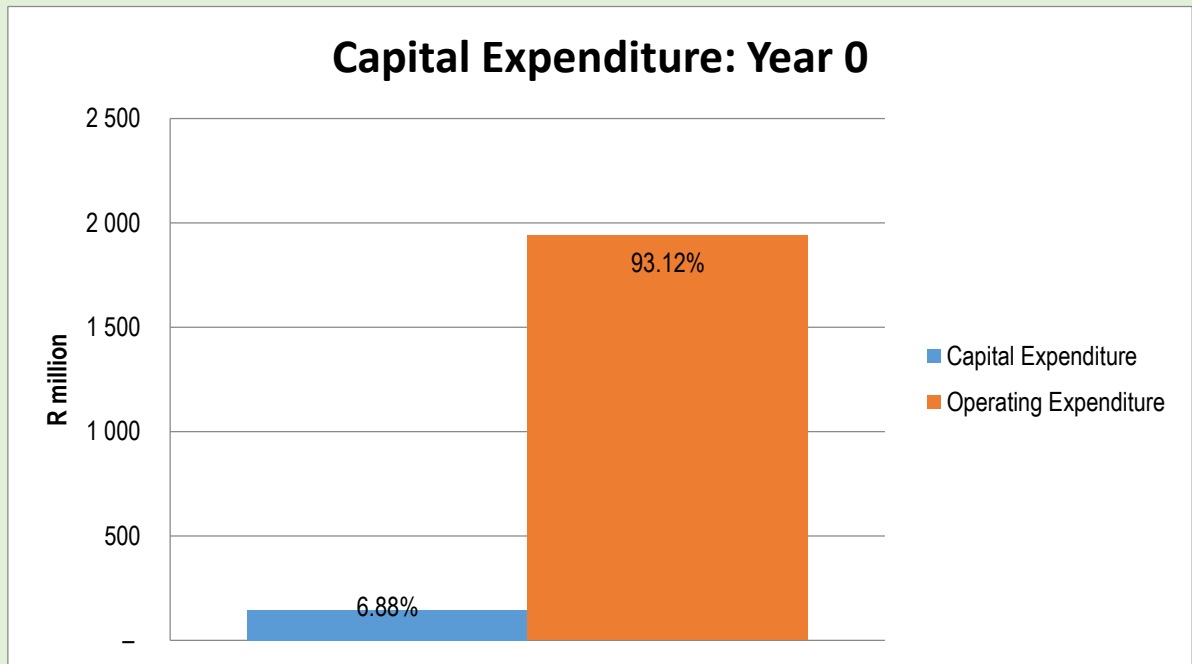
Data used from MBRR SA8

T 5.4.8



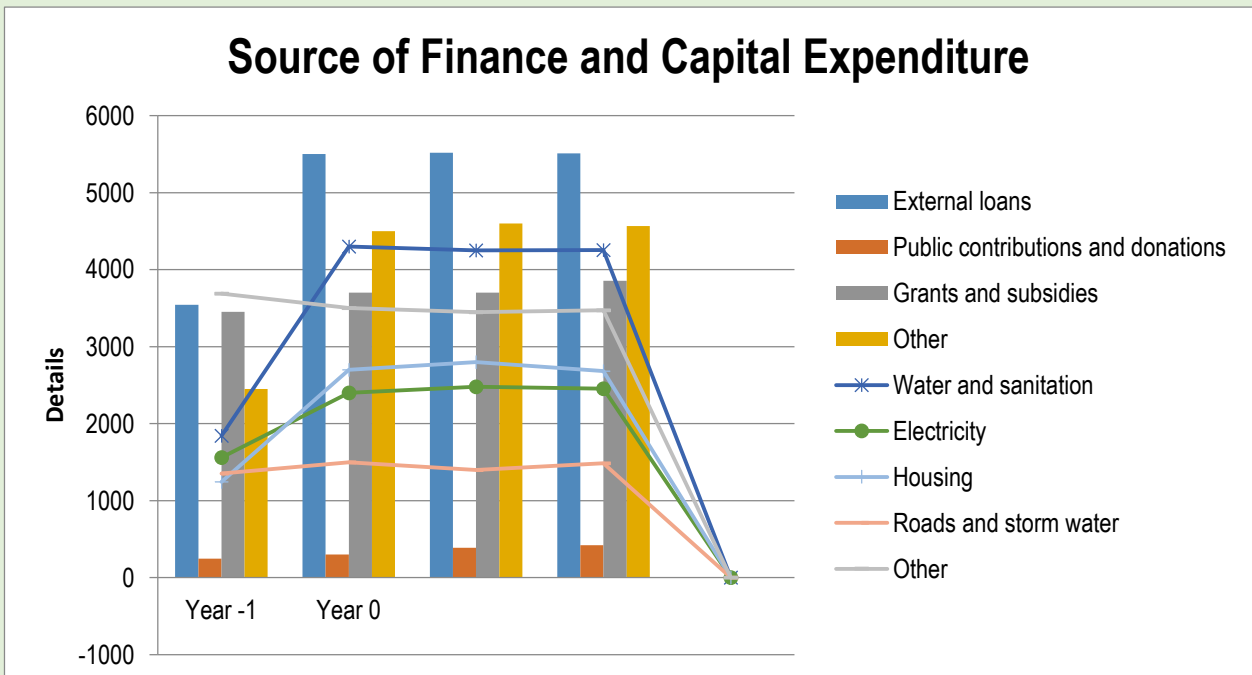
**COMPONENT B: SPENDING AGAINST CAPITAL BUDGET**

**5.5 CAPITAL EXPENDITURE**



T 5.5.1

**5.6 SOURCES OF FINANCE**



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 (%)
<b>Source of finance</b>							
	External loans	0	0	0	0		0,0%
	Public contributions and donations	0	0	0	0		0,0%
	Grants and subsidies	0	113 363	113 363	113 363	-100,0%	0,0%
	Other	0	40 000	40 000	40 000		0,0%
<b>Total</b>		<b>0</b>	<b>153 363</b>	<b>153 363</b>	<b>153 363</b>	<b>-100,0%</b>	<b>0,0%</b>
<i>Percentage of finance</i>							
	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	0,0%	100,0%	100,0%	100,0%	100,0%	0,0%
	Other	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Capital expenditure</b>							
	Water and sanitation	0	44 621	44 621	44 621	-100,0%	0,0%
	Electricity	0	2 842	2 842	2 842	-100,00%	0,00%
	Housing	0	0	0	0	0,00%	0,00%
	Roads and storm water	0	0	0	0	-100,00%	0,00%
	Other	0	25 987	25 987	25 987	-100,00%	0,00%
<b>Total</b>		<b>0</b>	<b>153 363</b>	<b>153 363</b>	<b>153 363</b>	<b>-400,00%</b>	<b>0,00%</b>
<b>PERCENTAGE OF EXPENDITURE</b>							
	Water and sanitation	0,0%	26,4%	26,4%	26,4%	25,0%	0,0%
	Electricity	0,0%	1,9%	1,9%	1,9%	25,0%	0,0%
	Housing	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Roads and storm water	0,0%	14,7%	14,7%	14,7%	25,0%	0,0%
	Other	0,0%	57,0%	57,0%	57,0%	25,0%	0,0%
<b>T 5.6.1</b>							



## 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 (%)
	R				
A - Name of Project (Upgrading Of The Far-East Hall Indoor Sports And Recreational Facility)	32 305 245.00		9 308 322.94	0%	0%
B - Name of Project ( Welkom (Thabong) T16: Construction Waterborne Sanitation For 1300 Stands)	61,899,139.00		61,693,794.19	0%	0%
C - Name of Project (Virginia: WWTP Sludge Management)	41 655 606,00		29,281,777.68	0%	0%
D - Name of Project (Upgrade And Create New Sports And Recreational Facilities Phase 3 Zuka Baloi Stadium & Kopano Indoor Centre)	42 834 548,00	63,015,282.00	57,191,165.33	0%	47%
E - Name of Project (Nyakallong: WWTP Upgrade)	52 299 522,00		28,776,826.05	0%	0%
<i>* Projects with the highest capital expenditure in Year 0</i>					
<b>Name of Project - A</b>	UPGRADING OF THE FAR-EAST HALL INDOOR SPORTS AND RECREATIONAL FACILITY				
Objective of Project	SPORTS AND RECREATIONAL FACILITY				
Delays	RELOCATION				
Future Challenges	NONE				
Anticipated citizen benefits	THABONG COMMUNITY				
<b>Name of Project - B</b>	WELKOM (THABONG) T16: CONSTRUCTION WATERBORNE SANITATION FOR 1300 STANDS				
Objective of Project	INSTALLATION OF SEWER PIPES AND CONSTRUCTION OF TOILET STRUCTURES				
Delays	NONE				
Future Challenges	NONE				
Anticipated citizen benefits	WARD 17				
<b>Name of Project - C</b>	VIRGINIA: WWTP SLUDGE MANAGEMENT				
Objective of Project	UPGRADE AND WASTE WATER TREATMENT WORKS				
Delays	DESIGNS AND ADVERTISEMENT				
Future Challenges	NONE				
Anticipated citizen benefits	VIRGINIA AND MELODING				
<b>Name of Project - D</b>	UPGRADE AND CREATE NEW SPORTS AND RECREATIONAL FACILITIES PHASE 3 ZUKA BALOI STADIUM & KOPANO INDOOR CENTRE				
Objective of Project	UPGRAGE AND GRANDSTAND, ABLUTION, GUARDHOUSE, HIGHMAST & SOCCER PITCH				
Delays	NONE				
Future Challenges	NONE				
Anticipated citizen benefits	THE COMMUNITY OF THABONG				
<b>Name of Project - E</b>	NYAKALLONG: WWTP UPGRADE				
Objective of Project	UPGRADE THE WASTE WATER TREATMENT WORKS				
Delays	DESIGN				
Future Challenges	SCOPE OF WORKS				
Anticipated citizen benefits	NYAKALLONG COMMUNITY				
					<b>T 5.7.1</b>





## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS - OVERVIEW

SERVICE BACKLOGS AS AT 30 JUNE YEAR 0				
				Households (HHs)
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	99 228	97%	3 467	3%
Sanitation	98 714	92%	8 868	8%
Electricity	30 415	99%	320	1%
Waste management	147 495	96%	450	4%
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	Adjustment Budget	
<b>Infrastructure - Road transport</b>						
<i>Roads and storm water</i>	33 383 700.49	0	33 383 700.49	%	%	
<b>Infrastructure - Electricity</b>						
<i>High Mast Lights</i>	2,003,069.95	0	2,003,069.95	%	%	
<b>Infrastructure - Water</b>						
<i>Water</i>	1,973,131.70	0	1,973,131.70	%	%	
<b>Infrastructure - Sanitation</b>						
<i>Reticulation, sewerage purification</i>	22,713,552.68	0	22,713,552.68	%	%	
<b>Infrastructure - Other</b>						
<i>Fencing</i>	230,461.40	0	230,461.40	%	%	
<i>Cemeteries</i>	6,142,927.96	0	6,142,927.96	%	%	
<b>Other Specify:</b>						
Community facilities and Sports	35,084,520.27	0	35,084,520.27	%	%	
Taxi Ranks	4,451,286.22	0	4,451,286.22	%	%	
LED	1,717,728.45	0	1,717,728.45	%	%	
PMU support	5,667,659.76	0	5,667,659.76	%	%	
<b>Total</b>	<b>113,368,038.88</b>	<b>0</b>	<b>113,368,038.88</b>	<b>%</b>	<b>%</b>	
						T 5.8.3



## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.9 CASH FLOW

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



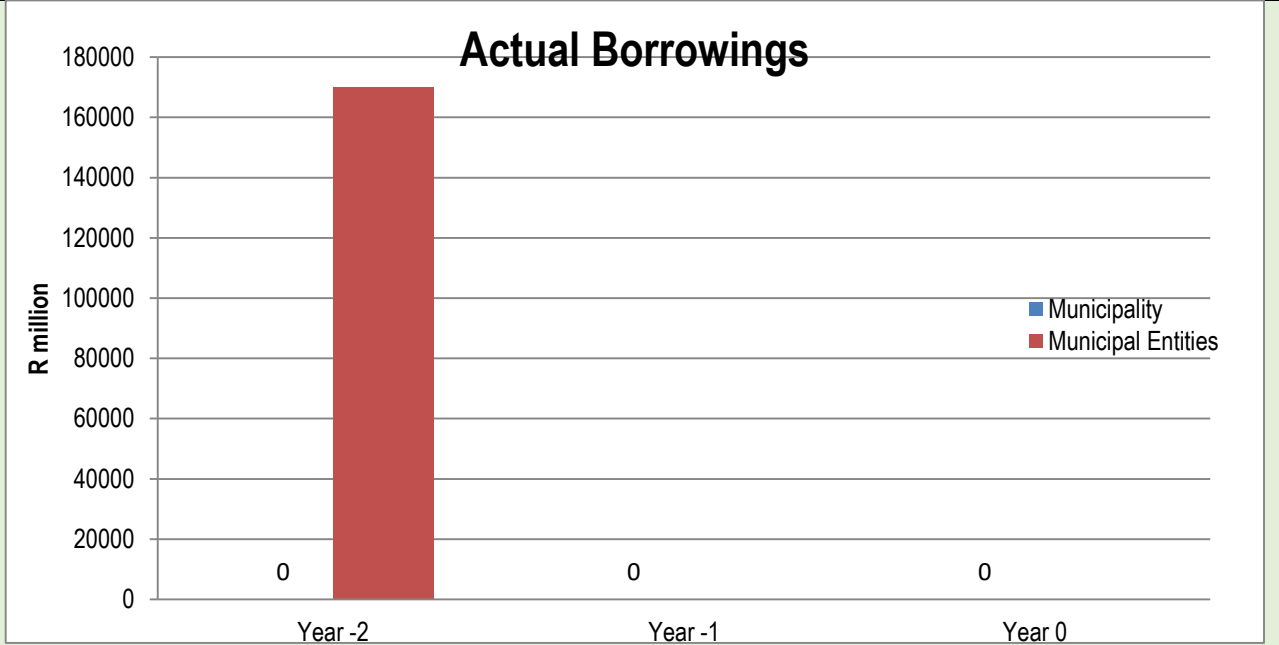
## 5.10 . BORROWING AND INVESTMENTS

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

T 5.10.2



**ACTUAL BORROWINGS**



**T 5.10.3**



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



## CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

### 6.1 AUDIT ANNUAL PERFORMANCE REPORT YEAR -1 (PREVIOUS YEAR)

#### INFRASTRUCTURE

KPI NO.	KPA	IDP OBJECTIVE	SDBIP STRATEGY	PROGRAM	KPI	UNIT OF MEASURE	PORTFOLIO OF EVIDENCE	ANNUAL TARGET	QTR 1 TARGET	QTR 2 TARGET	QTR 3 TARGET	QTR 4 TARGET	QTR 1 ACTUAL	QTR 2 ACTUAL	QTR 3 ACTUAL	QTR 4 ACTUAL	VARIANCE	REASONS FOR UNDERPERFORMANCE
1	KPA: 1 : BASIC SERVICE DELIVERY	To upgrade the bulk sewer network and WWTP to 100% functionality	Extend Thabong sewer works to accommodate sewerage from Witpan works and new developing areas including Flamingo Park X2 development	SEWER NETWORKS AND WWTW WORKS	Sewer network extended to accommodate Witpan works and Flamingo Park X2 (Assessment and seek funding to extend Thabong WWTW to accommodate sewerage from Witpan works and new developing areas including Flamingo Park X2 development )	Functional Works according to DWAS standards	Masterplan Report of CSV Water	1	0	0	0	Masterplan of CSV Water also covering assessment Report	0	DWS currently in the process to appoint an SP for Feasibility Study	Scoping Report CSV Water/ LTE was received and RBIG DORA allocation confirmed.	Draft Masterplan of CSV Water also covering assessment has been received	Achieved	(Note: KPI achieved but Project is work in progress)
2	KPA: 1 : BASIC SERVICE DELIVERY	To upgrade the bulk sewer network and WWTP to 100% functionality	Upgrade Theronia sewer works.	SEWER NETWORKS AND WWTW WORKS	Theronia sewer works upgraded ( Assessment and seek funding to refurbish and upgraded Theronia sewer works)	Functional Works according to DWAS standards	Copy of business plan and letter from DWS confirming funding.	1	0	0	0	Assessment plan	Business Plan submitted to DWS.	DWS currently in the process to appoint an SP for Feasibility Study. Await approval by DWS of ACIP business plan application. Fencing of works under construction	0	Though intervention of DWS maturation pond was cleaned. ACIP funding approved to refurbish works and the project has been advertised for professional	Achieved	(Note: KPI achieved but Project is work in progress)



														on (+70%).		services. (Note: KPI achieved but Project is work in progress)		
3	KPA: 1 : BASIC SERVICE DELIVERY	To upgrade the bulk sewer network and WWTP to 100% functionality	Refurbish Witpan Sewerage works	SEWER NETWORKS AND WWTW WORKS	Witpan sewer works upgraded (Assessment and seek funding to finalize Witpan sewer works refurbishment)	Functional Works according to DWAS standards	Minutes of progress site meetings	1	0	0	0	Assessment plan and site progress Report	0	MM approved funding from O&M budget to complete project.	Construction Stage	Construction Stage	Achieved	
4	KPA: 1 : BASIC SERVICE DELIVERY	To upgrade the bulk sewer network and WWTP to 100% functionality	Upgrade of Hennenman and Phomolong sewer works.	SEWER NETWORKS AND WWTW WORKS	Phomolong and Hennenman were works upgraded (Assessment and seek funding to refurbish and upgraded Phomolong and Hennenman sewer works)	Functional Works according to DWAS standards	Minutes of progress site meetings	1	0	0	0	Assessment plan	0	0	0	0	Not Achieved	Due to high income area MIG did not consider the project previously
5	KPA: 1 : BASIC SERVICE DELIVERY	To upgrade the bulk sewer network and WWTP to 100% functionality	Upgrade Whites sewerage works	SEWER NETWORKS AND WWTW WORKS	Assessment and seek funding to refurbish and upgraded Whites sewer works	Functional Works according to DWAS standards	Correspondence and appointment letter	1	0	0	0	Assessment plan	0	0	PMU: Letter to EThekwi ni Metro requesting design details of the improved septic tank system considering funding constraints.	Consultant appointed to evaluate and redesign considering funds are not sufficient.	Achieved	
6	KPA: 1 : BASIC SERVICE DELIVERY	To upgrade the bulk sewer network and WWTP to 100% functionality	Upgrade Odendaalsrus sewer works (Cleaning and upgrading of Maturation ponds, health and	SEWER NETWORKS AND WWTW WORKS	To upgrade Odendaalsrus sewer works (Cleaning and upgrading of Maturation ponds, health and hygiene, etc.).	Functional Works according to DWAS standards	Appointment letter of Supplier and Orders	1	0	0	0	1	0	Submission for procurement Chlorination Facilities was done.	0	Supplier (MetsiChem) for Chlorine appointed and Cylinders delivered.	Achieved	



			hygiene, etc.).															
7	KPA: 1 : BASIC SERVICE DELIVERY	To upgrade the bulk sewer network and WWTP to 100% functionality	Upgrade of Kutwanong sewer works.	SEWER NETWORK S AND WWTW WORKS	Assessment and seek funding to upgraded Kutwanong sewer works	Functional Works according to DWAS standards	Appointment letter of the Consultant, business plan and technical report.	1	0	0	0	Assessment plan	0	0	0	Consultant appointed. Draft business plan and technical report completed.	Achieved	
8	KPA: 1 : BASIC SERVICE DELIVERY	To upgrade the bulk sewer network and WWTP to 100% functionality	Move and upgrade T8 pump station to minimize effect on households when dysfunctional	SEWER NETWORK S AND WWTW WORKS	Assessment and seek funding to moved and upgraded T8 pump station to minimize effects on households	Functional pump station with minimum spillages	Appointment letter of the Consultant, business plan and technical report.	1	0	0	0	Assessment plan	0	0	0	Consultant appointed. Draft business plan and technical report completed.	Achieved	
9	KPA: 1 : BASIC SERVICE DELIVERY	To upgrade the bulk sewer network and WWTP to 100% functionality	Upgrade, maintenance and operation of Sewerage works in Matjhabeng to comply with Green Drop Standards.	SEWER NETWORK S AND WWTW WORKS	To manage, upgraded and maintained sewer works in Matjhabeng to comply with Green Drop standards	WWTW's managed such to comply with Green Drop Standards (85%)	Compliance monitoring reports and DWS Green Drop report	4 of 11 WWTW to 85%	0	0	0	4 of 11 WWTW to 85%	0	5 of the plants water quality fairly good. Full chlorination required.	Chlorination for 8 waste water treatment plants.	8 of 11 WWTW to 85%	Achieved	
10	KPA: 1 : BASIC SERVICE DELIVERY	To upgrade the bulk sewer network and WWTP to 100% functionality	Upgrade and maintain dysfunctional pump stations not on standard in Matjhabeng.	SEWER NETWORK S AND WWTW WORKS	Number of dysfunctional pump stations upgraded and maintained in Matjhabeng	Dysfunctional pump station upgraded	Job Control Forms and Orders	10	0	3	3	4	0	0	0	Maintenance 5 pump stations: T6, Brn N, Gourdif 1, Piet se gat, Bothaville	5	Delayed Supply chain processes.
11	KPA: 1 : BASIC SERVICE DELIVERY	To upgrade the bulk sewer network and WWTP to 100% functionality	Clean 20 sumps of pump stations once in 2 years	SEWER NETWORK S AND WWTW WORKS	Number of sumps of pump stations cleaned once in 2 years	Pump station sumps cleaned	Job Control Forms and Orders	20	5	5	5	5	0	8	0 Done. Compiled tender specifications.	Clean T8 & Traffic pump station	12	Delayed Supply chain processes.





12	KPA: 1 : BASIC SERVICE DELIVERY	To upgrade the bulk sewer network and WWTP to 100% functionality	Upgrade/ref urbish Odendaalsr us outfall sewer	SEWER NETWORK S AND WWTW WORKS	Number of km of outfall sewer refurbished from Odendaalsrus to WWTW	Worn-out pipe line refurbish/ upgraded	Correspon den ce between Municipality and Harmony	4 km	0	0	0	0.5 km	0	0	Designs complete d.	Letter sent to Harmony to request extension of servitude and approval thereof received.	4km	Lack of budget for the project
13	KPA: 1 : BASIC SERVICE DELIVERY	To upgrade the bulk sewer network and WWTP to 100% functionality	Refurbish/u pgrade Koppie Alleen Rd, collapsed sewer line	SEWER NETWORK S AND WWTW WORKS	Number of km of collapsed sewer line upgraded in Koppie Alleen Road	Worn-out pipe line refurbish/ upgraded	None	1 km	0	0	0	0.5 km	0	0	0	0	1 km	Lack of budget for the project
14	KPA: 1 : BASIC SERVICE DELIVERY	To compile a replacement plan for worn out sewer pipelines.	Refurbish sewer manhole step irons	SEWER NETWORK S AND WWTW WORKS	Number of sewer manholes refurbished with step irons	2000	Copy of submission of Safety Equipment	300 manhole s	0	0	75	75	0	0	Submissi ons done for equipme nt in central area. East and West areas already imple mented.	Awaiting delivery of safety equipme nt	300	KPI reviewed considering that iron steps rust and become unsafe over time. Rather procurement of Safety equipment to access manholes was done.
15	KPA: 1 : BASIC SERVICE DELIVERY	To compile a replacement plan for worn out sewer pipelines.	Purchase TV inspections equipment and create unit to do inspections of all sewer lines to identify problematic lines and prioritize replacement thereof	SEWER NETWORK S AND WWTW WORKS	Number of km of TV inspections done to identify problematic sewer lines for upgrading thereof.	New	None	50 km	50km	0	0	One camera set	0	0	Process stopped due to unavailab ility of personne l and budget	Process stopped due to unavailab ility of personne l and budget	50 km	Inadeqaute planning and budgeting



16	KPA: 1 : BASIC SERVICE DELIVERY	To replace iron manhole covers with lockable covers without resale value	Replace 2000 iron covering of open manhole's covers with concrete covers annually.	SEWER NETWORK S AND WWTW WORKS	Number of iron covering manholes replaced with concrete covers	New	Photos	2000	0	0	0	2000	0	0	Submissions done for equipment. Wait for order.	38 East	1,962	Delayed Supply chain processes.
17	KPA: 1 : BASIC SERVICE DELIVERY	To replace the bucket system with water borne sewer	Upgrade 3,4km of outfall sewer between Meloding and Virginia to accommodate flow of bucket eradication. (Finalize outstanding problems)	SEWER NETWORK S AND WWTW WORKS	Number of km of outfall sewer refurbished in Virginia Industrial area (1 km)	Existing infrastructure	Copy of specifications	1 km	0	0	0	0.5 km	0	0	0	Specifications done.	1 km	Lack of budget for the project
18	KPA: 1 : BASIC SERVICE DELIVERY	To ensure there is provision of both bulk and internal water reticulation.	Install 500 stands to main water connections and meters in Kutlwanong X9, K2, Block 5	WATER	Number of stands connected to main water connections in Kutlwanong X9, K2 in Block 5	Stands in serviced area not connected	None	500	100	100	150	150	0	0	0	0	500	Inadequate planning and budgeting. Project to be included in MIG Implementation Plan because it also requires a water reticulation network.
19	KPA: 1 : BASIC SERVICE DELIVERY	To replace 15% of worn out water pipe lines in a five-year cycle.	Replace 1km of worn out water pipes to minimize water loss	WATER	Number of km of worn out water pipes replaced	Worn out water network exists	Pictures and submissions.	1 km	0	0.2	0.1	0.2 km	0	0,5	Got order for replacing pipes in valve chamber in OD. Busy manufacturing of pipes.	ACIP Funding Business plan not approved by DWS.	0,5 km	Inadequate planning and budgeting
20	KPA: 1 : BASIC SERVICE DELIVERY	To replace 15% of worn out water pipe lines in a five-year cycle.	Service 40km of all hydrants and valves once a year and replace what cannot be repaired	WATER	Number of hydrants and valves serviced and replaced once a year	Faulty non-functional hydrants and valves exists	Operation and Maintenance Manual	12800	200	200	200	200	0	117	Maintenance manuals compiled. Implementation plan still to be done.	Busy compiling implementation plan in line with IDP	12,683	Inadequate planning and budgeting



21	KPA: 1 : BASIC SERVICE DELIVERY	To replace 15% of worn out water pipe lines in a five- year cycle.	Replace 44km of asbestos water pipes in phases	WATER	Number of km of asbestos water pipelines replaced in phases	Water network exists	Copy of ACIP business plan and letter from DWS	44 km	0	0	0.3	0.3 km	Business Plan for ACIP funding submitte d to DWS.	0	0	ACIP funding applicatio n disappro ved by DWS	44 km	Lack of budget for the project
22	KPA: 1 : BASIC SERVICE DELIVERY	To develop and maintain Water networks and ancillary works as well as Water Demand Management System to reduce water loss and enhance revenue	Install water meters and refurbish and upgrade existing networks to reduce unaccounte d for water.	WATER	Install water meters in Kutlwanong X9, K2 and Block 5	0	List of Meters replaced	500	100	100	150	150	0	0	111	67	322	Shortage of personnel
23	KPA: 1 : BASIC SERVICE DELIVERY	To develop and maintain Water networks and ancillary works as well as Water Demand Management System to reduce water loss and enhance revenue	Implement a Water Demand Managemen t and Monitoring plan.	WATER	Add 1000 valves where areas cannot be shutoff in manageable chunks to limit unnecessary water loss occur during maintenance actions.	0	Copy of appointment letters and Business Plan	1000	50	50	50	50	0	Business Plan submitte d to CoGTA for MIG funding	0	Appointment of Consultin g Engineer s	1,000	Inadeqaute planning and budgeting
24	KPA: 1 : BASIC SERVICE DELIVERY	To develop and maintain Water networks and ancillary works as well as Water Demand Management System to reduce water loss and enhance revenue	Implement a Water Demand Managemen t and Monitoring plan.	WATER	Conducting 1 leak detection investigation and analysis to determine priority list.	0	Leak detection report	1	0	0	1 report	0	0	Request for proposal s done and advertise d. Busy with evaluatio n of Bids.	Request for proposal s closed in Dec 2015. Technical report compiled. Went for Bid Evaluatio n but never conclude d.	Sedibeng water complete d a leak detection exercise in 5 areas.	Achieved	



25	KPA: 1 : BASIC SERVICE DELIVERY	To develop and maintain Water networks and ancillary works as well as Water Demand Management System to reduce water loss and enhance revenue	Implement a Water Demand Management and Monitoring plan.	WATER	Identify 15000 consumer accounts in all municipal wards with water connections who are not correctly billed.	Stands faulty billed on water	List of accounts and meters identified and addressed	7500	1500	2000	2000	2000	0	6081	4053	1954	Achieved	
26	KPA: 1 : BASIC SERVICE DELIVERY	To develop and maintain Water networks and ancillary works as well as Water Demand Management System to reduce water loss and enhance revenue	Implement a Water Demand Management and Monitoring plan.	WATER	Install water meters for Phomolong	0	None	5000	0	200	500	500	0	0	Done investigation with Cuban engineer. Found some meters. Busy with inspection of each stand to determine backlog.	Busy with inspection of each stand to determine backlog.	5,000	Shortage of resources (personnel)
27	KPA: 1 : BASIC SERVICE DELIVERY	To develop and maintain Water networks and ancillary works as well as Water Demand Management System to reduce water loss and enhance revenue	Implement a Water Demand Management and Monitoring plan.	WATER	Install water meters for Meloding (Stilite)	0	None	5000	0	200	500	500	0	0	0	0	5,000	Shortage of resources (personnel)



28	KPA: 1 : BASIC SERVICE DELIVERY	To develop and maintain Water networks and ancillary works as well as Water Demand Management System to reduce water loss and enhance revenue	Implement a Water Demand Management and Monitoring plan.	WATER	Install 50 water meters at developed parks that is irrigated with potable water.	0	None	50	50	0	0	0	identified backlog	0	0	0	50	Procurement not finalized yet. Did received some material.
29	KPA: 1 : BASIC SERVICE DELIVERY	To develop and maintain Water networks and ancillary works as well as Water Demand Management System to reduce water loss and enhance revenue	Implement a Water Demand Management and Monitoring plan.	WATER	Repair 3500 water meters in all wards of the municipality	0	Water meter change card and Job control forms	3500	1000	1000	750	750	0	1379	2253	1543	Achieved	
30	KPA: 1 : BASIC SERVICE DELIVERY	To develop and maintain roads and storm water infrastructure	Resurface 15km of all streets in all wards every year.	ROADS	Number of km of streets resurfaced in all wards	Road exists	Contractor's appointment letter	15 km	0	0	0	10 km	0	0	Contract or appointed. Still to resume in Virginia.	Contract or on site. Started with pothole preparations.	15 km	Delays in appointment of Contractor
31	KPA: 1 : BASIC SERVICE DELIVERY	Construction of retention dams to reduce occurrence of flooding of properties	Upgrade 1 Sandriver dam wall in Virginia as required by law	STORM WATER	Number of dam wall upgraded in Sandriver dam-Virginia	Dam exists	Correspondence confirming safety of Dam	1	0	0	0	1	0	Report received in 2015. Wall structural good.	Dam confirmed safe and not necessarily for upgrade	0	Achieved	
32	KPA: 1 : BASIC SERVICE DELIVERY	Construction of retention dams to reduce occurrence of flooding of properties	Clean 5,6km of unlined storm water canals in Matjhabeng twice a year	STORM WATER	Number of Km of unlined storm water canals cleaned	New	Copies of orders for hired plant and equipment and Job Control Forms	5,6km	1.5	1.5	1.5	1.1 km	0	1.2	0.1	1.426	3	Shortage of Resources



33	KPA: 1 : BASIC SERVICE DELIVERY	Construction of retention dams to reduce occurrence of flooding of properties	Clean and maintain 13 existing storm water drainage pipes (operational )	STORM WATER	Number of existing storm water drainage pipes cleaned and maintained	New	Copies of orders for hired plant and equipment and Job Control Forms	13 km	3	3	3	4 km	0	0.6	3.5	5.661	3	Shortage of Resources
34	KPA: 1 : BASIC SERVICE DELIVERY	Construction of retention dams to reduce occurrence of flooding of properties	Repair or replace 1300 damaged and stolen catch pit and manhole lids	STORM WATER	Number of damaged or stolen catch pit repaired or replaced	New	Job Control Forms	1300	100	100	100	100	0	273	301	366	360	Shortage of Resources
35	KPA: 1 : BASIC SERVICE DELIVERY	Construction of retention dams to reduce occurrence of flooding of properties	Upgrade 200 catch pits with limited capacity to enhance storm water functionality	STORM WATER	Number of catch pits upgraded to enhance storm water functionality	New	Job Control Forms	200	10	10	10	10	0	8	0	0	182	Shortage of Resources
36	KPA: 1 : BASIC SERVICE DELIVERY	Repair and maintenance of Municipal Buildings.	Number of municipal buildings upgraded in Allanridge, Odendaalsrus and Virginia	BUILDING DEVELOPMENTAL MAINTANANCE PROGRAM S	Number of municipal buildings upgraded in Allanridge, Odendaalsrus and Virginia	Buildings exist	Submission to request procurement of professional services	2 buildings	0	0	0	2	0	0	Specifications compilation	Capital Budget allocated in 2106/17 financial year	2 buildings	Lack of budget for the project
37	KPA: 1 : BASIC SERVICE DELIVERY	To ensure that there is improved development of master plans and planning designs for basic services in the municipality	Develop services master plans for both water and waste water in the current financial year	MASTER PLANS	Number of Master Plans developed for Water and Waste water Services (WSDP)	New	Letter to MISA	1	0	0	0	1	0	MISA requested for assistance	Submission for appointment of consultant submitted to MM and Not approved. Instead we were requested to follow-up with MISA on our request.	0	1	Lack of budget for the project



38	KPA: 1 : BASIC SERVICE DELIVERY	To ensure that there is improved development of master plans and planning designs for basic services in the municipality	Develop and approve an energy master plan	MASTER PLANS	Number of Energy Master Plans developed and approved	New	Letter to MISA	1	0	0	0	1	0	MISA requested for assistance	MISA requested for assistance	0	1	Lack of budget for the project
39	KPA: 1 : BASIC SERVICE DELIVERY	To ensure that there is improved development of master plans and planning designs for basic services in the municipality	Develop and approve an Integrated Transport Plan	MASTER PLANS	Number of Integrated Transport Plans developed	New	Letter to MISA	1	0	0	0	1	0	MISA requested for assistance	MISA requested for assistance	0	1	Lack of budget for the project
40	KPA: 1 : BASIC SERVICE DELIVERY	To ensure an effective and safe 132kV Distribution network	WELKOM: Install 1 transformer of 20mva 132kV at Urania Substation in Welkom	ELECTRIC AL	A functional transformer of 20MVA installed in Welkom	4 Substations	Tender Evaluation Report	1 Transformer	0	0	0	1 transformer	0	Tender re-advertised and now on Tender Stage.	Tenders adjudication stage	Tenders adjudication stage	1 Transformer	Tender process not concluded
41	KPA: 1 : BASIC SERVICE DELIVERY	To ensure effective and efficient electrical service delivery to the community of the Matjhabeng Municipality that comply to the NERSA licensing requirements.	Welkom: Supply in bulk 4 km of electrical in Extension 15 of Thabong	ELECTRIC AL	Number of km of bulk electricity supplied in X15 of Thabong	Welkom: Supply in bulk 4 km of electrical in Ext 15 of Thabong	Business Plan for funding	4 km	0	0	0	4 km	0	Project re-advertised and currently on Tender Stage.	Tenders adjudication stage	Tenders adjudication stage	4 km	Lack of budget for the project



42	KPA: 1 : BASIC SERVICE DELIVERY	To ensure effective and efficient electrical service delivery to the community of the Matjhabeng Municipality that comply to the NERSA licensing requirements.	Adherence to the NERSA licensing requirements that the Electrical Department must be totally ring fenced	ELECTRIC AL	Matjhabeng Ring fencing and Asset Evaluation of the Matjhabeng Electrical Engineering Services Department - All 6 Towns	Ring fence Licensing Area	Copy of TOR for SP to conclude ring fencing process	6 Towns	0	6	0	6 Towns	0	Request for proposals completed and submitted to Bid Specification Committee.	0	0	6 Towns	Specification Committee did not consider TOR and Task Team Members not appointed by MM.
43	KPA: 1 : BASIC SERVICE DELIVERY	To ensure an effective service and adhere to road ordinances as well SANS regulations	Matjhabeng Municipality	ELECTRIC AL	Number of street light management and buildings convert to energy efficient lighting in Matjhabeng Municipal Area	27000 street lights	Job Control forms and SLA with SP's	27000 street lights	0	0	0	27000 street lights	0	0	Busy with energy base line audit of all high mast light infrastructure. This is done by GIZ and Green Innovations. The project is funded and implemented by GIZ.	Electrical Project Completed Phase 4 installation 442 75 Watt Led Streetlights	Achieved	

NB: All the IDP Objectives not included in the SDBIP are part of the Long term Plan because of budget constraints





## 6.2 AUDITOR GENERAL REPORT YEAR -1 (PREVIOUS YEAR)

Refer to the Annual Financial Statement from pages 253 to 339.

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

## Report on the financial statements

### Introduction

1. I have audited the financial statements of the Matjhabeng Local Municipality set out on pages ... to ... which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), the Division of Revenue Act, 2015 (Act No. 1 of 2015) (DORA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the



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

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

## **Opinion**

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

## **Emphasis of matters**

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

## **Restatement of corresponding figures**

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

## **Unauthorised expenditure**

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

## **Fruitless and wasteful expenditure**

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

## **Irregular expenditure**

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



## Material losses

12. As disclosed in note 52 to the financial statements, material losses of R280 727 281 (2015: R206 040 297) were incurred as a result of water and electricity distribution losses.
13. As disclosed in notes 12 and 14 to the financial statements, receivables from exchange and non-exchange transactions were impaired by R1 367 201 925 (2015: R882 710 088).

## Going concern

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

## Additional matter paragraphs

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

## Unaudited supplementary schedules

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

## Unaudited disclosure notes

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

## Report on other legal and regulatory requirements

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



## Preetermined objectives

19. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected key performance indicators presented in the annual performance report of the municipality for the year ended 30 June 2016:
  - Key performance area 1: Basic services delivery on pages x to x.
20. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned key performance areas. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information (FMPPi).
21. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
22. The material findings in respect of the selected key performance area are as follows:

### **Key performance area 1: Basic service delivery**

#### Usefulness of reported performance information

#### *Reported objectives not consistent with planned objectives*

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

#### *Measurability of indicators and targets*

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



## Reliability of reported performance information

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

## Additional matters

26. I draw attention to the following matters:

### Achievement of planned targets

27. Refer to the annual performance report on pages x to x; x to x for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 23, 24 and 25 of this report.

### Adjustment of material misstatements

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

### Unaudited supplementary information

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

## Compliance with legislation

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



## Annual financial statements

31. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue and expenditure identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.
32. The annual financial statements were not submitted for auditing within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

## Strategic planning and performance management

33. The municipality did not have an adequate performance management system as required by section 38(a) of the Municipal Systems Act and the municipal planning and performance management regulation 8.
34. The performance management system and related controls were inadequate as they did not describe and represent the processes of performance planning, monitoring measurement, review and reporting and how these are conducted, organised and managed, as required by section 38 of the Municipal Systems Act and municipal planning and performance management regulation 7.
35. The performance management system was not in line with the priorities, objectives, indicators and targets contained in its integrated development plan and did not clarify the roles and responsibilities of each role player, did not determine the frequency of reporting and the lines of accountability, did not relate to the employee's performance management processes and did not link to the integrated development planning processes, as required by section 38(a) of the Municipal Systems Act.
36. The performance management system did not provide for the monitoring, measuring and review of performance at least once per year, as required by section 41 of the Municipal Systems Act.
37. The performance management system did not provide for policies and procedures to take steps for improvement where performance targets were not met, as required by section 41(1)(d) of the Municipal Systems Act.
38. The service delivery and budget implementation plan for implementing the municipality's delivery of municipal services and annual budget was not approved in time by the mayor, as required by section 53(1)(c) of the MFMA.



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

## Procurement and contract management

40. I could not obtain sufficient appropriate audit evidence that certain contracts and quotations were awarded in accordance with the legislative requirements and a procurement process which is fair, equitable, transparent and competitive as a result of poor record keeping of documents.
41. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of the SCM regulation 17(a) and (c).
42. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
43. Contracts were awarded to bidders who had not submitted a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c)
44. Contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.
45. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e).
46. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e).
47. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2)(c) of the MFMA.



## **Revenue management**

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

## **Expenditure management**

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

## **Asset management**

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

## **Liability management**

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

## **Human resource management**

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





## Internal control

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

## Leadership

58. The leadership did not always take timely and adequate corrective actions to address weaknesses in the finance and performance reporting directorate. This resulted in non-compliance with applicable legislation and gave rise to unauthorised, irregular, fruitless and wasteful expenditure as well as the late submission of the annual financial statements.
59. The municipality did not ensure that an organisational structure that is aligned to the municipality's needs was approved. As a result, personnel required to address the municipality's needs were appointed outside the approved organisational structure. The municipality attempted to address the capacity constraints in the finance section by appointing consultants. However, this may result in overreliance on the consultants if capacity constraints are not addressed, thus there could be doubt as to whether the municipality will be able to sustain these improvements.
60. The municipality did not implement effective human resource management to ensure that performance is monitored for all employees, with the result that material weaknesses in the internal controls environment reported in the prior year were not addressed.

## Financial and performance management

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



## Governance

62. Since a new audit committee was only appointed during the year under review, it could not effectively influence an improvement in the municipality's control environment. The internal audit unit was also not adequately staffed and was not able to plan and execute risk-based audits.
63. Management did not implement appropriate risk management activities to ensure that regular risk assessments, including the consideration of information technology risks and fraud prevention, are conducted and that the risk strategy is developed and implemented in a timely manner.

## Other reports

64. I draw attention to the following engagements that could potentially impact on the municipality's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are in progress.
65. During the 2015-16 financial year, the municipality conducted two investigations relating to fraud committed by a service provider, as well as the amendment of banking details on the EFT system which resulted in payments being made to the wrong suppliers. Both cases were still under investigation.

*Auditor-General*

Bloemfontein

10 March 2017



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## GLOSSARY

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



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

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



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



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



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

<b>APPENDIX B - COMMITTEES (OTHER THAN MAYORAL/ EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES</b>	
<b>Committees (other than Mayoral / Executive Committee) and Purposes of Committees</b>	
<b>Municipal Committees</b>	<b>Purpose of Committee</b>
Chairpersons Committee	Co-ordination of Ward Councillors affairs
Audit Committee	Performance of Auditing
Municipal Public Accounts Committee (MPAC)	Oversight on financial activities of the Municipality
Rules Section 79 Committee	Monitor implementation of Rules
Municipal Demarcation Committee	Discuss and make recommendations to Council on determination of Municipal boundaries
Housing Dispute Resolution Committee	Handles community disputes over ownership and occupancy of sites
	<b>T B</b>





APPENDIX C – THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Municipal Manager	Acting Municipal Manager - T Tsoaeli
	Senior Manager Administration - Z Lingani
Strategic Support Services	Executive Director - T Makofane
Corporate Support Services	Executive Director -F Wetes
	Senior Manager Council Administration - M Atolo
	Senior Manager Human Resource - S Nhlapo
	Senior Manager Legal Services - M Vanga
Infrastructure	Executive Director - B Masangwanyani
	Senior Manager Electrical -Vacant (Acting position)
	Senior Manager Civil -
LED	Executive Director – Vacant (Acting) Me M Mothekhe
	Senior Manager LED - Vacant
	Senior Manager Housing - Ms M Mothekge
Community Services	Executive Director – Vacant (Acting) Mr M Atolo / Mr Molawa
	Senior Manager Parks, Sports and Recreation - Ms K Maloka
	Senior Manager Public Safety and Transport - Mr RT Mokhuoa
Finance	Chief Financial Officer: Vacant
	Senior Manager Budget - Mr LB Debryun
	Senior Manager Treasury - Ms C Dingani
<i>Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).</i>	
	<b>T C</b>



APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

MUNICIPAL / ENTITY FUNCTIONS		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
<b>Constitution Schedule 4, Part B functions:</b>		
Building regulations	Y	
Electricity and gas reticulation	Y	
Municipal public transport	N	N
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Y	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	N	N
Storm water management systems in built-up areas	Y	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Y	
Billboards and the display of advertisements in public places	Y	
Cemeteries, funeral parlours and crematoria		
Municipal roads	Y	
Street lighting	Y	
Traffic and parking	Y	
<b>* If municipality: indicate (yes or No); * If entity: Provide name of entity</b>		<b>T.D</b>



## APPENDIX E – WARD REPORTING (FUNCTIONALITY OF WARD COMMITTEES)

### FUNCTIONALITY OF WARD COMMITTEES BROAD COMMENTS ON PUBLIC PARTICIPATION

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

T. E

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr MM Sebotsa	YES	3 2017/05/09, 2017/04/25, 2017/02/19	4	2 2017/02/19, 2017/04/24
	Nthau Mokhatala				
	Nkhatho Pitso Andrew				
	Letsoenyo Mmamathe Emily				
	Dikole Papadi Elizabeth				
	Mokoma Petrus Mahlomola				
	Lethoko Mantsali Mary				
	Lebetsa Motshehi Joseph				
	Matlokotsi Thobatsi Michael				
	Hlohlongoane Moshoeshe Abel				
	Mabetoe Sabata Elias				



2	<b>Cllr SE Tshabangu</b>	<b>YES</b>	7 2017/04/26, 2017/01/25, 2017/02/18, 2017/03/15, 2017/04/19, 2017/05/17, 2017/06/14	2	2017/01/25, 2017/02/18, 2017/03/15, 2017/05/17, 2017/06/14, 2017/04/19
	Mbele Dikeledi F				
	Mosholi Puseletso Maria				
	Moluka Teboho Kingsley				
	Rasenyalo Elsie Nomangwane				
	Kurumane Lucia Nomathemba				
	Khanare Sephiri Elliot				
	Motsamai Mampe Clementina				
	Motsumi Ditabe Jonas				
	Mashiloane Tenkete Samson				
	Sam Ntsesi Elias				
3	<b>Cllr CJ Shclebuch</b>	<b>YES</b>	7 2017/04/29, 2017/01/29, 2017/02/12, 2017/03/12, 2017/04/14, 2017/05/13, 2017/06/18	3	2017/01/29, 2017/02/12, 2017/03/12, 2017/04/14, 2017/05/13, 2017/06/18
	Shembele Puleng Consolation				
	Mogolwa Motsamai Johannes N				
	Sethole Sello Boitumelo Samuel				
	Mathews Daniel				
	Suping Mantoa Sarah				
	Moabi Maleshwane Agnes				
	Reyneke Hendrik Johannes				
	Daffue Luanne Orpa				
	Lebatla Kedibone Anna				
	Kopela Moithumi Lydia				



4	<b>Cllr SJ Liphoko</b>	<b>YES</b>	7 2017/04/25, 2017/01/29, 2017/02/30, 2017/02/30, 2017/03/31, 2017/04/01, 2017/05/02, 2017/06/03	7	2017/01/29, 2017/02/30, 2017/03/31, 2017/04/01, 2017/05/02, 2017/06/03
	Lisanyane Thabo Samuel				
	Ramohano Nkone Clement				
	Motapanyane Oupa Jonas				
	Majoro Maphomolo Sarah				
	Matlokotsi Leah Mosidi				
	Mafekeng Dithare Naomi				
	Mothebe Dikeledi Paulinah				
	Khaude Ntoahae Jeremia				
	Matlokotsi Neo Egnatious				
	Theletsane Mabalane Leeu				
5	<b>Cllr PMI Molelekoa</b>	<b>YES</b>	7 2017/04/29, 2017/01/14, 2017/02/18, 2017/04/22, 2017/05/20, 2017/06/24 2017/03/18	4	2017/01/14, 2017/02/18, 2017/03/18, 2017/04/22, 2017/05/20, 2017/06/24
	Makhobu Nombuyiselo Patricia				
	Mile Pule Paul A				
	Moeti Boy Johannes				
	Mathebula Mamori Agnes				
	Lelimo Ntaoleng D				
	Porotloane Wendy				
	Dyalivani Archiebold Thembinkosi				
	Helepi Abrahm Bassie				
	Tshanjana Nomvula Mary				
	Seli Thabo Zacharia				
6	<b>Cllr BH Mahlumba</b>	<b>YES</b>	3 2017/02/19, 2017/04/29, 2017/05/21	3	2017/02/19, 2017/05/21
	Mokhetle Sekwati John				



	Hlatshayo Likeleli Mary				
	Cata Mxolisi Enoch				
	Mankayi Sindiswa Jereline				
	Mahloko Rameno John				
	Marumo Matsietsi Meriam				
	Mapukata Mongezi				
	Lesapo Champeni Jacob				
	Nkone Dimakatso Lea				
	Lewyora Kgasiane Suzan				
7	<b>Cllr NE Monjovo</b>	<b>YES</b>	4 2017/01/19, 2017/02/19, 2017/04/21, 2017/05/21	4	2017/01/19, 2017/02/19, 2017/07/21
	Mokone Lehlohonolo Isaac				
	Maile Lebeko John				
	Kototsa Adam Ntoagae				
	Sesing Mamohodi Selina				
	Qina Niniwe Emie				
	Ramateane Dibuseng Annah				
	Sipheka Thabo Wilson				
	Nawane Dimakatso A				
	Kanapi Paballo				
	Mohapi Thabiso Elias				
8	<b>Cllr MD Masienyane</b>	<b>YES</b>	5 2017/01/25, 2017/02/19, 2017/04/16, 2017/05/14, 2017/06/14	11	5
	Tsilwane Moklatsi Karel				
	Molotsana Penya Joseph				
	Ledada Novelakhe Rosie				
	Monakele Keletso Beverley				
	Makape Everitt Ntasi				
	Mbele Elizabeth Maletsatsi				
	Mohlallo Mbeko David				
	Hlalele Moria Godfrey				
	Hlaole Lizeth Neo				
	Jantjie Lerato Inocentia Patience				
9	<b>Cllr HS Badenhorst</b>	<b>YES</b>	1 2017/04/20	2	
	Pieterse Steven				
	Strydom Charles Bernardus				



	Du Plessis Johannes Marthinus				
	Makhaza Khetiwe Sarah				
	Van Sittert Frans Johannes				
	Smit Dirk				
	Selikoe Teboho Samuel				
	Vermaak Marthinus				
	Vermeulen Jaccobus				
	Smit Dorethea Maria				
10	<b>Cllr SJ Ramalefane</b>	<b>YES</b>	<b>7</b> 2017/04/07, 2017/01/29, 2017/02/11, 2017/03/17, 2017/04/22, 2017/05/13, 2017/06/10	<b>4</b>	<b>6</b> 2017/01/29, 2017/02/11, 2017/03/17, 2017/04/22, 2017/05/13, 2017/06/10
	Tsotetsi Thabang Jeffrey				
	Majara Gloria Moleboheng				
	Toloane Sonny-Boy Zacharia				
	Pita Moleko Jan				
	Moso Thandeka Queen				
	Makoti Thozamile Lucas				
	Moeti Mpotseng Suzan				
	Koloti Sechaba MacDonald				
	Leseme Nongazi Jane				
	Molosi Moipone Emily				
11	<b>Cllr VR Morris</b>	<b>YES</b>	<b>1</b> 2017/05/02	<b>NONE</b>	<b>NONE</b>
	Dlamini Joalane Anna				
	Lutchmia Edith Maria				
	Meli Isaac Mphikeledi				
	Moletsane Tlhoriso Alice				
	Jasson Winston Graham				
	Oosthuizen Sandra Joan				
	Silo Papi Thys				
	Taaibos Alina				
	Douw Maurice				
	Visagie Gert				



12	<b>Cllr ZS Moshoeu</b>	<b>YES</b>	<b>8</b> 2017/01/22, 2017/02/23, 2017/04/25, 2017/05/22, 2017/06/15	<b>NONE</b>	
	Noto Ranyamane Phillip				
	Ntsala Mahloho Paulina				
	Motse Joseph Moabi				
	Monnanyana Baholo Elias				
	Seoe L Lawrence				
	Lebona Nokwangoye Beveline				
	Machabe Toko Petrus				
	Moesi David				
	Mokhutle Mokudunyane Violet				
	Maqala N Cornelia				
13	<b>Cllr TJ Thelingoane</b>	<b>YES</b>	<b>6</b> 2017/05/04, 2017/01/15, 2017/02/19, 2017/03/19, 2017/06/18	<b>4</b>	
	Tseetse Masabata Augustina				
	Sekoere Mafusi Sylvia				
	Setlaelo Nthabiseng Gladys				
	Lijane Moswaisa April				
	Gugushe Mzwandile William				
	Moses Morena David				
	Mothabe Molefi Hendrik				
	Mokeretla Mantwa Selina				
	Likoebe Motlaletsatsi Maria				
	Leba Boniswa Prudence				
14	<b>Cllr MS Chaka</b>	<b>YES</b>	<b>1</b> 2017/05/04	<b>5</b>	
	Bonasi Vuyani Stephen				
	Motse Moselentja Elizabeth				
	Pontseng Morero Anicia				
	Nthako Nnuku Anna				
	Manjani Mziwonakele Johannes				
	Mtshambela Malefu E				
	Koppie Masebata Josiphine				
	Mtyawentombi Anna Modiehi				
	Maphoka Maria				
	Senoko Disebo Esther				





15	<b>Cllr BN Ntuli</b>	<b>YES</b>	7 2017/05/04, 2017/01/25, 2017/02/22, 2017/03/29, 2017/04/26, 2017/05/31, 2017/06/28	7	
	Ntsane Dikeledi Violet				
	Tsoloane Caroline Mafeqa				
	Fungu Ntombizodwa Selinah				
	Radebe Dimakatso Joyce				
	Rapuleng Thabo Ezekiel				
	Sekhohola Malefu Cynthia				
	Mthiyane Sigebeshu Helson				
	Diraditsile Sello James				
	Moya Zandisiwe Gay Lynette				
	Radebe Mamatlakeng Esther				
16	<b>Cllr TS Meli</b>	<b>YES</b>	7 2017/05/05, 2017/01/27, 2017/02/08, 2017/03/19, 2017/04/30, 2017/05/03, 2017/06/04	4	
	Baloyi Mokoane Joseph				
	Thuthane Sandile J				
	Mokhoabane Godfrey Lebohang				
	Sijako Mbuyiselo Algeon				
	Moleleki Pule Johannes				
	Mhlokonya Teboho Benedict				
	Lala Thembile John				
	Motsie Mapaseka Alice				
	Molefi Mamothupi Nensi Lorah				
	Ranake Nothuthuzelo Mothy				
17	<b>Cllr TD Khalipha</b>	<b>YES</b>	5 2017/05/05, 2017/03/29, 2017/02/28, 2017/04/26, 2017/06/28	<b>NONE</b>	
	Lefora Annastacia Pilleng				
	Maja Leomile Lucia				



	Kalipa Thandisa				
	Vundisa Patrick Mhlawuli				
	Tshokotshela Nyaniso John				
	Motaung Samuel Lebohlang				
	Maloka Sebolelo Mameso				
	Lithebe Anti Marriam				
	Thaisi Tumelo Meshack				
	Mpulampula Grace				
18	<b>Cllr NJ Moloja</b>	<b>YES</b>	7 2017/01/29, 2017/02/24, 2017/03/26, 2017/04/30, 2017/05/09, 2017/05/28, 2017/06/25	2	
	Matsie Martha Ntshali				
	Duba Weziwe Venolia				
	Solfafa Nogeabisaya Leah				
	Sekolome Nnana Agnes				
	Monyane Nceba Alfred				
	Mashiqa Ntombizodwa Selina				
	Nyila Dumile Isaac				
	Dlamini Molefe Phillip				
	Leteane Kamohelo Goodwill				
	Buang Janet Kethleen Fedile				
19	<b>Cllr PT Ramatisa</b>	<b>YES</b>	1 2017/04/21	5	2 2017/02/11, 2017/05/13
	Nkala Nomasoto Anna				
	Mojaki Maletsatsi Jeanette				
	Kapoko Tankiso Edward				
	Moloke Mapaseka Sanna				
	Magquaka Pongo Isaac				
	Ramatisa Morongoenyana Roslina				
	Sempapalele Ntoane Nehemia				
	Matsau Tshiu Daniel				
	Makhalanyane Diphapang Ismael				
	Moshane Maseng Jacob				



20	<b>Cllr BB Nkonka</b>	<b>YES</b>	<b>3</b> 2017/02/28, 2017/05/06, 2017/05/09	<b>3</b>	<b>2</b> 2017/02/28, 2017/05/06
	Thathe Sani Mamoroke Sophia				
	Mofokeng Rosy				
	Machedi Dimakatso Patricia				
	Chabangu Hloekile Harriet				
	Mololo Ntelekoa Ishmael				
	Letsatsi Mantota Ela				
	Lekoni Anna Moselantja				
	Sefotha Motshewa Adelina				
	Molefi Lordwick Gift				
	Towa Manana Selinah				
21	<b>Cllr SJ Pholo</b>	<b>YES</b>	<b>1</b> 2017/05/02	<b>4</b>	<b>2</b> 2017/01/02, 2017/04/19
	Caleni Paseka Elias				
	Mahlaku Simon Maleho				
	Tjatji Masabata Selina				
	Roberts Mapulane Emily				
	Mokulutlo Tebogo Clement				
	Moletsane Anna Selloane				
	Pitso Moeketsi Shadrack				
	Xaba Molelekeng Martha				
	Ramatsoele M Marie				
	Matube Thabiso Ttyis				
22	<b>Cllr IP Poo</b>	<b>YES</b>	<b>1</b> 2017/04/20	<b>7</b>	<b>5</b> 2017/02/20, 2017/03/20, 2017/04/16, 2017/05/21, 2017/06/18
	Mphatsoe Lilly				
	Dlamini Nomhlolo Hlophekile				
	Mashoe Mahlabane Abraham				
	Matlabe Selloane Paulina				
	Motsiri Ntshiuoa Elizabeth				
	Phakisi Naledi Vincent				
	Maqhosha Dikeledi Eunice				
	Mtombeni Godfrey Rebisono				
	Ninini Xolile France				
	Jack Sphiwe				



23	<b>Cllr KR Tlake</b>	<b>YES</b>	<b>1</b> 2017/05/05	<b>8</b>	<b>5</b> 2017/02/01, 2017/02/22, 2017/03/29, 2017/04/26, 2017/05/24
	Mahlaba Diabo Dinah				
	Nyengule Ndaba Sam				
	Seforo Rethabile Gladys				
	Moahloli Mosiuoa Jonas				
	Moloi Vuyiswa Lucia				
	Moletsane Lekgowe Daniel				
	Tshofu Lahlwiwe Magdeline				
	Selekiso Shuping Adam				
	Mkula SF				
	Moshe Kelebogile Angelina				
24	<b>Cllr MA Mphikeleli</b>	<b>YES</b>	<b>1</b> 2017/05/09	<b>7</b>	<b>6</b> 2017/01/18, 2017/02/15, 2017/03/08, 2017/04/12, 2017/05/17, 2017/06/14
	Van Wyk Nokoko Maria				
	Majake Adelinah Ntshisane				
	Moji Matshele Phina				
	Sikiti Nowethu				
	Taaso Sello Victor				
	Zwelibanzi Thunzi				
	Pheko Mpyakae Emily				
	Mphithi Lungiswa Julia				
	Pule Sekonyela Jacob				
	Njokweni Mbulelo				
25	<b>Cllr TD Nthako</b>	<b>YES</b>	<b>3</b> 2017/05/05, 2017/03/19, 2017/05/06	<b>NONE</b>	<b>2</b> 2017/03/19, 2017/05/06
	Hlalele Tsunyana Klaas				
	Mphasa Tau Petrus				
	Sothoane Mohau				
	Mokheseng Molahlehi Shadrack				
	Namanyane Lefulesele Anna				
	Sondag Ntatowa Maria				
	Moeketsi Tsiliso Hlomoane				
	Mokgahlane Keboletse Sannah				



	Tshiloane Dineo Mavis				
	Ntjenga Paseka Meshack				
26	<b>CIlr SJ Tsatsa</b>	<b>YES</b>	<b>5</b> 2017/02/10, 2017/03/10, 2017/05/03, 2017/05/12, 2017/06/09	<b>8</b>	<b>4</b> 2017/02/10, 2017/03/10, 2017/05/12, 2017/06/09
	Khemise Engelina				
	Khoabane Makholo Leah				
	Mtyantombi Makosonke Hendrik				
	Mkuzula Mhlabeni Petrus				
	Mphuthi Pinky Matlakala				
	Nyathi Mamokete Sophia				
	Mqokolo Zanele				
	Lelimo Noeleen Annah				
	Metula Ludidi Alexander				
	Motswahole Mamodala Elizabeth				
27	<b>CIlr MS Van Rooyen</b>	<b>YES</b>	<b>1</b> 2017/04/25	<b>NONE</b>	
	Kabi Tshehlo Alfred				
	Dire Malefu Magriet				
	Saai Boy				
	Khosa Nosipho Desiree				
	Hlalele Zakaia Thabiso				
	Mokoma Nkululeko Azania				
	Makhathe Joy Donald				
	Duiker Maolehile Elisa				
	Mlangeni Nompoti Mavis				
	Kabi Dineo Evelyn				
28	<b>CIlr T Mosia</b>	<b>YES</b>	<b>6</b> 2017/02/01, 2017/03/01, 2017/04/05, 2017/05/03, 2017/06/07	<b>2</b>	
	Magwala Christopher Thabo				
	Naniso Florence Hleketani				
	Radebe Matsiliso Margaret				
	Motaung Oupa Petrus				
	Letsolo Morena Edwin				
	Chabane Nelson Motalentoa				
	Khumalo Bongani Ezra				
	Letsie Veronica Moleboheng				
	Jentu Danile				
	Fubu Moses Lumkile				



29	<b>Cllr DM Mafa</b>	<b>YES</b>	7 2017/01/18, 2017/02/15, 2017/03/15, 2017/04/19, 2017/05/17, 2017/06/21	5	
	Mokhere Mokhali Joshua				
	Khohliso Thelma Thandeka				
	Mata Khothasana Keitumetse				
	Menyatso Pontsho Priscilla				
	Thibeli Mantshesane Lydia				
	Morake Mahlomola Victor				
	Fokane Tankiso Piet				
	Mtata Mokaimang Amos				
	Modupe Moeketsi Lucas				
	Nkatho Tlale Jacob				
30	<b>Cllr M Molefi</b>	<b>YES</b>	7 2017/01/22, 2017/02/25, 2017/03/25, 2017/04/15, 2017/05/02, 2017/05/20, 2017/06/17	3	
	Soldati Noxolo Phyllis				
	Male Nozuko Princess				
	Ndiza Dumisani Sabata Gerald				
	Mogapi Sehalula Elizabeth				
	Nkambule Nonhlanhla Winnifrienda				
	Beje Thobeka Patricia				
	Potsane Refiloe Jacob				
	Ngamlani Vincent Themba				
	Maboea Hanyane Johan				
	Lekale Mothobi Paulus				
31	<b>Cllr HA Mokhomo</b>	<b>YES</b>	6 2017/01/08, 2017/02/10, 2017/03/13, 2017/04/14, 2017/05/02, 2017/05/16	3	
	Semela Alfred Ramolo				
	Morake Lehlohonolo McDonald				



	Mohoje Mpho Given				
	Ndlazi Nosiphiwe Silda				
	Ninzi Gcinikhaya Milton				
	Malebo Sehloho Nathnael				
	Nodunyelwa Mzwakhe				
	Kekana Pulane Julia				
	Ramatusa NS				
	Mokutu Mpoetsi Roseline				
32	<b>Cllr HCT Van Schalkwyk</b>	<b>YES</b>	<b>3</b> 2017/02/19, 2017/04/28, 2017/05/21	<b>11</b>	
	Jaho Mbulelo Samson				
	Dithebe Selloane Elizabeth				
	Qakoshe Malekodi Sina				
	Mphale Thabiso Johannes				
	Chakalane Mapontsho Julia				
	Koto Matlapane Alleta				
	Van der Westhuizen Francina Carolina				
	Ntholeng Mosala Mathews				
	Mpembe Zozipho Magdeline				
	Matthysen Vernon Henry				
33	<b>Cllr C Malherbe</b>	<b>YES</b>	<b>1</b> 2017/04/28	<b>NONE</b>	
	Mokhothu Pulane Annah				
	Tyaliti Vuyelwa				
	Rankali Michael Sello				
	Thulo Mosoeu Abram				
	Monosi Mokhethi				
	Mabine Ramanki Frans				
	Cronje Hendrik Jacobus				
	Hamer Johannes				
	Doig Dorothy Claudia				
34	<b>Cllr A Daly</b>	<b>YES</b>	<b>2</b> 2017/04/19, 2017/04/30	<b>NONE</b>	
	Letaoana Lefu Zacharia				
	Sothoane Mmathota Rosina				
	Chwane Masetonki Mirriam				
	Khosa Mitta				
	Sitshisa Zukiswa				
	Thakeli Mapuleng Anna				
	Temeki Manono				







## 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	Welkom Regional Taxi Centres	Jun-2016	2020	68 066
	Welkom (Thabong) T16: Construction Waterborne Sanitation for 1300 Stands	15/20/2014	30/10/2017	61 899
2	Nyakallong: WWTP Upgrade	02/02/2016	30/10/2018	52 299
3	Upgrade and Create New Sports and Recreational Facilities Phase 3 Thabong Stadium, Zuka Baloi Stadium & Kopano Indoor Centre	30/03/2016	30/07/2017	42 834
4	Virginia: WWTP Sludge Management	30/03/2016	30/10/2017	41 655
5	Thabong Upgrading of Far East Hall Indoor Sports and Recreation Facility	06/02/2016	28/03/2018	32 305
6	Welkom: Industrial Park SMME Zone Fencing / Paving & Shelter	07/04/2015	30/01/2017	31 555
7	Meloding Construction of 2km paved roads and stormwater drain	07/04/2017	15/12/2017	17 375
				<b>T F.1</b>



APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP

LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO DURING YEAR 0)					
Name Of Service Provider (Entity Or Municipal Department)	Description Of Services Rendered By The Service Provider	Start Date Of Contract	Expiry Date Of Contract	Project Manager	Contract Value
Khabokedi Waste Management	Operation Of Maintenance In Odendaalsrus And Welkom	01-Aug-14	31-Jul-16	CS	R426 359.28 per month
Cubicle Trading	Design And Printing Of IDP And Annual Report	01-Aug-14	31-Jul-17	Infra	R187 793.00 IDP R1 387 793.00 Annual report
WW Civils And Constructions	Connections And Disconnections Of Water Supply	01-Feb-15	31-Jan-18	Infra	billed monthly
Tunes Trading	Supply And Delivery Of Protective Clothing	06-Feb-15	05-Jan-18	CFO	per rates
Practicon	Supply And Delivery Of Protective Clothing	02-Feb-15	01-Jan-18	CFO	per rates
Sunday Kit	Supply And Delivery Of protective Clothing	02-Feb-15	01-Jan-18		per rates
Trading Enterprise	Supply And Delivery Of Protective Clothing	12-Feb-15	11-Jan-18	CFO	per rates
JVR Funerals	Rendering Of Pauper And Destitute Burials	18-Jul-14	18-Jun-17	CFO	per rates
Babuthing	Rendering Of Pauper And Destitute Burials	18-Jul-14	18-Jun-17	CFO	per rates
Lesole Agencies	Fencing, Paving And Shelter	21-May-15	21-Apr-18		R19 772 801.00
Lele And Tshidi Construction	Connections And Disconnections Of Water Supply	02-Feb-15	01-Jan-18		billed monthly
Fire Fighting Equipment	Supply And Delivery Of Fire Engines	24-May-15	24-Apr-18		R 12 883 187.54
Golden Mile Trading	Hosting And Management Of Matjhabeng Tourism				
Manna Holding	Compilation Of The Valuation Roll	01-Dec-14	30-Jun-18	CFO	R9 500.000.00
Pumpshop Africa	Construction Of Inlet Works And Installation Of Pump Sets	21-May-15	21-Apr-16	Infra	R4 027 199.00
Metsi Chem	Supply And Delivery Of Chlorine Gas	09-Nov-15	01-Oct-18	Infra	per rates
Star Trading	Supply And Delivery Of Water Materials	18-Jul-14	17-Jun-17	Infra	R1 800 000.00
Lemontswa Trading	Supply And Delivery Of Water Materials	18-Jul-14	17-Jun-17	Infra	R5 200 000.00
Royalman Trading	Supply And Delivery Of Water Materials	18-Jul-14	17-Jun-17	Infra	R1 000 000.00
Down Touch Inv	Fencing At Construction Site Kutlwanong	11-May-15	10-Apr-18	Infra	R 8 490 956.89
Amadwala Trading 363	Supply and delivery of Road Patching Material	Aug-16	Jul-19	Infra	Per rates
Tendiwanga JV Simphonya	Meloding Construction of 2km paved roads and stormwater drain	07/04/2017	15/12/2017	Infra	17 375 336.00
Kgotha Contractors	Nyakallong Construction of Stormwater System Phase 1	08/03/2017	30/11/2017	Infra	<b>11 402 923.00</b>
Don't Touch Investments	Construction of Dr Mgoma road in Thabong	13-Mar-17	30-Jul-17	Infra	<b>10 446 572.00</b>
					<b>T H.1</b>



APPENDIX K.1 – REVENUE COLLECTION PERFORMANCE BY VOTE

REVENUE COLLECTION PERFORMANCE BY VOTE						
Vote Description	Year -1	Current Year: 0		Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Council General Office of the Executive Mayor	406 586 000	512 905	512 905	502 155	2%	2%
Office of the Speaker Office of the Municipal Manager	33 318 000	121 104	121 104	122 604	-1%	-1%
Corporate Services						
Finance	363 036 000	229 163	229 163	229 163	0%	0%
Human Resource						
Community Services	115 160 000	103 400	103 400	72 517	30%	30%
Public Safety and transport	4 745 000	7 192	7 192	7 192	0	0
Economic Development	14 643 000	5 951	5 951	0	0	0
Engineering services	17 108 000	0	0	0	0	0
Water/ Sewerage	355 553 000	349 341	349 341	322 440	8%	8%
Electricity	748 265 000	800 768	800 768	488 626	39%	39%
Housing	10 759 000	46 988	46 988	8 790	81%	81%
<b>Total Revenue by Vote</b>	<b>2 069 173 000</b>	<b>2 069 173 000</b>	<b>2 069 173 000</b>	<b>2 176 811</b>	<b>-</b>	<b>-</b>
						<b>T K.1</b>



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	189 179	189 179	189 179	279 796	48%	48%	
Property rates - penalties & collection charges	–	–	–	–	–	–	
Service Charges - electricity revenue	723 025	746 025	723 025	552 150	(26%)	(24%)	
Service Charges - water revenue	203 889	203 889	203 889	317 660	56%	(56%)	
Service Charges - sanitation revenue	120 882	120 882	120 882	140 716	16%	16%	
Service Charges - refuse revenue	68 027	68 027	68 027	89 717	32%	32%	
Service Charges - other	–	–	–	–	–	–	
Rentals of facilities and equipment	10 759	10 759	10 759	12 969	21%	21%	
Interest earned - external investments	635	635	635		(100%)	(100%)	
Interest earned - outstanding debtors	112 971	112 971	112 971	154 336	37%	37%	
Dividends received	17	17	17	14	(18%)	(18%)	
Fines	4 103	4 103	4 103	5 041	23%	23%	
Licences and permits	40	40	40	80	100%	100%	
Commission received	10 535	10 535	10 535	11 118	6%	6%	
Transfers recognised - operational	406 586	406 586	406 586	505 355	24%	24%	
Other revenue	79 072	79 072	79 072	20 474	(74%)	(74%)	
Gains on disposal of PPE	–	–	–	20 000	–	–	
Public Contributions and donations	–	–	–	209 300	–	–	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 929 721</b>	<b>1 952 721</b>	<b>1 929 721</b>	<b>2 318 726</b>	<b>18.74%</b>	<b>20.16%</b>	

T K.2



APPENDIX L – CONDITIONAL GRANTS: EXCLUDING MIG

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

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

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

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

CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	<b>113 319</b>	45 815	45 815	45 815	30 816	32 727	34 683
<b>Infrastructure: Road transport - Total</b>	34 773	15 256	15 256	15 256	10 798	11 467	12 144
<i>Roads, Pavements &amp; Bridges</i>	0	2 499	2 499	2 499		–	–
<i>Storm water</i>	34 773	12 757	12 757	12 757	10 798	11 467	12 144
<b>Infrastructure: Electricity - Total</b>	2 160	–	–	–	2 842	3 018	3 205
<i>Generation</i>	1 975						
<i>Transmission &amp; Reticulation</i>	115						
<i>Street Lighting</i>	70				2 842	3 018	3 205
<b>Infrastructure: Water - Total</b>	33 122	–	–	–	5 166	5 486	5 826
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>	33 122				5 166	5 486	5 826
<b>Infrastructure: Sanitation - Total</b>	15 151	22 829	22 829	22 829	3 614	3 838	4 064
<i>Reticulation</i>							
<i>Sewerage purification</i>	15 151	22 829	22 829	22 829	3 614	3 838	4 064
<b>Infrastructure: Other - Total</b>	28 113	7 730	7 730	7 730	8 397	8 917	9 444
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>	28 113	7 730	7 730	7 730	8 397	8 917	9 444
<b>Community - Total</b>	<b>45 608</b>	24 029	24 029	24 029	25 987	27 599	29 227
<i>Other</i>	45 608	24 029	24 029	24 029	25 987	27 599	29 227

Table continued next page



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CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Heritage assets - Total</b>	-	-		-	-	-	-
Buildings							
Other							
<b>Investment properties - Total</b>	-	-		-	-	-	-
Housing development							
Other							
-							
<b>Other assets</b>	-	30 000	30 000	30 000	17 125	10 567	16 013
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other		30 000	30 000	30 000	17 125	10 567	16 013
<b>Agricultural assets</b>	-	-		-	-	-	-
<i>List sub-class</i>							
<b>Biological assets</b>	-	-		-	-	-	-
<i>List sub-class</i>							
<b>Intangibles</b>	-	-		-	-	-	-
Computers - software & programming							
Other ( <i>list sub-class</i> )							
<b>Total Capital Expenditure on new assets</b>	72 124	102 124	99 844	99 844	73 929	70 893	79 923



<b>Specialised vehicles</b>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							<b>T.M.1</b>





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

CAPITAL EXPENDITURE - UPGRADE/RENEWAL PROGRAMME*							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>R '000</b>							
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	<b>0</b>	<b>16 677</b>	<b>16 677</b>	<b>16 677</b>	<b>59 434</b>	<b>54 127</b>	<b>57 349</b>
Infrastructure: Road transport -Total	0	1 852	1 852	1 852	13 593	14 436	15 288
<i>Roads, Pavements &amp; Bridges</i>		1 852	1 852	1 852	13 593	14 436	15 288
<i>Storm water</i>							
<b>Infrastructure: Electricity - Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
<b>Infrastructure: Sanitation - Total</b>	<b>0</b>	<b>7 912</b>	<b>7 912</b>	<b>7 912</b>	<b>45 841</b>	<b>39 691</b>	<b>42 061</b>
<i>Reticulation</i>							
<i>Sewerage purification</i>		7 912	7 912	7 912	45 841	39 691	42 061
<b>Infrastructure: Other - Total</b>	<b>0</b>	<b>6 913</b>	<b>6 913</b>	<b>6 913</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>		6 913	6 913	6 913			
<b>Community</b>	<b>0</b>	<b>23 705</b>	<b>23 705</b>	<b>23 705</b>	<b>0</b>	<b>0</b>	<b>0</b>
Social rental housing							
Other		23 705	23 705	23 705			
<b>Heritage assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Buildings							
Other							

Table continued next page



Table continued from previous page

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

R '000

Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Investment properties</b>	0	0	0	0	0	0	0
Housing development							
Other							
<b>Other assets</b>	3 945	3 945	7 125	7 125	60 066	63 610	0
Other	3 945	3 945	7 125	7 125	60 066	63 610	
<b>Agricultural assets</b>	0	0	0	0	0	0	0
Computers - software & programming							
Other (list sub-class)							
<b>Total Capital Expenditure on renewal of existing assets</b>	44 327	44 327	56 560	56 560	60 066	63 610	57 349
<b>Specialised vehicles</b>	0	0	0	0	0	0	0
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) %
<b>Water</b>					
"Project A"	0	0	0	0	0
<b>Sanitation/Sewerage</b>					
Virginia: WWTP Sludge Management	41,655,606	0	29 281 778	0%	30%
Nyakalong: WWTP Upgrade	52,299,552	0	28 776 826	0%	45%
<b>Electricity</b>					
Provision and installation of 132kV 20MVA Transformer at Urania Substation	5 000	0	5000	0%	0%
Provision and installation of a 4km of low and medium voltage overhead lines to the Bronville town area and Extension 15, Thabong	3200	0	3200	0%	0%
Provision and installation of thirteen (13) high mast lights in Brinville Thabong and Meloding town areas	7800	0	7800	0%	0%
<b>Refuse removal</b>					
"Project A"	-	-	-	-	-
<b>Stormwater</b>					
Kutlwanong: Construction of Stormwater and Pedestrian Bridges for Section K2	14 506 205	0	14 494 115	0%	0%
Nyakalong: Construction of storm water system – phase 1 (MIS:219132)	11 402 925	18 228 104	7 262 735	60%	36%
<b>Economic development</b>					
"Project A"	-	-	-	-	-
<b>Sports, Arts &amp; Culture</b>					
Upgrade and Create New Sports and Recreational Facilities Phase 3 Thabong Stadium, Zuka Baloi Stadium & Kopano Indoor Centre	42 834 548	63 015 282	57 191 165	9%	33%



Thabong: Upgrading of the far-east hall indoor sports and recreational facility (MIS:246840)	32 305 245	24 145 200	17 406 685	28%	46%
<b>Environment</b>					
"Project A"	-	-	-	-	-
<b>Health</b>					
"Project A"	-	-	-	-	-
<b>Safety and Security</b>					
"Project A"	-	-	-	-	-
<b>ICT and Other</b>					
IT Equipment	1050	0	1050	0%	0%
					<b>T. N</b>

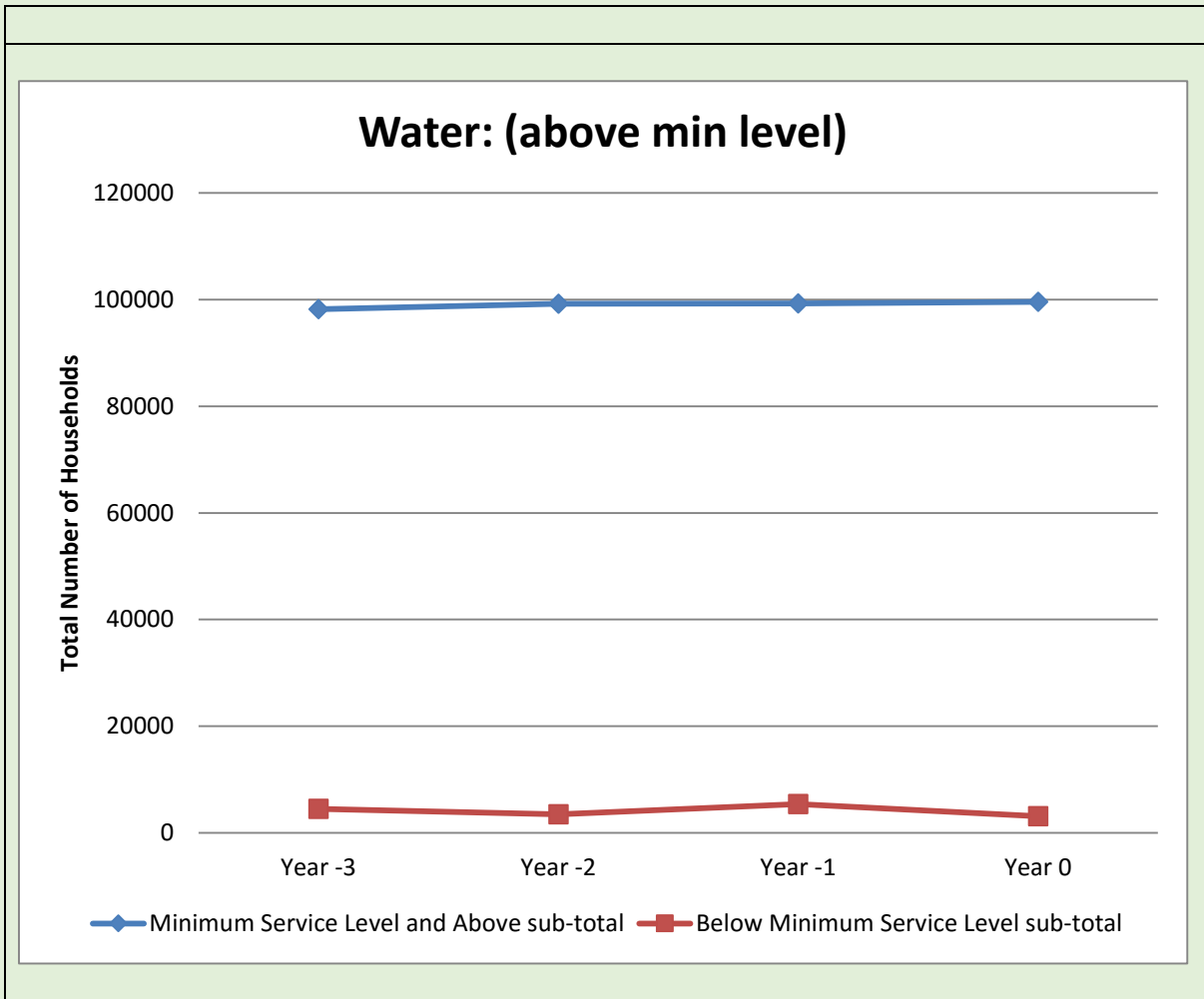


APPENDIX A10 -2 – SERVICES

WATER SERVICE DELIVERY LEVELS						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Actual	Actual	Actual
	No.	No.	No.	No.	No.	No.
<b>Water: (above min level)</b>						
Piped water inside dwelling	49 315	50 742	50 801	96 746	96 746	96 746
Piped water inside yard (piped water inside yard and inside dwelling consolidated under year 0)	46 997	46 997	46 997	-	-	-
Using public tap (within 200m from dwelling)	1 916	1 489	1 489	2 837	2 837	2 837
Other water supply (within 200m)						
<i>Minimum Service Level and Above sub-total</i>	98 228	99 228	99 288	99 583	99 583	99 583
<i>Minimum Service Level and Above Percentage</i>	96%	97%	96%	97%	97%	97%
<b>Water: (below min level)</b>						
Using public tap (more than 200m from dwelling)	4 467	3 467	5 400	3080	3080	3080
Other water supply (more than 200m from dwelling)						
No water supply						
<i>Below Minimum Service Level sub-total</i>	4 467	3 467	5 400	3080	3080	3080
<i>Below Minimum Service Level Percentage</i>	4%	3%	4%	3%	3%	3%
<b>Total number of households*</b>	<b>102 695</b>	<b>102 875</b>	<b>102 695</b>	<b>102 663</b>	<b>102 663</b>	<b>102 663</b>
<i>The information of Statistics SA (2011) was used as a base. The Municipality embarked on an extensive data collection programme to verify and update previous year's information. Programmes was also implemented to improve services below minimum level. Information provided is based on services provided per stand or dwelling and not per household.</i>						

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





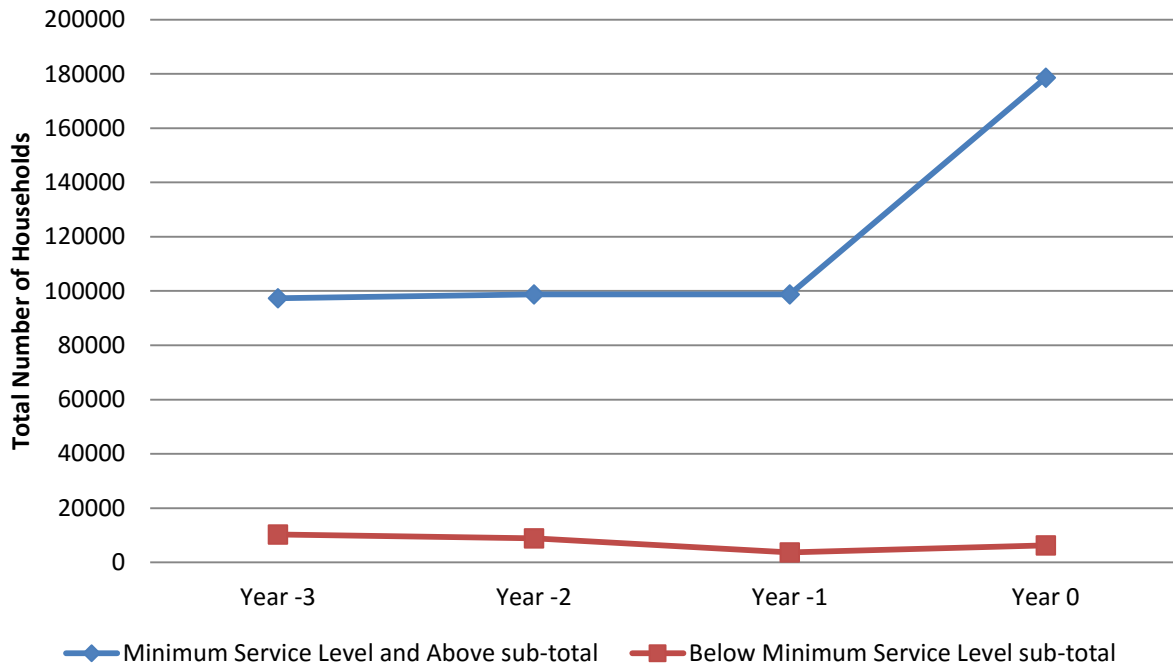
HOUSEHOLDS – SANITATION SERVICE DELIVERY LEVELS BELOW THE MINIMUM				
Description	Year -3	Year -2	Year -1	Year 0
	Outcome	Outcome	Outcome	Outcome



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.
<b>Sanitation/sewerage: (above minimum level)</b>						
Flush toilet (connected to sewerage)	95 708	97 135	97 135	103 172	103 172	149 948
Flush toilet (with septic tank)	956	956	956	178	178	956
Chemical toilet	111	111	111	0	0	111
Pit toilet (ventilated)	512	512	512	244	244	27 581
Other toilet provisions (above min. service level)	0	0	0	8 922	8 922	0
<i>Minimum Service Level and Above sub-total</i>	97 287	98 714	98 714	112 516	112 516	178 596
<i>Minimum Service Level and Above Percentage</i>	90,4%	91,8%	96,4%	86,6%	86,6%	96,6%
<b>Sanitation/sewerage: (below minimum level)</b>						
Bucket toilet	5 195	5 195	0	14 600	14 600	0
Other toilet provisions (below min. service level)	2 170	743	0	0	0	0
No toilet provisions	2 930	2 930	3 680	2 792	2 792	6297
<i>Below Minimum Service Level sub-total</i>	10 295	8 868	3 680	17 392	17 392	6297
<i>Below Minimum Service Level Percentage</i>	9,6%	8,2%	3,6%	13,4	13,4	3,4%
<b>Total households</b>	<b>107 582</b>	<b>107 582</b>	<b>102 394</b>	<b>129 908</b>	<b>129 908</b>	<b>184 893</b>
<b>Formal Settlements</b>						
Total households	107 582	98 714	98 714	98 714	184 893	
Households below minimum service level	10 725	8 868	3 680	3 680	6 297	
Proportion of households below minimum service level	10%	9%	4%	4%	3%	
<b>Informal Settlements</b>						
Total households	4 467	4 467	6 150	6 150	4105	
Households below minimum service level	4 313	4 313	6 150	6 150	3013	
Proportion of households below minimum service level	97%	97%	100%	100%	73%	



### Sanitation/sewerage: (above minimum level)

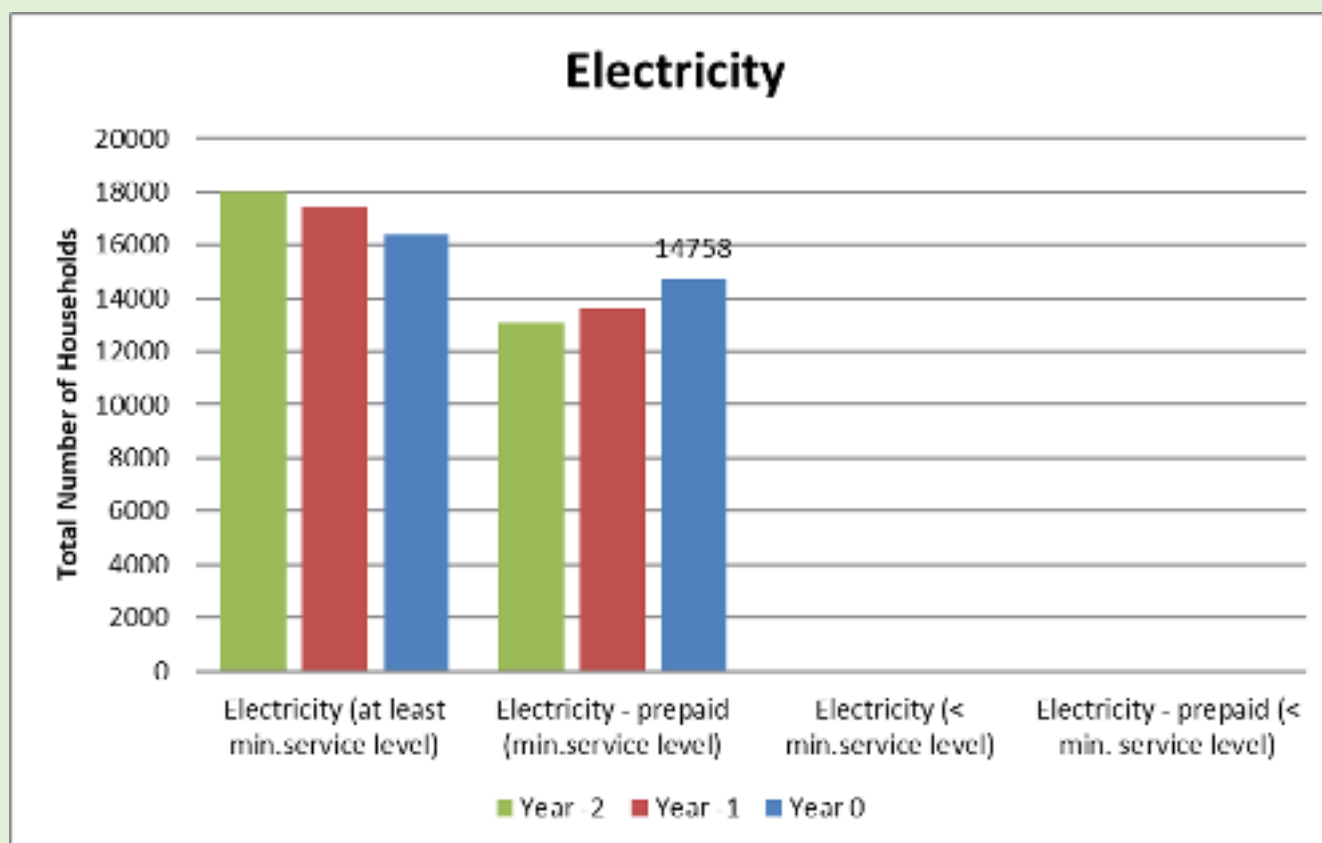


### ELECTRICITY SERVICE DELIVERY LEVELS





Description	Households			
	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<b>Energy: (above minimum level)</b>				
Electricity (at least min. service level)	17 915	17 984	17 463	16 368
Electricity - prepaid (min. service level)	12 500	13 076	13 624	14 758
<i>Minimum Service Level and Above sub-total</i>	30 415	31 060	31 087	31 126
<i>Minimum Service Level and Above Percentage</i>	98%	97%	97%	97%
<b>Energy: (below minimum level)</b>				
Electricity (< min. service level)	0	0	0	0
Electricity - prepaid (< min. service level)	0	0	0	0
Other energy sources	584	872	931	924
<i>Below Minimum Service Level sub-total</i>	584	872	931	924
<i>Below Minimum Service Level Percentage</i>	2%	3%	3%	3%
<b>Total number of households</b>	<b>30 999</b>	<b>31 932</b>	<b>32 018</b>	<b>32 050</b>

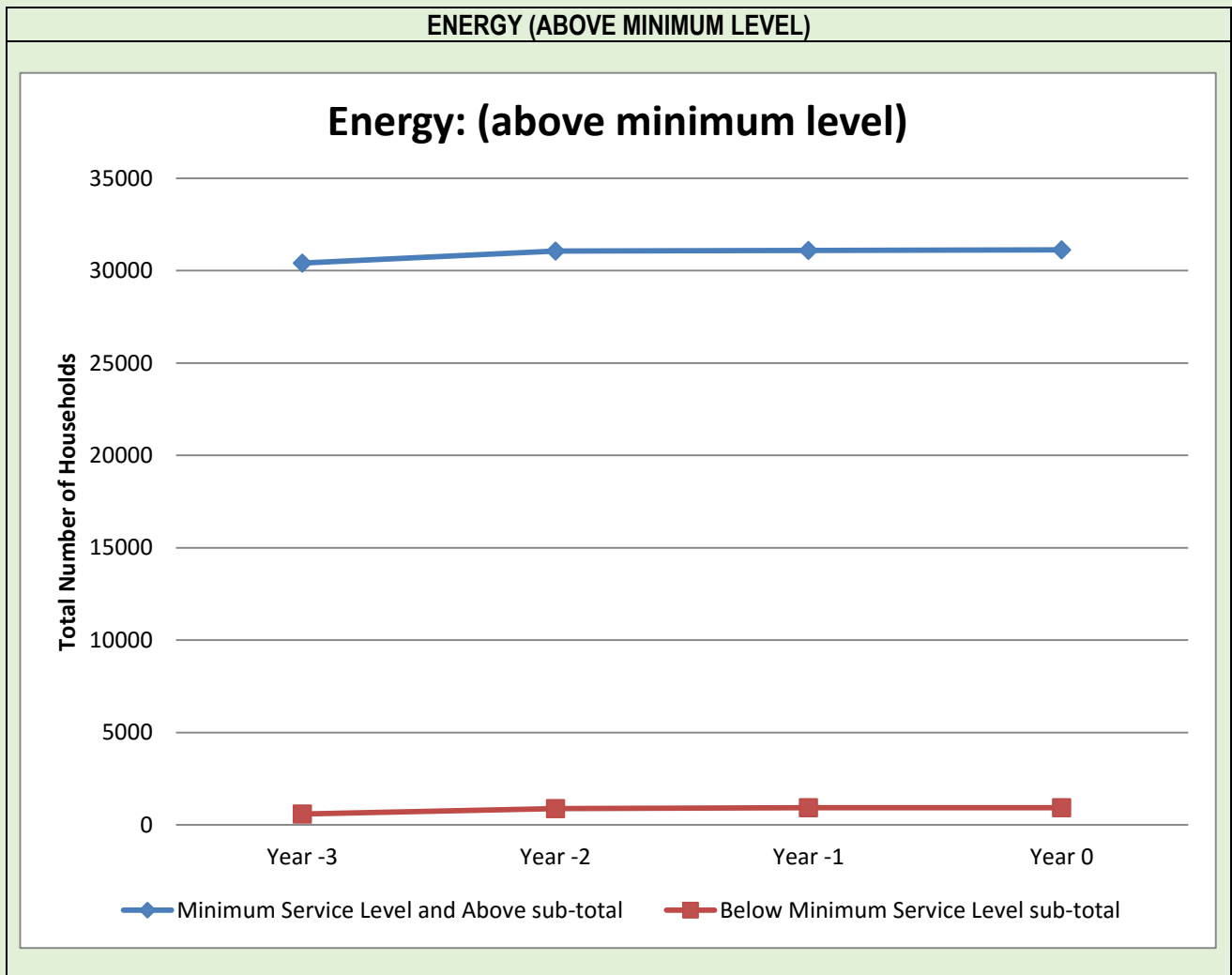


**HOUSEHOLDS - ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM**

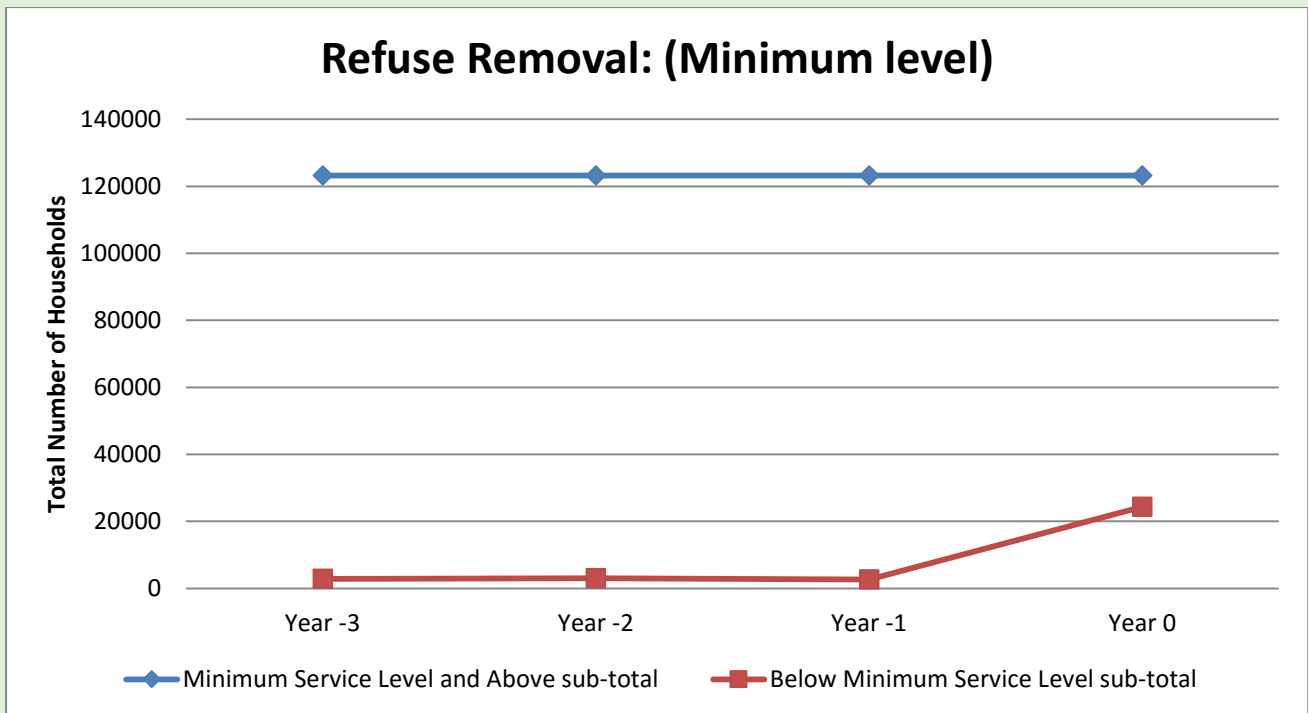


Description	Year -3	Year -2	Year -1	Households		
				Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
Total households	31 303	31 021	31 959	31 126	31 126	31 126
Households below minimum service level	0	0	0	0	0	0
Proportion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

### ENERGY (ABOVE MINIMUM LEVEL)



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





Matjhabeng Local Municipality  
Financial statements  
for the year ended 30 June 2017



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### General Information

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<b>Legal form of entity</b>	An organ of state within the local sphere of government exercising executive and legislative authority.
<b>Nature of business and principal activities</b>	Providing municipal services, infrastructure development and furthering the interest of the local community in the Matjhabeng area, Free State Province.
<b>The following is included in the scope of operation</b>	Area FS184, as a high capacity local municipality, as demarcated by the Demarcation Board and indicated in the demarcation map published for FS184
<b>Grading of local authority</b>	Local high capacity municipality.
<b>Executive Mayor</b> Members of the Mayoral Committee	Speelman NW Speelman NW - Executive Mayor Direko DR - Spatial planning and land use management Kabi M - Policy and Planning Khalipa TD - Human Settlement Lushaba TB - Community Services Manase SD - Finance Mawela VE - Corporate Services Morris VR - Public Safety Radebe MC - Local Economic Development Radebe ML - Integrated development Planning Tshapo ME - Technical Services / Infrastructure
<b>Councillors</b>	Badenhorst M J M Badenhorst HS Botha P F Chaka MS Claassen Malherbe C Daly A Jacobs EJ Khato LE Khotule MJ Letlhake TW Liphako SJ Macingwane TM Mafa D Mafisa MG Mahumba BH Mananye AJ Manzana NR Marais JS Masinyane M D ( MPAC Chair) Masina XN Meli T S Moipate KV Mokhomo H A Molefi M Molelekoa P M I Moleja NJ Monjovo N E



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### General Information

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	Moshoau ZS
	Mosia TJ
	Mphikeleli MA
	Mthabane NA
	Nkonka TD
	Ngeobo ME
	Nthako TD
	Ntsebeng MH
	Ntuli BN
	Phofeli NM
	Pholo SJ
	Poo IP
	Presente LN
	Rakodi MM
	Ramabobo BM
	Ramalefane SJ
	Ramatlisa PT
	Schleborch CJ (Resigned 31/05/2017)
	Sebotsa MM
	Senxezi MC
	Sephiri MJ
	Sithole MA
	Stella B ( Speaker)
	Styger A
	Taljaard S M D
	Theingoane TJ
	Theingoane NE
	Tiako KR
	Tsatsa SJ
	Tshabangu SE
	Tsoeli MS
	Tsupa MR
	Van Rooyen MS
	Van Schalkwyk HCT
<b>Accounting Officer</b>	Tsoeli T
<b>Chief Financial Officer (CFO)</b>	Sejake S ( Acting)
<b>Registered office</b>	Civic Centre 319 Stateway Welkom Free State 9460
<b>Postal address</b>	PO Box 708 Welkom Free State 9460
<b>Bankers</b>	ABSA Bank Limited First National Bank

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## **Matjhabeng Local Municipality**

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### **General Information**

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#### **Attorneys**

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

#### **Enabling legislation**

Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996)

Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

Municipal Property Rates Act, 2004 (Act No.6 of 2004)

Municipal Structures Act, 1998 (Act No.117 of 1998)

Municipal Systems Act, 2000 (Act No. 32 of 2000)

#### **Website**

[www.matjhabeng.fs.gov.za](http://www.matjhabeng.fs.gov.za)



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Index

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

Index	Page
Accounting Officer's Responsibilities and Approval	5
Accounting Officer's Report	6
Statement of Financial Position	7
Statement of Financial Performance	8
Statement of Changes in Net Assets	9
Cash Flow Statement	10
Statement of Comparison of Budget and Actual Amounts	11
Accounting Policies	15 - 37
Notes to the Financial Statements	38 - 88

#### Abbreviations

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





## **Matjhabeng Local Municipality**

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

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

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

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

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

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

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

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

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

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**Tsoeli T**  
**Municipal Manager**



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Accounting Officer's Report

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

#### 1. Review of activities

##### Main business and operations

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

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

#### 2. Going concern

We draw attention to the fact that at 30 June 2017, the municipality had accumulated surplus of R 2 361 809 711 and that the municipality's total assets exceed its liabilities by R 2 361 809 711.

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

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

#### 3. Subsequent events

During a council meeting held 31 August 2017 council resolved to write off the following amounts in respect of irregular expenditure and fruitless and wasteful expenditure as follows:

Council certified an amount of R413 701 258.00 incurred during 2016/2017 financial year as irrecoverable and to be written off as irregular expenditure.

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

#### 4. Accounting Officer

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

Surname and initials:

Tsoaeli T



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	10	6 727 272	9 055 237
Other receivables	11	22 594 283	27 059 034
Receivables from non-exchange transactions	12	123 806 074	131 261 067
VAT receivable	13	451 214 336	182 623 935
Receivables from exchange transactions	14	628 351 286	589 688 720
Cash and cash equivalents	15	2 768 894	11 520 330
		<u>1 235 261 925</u>	<u>951 298 323</u>
<b>Non-Current Assets</b>			
Investment property	3	943 569 450	732 286 404
Property, plant and equipment	4	4 474 827 747	4 527 767 750
Heritage assets	5	7 104 348	7 104 348
Other financial assets	6	332 588	330 890
Receivables from non-exchange transaction	8	27 871	511 134
Receivables from exchange transaction	9	276 198	4 000 248
		<u>5 425 938 211</u>	<u>5 272 060 681</u>
<b>Total Assets</b>		<u><b>6 661 200 136</b></u>	<u><b>6 223 269 204</b></u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Bank overdraft	15	7 544 182	2 603 485
Unspent conditional grants and receipts	18	-	1 004 295
Payables from exchange transactions	18	3 753 065 015	2 815 600 231
Consumer deposits	19	38 320 875	36 250 584
Employee benefit obligation	7	12 535 673	11 163 511
		<u>3 811 585 745</u>	<u>2 866 822 106</u>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	7	437 313 953	394 801 261
Provisions	17	50 390 727	48 457 418
		<u>487 704 680</u>	<u>444 258 679</u>
<b>Total Liabilities</b>		<u><b>4 299 290 425</b></u>	<u><b>3 311 080 785</b></u>
<b>Net Assets</b>		<u><b>2 361 909 711</b></u>	<u><b>2 912 188 419</b></u>
Accumulated surplus		<u>2 361 909 711</u>	<u>2 912 188 419</u>

\* See Note 44



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	20	1 055 961 257	944 122 582
Rental of facilities and equipment	21	12 969 472	9 117 277
Commissions received	22	11 118 362	11 122 174
Other income	23	20 474 249	27 147 482
Interest received	24	164 335 991	127 102 109
Dividends received	24	14 033	17 251
Licences and permits	27	79 752	67 371
<b>Total revenue from exchange transactions</b>		<b>1 254 953 116</b>	<b>1 118 696 226</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	25	279 795 592	262 465 047
<b>Transfer revenue</b>			
Government grants & subsidies	26	506 354 799	527 662 693
Donations received	28	209 300 121	40 697 483
Fines	54	5 040 953	11 207 303
<b>Total revenue from non-exchange transactions</b>		<b>999 491 465</b>	<b>842 212 506</b>
<b>Total revenue</b>		<b>2 254 444 581</b>	<b>1 960 908 732</b>
<b>Expenditure</b>			
Employee related costs	29	(654 833 722)	(611 810 850)
Remuneration of councillors	30	(28 790 999)	(27 190 842)
Depreciation	31	(210 591 424)	(207 909 516)
Finance costs	32	(225 560 704)	(119 574 046)
Debt impairment	33	(350 487 480)	(842 251 730)
Repairs and maintenance		(71 664 414)	(39 789 485)
Bulk purchases	34	(893 422 073)	(854 953 164)
Contracted services	35	(167 483 479)	(110 460 829)
General Expenses	36	(208 166 182)	(157 626 422)
Impairment loss	56	-	(255 832)
<b>Total expenditure</b>		<b>(2 810 996 457)</b>	<b>(2 772 001 496)</b>
<b>Operating deficit</b>		<b>(556 545 876)</b>	<b>(811 092 764)</b>
Actuarial gain / (loss) on employee benefits	7	6 265 581	(20 628 827)
Fair value adjustments	37	1 808	38 323 890
Gain on disposal of assets and liabilities	55	-	16 098
		<b>6 267 189</b>	<b>17 710 961</b>
<b>Deficit for the year</b>		<b>(550 278 707)</b>	<b>(793 381 803)</b>

\* See Note 44



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Statement of Changes in Net Assets

Figuras in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	3 683 788 029	3 683 788 029
Adjustments		
Prior year adjustments	21 782 191	21 782 191
<b>Balance at 01 July 2015 as restated*</b>	<b>3 705 570 220</b>	<b>3 705 570 220</b>
Changes in net assets		
Surplus for the year as previously reported	(750 719 211)	(750 719 211)
Total changes	(750 719 211)	(750 719 211)
Opening balance as previously reported	2 954 851 009	2 954 851 009
Adjustments		
Prior year adjustments	(42 662 593)	(42 662 593)
<b>Restated* Balance at 01 July 2016 as restated*</b>	<b>2 912 188 419</b>	<b>2 912 188 419</b>
Changes in net assets		
Surplus for the year	(550 279 708)	(550 279 708)
Total changes	(550 279 708)	(550 279 708)
<b>Balance at 30 June 2017</b>	<b>2 361 908 711</b>	<b>2 361 908 711</b>

\* See Note 44



**Matjhabeng Local Municipality**  
 (Registration number FS 184)  
 Financial Statements for the year ended 30 June 2017

**Cash Flow Statement**

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		1 110 657 888	853 818 583
Grants		504 350 504	522 642 502
Interest income		2 207 220	3 230 005
Dividends received		14 033	17 251
Other receipts		54 147 559	53 057 432
		<u>1 671 377 215</u>	<u>1 432 765 773</u>
<b>Payments</b>			
Employee costs		(850 570 382)	(800 014 777)
Suppliers		(883 645 013)	(736 500 343)
Finance costs		(260 184)	(114 539)
		<u>(1 514 475 589)</u>	<u>(1 336 689 659)</u>
<b>Net cash flows from operating activities</b>	<b>38</b>	<u><b>156 901 626</b></u>	<u><b>96 076 114</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(159 530 453)	(93 156 132)
Proceeds from sale of property, plant and equipment	4	-	16 450
Proceeds from sale of financial assets		-	18 662 179
<b>Net cash flows from investing activities</b>		<u><b>(159 530 453)</b></u>	<u><b>(74 277 503)</b></u>
<b>Cash flows from financing activities</b>			
Employee benefit obligation payments		(11 163 507)	(12 848 529)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u><b>(13 792 334)</b></u>	<u><b>8 950 082</b></u>
Cash and cash equivalents at the beginning of the year		8 916 845	(33 240)
<b>Cash and cash equivalents at the end of the year</b>	<b>15</b>	<u><b>(4 875 489)</b></u>	<u><b>8 916 842</b></u>

\* See Note 44



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	1 196 988 000	-	1 196 988 000	1 055 961 257	(141 026 743)	Note 57.1
Rental of facilities and equipment	11 469 000	-	11 469 000	12 969 472	1 500 472	Note 57.2
Licences and permits	42 000	-	42 000	79 752	37 752	Note 57.3
Commissions received	11 230 000	-	11 230 000	11 118 362	(111 638)	< 10%
Other income	84 292 000	-	84 292 000	20 474 249	(63 817 751)	Note 57.4
Interest received - investment	122 604 000	-	122 604 000	154 335 991	31 731 991	Note 57.5
Gains on disposal of assets	20 000 000	20 000 000	40 000 000	-	(40 000 000)	Note 57.6
Dividends received	18 000	-	18 000	14 033	(3 967)	Note 57.7
<b>Total revenue from exchange transactions</b>	<b>1 446 643 000</b>	<b>20 000 000</b>	<b>1 466 643 000</b>	<b>1 254 953 116</b>	<b>(211 689 884)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	201 665 000	-	201 665 000	279 795 592	78 130 592	Note 57.8
<b>Transfer revenue</b>						
Government grants & subsidies	502 155 000	-	502 155 000	505 354 799	3 199 799	<10%
Public contributions and donations	-	-	-	209 300 121	209 300 121	Note 57.9
Fines	4 374 000	-	4 374 000	5 040 953	666 953	Note 57.10
<b>Total revenue from non-exchange transactions</b>	<b>708 194 000</b>	<b>-</b>	<b>708 194 000</b>	<b>999 491 465</b>	<b>291 297 465</b>	
<b>Total revenue</b>	<b>2 154 837 000</b>	<b>20 000 000</b>	<b>2 174 837 000</b>	<b>2 254 444 581</b>	<b>79 607 581</b>	
<b>Expenditure</b>						
Employee cost	(820 099 000)	-	(820 099 000)	(854 633 722)	(34 534 722)	<10%
Remuneration of councillors	(26 552 000)	-	(26 552 000)	(20 790 999)	(238 999)	<10%
Depreciation	(87 000 000)	-	(87 000 000)	(210 591 424)	(123 591 424)	Note 57.11
Impairment loss	(70 000 000)	-	(70 000 000)	-	70 000 000	Note 57.12
Finance costs	(105 990 000)	-	(105 990 000)	(225 560 704)	(119 580 704)	Note 57.13
Debt impairment	-	-	-	(350 487 400)	(350 487 400)	Note 57.14
Repairs and maintenance	(230 691 000)	-	(230 691 000)	(71 864 414)	158 826 586	Note 57.15
Bulk purchases	(676 436 000)	-	(676 436 000)	(893 422 073)	(216 986 073)	Note 57.16
Contracted Services	(80 000 000)	-	(80 000 000)	(167 483 479)	(87 483 479)	Note 57.17
General Expenses	(137 977 000)	-	(137 977 000)	(209 156 183)	(70 179 183)	Note 57.18
<b>Total expenditure</b>	<b>2 036 735 000</b>	<b>-</b>	<b>2 036 735 000</b>	<b>2 810 990 458</b>	<b>(774 255 458)</b>	
<b>Operating Surplus</b>	<b>118 102 000</b>	<b>20 000 000</b>	<b>138 102 000</b>	<b>(556 545 877)</b>	<b>(694 647 877)</b>	
Actual gain (loss) on employee benefits	-	-	-	8 265 561	8 265 561	Note 57.19
Fair value adjustments	-	-	-	1 608	1 608	Note 57.20
	-	-	-	6 267 169	6 267 169	
<b>Deficit before taxation</b>	<b>118 102 000</b>	<b>20 000 000</b>	<b>138 102 000</b>	<b>(550 278 708)</b>	<b>(688 380 708)</b>	



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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





## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Statement of Comparison of Budget and Actual Amounts

#### Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	385 000 000	-	385 000 000	8 727 272	(388 272 728)	57.21
Other receivables	100 000 000	-	100 000 000	22 594 263	(77 405 737)	57.22
Receivables from non-exchange transactions	-	-	-	123 606 075	123 606 075	57.23
VAT receivable	-	-	-	451 214 336	451 214 336	57.24
Receivables from exchange transactions	2 200 000 000	-	2 200 000 000	628 351 286	(1 571 648 714)	57.23
Cash and cash equivalents	70 000 000	-	70 000 000	2 769 894	(67 231 306)	>15%
	<b>2 735 000 000</b>	<b>-</b>	<b>2 735 000 000</b>	<b>1 235 261 926</b>	<b>(1 499 738 074)</b>	
<b>Non-Current Assets</b>						
Investment property	480 000 000	-	480 000 000	943 569 450	463 569 450	57.27
Property, plant and equipment	5 000 000 000	-	5 000 000 000	4 474 627 747	(525 372 253)	57.26
Heritage assets	-	-	-	7 104 349	7 104 349	57.24
Other financial assets	1 322 000	-	1 322 000	332 598	(989 402)	57.28
Receivables from non exchange transaction	-	-	-	27 871	27 871	57.23
Receivables from exchange transaction	7 000 000	-	7 000 000	276 196	(6 723 804)	57.23
	<b>5 488 322 000</b>	<b>-</b>	<b>5 488 322 000</b>	<b>5 425 938 211</b>	<b>(62 383 789)</b>	
<b>Total Assets</b>	<b>8 223 322 000</b>	<b>-</b>	<b>8 223 322 000</b>	<b>6 661 200 137</b>	<b>(1 562 121 863)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Payables from exchange transactions	1 900 000 000	-	1 900 000 000	3 753 085 017	1 853 085 017	57.25
Consumer deposits	30 000 000	-	30 000 000	38 320 875	8 320 875	57.36
Employee benefit obligation	-	-	-	12 535 673	12 535 673	57.28
Bank overdraft	-	-	-	7 644 182	7 644 182	57.37
	<b>1 930 000 000</b>	<b>-</b>	<b>1 930 000 000</b>	<b>3 811 585 747</b>	<b>1 881 585 747</b>	
<b>Non-Current Liabilities</b>						
Employee benefit obligation	300 000 000	-	300 000 000	437 313 953	137 313 953	57.28
Provisions	20 000 000	-	20 000 000	50 390 727	30 390 727	58.20
	<b>320 000 000</b>	<b>-</b>	<b>320 000 000</b>	<b>487 704 680</b>	<b>167 704 680</b>	
<b>Total Liabilities</b>	<b>2 250 000 000</b>	<b>-</b>	<b>2 250 000 000</b>	<b>4 299 290 427</b>	<b>2 649 290 427</b>	
<b>Net Assets</b>	<b>5 973 322 000</b>	<b>-</b>	<b>5 973 322 000</b>	<b>2 361 909 710</b>	<b>(3 611 412 290)</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	5 973 322 000	-	5 973 322 000	2 361 909 710	(3 611 412 290)	



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Statement of Comparison of Budget and Actual Amounts

#### Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Property rates, penalties & collection charges	181 488 000	-	181 488 000	-	(181 488 000)	
Service charges	1 048 879 000	-	1 048 879 000	921 278 854	(127 400 146)	
Grants	502 155 000	-	502 155 000	504 350 504	2 195 504	>10%
Interest income	122 604 000	-	122 604 000	2 207 220	(120 396 780)	
Dividends received	18 000	-	18 000	14 033	(3 967)	>10%
Other revenue	81 343 000	-	81 343 000	54 147 559	(27 195 441)	57.29
	<b>1 936 297 000</b>	<b>-</b>	<b>1 936 297 000</b>	<b>1 481 998 170</b>	<b>(454 298 830)</b>	
<b>Payments</b>						
Suppliers and employee costs	(1 705 588 000)	-	(1 705 588 000)	(1 324 838 349)	380 751 651	57.25
Finance costs	(105 980 000)	-	(105 980 000)	(250 195)	105 719 805	57.30
Other payments	(32 850 000)	-	(32 850 000)	-	32 850 000	57.25
	<b>(1 844 418 000)</b>	<b>-</b>	<b>(1 844 418 000)</b>	<b>(1 325 096 544)</b>	<b>519 321 456</b>	
<b>Net cash flows from operating activities</b>	<b>91 879 000</b>	<b>-</b>	<b>91 879 000</b>	<b>156 901 626</b>	<b>65 022 626</b>	
<b>Cash flows from investing activities</b>						
Proceeds from sale of property, plant and equipment	20 000 000	20 000 000	40 000 000	-	(40 000 000)	57.31
Decrease/(Increase) in non current debtors	287 983 000	-	287 983 000	-	(287 983 000)	57.32
Decrease/(Increase) in non current creditors	35 000 000	-	35 000 000	-	(35 000 000)	57.32
Purchase of capital assets	(133 363 000)	(20 000 000)	(153 363 000)	(159 530 453)	(6 167 453)	>10%
<b>Net cash flows from investing activities</b>	<b>209 620 000</b>	<b>-</b>	<b>209 620 000</b>	<b>(159 530 453)</b>	<b>(389 150 453)</b>	
<b>Cash flows from financing activities</b>						
Increase/(Decrease) in consumer deposits	15 000 000	-	15 000 000	-	(15 000 000)	57.32
Short term loans	10 000 000	-	10 000 000	-	(10 000 000)	57.33
Employee Benefit obligation payment	-	-	-	(11 163 507)	(11 163 507)	57.34
<b>Net cash flows from financing activities</b>	<b>25 000 000</b>	<b>-</b>	<b>25 000 000</b>	<b>(11 163 507)</b>	<b>(25 000 000)</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>326 499 000</b>	<b>-</b>	<b>326 499 000</b>	<b>(13 782 334)</b>	<b>(329 127 827)</b>	
Cash and cash equivalents at the beginning of the year	(322 324 000)	-	(322 324 000)	8 916 845	331 240 845	57.35
<b>Cash and cash equivalents at the end of the year</b>	<b>4 175 000</b>	<b>-</b>	<b>4 175 000</b>	<b>(4 875 489)</b>	<b>2 113 018</b>	
<b>Reconciliation</b>						



## **Matjhabeng Local Municipality**

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### **Accounting Policies**

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

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

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

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

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

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

##### **1.1 Presentation currency**

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

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

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

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

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

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

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

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

##### **Allowance for slow moving, damaged and obsolete stock**

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

##### **Fair value estimation**

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

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Accounting Policies

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

##### Impairment testing

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

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

##### Provisions

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

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

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

##### Employee benefit obligation

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

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

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

##### Provision for impairment of receivables

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

#### 1.4 Investment property

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

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

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

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



## **Accounting Policies**

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

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

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

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

#### **Fair value**

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

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

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

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

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

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

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

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Accounting Policies

---

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

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

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

##### Subsequent measurements:

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

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

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

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Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Transport assets	Straight line	4 - 15 years
Infrastructure	Straight line	3 - 100 years
Other movable assets	Straight line	2 - 20 years
Landfill rehabilitation asset	Straight line	6 - 20 years
Buildings	Straight line	2 - 50 years

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

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

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

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

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

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

#### 1.6 Site restoration and dismantling cost

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Accounting Policies

---

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

If the related asset is measured using the cost model:

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

#### 1.7 Heritage assets

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

##### Recognition

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

##### Initial measurement

Heritage assets are measured at cost.

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

##### Subsequent measurement

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

##### Impairment

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

##### Derecognition

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

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

#### 1.8 Financial instruments

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

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Accounting Policies

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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.

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





## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Accounting Policies

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#### 1.8 Financial instruments (continued)

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

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

#### Classification

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

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

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

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

#### Initial recognition

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

The entity recognises financial assets using trade date accounting.

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

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Accounting Policies

---

#### 1.8 Financial instruments (continued)

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

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

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

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

##### Fair value measurement considerations

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

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

##### Reclassification

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

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

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

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

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

##### Gains and losses

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

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

##### Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:



## **Accounting Policies**

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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.



## **Accounting Policies**

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

#### **Derecognition**

##### **Financial assets**

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

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

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

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

##### **Financial liabilities**

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

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Accounting Policies

---

#### 1.8 Financial instruments (continued)

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

##### Presentation

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

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

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

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

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

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

#### 1.9 Tax

##### Value added tax (VAT)

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

#### 1.10 Leases

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

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

##### Finance leases - lessee

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

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

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

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Accounting Policies

---

#### 1.10 Leases (continued)

##### Operating leases - lessor

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

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

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

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

##### Operating leases - lessee

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

#### 1.11 Inventories

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

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

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

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

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

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

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

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

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

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

#### 1.12 Impairment of cash-generating assets

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

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

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



## **Matjhabeng Local Municipality**

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### **Accounting Policies**

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

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

##### **Identification**

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

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

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Accounting Policies

---

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

##### Cash-generating units

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

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

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

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

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

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

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

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

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

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





## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Accounting Policies

---

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

##### Reversal of impairment loss

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

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

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

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

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

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

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

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

##### Redesignation

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

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

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

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

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

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

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

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

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Accounting Policies

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

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

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

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

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

#### 1.14 Employee benefits

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

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

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

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

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



## **Accounting Policies**

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

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

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

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

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

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

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

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

Short-term employee benefits include items such as:

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

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

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

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

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

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

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

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

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Accounting Policies

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#### 1.14 Employee benefits (continued)

##### Other long term employee benefit

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

#### 1.15 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

Provisions are not recognised for future operating deficits.

A contingent liability is:

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

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

##### Decommissioning, restoration and similar liability

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

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

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



## **Accounting Policies**

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### **1.16 Commitments**

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

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

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

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

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

#### **Measurement**

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

#### **Rendering of services**

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

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

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

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

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Accounting Policies

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

##### Interest, royalties and dividends

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

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

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

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

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

#### 1.18 Revenue from non-exchange transactions

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

Control of an asset 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.



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Accounting Policies

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

##### Measurement

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

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

##### Taxes

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

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

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

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

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

##### Fines

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

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

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

#### 1.19 Investment income

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

#### 1.20 Borrowing costs

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

#### 1.21 Comparative figures

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

#### 1.22 Unauthorised expenditure

Unauthorised expenditure means:

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Accounting Policies

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#### 1.22 Unauthorised expenditure (continued)

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

#### 1.23 Fruitless and wasteful expenditure

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

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

#### 1.24 Irregular expenditure

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

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

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

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

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

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

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

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

#### 1.25 Budget information

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

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





## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Accounting Policies

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#### 1.25 Budget information (continued)

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

The approved budget covers the fiscal period from 01/07/2016 to 30/06/2017.

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

#### 1.26 Related parties

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

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

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

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

#### 1.27 Events after reporting date

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

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

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

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

#### 1.28 Consumer deposits

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

#### 1.29 Unspent conditional grants and receipts

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
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#### 2. New standards and interpretations

##### 2.1 Standards and interpretations issued, but not yet effective

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

##### GRAP 20: Related parties

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

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

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

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

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

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

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

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

The standard elaborates on the definitions and identification of:

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

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

- Control.



## Notes to the Financial Statements

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2. **New standards and interpretations (continued)**
- Related party transactions; and
  - Remuneration of management

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

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

The impact of this standard is currently being assessed.

### **GRAP32: Service Concession Arrangements: Grantor**

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

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

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

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

The impact of this standard is currently being assessed.

### **GRAP108: Statutory Receivables**

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

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

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

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

The impact of this standard is currently being assessed.

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

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

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

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

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

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

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

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

The impact of this standard is currently being assessed.

#### IGRAP 17 Service Concession Arrangement Where a Grantor Controls a Significant Residual Interest in an Asset

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

The effective dates is not yet gazetted by the minister.

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

The impact of this standard is currently being assessed.

#### 3. Investment property

	2017		2016	
	Cost / Valuation	Accumulated depreciation and accumulated impairment Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment Carrying value
Investment property	943 569 450	- 943 589 450	732 286 404	- 732 286 404

#### Reconciliation of investment property - 2017

	Opening balance	Additions	Transfers	Total
Investment property	732 286 404	209 300 121	1 982 925	943 589 450

#### Reconciliation of investment property - 2018

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

#### Pledged as security

No property was pledged as security for any financial liability.

There are no contractual obligations on investment property.

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand

#### 4. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	135 720 027	(38 448 689)	97 271 338	132 781 319	(34 603 820)	98 177 499
Transport assets	129 143 105	(57 002 537)	72 140 568	129 043 855	(48 353 773)	80 690 082
Infrastructure	8 249 143 554	(4 013 104 635)	4 236 038 919	8 100 951 927	(3 826 275 324)	4 274 676 603
Other movable assets	38 741 705	(21 657 636)	17 084 069	32 423 762	(17 344 027)	15 079 735
Landfill rehabilitation assets	79 926 415	(27 833 562)	52 092 853	80 022 530	(20 878 691)	59 143 839
<b>Total</b>	<b>8 632 674 806</b>	<b>(4 158 047 059)</b>	<b>4 474 627 747</b>	<b>8 475 223 393</b>	<b>(3 947 455 635)</b>	<b>4 527 767 758</b>

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

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand

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

##### Reconciliation of property, plant and equipment - 2016

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

##### Pledged as security

None of these assets were pledged as security.

##### Other information

Property, plant and equipment that was not used for any period of time during the reporting period that significantly impacted the delivery of goods and services of the entity (Carrying amount)

Transport assets	9 467 408	10 611 502
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A total number of 46 transport assets as disclosed above are kept locked up at the premises of a supplier of services due to alleged non-payment for services delivered to the municipality. The supplier refused access to the premises or the vehicles to municipal staff. The municipality is in a process to contest the invoices and claims of the supplier. The case is currently served in court and the list of assets are recorded on the Sheriffs records. The assets were taken by the Sheriff on 21 October 2014.

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand

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	2017	2016
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#### 4. Property, plant and equipment (continued)

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

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

##### Reconciliation of Work-in-Progress 2016

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

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

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

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

Buildings	3 194 667	2 348 636
Infrastructure	56 885 797	35 282 863
Vehicles	11 903 850	2 158 968
	<u>71 864 414</u>	<u>39 768 465</u>



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand 2017      2016

#### 5. Heritage assets

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

#### Reconciliation of heritage assets 2017

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

#### Reconciliation of heritage assets 2016

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

#### Pledged as security

None of these assets were pledged as security.

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

#### 6. Other financial assets

##### Designated at fair value

##### Unlisted shares

The unlisted shares consist of 17,238 (2016:17,238) equity shares in Senwes Limited and 26,435 (2016:26,435) equity shares in Senwesbal Limited.

332 588      330 990

##### Non-current assets

##### Designated at fair value

332 588      330 990





## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
<b>6. Other financial assets (continued)</b>		
<b>Financial assets at fair value</b>		
<b>Fair value hierarchy of financial assets at fair value</b>		
For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:		
Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.		
Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).		
Level 3 applies inputs which are not based on observable market data.		
<b>Level 2</b>		
Class 1 (Unlisted shares)	332 598	330 690
<b>Renegotiated terms</b>		
None of the financial assets that are fully performing have been renegotiated in the last year.		
<b>Financial assets pledged as collateral</b>		
<b>Collateral</b>		
Carrying value of financial assets pledged as collateral for liabilities or contingent liabilities	-	-
<b>7. Employee benefit obligations</b>		
The amounts recognised in the statement of financial position are as follows:		
<b>Carrying value</b>		
Present value of the post employment medical aid benefit	(408 850 821)	(368 850 562)
Present value of the long service awards benefit	(40 849 626)	(37 113 810)
	<u>(449 699 447)</u>	<u>(405 964 372)</u>
<b>Non-current liabilities</b>	(437 313 953)	(394 801 261)
<b>Current liabilities</b>	(12 535 673)	(11 163 611)
	<u>(449 849 626)</u>	<u>(405 964 772)</u>
These obligations are not a funded arrangement, no separate assets have been set aside currently to meet these obligations.		
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening balance	405 964 772	348 773 364
Net expense recognised in the statement of financial performance	43 884 854	58 191 408
	<u>449 849 626</u>	<u>405 964 772</u>



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
<b>7. Employee benefit obligations (continued)</b>		
<b>Net expense recognised in the statement of financial performance</b>		
Service cost	23 436 725	17 499 056
Interest cost	37 877 201	30 912 050
Actuarial (gains) / losses	(6 265 561)	20 628 827
Expected benefits paid	(11 163 511)	(12 848 525)
	<b>43 084 854</b>	<b>56 191 408</b>

#### Post-retirement medical aid plan

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

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

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

- Bonitas
- Hcsmed
- Discovery
- Kay-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) issued circular 1 of 2011 (issued 27 June 2011 with an effective date of 1 March 2011), specific bonuses is payable to employees for long service. Bonuses are payable in the following scales:

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

#### Calculation of actuarial gains and losses

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand

	2017	2016
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#### 7. Employee benefit obligations (continued)

##### Key assumptions used

Assumptions used at the reporting date:

CPI (medical aid)	6.82 %	7.07 %
CPI (long service)	5.52 %	6.34 %
Discount rate (Medical aid)	8.94 %	8.54 %
Discount rates used (long service awards)	8.72 %	8.55 %
Medical aid inflation rates (medical aid)	8.32 %	8.57 %
Net discount rate (long service awards)	2.07 %	0.93 %
Net discount rate (medical aid)	1.50 %	0.93 %
Salary increase rate (long service awards)	6.52 %	7.00 %
Continuation percentage	100.00 %	100.00 %

##### Other assumptions

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

	1% point increase	1% point decrease
Employer's accrued liability (long service awards)	43 723 278	38 345 505
Employer's expenses cost (long service awards)	3 930 410	3 389 219
Employer's accrued liability (medical aid)	352 390 788	480 131 001
Service cost (medical aid)	18 823 384	28 028 099
Interest (long service awards)	3 696 792	3 228 747
Interest (medical aid)	38 010 888	42 481 710

The municipality expects to pay benefits of R9,888,192 towards post-retirement medical aid and R2,647,491 towards long service benefits to its employee benefits in the next financial year.

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

	2017 R	2016 R	2015 R	2014 R	2013 R
Defined benefit obligation	(449 849 626)	(405 954 772)	(349 773 364)	(322 410 090)	(305 077 529)



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
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#### 7. Employee benefit obligations (continued)

##### Defined contribution plan

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

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

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

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

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

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

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

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

The amount recognised as an expense for the defined contribution plan is	43 664 854	56 191 409
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#### 8. Receivables from non exchange transaction

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

None of the consumer receivables were pledged as security.

##### Renegotiated terms:

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

##### Fair value of receivables:

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

##### Receivables from non-exchange transactions impaired:

As of 30 June 2017, receivables from non-exchange transaction (non-current) of R1 133 265 (2016: R1 980 562) were impaired and provided for:

The following factors was considered in determining the impairment:

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



## Matjhabeng Local Municipality

(Registration number F5 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
<b>9. Receivables from exchange transaction</b>		
Non-current arrangements - services	9 885 835	20 257 060
Allowance for impairment	(9 609 739)	(16 196 814)
	<b>276 196</b>	<b>4 060 246</b>
Services aging for arrangements 91+ days	276 196	4 060 246
<b>Receivables from exchange transactions pledged as security:</b>		
None of the receivables from exchange transactions were pledged as security.		
<b>Renegotiated terms:</b>		
None of the receivables that are fully performing have been renegotiated in the last year		
<b>Fair value of receivables</b>		
The carrying value of the consumer receivables recorded at amortised cost approximate their fair values.		
<b>Receivables from exchange transactions impaired:</b>		
As of 30 June 2017, receivables from exchange transaction (non-current) of R9 609 739 (2016: R16 196 814) were impaired and provided for.		
The following factors was considered in determining the impairment:		
- Aging of the outstanding debt.		
- Whether or not any payment was received during the year.		
- Whether the account is active or inactive.		
- Whether the account is that of an owner or a tenant.		
<b>10. Inventories</b>		
Consumable stores	4 785 336	7 499 133
Water in reservoirs and pipelines	1 941 936	1 556 104
	<b>6 727 272</b>	<b>9 055 237</b>
Stock losses due to theft (2017: Case number 95/02/2017), (2016: Case number 596/06/2016)	216 888	81 239
Inventories recognised as an expense during the year - Water. Refer to note 34	458 651 888	451 755 625
Inventories recognised as an expense during the year - Other. Refer to note 36.		
<b>Inventory pledged as security</b>		
None of the inventory was pledged as security for any financial liability of the municipality.		
<b>11. Other receivables</b>		
Accrued interest	64 222	106 572
Consumer deposits receivable	5 884 740	5 884 740
Deposits	9 850	9 850
Sundry receivables	6 809 788	3 142 722
Traffic fines receivable	9 825 853	17 915 150
	<b>22 594 253</b>	<b>27 059 034</b>



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
<b>11. Other receivables (continued)</b>		
<b>Other receivables pledged as security</b>		
None of the other receivables were pledged as security during the year.		
<b>Fair value of other receivables</b>		
The carrying value of consumer deposits approximate their fair values.		
<b>Other receivables past due but not impaired</b>		
None of the other receivables are considered to be impaired.		
<b>Other receivables impaired:</b>		
As of 30 June 2017, none of the other receivables were impaired and provided for.		
The following factors was considered in determining the impairment:		
- Aging of the outstanding debt.		
- Whether or not any payment was received during the year.		
- Whether the account is active or inactive.		
- Whether the account is that of an owner or a tenant.		
<b>12. Receivables from non-exchange transactions</b>		
Consumer receivables - rates	311 218 708	304 642 921
Allowance for impairment - rates	(187 612 832)	(173 681 854)
	<u>123 606 074</u>	<u>131 261 067</u>
<b>Receivables from non-exchange transactions pledged as security</b>		
None of the receivables from non-exchange transactions were pledged as security.		
<b>Credit quality of receivables from non-exchange transactions</b>		
The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.		
<b>Receivables from non-exchange transactions past due but not impaired</b>		
At 30 June 2017, R7 708 429.79 (2016: R34 465 028.50) were past due but not impaired.		
1 month past due	317 076	8 443 858
2 months past due	354 016	5 027 868
3 months past due	7 037 338	20 993 303
<b>Rates aging</b>		
Current (0 -30 days)	18 353 268	20 398 614
31 - 60 days	8 304 823	12 175 846
61 - 90 days	7 547 819	11 289 804
91 days +	278 173 962	263 592 363
Less: Allowance for impairment	(188 745 927)	(175 662 416)
	<u>123 633 945</u>	<u>131 772 201</u>



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand

	2017	2016
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#### 12. Receivables from non-exchange transactions (continued)

##### Fair value of receivables

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

##### Receivables from non-exchange transactions impaired:

As of 30 June 2017, receivables from non-exchange transactions of R190 745 927 (2016: R175 662 418) were impaired and provided for.

The following factors was considered in determining the impairment:

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

##### Renegotiated terms:

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

#### 13. VAT receivable

VAT	451 214 336	182 623 935
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#### 14. Receivables from exchange transactions

##### Gross balances

Electricity	256 439 743	218 688 057
Water	989 882 473	827 087 969
Sewerage	388 802 316	315 515 909
Refuse	261 249 361	213 330 414
Other receivables	3 973 078	4 571 836
Rentals	58 156 816	48 799 357
Sundries	93 419 572	85 704 088
Unmetered consumption - water	48 575 226	21 229 023
Unmetered consumption - electricity	73 215 306	61 300 537
Less: Non-current consumer receivables (Arrangements)	(9 885 935)	(20 257 060)
	<b>2 160 828 056</b>	<b>1 777 170 130</b>

##### Less: Allowance for impairment

Electricity	(141 210 727)	(117 335 467)
Water	(778 272 326)	(593 406 095)
Sewerage	(292 445 989)	(240 983 687)
Refuse	(202 356 399)	(188 776 359)
Rentals	(50 639 929)	(30 281 866)
Sundries	(74 133 423)	(52 114 723)
Other receivables	(3 027 736)	(2 780 029)
Less: Non-current consumer receivables (Arrangements)	9 809 739	18 195 914
	<b>(1 532 476 770)</b>	<b>(1 187 481 412)</b>



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
<b>14. Receivables from exchange transactions (continued)</b>		
<b>Net balance</b>		
Electricity	115 229 016	101 552 591
Water	211 610 146	233 681 874
Sewerage	94 356 347	74 532 222
Refuse	58 692 962	46 554 056
Rentals	8 516 887	18 517 491
Sundrys	19 286 250	33 589 365
Other receivables	945 342	1 791 807
Unmetered consumption - water	46 575 226	21 229 023
Unmetered consumption - electricity	73 215 306	81 300 537
Non-current consumer receivables (Arrangements)	(276 196)	(4 060 246)
	<b>620 351 286</b>	<b>589 686 720</b>
<b>Electricity</b>		
Current (0 -30 days)	41 569 055	36 294 677
31 - 60 days	12 065 073	14 560 075
61 - 90 days	7 823 851	6 983 545
91 + days	194 991 763	181 069 761
Less: Impairment	(141 210 727)	(117 335 467)
	<b>115 229 015</b>	<b>101 552 591</b>
<b>Water</b>		
Current (0 -30 days)	44 561 918	53 473 892
31 - 60 days	25 449 343	33 175 863
61 - 90 days	38 447 532	21 276 106
91+ days	883 423 678	719 162 209
Less: Impairment	(779 272 326)	(593 406 096)
	<b>211 610 146</b>	<b>233 681 874</b>
<b>Sewerage</b>		
Current (0 -30 days)	12 671 706	11 311 220
31 - 60 days	13 631 524	8 829 417
61 - 90 days	8 947 181	8 206 670
91+ days	351 351 903	287 168 402
Less: Impairment	(292 445 969)	(240 983 687)
	<b>94 356 347</b>	<b>74 532 222</b>
<b>Refuse</b>		
Current (0 -30 days)	7 874 627	6 927 306
31 - 60 days	8 830 800	5 306 232
61 - 90 days	5 773 118	5 027 914
91+ days	238 671 016	196 068 963
Less: Impairment	(202 356 388)	(166 776 359)
	<b>58 692 962</b>	<b>46 554 056</b>





## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
<b>14. Receivables from exchange transactions (continued)</b>		
<b>Rentals</b>		
Current (0 -30 days)	2 715 988	699 592
31 - 60 days	673 003	692 311
61 - 90 days	858 361	695 457
91+ days	54 709 483	47 712 998
Less: Impairment	(50 639 928)	(30 281 866)
	<b>8 516 807</b>	<b>19 517 492</b>
<b>Sundry</b>		
Current (0 -30 days)	2 809 091	2 779 062
31 - 60 days	1 700 878	2 829 583
61 - 90 days	2 480 463	2 177 667
91+ days	86 429 240	78 088 217
Less: Impairment	(74 133 423)	(62 114 723)
	<b>19 286 249</b>	<b>33 539 806</b>
Sundry receivables consist mainly of connection fees, escort fees, miscellaneous fees as per tariff list, pounding fees and driving fees.		
<b>Other</b>		
Current (0 -30 days)	40 516	95 193
31 - 60 days	17 606	22 593
61 - 90 days	15 836	13 873
91+ days	3 898 739	4 440 177
Less: Impairment	(3 027 738)	(2 780 030)
	<b>945 341</b>	<b>1 791 806</b>
<b>Unmetered consumption - water</b>		
Current (0 -30 days)	48 575 226	21 229 023
<b>Unmetered consumption - electricity</b>		
Current (0 -30 days)	73 215 306	81 300 537



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
<b>14. Receivables from exchange transactions (continued)</b>		
<b>Summary of receivables by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	81 091 001	79 005 751
31 - 60 days	54 501 933	54 650 684
61 - 90 days	57 123 416	39 260 011
91+ days	1 671 055 537	1 389 090 723
	<u>1 863 771 887</u>	<u>1 562 207 169</u>
Less: Allowance for impairment	(1 474 135 709)	(1 141 125 215)
	<u>389 636 178</u>	<u>421 081 954</u>
<b>Business, Industrial and commercial</b>		
Current (0 -30 days)	40 250 811	31 279 828
31 - 60 days	12 270 894	14 093 803
61 - 90 days	9 506 328	9 271 677
91+ days	349 619 113	316 362 331
	<u>411 645 744</u>	<u>371 027 637</u>
Less: Allowance for Impairment	(225 362 417)	(204 713 465)
	<u>186 283 327</u>	<u>166 314 172</u>
<b>National and provincial government</b>		
Current (0 -30 days)	6 176 835	7 893 944
31 - 60 days	2 699 845	5 808 899
61 - 90 days	1 896 057	4 685 234
91 + days	32 859 791	4 219 563
	<u>43 632 528</u>	<u>22 607 640</u>
<b>Indigents</b>		
Current (0 -30 days)	4 109	26 464
31 - 60 days	2 947	67 306
61 - 90 days	11 052	41 379
91 + days	1 424 978	2 559 767
	<u>1 442 186</u>	<u>2 714 906</u>
Less: Allowance for impairment	(1 438 516)	(2 714 906)
	<u>3 670</u>	<u>-</u>
<b>Farms and agriculture</b>		
Current (0 -30 days)	3 371 328	2 962 610
31 - 60 days	1 386 477	2 491 026
61 - 90 days	1 354 521	2 392 735
91 + days	33 542 855	44 761 283
Less: Allowance for Impairment	(29 895 793)	(36 825 715)
	<u>9 759 389</u>	<u>15 782 139</u>



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand

	2017	2016
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#### 14. Receivables from exchange transactions (continued)

##### Receivables from exchange transactions past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2017, R 37 455 693 (2016: R 27 144 495) were past due but not impaired.

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

1 month past due	2 699 845	10 814 218
2 months past due	1 898 057	3 064 512
3 months past due	32 659 791	13 265 755

##### Receivables from exchange transactions pledged as security

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

##### Credit quality of receivables from exchange transactions

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

##### Receivables from exchange transactions impaired:

As of 30 June 2017, receivables from exchange transactions of R1 532 478 770 (2016: R1 167 491 412) were impaired and provided for.

The following factors was considered in determining the impairment:

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

##### Renegotiated terms:

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

##### Fair value of receivables from exchange transactions:

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

#### 15. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand and advances	9 474	9 474
Short-term deposits	2 759 220	10 637 028
Collections account	-	873 628
Bank overdraft	(7 644 182)	(2 603 485)
	<u>(4 875 488)</u>	<u>8 916 845</u>
Current assets	2 768 894	11 520 330
Current liabilities	(7 644 182)	(2 603 485)
	<u>(4 875 488)</u>	<u>8 916 845</u>

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

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand

#### 15. Consumer debtors disclosure (continued)

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

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

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

#### Cash and cash equivalents pledged as collateral

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

#### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
ABSA - Primary cheque account Acc no (40-5370-5465)	4 451 405	(482 599)	2 187 120	(5 130 060)	(836 542)	(775 563)
ABSA Market Cheque account Acc no (40-5644-3399)	100 315	918 032	1 497 072	(2 514 123)	(1 768 943)	(793 622)
FNB Collection Cheque account - Acc no (562-3117-3409)	-	973 828	765 578	-	673 629	705 578
ABSA Savings account Acc no (91-9461-7107)	2 754 004	9 970 795	1 000	2 754 004	9 970 795	1 000
ABSA Savings account Acc no (91-0866-4115)	1 056	1 000	1 201	1 056	1 000	1 201
ABSA Savings account Acc no (91-1114-1338)	1 056	1 000	1 011	1 051	1 000	1 011
ABSA Savings account Acc no (91-0568-4238)	1 065	1 000	1 077	1 060	1 000	1 077
ABSA Savings account Acc no (91-0568-4157)	1 016	1 000	1 001	1 014	1 000	1 001
ABSA Savings account Acc no (91-2351-5656)	1 016	1 000	1 002	1 014	1 000	1 002
FNB Call account Acc no (614- 04001177)	-	5 140	5 074	-	5 140	5 074
FNB Call account Acc no (620- 0350-3019)	-	756 093	709 078	-	756 093	709 078
<b>Total</b>	<b>7 310 941</b>	<b>11 946 289</b>	<b>5 190 213</b>	<b>(4 884 881)</b>	<b>8 907 371</b>	<b>(63 351)</b>

#### 16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Integrated national electrification programme (INEP)	-	600 001
Energy efficiency and demand side management programme (EEDSM)	-	404 294
		<b>1 004 295</b>



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
<b>16. Unspent conditional grants and receipts (continued)</b>		
<b>Movement during the year</b>		
Balance at the beginning of the year	1 004 285	6 024 486
Additions during the year	504 360 505	522 142 502
Income recognition during the year	(505 354 800)	(527 162 693)
	<u>-</u>	<u>1 004 295</u>

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

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

See note 28 for reconciliation of grants from National/Provincial Government.

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand 2017 2016

#### 17. Provisions

##### Reconciliation of provisions - 2017

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

##### Reconciliation of provisions - 2016

	Opening Balance	Discounting	Change in the net discount rate	Total
Rehabilitation of landfill sites	50 144 032	(2 339 262)	1 652 668	49 457 418

##### Rehabilitation of landfill sites

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

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

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

The discount rate used for the landfill sites is based on a risk free rate which is in line with the useful life of the landfill sites.

The municipality has five active landfill sites, as per the asset register:

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

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

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

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

	30 June 2017	30 June 2016	30 June 2015
Discount rate (D)	8.78 %	8.76 %	9.08 %
Consumer price inflation (C)	6.00 %	6.58 %	6.70 %
Net discount rate ((1+D)/(1+H)-1)	3.60 %	3.02 %	2.23 %

##### Movement in the closing balance of the provision

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand

	2017		2016	
<b>17. Provisions (continued)</b>				
Henneman (Phomolong)	9 056 132	(394 951)	274 915	7 938 098
Virginia (Transfer Station)	2 050 839	(1 00 542)	99 885	2 020 282
	<b>50 144 032</b>	<b>(2 339 283)</b>	<b>1 652 689</b>	<b>49 457 418</b>

Active landfill sites - 30 June 2017	Opening balance 1 July 2016	Discounting	Movement due to change in net discount rate	Closing balance 30 June 2017
Odendaalsrus	11 372 703	(535 523)	(45 735)	10 791 445
Bronville (Weikom)	23 256 849	1 214 951	(22 488)	24 448 312
Alanridge	4 871 488	170 474	(7 411)	5 034 551
Henneman (Phomolong)	7 936 096	143 064	(18 325)	8 082 665
Virginia (Transfer Station)	2 020 282	36 427	(4 155)	2 052 554
	<b>49 457 418</b>	<b>1 029 423</b>	<b>(96 114)</b>	<b>50 390 727</b>

#### 18. Payables from exchange transactions

Accrued bonus	8 699 833	8 390 028
Accrued leave pay	67 057 184	64 977 157
Deferred income - pre paid electricity	1 600 000	1 300 000
Deposits received - halls and facilities	15 175	31 904
Eskom	1 464 169 380	957 081 689
Payments received in advance from consumer receivables	48 826 585	39 099 724
Salary control accounts	42 577 765	35 290 424
Sedibeng Water	1 986 576 057	1 552 021 591
Trade payables	233 563 226	157 607 716
	<b>3 753 085 015</b>	<b>2 815 800 231</b>

#### Fair value of trade and other payables

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

#### 19. Consumer deposits

Electricity and water	37 792 822	36 173 545
Key deposits	528 053	77 039
	<b>38 320 875</b>	<b>36 250 584</b>

Guarantees held in lieu of electricity and water deposits amounted to R 6,040,465 (2015: R 5,040,465)

Deposits are paid by consumers on application for new electricity and water connections. The deposits are repaid when the electricity and water connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account balance.

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

No interest is paid to consumers on deposits held.

The carrying value of consumer deposits approximate their fair values.



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
<b>20. Service charges</b>		
Sale of electricity	556 343 610	488 626 226
Sale of water	342 295 037	322 440 413
Sewerage and sanitation charges	148 194 731	128 256 386
Refuse removal	93 709 261	78 928 071
Less: Income foregone - indigents	(41 396 044)	(45 666 204)
Less: Municipal utilities	(44 185 337)	(28 462 310)
	<b>1 055 901 250</b>	<b>944 122 582</b>
<b>21. Rental of facilities and equipment</b>		
Premises		
Premises	12 548 473	8 790 737
Facilities and equipment		
Rental of facilities	420 980	326 540
	<b>12 969 471</b>	<b>9 117 277</b>
<b>22. Commission received</b>		
Commissions received	11 118 362	11 122 174
<b>23. Other income</b>		
Connection fees	991 399	834 970
Disconnection fees	9 600 189	15 595 105
Meter fees	1 267 474	1 505 176
Monitoring fees	625 093	942 173
Services rendered	2 388 748	2 414 601
Sundry income	3 636 771	3 619 092
Sundry services	1 666 595	1 636 145
	<b>20 474 250</b>	<b>27 147 462</b>
<b>24. Interest and dividends received</b>		
Dividend revenue		
Unlisted shares - Local	14 033	17 251
Interest revenue		
Bank and investments	2 207 220	3 230 605
Interest charged on consumer receivables	152 128 771	123 872 104
	<b>154 335 091</b>	<b>127 102 109</b>
	<b>154 350 024</b>	<b>127 119 360</b>





## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
<b>25. Property rates</b>		
<b>Rates received</b>		
Commercial	125 361 480	168 549 572
Residential	98 085 094	83 795 254
Small holdings and farms	8 733 882	8 208 120
State	58 615 116	1 179 009
Less: Income foregone - indigents	-	(276 808)
	<b>279 795 582</b>	<b>262 455 047</b>

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

#### Valuations

Commercial	5 340 388 812	4 323 778 590
Residential	12 724 813 001	12 574 878 411
Small holdings and farms	3 231 362 480	3 233 122 480
State	1 809 871 200	1 532 569 900
Exempted	119 218 000	1 271 624 102
	<b>23 225 455 593</b>	<b>22 936 073 483</b>

Valuations on land and buildings are performed every four years. The last general valuation roll came into effect on 1 July 2015, and is based on market-related values. Supplementary valuations are processed when completed by the valuer annually, to take into account changes to individual property values due to alterations and subdivisions.

The first R 75,000 of the valuation of residential property is exempted from rates.



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
<b>26. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	395 851 295	402 908 668
Extended public works program (EPWP)	1 131 000	1 072 000
Finance management grant (FMG)	1 810 000	1 675 000
Municipal systems improvement grant (MSIG)	-	930 000
Subsidies received	2 000 000	500 000
Sector education and training authority (SETA)	1 199 505	3 330 319
	<u>391 991 800</u>	<u>410 415 987</u>
<b>Capital grants</b>		
Energy efficiency and demand side management programme (EEDSM)	-	2 595 706
Municipal infrastructure grant (MIG)	113 363 000	114 651 000
	<u>113 363 000</u>	<u>117 246 706</u>
	<u>505 354 800</u>	<u>527 662 693</u>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
Conditional grants received	119 503 505	124 754 025
Unconditional grants received	385 851 295	402 908 668
	<u>505 354 800</u>	<u>527 662 693</u>
<b>Equitable Share</b>		
Current year receipts	385 851 295	402 908 668
Conditions met - transfer to revenue	(385 851 295)	(402 908 668)
	<u>-</u>	<u>-</u>
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
<b>Municipal infrastructure grant (MIG)</b>		
Current-year receipts	113 363 000	114 651 000
Conditions met - transferred to revenue	(113 363 000)	(114 651 000)
	<u>-</u>	<u>-</u>
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.		
<b>Finance Management Grant (FMG)</b>		
Current-year receipts	1 810 000	1 675 000
Conditions met - transferred to revenue	(1 810 000)	(1 675 000)
	<u>-</u>	<u>-</u>
The purpose of this grant is to promote and support reforms to financial management and the implementation of the MFMA.		
<b>Municipal systems improvement grant (MSIG)</b>		
Current-year receipts	-	930 000
Conditions met - transferred to revenue	-	(930 000)



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand

	2017	2016
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#### 26. Government grants and subsidies (continued)

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

##### Integrated national electrification program (INEP)

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

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

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

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

##### Energy efficiency and demand side management programme (EEDSM)

Balance unspent at beginning of year	404 284	1 936 848
Current-year receipts	-	3 000 000
Conditions met - transferred to revenue	-	(2 595 708)
Grant withheld by National Treasury through equitable share	(404 284)	(1 936 848)
	-	404 284

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

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

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

##### Expanded public works programme (EPWP)

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

The purpose of this grant is to subsidise municipalities to expand on work creation efforts through the use of labour intensive delivery methods in identified focus areas.

##### Sector education and training authority (SETA)

Balance unspent at beginning of year	-	2 324 617
Current-year receipts	1 199 506	1 005 502
Conditions met - transferred to revenue	(1 199 506)	(3 330 319)



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand

	2017	2016
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#### 26. Government grants and subsidies (continued)

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

#### Integrated National Electrification Programme (INEP)

Current-year receipts	-	8 900 000
Conditions met - transferred to revenue	-	(8 900 000)
	•	•

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

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

#### Subsidies

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

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

#### Changes in level of government grants

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

#### 27. Licences and permits

Licences and permits	79 752	67 371
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#### 28. Donations received

Infrastructure & investment property	208 300 121	40 887 463
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The infrastructure of the township Thandanani 2010 was donated to the Municipality by the Department of Human Settlement during the prior financial year.

During the current financial year two properties, Merriespruit and Masimong were donated by the Department of Human Settlement and Harmony Gold Mine to the municipality.



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
<b>29. Employee related costs</b>		
Basic salaries	357 793 738	342 152 812
Bonuses	25 216 210	23 495 894
Pension	52 280 431	47 253 894
Other long term employee benefits	1 910 088	2 294 440
Employee benefits - medical aid	29 231 458	21 499 080
Group life insurance	1 552 782	1 353 647
Housing allowances	3 664 008	3 676 556
Leave pay provision charge	11 958 388	17 771 803
Medical aid	37 359 426	29 655 910
Other allowances	25 543 083	19 590 254
Overtime payments	67 307 940	63 497 852
Transport allowance	31 489 024	30 659 860
UIF	3 661 965	3 440 683
SDL	5 665 170	5 200 263
	<b>654 633 722</b>	<b>611 810 848</b>
<b>Remuneration of Municipal Manager - Lepheane MF</b>		
Annual Remuneration	1 769 030	1 745 493
Leave pay	407 050	-
Contributions to UIF, Medical and Pension Funds	69 880	43 648
	<b>2 245 740</b>	<b>1 789 339</b>
The Municipal Manager was placed on special leave as per the council resolution number (5/2/2)(5/1/2/1) dated 14 February 2017.		
<b>Remuneration of Municipal Manager - Tsoaeli TE</b>		
Annual Remuneration	1 106 985	1 005 997
Car Allowance	363 894	363 894
Contributions to UIF, Medical and Pension Funds	206 285	182 864
	<b>1 677 164</b>	<b>1 552 755</b>
The Chief Financial Officer (Mr Tsoaeli) has been acting as Municipal Manager as from 15 February 2017.		
<b>Remuneration of Chief Financial Officer - Williams LB</b>		
Annual Remuneration	693 101	-
Car Allowance	187 142	-
Contributions to UIF, Medical and Pension Funds	126 815	-
	<b>1 007 158</b>	<b>-</b>
Manager Budget (Williams LB) has been acting as the Chief Financial Officer as from 14 February 2017.		
<b>Remuneration of Director Infrastructure - Maswanganyi HB ( Tihahane)</b>		
Annual Remuneration	946 649	-
Car Allowance	240 000	-
Contributions to UIF, Medical and Pension Funds	42 879	-
	<b>1 229 528</b>	<b>-</b>
<b>Remuneration of Director Corporate Support Services - Welas FF</b>		



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand

#### 29. Employee related costs (continued)

Annual Remuneration	1 219 790	994 699
Contributions to UIF, Medical and Pension Funds	60 991	25 011
	<b>1 280 781</b>	<b>1 019 710</b>

#### Remuneration of Director Community Services - Mogopodi MRE

Annual Remuneration	645 354	609 448
Car Allowance	83 803	143 319
Contributions to UIF, Medical and Pension Funds	113 389	171 094
	<b>1 042 346</b>	<b>1 393 859</b>

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

#### Remuneration Director Community Services - Atolo MT

Annual Remuneration	647 459	-
Car Allowance & Housing Subsidy	216 769	-
Contributions to UIF, Medical and Pension Funds	140 899	-
	<b>1 005 126</b>	<b>-</b>

#### Remuneration Director Strategic Support Services - Makofane TB

Annual Remuneration	1 189 349	1 156 318
Contributions to UIF, Medical and Pension Funds	37 203	24 913
	<b>1 226 552</b>	<b>1 181 231</b>

#### Remuneration Director Local Economic Development & Planning - Msweli XF

Annual Remuneration	609 188	1 152 104
Car Allowance	77 000	132 000
Contributions to UIF, Medical and Pension Funds	38 919	47 731
	<b>1 085 107</b>	<b>1 331 835</b>

The Director Local Economic Development & Planning(Msweli XF) has left the services of the municipality as at 29 February 2017.

#### Remuneration Director Local Development & Planning - Mothakhe MMG

Annual Remuneration	639 186	-
Car Allowance	213 264	-
Contributions to UIF, Medical and Pension Funds	158 823	-
	<b>1 011 073</b>	<b>-</b>

#### 30. Remuneration of councillors

Executive Mayor	1 060 798	964 775
Councillors	27 740 202	28 225 867
	<b>28 791 000</b>	<b>27 190 642</b>



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand 2017 2016

#### 30. Remuneration of councillors (continued)

##### In-kind benefits

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

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

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

##### Details of remuneration for the year ended 30 June 2017

Name of councillor	Annual remuneration	Car allowance	Contributions to UIF, medical and pension funds	30 June 2017 Total
Badenhorst MJ	240 075	72 250	2 265	314 590
Badenhorst HS	216 422	64 462	-	280 884
Banyane ME	24 026	7 502	2 265	33 793
Beneke R	24 026	7 502	2 265	33 793
Botha PF	213 672	72 250	28 489	314 412
Chaka CP	26 140	7 502	2 265	35 907
Chaka MS	267 547	-	13 248	280 795
Claassen Mahorbe C	216 422	64 462	-	280 884
Dali VN	22 777	7 502	3 518	33 797
Daly A	216 422	64 462	-	280 884
De Villiers MT	24 026	7 502	2 265	33 793
Direko DR	15 971	4 076	-	20 047
Direko DR	484 989	144 049	8 640	637 658
Fanie DS	24 026	7 502	2 265	33 793
Fourta JJC	24 026	7 502	2 265	33 793
Jacobs EJ	206 297	64 462	9 935	280 684
Kabi M	36 901	11 578	4 858	53 437
Kabi ME	427 450	144 048	28 973	600 471
Khalipa TD	442 314	144 049	14 400	600 763
Khalipa TD	35 866	11 578	4 858	52 402
Khetsi LE	206 297	64 462	9 935	280 684
Kholhule MJ	206 297	64 462	9 935	280 684
Kodera SC	22 777	7 502	3 518	33 797
Lellhake TW	208 759	64 462	7 513	280 734
Liphoko SJ	216 422	64 462	-	280 884
Lushaba TB	15 971	4 076	-	20 047
Lushaba TB	490 332	144 049	12 281	646 662
Maboto TL	24 026	7 502	2 265	33 793
Machigwane TM	207 523	64 462	8 724	280 709
Mafa DM	216 865	72 250	28 489	317 604
Mafaisa MG	198 180	64 462	18 074	280 696
Mafongosi ZV	24 026	7 502	2 265	33 793
Mahlumba BH	262 754	69 580	18 403	348 737
Makgowe PV	23 812	7 502	3 518	34 832
Malsfano DE	24 026	7 502	2 265	33 793
Manenye AJ	206 297	64 462	9 935	280 684
Manese SD	384 219	123 487	7 200	514 906
Manzana NR	202 274	64 462	13 865	280 691
Marais JS	242 384	72 250	-	314 634
Masiemane MD	54 458	17 423	6 513	78 394
Masiemane MD	15 317	5 028	1 440	21 785
Masiemane MD	464 284	88 877	40 207	593 368
Masina XN	244 988	64 462	7 513	316 963



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand			2017	2016
<b>30. Remuneration of councillors (continued)</b>				
Mawela VE	142 739	45 109	2 600	190 720
Mbambo AX	22 777	7 502	3 518	33 797
Mbana AM	14 531	4 076	1 440	20 047
Mbana AM	51 855	18 667	8 689	77 411
Mbana AM	223 345	72 456	7 200	303 043
Meli TS	215 840	72 250	27 378	315 468
Menyalso KJ	53 104	18 667	5 637	77 408
Mfebe MSE	51 855	18 667	8 689	77 411
Mholo PP	26 140	7 502	2 265	35 907
Mlangeni MG	24 026	7 502	2 265	33 793
Moipalle KV	186 180	64 462	18 074	280 696
Mokhomu HA	281 109	77 367	28 561	388 037
Mokotedi TG	24 026	7 502	2 265	33 793
Molefi M	260 500	-	21 386	281 686
Molelekwa PM	233 249	72 250	12 201	317 700
Molelekwa PA	23 812	7 502	3 518	34 832
Moloto TN	24 026	7 502	2 265	33 793
Molaja NJ	192 707	64 462	23 532	280 701
Molupe RT	22 777	7 502	3 518	33 797
Monjawa NE	214 707	72 250	28 490	315 447
Morris VR	37 991	11 578	4 658	54 517
Morris VR	442 314	144 049	14 400	600 763
Mosala MS	24 026	7 502	2 265	33 793
Moshoeu ZS	206 287	64 462	9 635	280 684
Mosia TJ	208 602	64 462	9 724	281 788
Mothega MA	25 081	7 502	2 265	34 629
Motshabi MP	53 104	18 667	5 637	77 408
Mphikeleli MA	291 796	77 367	13 272	392 435
Mphebere NA	216 422	64 462	-	280 684
Naude HJ	18 127	5 789	2 265	26 181
Ngangelawe S	70 786	24 690	8 768	104 444
Ngesi TM	106 254	30 278	-	136 532
Nkanka BB	192 707	64 462	23 532	280 701
Nceoba ME	83 283	27 844	-	121 107
Nceoba ME	24 026	7 502	2 265	33 793
Nlitako TD	220 930	52 864	8 724	282 538
Ntshale KI	24 026	7 502	2 265	33 793
Ntshabeng MH	191 267	64 462	24 672	280 701
Ntshabeng MH	51 855	18 667	8 689	77 411
Ntshuli BN	206 287	64 462	9 636	280 685
Peteki KI	22 777	7 502	3 518	33 797
Phatlisa ME	24 891	7 502	3 518	35 911
Phofeli NM	210 682	64 462	5 760	280 684
Pholo SJ	200 089	64 462	17 677	282 528
Pina NJ	24 026	7 502	2 265	33 793
Poo IP	250 558	4 076	28 114	280 748
Presenta LN	216 422	64 462	-	280 684
Qwesha GL	22 777	7 502	3 517	33 796
Radebe MC	36 901	11 578	4 658	53 437
Radebe ML	14 531	4 076	1 440	20 047
Radebe MC	419 819	144 049	37 716	601 584
Radebe ML	448 200	144 049	12 660	605 209
Radebe ML	51 855	18 667	8 689	77 411
Rakaki MM	206 287	64 462	9 635	280 684
Ramabobo BM	175 226	51 713	-	226 639
Ramalefane SJ	254 697	-	28 114	280 611
Ramatlala	257 114	-	23 695	280 809
Riet Ml	25 081	7 502	2 265	34 629
Rubulana L	53 104	18 667	5 637	77 408





## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand			2017	2016
<b>30. Remuneration of councillors (continued)</b>				
Schiebusch CJ	189 806	64 462	28 576	290 644
Sebotsa MM	220 540	41 305	18 681	280 726
Senxezi ME	207 792	64 462	9 640	280 884
Sephiri MJ	15 317	5 028	1 440	21 785
Sephiri MJ	424 957	141 681	37 716	504 354
Sephiri MJ	51 855	18 667	8 669	77 411
Sifatsa Z	24 026	7 502	2 265	33 793
Sithole MA	206 297	64 462	9 635	280 884
Speelman NW	24 026	7 502	2 265	33 793
Speelman NW	740 756	205 588	-	946 354
Stoffie B	543 636	164 362	44 913	712 831
Snyger A	240 075	72 250	2 265	314 590
Talwe FE	59 720	18 667	5 637	84 024
Taljaard SDM	222 986	72 250	18 358	314 594
Thatang MJ	25 081	7 502	2 265	34 828
Theingoane TJ	229 940	72 250	12 201	314 391
Theingoane NE	186 924	64 462	18 313	280 699
Tlaka KR	225 101	72 250	19 358	316 709
Tlhono ML	42 073	9 526	4 320	54 919
Tlhono ML	63 900	5 184	8 246	77 330
Tsatsa SJ	213 672	72 250	28 490	314 412
Tshabangu SE	216 422	64 462	-	280 884
Tshopo ME	15 971	4 076	-	20 047
Tshopo ME	450 954	144 049	5 760	600 763
Tsoaeli ME	207 753	64 462	9 635	282 150
Tsubane ME	23 812	7 502	3 518	34 832
Tsubella KS	39 249	3 758	2 642	35 649
Tsupa MR	200 505	64 462	17 973	282 940
Twala MJ	53 104	18 667	5 637	77 408
Van Rooyen MS	240 075	72 250	2 265	314 590
Van Rooyen KV	25 081	7 502	2 265	34 828
Van Schalkwyk HCT	229 940	72 250	12 201	314 391
Vanga NM	22 777	7 502	3 517	33 796
Madumise MMI (Court Order)	23 875	-	-	23 875
	<b>21 180 734</b>	<b>6 102 767</b>	<b>1 248 130</b>	<b>28 531 631</b>

#### Details of remuneration for the year ended 30 June 2016

Name of councillor	Annual remuneration	Car allowance	Contributions to UIF, medical and pension funds	30 June 2016 Total
Badenhorst MJ	202 885	69 471	26 415	298 751
Banyane ME	202 885	69 471	26 415	298 751
Beneke R	202 885	69 471	26 415	298 751
Botha PF	187 839	69 471	41 441	298 751
Chaka CP	202 885	69 471	26 415	298 751
Dali VN	187 839	69 471	41 441	298 751
De Villiers MT	202 885	69 471	26 415	298 751
Fanie DS	202 885	69 471	26 415	298 751
Fourie JJC	202 885	69 471	26 415	298 751
Kabi M	187 839	69 471	41 441	298 751
Khalifa TD	187 839	69 471	41 441	298 751
Koekera GC	187 839	69 471	41 441	298 751
Mabote TL	202 885	69 471	26 415	298 751
Madumise MM	202 885	69 471	26 415	298 751
Mafa DM	187 839	69 471	41 441	298 751
Mafongosi ZF	202 885	69 471	26 415	298 751



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
<b>30. Remuneration of councillors (continued)</b>		
Makgowe PV	167 839	69 471
Malefane DE	202 885	69 471
Marais JG	229 290	69 471
Masienyane MD	428 381	161 335
Mbambo AX	187 839	69 471
Mbana AM	458 540	172 858
Meli TS	187 839	69 471
Menyatsa KJ	461 044	172 858
Mfebe SE	458 540	172 858
Mhala PP	202 885	69 471
Mlangeni MG	202 885	69 471
Mokhomo HA	187 839	69 471
Mokotedi TG	202 885	69 471
Molelekoa PMI	202 885	69 471
Molalekoa PA	187 839	69 471
Moletshe TN	202 885	69 471
Molupe RT	187 839	69 471
Monjaro NE	187 839	69 471
Morris VR	167 839	69 471
Mosala MS	202 885	69 471
Mothege MA	202 885	69 471
Motshabi MP	473 566	172 858
Mphikeleli MA	202 885	69 471
Naude HJ	202 885	69 471
Ngangalawe S	830 392	230 478
Ngeobo ME	151 957	52 103
Nilele KI	202 885	69 471
Ntsebeng MH	458 540	172 858
Pelleki KI	187 839	69 471
Phetsoe ME	187 839	69 471
Pina NJ	202 885	69 471
Qwasha OL	187 839	69 471
Radebe MC	167 839	69 471
Radebe ML	458 540	172 858
Riet Ml	202 885	69 471
Rubulana L	473 566	172 858
Sephiri MJ	458 540	172 858
Sifatsa Z	202 885	69 471
Speelman NW	202 885	69 471
Stofie B	488 720	184 382
Styger A	202 885	69 471
Talheh FE	473 566	172 858
Taljaard SDM	187 839	69 471
Thateng MJ	202 885	69 471
Theingoana TJ	202 885	69 471
Tlake KR	167 839	69 471
Tlhono ML	567 700	48 000
Tsatsa SJ	167 839	69 471
Tsubane ME	167 839	69 471
Tsubella KS	233 270	34 800
Twala MJ	473 566	172 858
Van Rooyen MS	202 885	69 471
Van Rooyen KV	202 885	69 471
Van Schalkwyk HCT	202 885	69 471
Vanga NM	167 839	69 471
	<b>17 986 800</b>	<b>6 260 583</b>
	<b>2 930 384</b>	<b>27 177 767</b>



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
<b>31. Depreciation and amortisation</b>		
Property, plant and equipment	210 591 424	207 909 516
<b>32. Finance costs</b>		
Bank	260 185	114 537
Employee benefits	37 877 201	30 912 050
Trade and other payables	198 393 985	90 686 741
Provisions	1 029 424	(2 339 282)
	<u>225 560 705</u>	<u>119 574 046</u>
<b>33. Debt Impairment</b>		
Contributions to bad debt provision	350 487 480	842 251 730
<b>Reconciliation of allowance for impairment</b>		
Balance at the beginning of the year	(1 379 340 642)	(903 419 595)
Contribution to allowance	(350 487 460)	(648 290 390)
VAT provision on impairment	(189 379 045)	-
Prior period error	-	6 038 660
Debt impairment written off against allowance	188 374 711	166 338 683
	<u>(1 730 832 436)</u>	<u>(1 379 340 642)</u>
<b>Prior Period error on Impairment</b>		
The prior year impairment was overstated with Matjhabeng accounts amounting to R6 038 660		
<b>34. Bulk purchases</b>		
Electricity	424 770 185	403 197 539
Water	458 651 899	451 755 625
	<u>893 422 074</u>	<u>854 953 164</u>
<b>35. Contracted services</b>		
Legal services	19 103 568	18 258 434
Meter reading services	14 118 945	13 567 502
Professional services	59 713 281	30 517 964
Security services	51 485 946	42 812 969
Valuation services	13 061 737	5 303 660
	<u>167 483 478</u>	<u>110 460 829</u>



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
<b>36. General expenses</b>		
Advertising	4 698 442	5 745 504
Audit fees	7 161 583	7 195 542
Bank charges	3 273 312	2 965 664
Cleaning	806 057	1 159 716
Community development and training	8 765 464	2 940 345
Conferences and seminars	241 973	32 500
Connection and disconnection of meters	11 178 089	6 251 903
Entertainment	1 507 566	1 232 734
Insurance	27 480 548	34 327 170
License fees	5 939 030	5 038 910
Marketing	130 500	25 500
Medical expenses	156 450	470
Motor vehicle expenses	61 320 766	33 903 909
Operating cost of equipment	15 022 073	11 829 513
Pest control	240 719	40 552
Printing and stationery	2 706 756	2 414 032
Subscriptions and membership fees	9 662 085	9 369 748
Subsistence and travel	4 561 985	3 158 368
Sundry expenses	8 468 794	3 574 219
Telephone and fax	11 283 840	13 516 470
Training	2 626 631	2 165 232
Uniforms	12 772 285	9 673 251
Expired traffic fines	9 797 847	-
Assets expensed	1 105 828	963 171
Chemicals	88 900	-
Other expenses	39 000	-
	<b>200 456 183</b>	<b>157 826 421</b>
<b>37. Fair value adjustments</b>		
Investment property (Fair value model)	-	38 331 907
Other financial assets		
• Other financial assets (Designated as at FV through P&L)	1 908	(8 217)
	<b>1 608</b>	<b>38 323 690</b>
<b>38. Auditors' remuneration</b>		
Fees	7 161 583	7 195 542



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
<b>39. Cash generated from operations</b>		
Deficit	(550 278 708)	(793 381 806)
<b>Adjustments for:</b>		
Depreciation and amortisation	210 591 424	207 908 516
Loss on sale of assets and liabilities	-	(16 098)
Fair value adjustments	(1 606)	(38 323 690)
Impairment deficit	-	255 832
Debt impairment	350 487 460	642 251 730
Movements in retirement benefit assets and liabilities	23 436 725	17 489 056
Movements in provisions	1 029 424	(2 339 282)
Actuarial gain / (loss)	(6 285 561)	20 629 627
Donations received	(209 300 121)	(40 887 463)
Interest received - receivables	(152 129 771)	(123 972 104)
Finance cost - Employee benefit obligation	37 877 201	30 912 050
Finance cost - Trade and other payables	186 393 885	90 886 741
<b>Changes in working capital:</b>		
Inventories	2 327 865	359 017
Other receivables	4 484 771	(5 604 155)
Consumer debtors	(220 153 694)	(333 132 508)
Other receivables from non-exchange transactions	(4 945 256)	(19 628 538)
Payables from exchange transactions	750 890 695	490 744 668
VAT	(268 590 401)	(44 124 955)
Unspent conditional grants and receipts	(1 004 295)	(5 020 190)
Consumer deposits	2 070 291	957 468
	<b>156 901 626</b>	<b>96 076 114</b>

### 40. Financial instruments disclosure

#### Categories of financial instruments

2017

#### Financial assets

	At fair value	At cost	Total
Other receivables	-	22 594 283	22 594 283
Receivables from non-exchange transactions	-	123 606 074	123 606 074
Receivables from exchange transactions	-	620 351 206	620 351 206
Cash and cash equivalents	-	2 768 694	2 768 694
Other financial assets	332 598	-	332 598
Receivables from non-exchange transactions (non-current)	-	27 871	27 871
Receivables from exchange transactions (non-current)	-	276 186	276 186
	<b>332 598</b>	<b>777 624 384</b>	<b>777 956 982</b>

#### Financial liabilities

	At cost	Total
Payables from exchange transactions	3 753 085 015	3 753 085 015
Consumer deposits	38 320 975	38 320 975
Bank overdraft	7 644 182	7 644 182
	<b>3 799 050 072</b>	<b>3 799 050 072</b>

2016

#### Financial assets



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand

#### Financial instruments disclosure (continued)

	At fair value	At cost	Total
Other receivables	-	27 059 034	27 059 034
Receivables from non-exchange transactions	-	131 261 067	131 261 067
Receivables from exchange transactions	-	589 688 720	589 688 720
Cash and cash equivalents	-	11 520 330	11 520 330
Other financial assets	330 990	-	330 990
Receivables from non-exchange transactions (non current)	-	511 134	511 134
Receivables from exchange transactions (non current)	-	4 060 248	4 060 248
	<b>330 990</b>	<b>764 100 531</b>	<b>764 431 521</b>

#### Financial liabilities

	At cost	Total
Payables from exchange transactions	2 915 600 231	2 915 600 231
Consumer deposits	36 250 584	36 250 584
Unspent conditional grant and receipts	1 004 295	1 004 295
Cash and cash equivalents ( Bank overdraft)	2 603 485	2 603 485
	<b>2 855 658 595</b>	<b>2 855 658 595</b>

#### 41. Commitments

##### Authorised capital expenditure

##### Already contracted for but not provided for

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

##### Total capital commitments

Already contracted for but not provided for	77 144 143	122 767 364
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This committed expenditure relates to infrastructure projects and will be financed by available bank facilities, funds internally generated and grants received. The comparative figure was restated during the current financial year.

##### Operating leases - as lessee (expense)

##### Minimum lease payments due

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

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

- Buildings

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



## Matjhabeng Local Municipality

(Registration number F5 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand 2017      2016

#### 42. Contingencies

##### Contingent liabilities

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

Nature of litigation	Possible rand value of claim - 2017	Possible rand value of claim - 2016	Number of litigations - 2017	Number of litigations - 2016
Civil litigation	42 411 478	52 018 061	14	28
Claims for services rendered	3 482 813	397 813	4	6
Conveyancing	-	80 000	1	3
Demoition order	-	-	-	4
Eviction notice	60 000	60 000	6	5
High Court application	-	-	-	1
Interdict application	-	-	2	2
Investigation	-	-	-	1
Labour related matter	5 892 934	2 597 279	11	8
Legal opinion	-	-	3	2
Motion proceedings	162 699	-	2	1
Public liability claim	849 134	487 444	5	4
	<b>52 859 048</b>	<b>55 638 617</b>	<b>48</b>	<b>65</b>

##### Prior period error:

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

##### Contingent assets

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

Nature of litigation	Possible rand value of claim - 2017	Possible rand value of claim - 2016	Number of litigations - 2017	Number of litigations - 2016
Civil litigation	314 782	91 619	1	1
High Court application	-	-	-	1
Labour related matter	298 414	28 666	2	5
Legal opinion	10 343 637	-	1	2
	<b>10 956 833</b>	<b>118 285</b>	<b>4</b>	<b>9</b>

##### Prior period error:

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand

	2017	2016
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#### 43. Related parties

##### Relationships

Members of key management

Refer to note 29

Members of Council

Refer to note 30

##### Related party balances

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

##### Related party transactions

##### Purchases from (sales to) related parties

MBV Security

14 271 987

8 075 282

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

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

#### 44. Prior period error and change in accounting policy

Prior year figures were restated due to prior period errors. The nature of the prior period errors were due to the following:

- VAT was restated due errors that were identified in payables and expenditure in the 2016 financial year;
- Investment property was restated due to the incorrect classification as property plant and equipment;
- Payables and contracted service were restated due to legal cases that were finalised in the current financial year for services rendered in the prior years;
- Finance cost and general expenditure were restated due to legal matters that were finalised in the current financial year;
- PPE and depreciation were restated due to recognition of newly found assets;
- Fruitless and wasteful expenditure was restated due to the restatement to payables;
- The disclosure amount on employee benefits was restated due to a typing error in the previous year;
- Commitments was restated due to the restatement of payables;
- Contingencies was restated due to duplications in the 2016 contingency register used to compile the financial statements

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

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

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

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





## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand 2017 2016

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

	Original audited 2016 figures	Prior period errors	Restated 2016 figures
<b>Statement of Financial Position</b>			
Receivables from non-exchange transactions	123 700 990	7 560 076	131 261 066
Receivables from exchange transactions	591 257 675	(1 566 958)	589 690 719
VAT receivable	141 534 807	41 089 128	182 623 935
Investment property - Cost	730 814 229	1 872 175	732 686 404
Property, plant and equipment	4 517 976 923	9 780 834	4 527 767 757
Payables from exchange transactions	(2 692 812 194)	(122 988 042)	(2 815 800 236)
<b>Statement of Financial Performance</b>			
Service charges	945 308 825	(1 186 243)	944 122 582
Depreciation	(206 318 233)	(1 593 293)	(207 909 516)
Finance costs	(119 480 326)	(93 720)	(119 574 046)
Repairs and maintenance	(39 804 219)	35 754	(39 768 465)
Bulk purchases	(810 072 732)	(44 880 433)	(854 953 165)
Contracted services	(106 421 922)	(4 038 908)	(110 460 830)
General expenses	(160 783 881)	2 937 439	(157 846 442)
Debt impairment	(648 290 390)	8 036 680	(640 253 710)
Fair value adjustment	38 205 550	118 140	38 323 690
Total	2 304 637 122	(107 107 379)	2 197 529 743
Accumulated surplus	(2 976 633 196)	64 444 486	(2 912 188 710)
	-	(42 662 893)	-

#### Notes to the Financial Statements

	Original audited 2016 figures	Prior period errors	Restated 2016 figures
Fruitless and wasteful expenditure	165 002 646	93 720	165 096 366
Employee benefits	49 642 382	6 549 026	56 191 408
Commitments	119 311 853	3 455 511	122 767 364
Contingent liabilities	75 944 280	(20 305 663)	55 638 617
Contingent assets	433 067	(551 352)	118 285
Irregular expenditure	305 669 956	3 818 622	309 488 577
	-	(6 940 136)	-

#### 45. Comparative figures

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

#### 46. Risk management

##### Financial risk management

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand 2017      2016

#### 46. Risk management (continued)

##### Liquidity risk

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

At 30 June 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	3 753 085 015	-	-	-
Consumer deposits	38 320 875	-	-	-
Bank overdraft	7 544 182	-	-	-

At 30 June 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	2 815 800 231	-	-	-
Consumer deposits	36 250 584	-	-	-
Unspent conditional grants and receipts	1 004 295	-	-	-
Bank overdraft	2 803 485	-	-	-

##### Credit risk

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

Receivables comprise of a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

Financial instrument	2017	2016
Other financial assets	332 588	330 890
Other receivables	22 594 283	27 059 034
Receivables from non-exchange transactions	-	123 700 890
Receivables from exchange transactions	628 351 286	591 257 675
Cash and cash equivalents	2 768 884	11 520 330
Receivables from non exchange transactions (non current)	27 871	511 134
Receivables from exchange transactions (non current)	276 196	4 000 246

##### Market risk

###### Interest rate risk

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

#### 47. Going concern

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

The municipality had a deficit of R 550 278 707, (2016: R 793 381 603) for the year. The current liabilities exceeds the current assets by R2 576 323 820, (2016: R1 915 613 789).



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand

	2017	2016
--	------	------

#### 47. Going concern (continued)

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

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

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

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

#### 48. Events after the reporting date

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

Council certified an amount of R413 701 258 incurred during 2016/2017 financial year as irrecoverable and to be written off as irregular expenditure

Council certified an amount of R157 129 450 incurred during 2016/2017 financial year as irrecoverable and to be written off as Fruitless and Wasteful expenditure.

#### 49. Unauthorised expenditure

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

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

#### 50. Fruitless and wasteful expenditure

Opening balance	165 096 365	504 645 763
Fruitless and wasteful expenditure	186 771 314	149 978 569
Prior period error adjustment 2016 figures	-	83 720
Amounts written off by the council	(157 128 450)	(489 621 687)
	<b>194 739 229</b>	<b>165 096 365</b>

#### Detail of fruitless and wasteful expenditure

Eskom	182 169 895	113 453 819
Other avoidable expenditure and losses	-	4 902 271
Other creditors	243 124	1 020 469
Late contribution on pension funds	504 904	270 420
SARS VAT	2 954 548	4 531 702
Interest and penalties - Compensation commission	898 743	824 913
Material losses - avoidable water losses	-	25 080 695
	<b>186 771 314</b>	<b>150 072 289</b>

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

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



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand

	2017	2016
--	------	------

#### 50. Fruitless and wasteful expenditure (continued)

Fruitless and wasteful expenditure amounting to R157,128,460 was certified by Council to be irrecoverable and to be written-off.

#### 51. Irregular expenditure

Opening balance	429 171 360	939 053 077
Add: Irregular Expenditure - prior year	-	3 818 622
Irregular expenditure current year	323 171 276	305 669 855
Less: Amounts written off by council	(413 701 258)	(319 370 294)
	<u>338 641 378</u>	<u>429 171 360</u>

#### Analysis of expenditure awaiting write off per age classification

Current year	323 171 276	308 488 577
Prior years	15 470 102	118 682 783
	<u>338 641 378</u>	<u>429 171 360</u>

#### Details of irregular expenditure - 30 June 2017

	Disciplinary steps taken/criminal proceedings	
Non compliance with MFMA and SCM regulations	None	318 720 464
Non compliance with Office bears Act	None	4 450 612
		<u>323 171 276</u>

Irregular expenditure amounting to R425,352,739 was investigated during the financial period by Section 32 Committee in order to comply with Section 32(2) and (4) of the MFMA.

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

Irregular expenditure amounting to R413,701,258 was certified by council to be irrecoverable and to be written-off.

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

Detailed particulars of irregular expenditure is contained in the register maintained in terms of the requirements of MFMA Circular No.68

#### 52. Additional disclosure in terms of Municipal Finance Management Act

##### Contributions to organised local government

Opening balance	5 792 808	6 268 599
Current year subscription / fee	7 437 331	5 792 609
Amount paid - current year	(5 852 808)	(6 268 599)
	<u>7 377 331</u>	<u>5 792 609</u>

Being the subscription fee to the South African Local Government Association (SALGA).



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand

	2017	2016
--	------	------

#### 52. Additional disclosure in terms of Municipal Finance Management Act (continued)

##### Material losses

Distribution losses - Electricity	74 080 387	75 434 884
Distribution losses - Water	299 865 900	205 292 597
	<u>373 946 195</u>	<u>280 727 281</u>

##### Electricity losses

An average of 13.25% (2016: 19.70%) of bulk electricity purchased during the year were loss due to distribution losses incurred during the year.

##### Water losses

An average of 51.30% (2016: 50.45%) of bulk water purchased during the year were loss due to distribution losses incurred during the year.

##### Audit fees

Opening balance	1 527 162	3 359 918
Current year audit fees	8 187 005	8 174 985
Interest charged	81 805	167 470
Amount paid - current year	(8 957 312)	(8 355 653)
Amount paid - previous years	(1 527 163)	(1 319 558)
Audit fees paid by Treasury	-	(500 000)
	<u>1 311 497</u>	<u>1 527 162</u>

##### PAYE, UIF and SDL

Opening balance	7 829 528	6 516 447
Current year payroll deductions and council contributions	104 711 328	85 579 624
Amount paid - current year	(98 046 411)	(77 749 896)
Amount paid - previous years	(7 829 528)	(6 516 447)
	<u>8 664 918</u>	<u>7 829 628</u>

##### Pension and Medical Aid Deductions

Opening balance	12 410 250	11 280 871
Current year payroll deductions and council contributions	154 224 320	138 128 272
Amount paid - current year	(140 862 372)	(125 718 014)
Amount paid - previous years	(12 410 250)	(11 280 871)
	<u>13 241 948</u>	<u>12 410 250</u>

##### VAT

VAT receivable	451 214 336	192 623 935
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VAT output payables and VAT input receivables are shown in note 13.



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand 2017 2016

#### 52. Additional disclosure in terms of Municipal Finance Management Act (continued)

##### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2017:

30 June 2017	Outstanding more than 90 days R
Badenhorst MJM	4 555
Chaka CP	23 747
Khathule MJ	132 480
Mafisa MG	34 032
Mahlumba BH	11 691
Manenye AJ	58 033
Meli TS	21 555
Molelekoa PMI	6 053
Mhebere NA	22 281
Ngesi TM	194 816
Nhako TD	605
Phalo SJ	50 361
Ramatisa PT	18 038
Schlebusch CJ	9 212
Tihone ML	23 866
Tshabangu SE	1 016
	<hr/>
	612 351
	<hr/>
30 June 2016	Outstanding more than 90 days R
Banyane ME	6 254
Kockera SC	174 066
Mabote TL	16 661
Madumise MM	15 357
Mangeni MG	3 337
Molelekoa PA	72
Molelekoa PMI	4 004
Nillele KI	17 241
Phetse ME	7 218
Owasha GL	4 823
Riefe MI	8 919
Tihone ML	19 524
Tsubane ME	57 564
Twala MJ	97 021
	<hr/>
	432 281
	<hr/>



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
-----------------	------	------

#### 52. Additional disclosure in terms of Municipal Finance Management Act (continued)

##### Fraud investigations

The municipality conducted the following fraud investigation for the prior financial year:

- Case number: 527/05/2016
- Case number: 451/02/2016

As at 30 June 2017 these cases were still under investigation:

##### Case number: 451/02/2016 - Fraud by service provider

The service provider Tiro Ya Nnete Trading and projects was given official orders no. 0001047515 and 0001047593 on the 6th and 18th November 2015 for the supply and delivery of tar for an amount of R154 080.58 respectively, however the services were never rendered to the municipality despite having received payment on the 11th of November 2015 for order no. 0001047515. After a thorough investigation it was found that the service provider forged the signature of Mr. Ewan Ekoff on the invoice he submitted at Supply Chain in order to receive payment fraudulently. He later came clear with his actions admitting to the fraud he had committed. The case was reported to Mr. Bokvel Pieterse to investigate and open a criminal case where necessary. It was recommended that all orders issued to this service provider be cancelled and any fraudulent payment done to be recovered from him. The Department of Public Safety and Transport would investigate the matter and open possible criminal cases. It was also recommended that the supplier be permanently removed from the Service Providers database of Matjhabeng.

##### Case number: 527/05/2016 - Banking details amendments

On the 13th of May 2016 payments were made to suppliers - Circle Tooling, Free State Sun and Riemisa Trading for a total of R787 779.91. Contrary to the normal payment process, the final payment report pulls through different banking details although the payments were captured correctly on the system (Solar). After a thorough investigation it was found that there is no audit trail on cash focus to indicate that the banking details were changed or amended on ABSA cash focus. Correct banking details also appear on the IF80 report derived from Solar. It was therefore concluded that the changes could have occurred on the Z drive. Therefore it seems the payments were directed to the incorrect payees. The IT department was contacted for investigation but no information could be obtained. This case is still under investigation with the Thabong SAPS branch.



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand 2017      2016

#### 53. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

30 June 2017	Exceptional case	Sole supplier	Emergency	Total
July 2016	65 932	-	2 457 349	2 543 281
August 2016	7 384	-	3 735 356	3 742 739
September 2016	10 000	-	1 949 073	1 958 073
October 2016	118 125	-	1 096 712	1 214 837
November 2016	50 000	-	1 080 665	1 110 665
December 2016	-	-	1 217 227	1 217 227
January 2017	-	-	2 721 074	2 721 074
February 2017	166 378	-	237 723	423 101
March 2017	80 289	-	3 431 585	3 511 874
April 2017	-	-	3 582 629	3 582 629
May 2017	-	-	918 620	918 620
June 2017	-	-	1 190 555	1 190 555
	<b>537 108</b>	<b>-</b>	<b>23 578 567</b>	<b>24 115 675</b>

30 June 2016	Exceptional case	Sole supplier	Emergency	Total
August 2015	-	58 177	-	58 177
September 2015	-	92 750	-	92 750
October 2015	-	-	493 604	493 604
November 2015	296 100	68 460	525 672	890 232
December 2015	760 585	24 840	248 639	1 032 044
January 2016	68 800	422 266	97 200	588 266
February 2016	653 577	-	741 114	1 434 691
March 2016	106 985	1 161 306	1 005 123	2 289 394
April 2016	412 347	296	408 356	820 999
May 2016	746 459	507 213	631 168	1 884 858
June 2016	405 899	107 107	197 129	710 135
	<b>3 490 712</b>	<b>2 462 415</b>	<b>4 336 223</b>	<b>10 289 350</b>

#### 54. Fines

##### Revenue from non exchange transactions

Traffic fines 5 040 853      11 207 303

#### 55. Gain (loss) on disposal of assets and liabilities

##### Property plant and equipment

Gain (loss) on disposal of assets - transport assets -      16 098

The gain realised on the disposal of transport assets was due to accident damaged vehicles replaced or written off by the insurance company.

#### 56. Impairment loss

Impairment of property, plant and equipment -      255 932





## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
-----------------	------	------

#### 57. Budget differences

##### Material differences between budget and actual amounts

The excess of actual expenditure over the final budget of more than 10% are explained below:

Note 57.1 - Less service were consumed than budgeted for.

Note 57.2 - More rental income was billed than expected at the beginning of the year.

Note 57.3 - More licenses and permit fees was received than expected.

Note 57.4 - Less other income was billed than expected, other income is dependent on other factors such as economic buying power.

Note 57.5 - More interest was received than expected on financial assets.

Note 57.6 - No fixed assets were sold during the year.

Note 57.7 - Less dividends were declared then expected at the beginning of the year.

Note 57.8 - Due to the new valuation roll the property rates income did increase.

Note 57.9 - No budget was made for donation to be received during the year.

Note 57.10 - More fines were issued than expected and the fines are recorded according to IGrap.

Note 57.11 - Depreciation was under budgeted for.

Note 57.12 - Impairment loss was under budgeted for.

Note 57.13 - More finance cost was incurred than expected.

Note 57.14 - No budget was made for debt impairment.

Note 57.15 - Repairs and maintenance was under budgeted for.

Note 57.18 - Bulk purchases was under budgeted for.

Note 57.17 - Contracted services was under budgeted for.

Note 57.19 - General expenditure was under budgeted for.

Note 57.19 - No budget was made for actuarial gains or losses.

Note 57.20 - No budget was made for the fair value adjustment of financial assets and liabilities.

Note 57.21 - Inventories were over budgeted based on the assumptions that water leaks and potholes will be repaired.

Note 57.22 - More rental was budgeted for based on the new donated building received from mining companies.

Note 57.23 - Budget made on receivable does not take in to account the effects of debt impairment in to account, and furthermore included in the budget for receivables from exchange are receivables from non exchange.

Note 57.24 - No Budget was made for VAT receivable, Heritage assets

Note 57.25 - Less budget was made available on trade and other payables and less payments were made to suppliers.

Note 57.28 - More money was budgeted that received for capital projects.

Note 57.27 - Donations and additions to Investments property made more impact that originally budgeted for.



## Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

### Notes to the Financial Statements

Figures in Rand	2017	2016
-----------------	------	------

#### 57. Budget differences (continued)

Note 57.28 - Less was budgeted for as it was based only on one Landfill site.

Note 57.28 - Property rates are included under service charges and the difference is due to inadequate revenue collections.

Note 57.29 - More collections on Other revenue was expected due to new donated assets for rental purposes.

Note 57.30 - Finance cost on bank was contained than expected.

Note 57.31 - There were no disposals made for 2016/2017 financial year.

Note 57.32 - Refer to note 39 for the movement in working capital.

Note 57.33 - There were no short term loans made in the current financial year.

Note 57.34 - No Budget was made for Employee benefits obligations payments.

Note 57.35 - Cash and cash equivalents at the beginning of the year were less than expected as per Budget due to less investment reserves in the bank.

Note 57.36 - Additional accounts were opened more than anticipated.

Note 57.37 - No budget was made available for Overdraft as it was not anticipated during the budget process.



## APPENDIX O – KPA 1 – BASIC SERVICE DELIVERY

KPI No	OBJECTIVE	STRATEGY	KPI	BASELINE	WARD NO	ANNUAL TARGET	ANNUAL BUDGET	FUNDING SOURCE	POE	RESPONSIBILITY	Quarter 1 Target	Quarter 1 Achievements	Quarter 2 Target	Quarter 2 Achievements	Quarter 3 Target	Quarter 3 Achievements	Quarter 4 Target	Quarter 4 Achievements	REASONS FOR DEVIATIONS
<b>PROGRAM: BNG &amp; FLISP</b>																			
1	To promote the security of tenure	Evenly distribute sites for 2000 units in designated wards of Matjhabeng Local Municipality	Number of sites released for BNG and Intervention Programs (Land Restitution, Military Veteran Program, Racial Integration Program)	None	All wards	2000 sites	R 100 947 per unit	Provincial Department of Human Settlements	Control List Happy letters to beneficiaries	LED & P	-	-	-	-	-	-	2000 sites	Not achieved	No allocation of BNG houses from the Province as a result of Financial Constraints
2		Facilitate the marketing of Finance-Linked Individual Subsidy Program (FLISP)	Number of leads from marketing initiatives for FLISP (workshops etc.)	None	All wards			Financial Institutions Private Funding Provincial Department of Human Settlement	FLISP Register	LED & P	-	-	-	-	-	-	-	-	Achieved



3			Number of sites released through:  Land Availability Agreements (LAA)	1761 Flamingo Park = 529 Jerusalem Park = 881 Flamingo Lake = 351	34, 25	1761 sites	Per allocation	Provincial Department of Human Settlements	Signed Land Availability Agreement; Council Resolution to Terminate Flamingo Lake and Jerusalem Park; Council Resolution A34/2017 to extend LAA for Flamingo Park	LED & P	-	-	881 sites	Not achieved	-	-	880 sites released through LAA	Not achieved	<b>Flamingo Lake and Jerusalem Park Projects:</b> Council has taken a decision to terminate because of non-performance of Developers. <b>Flamingo Park Project extended:</b> Council Resolution A34 2017 in March 2017. Project has not commenced and is still awaiting a signed Deed of Sale.
<b>PROGRAM: DE-REGISTRATION, FORMALISATION &amp; RE-LOCATION</b>																			
4		Implement a Program for the deregistration of abandoned sites in Matjhabeng Local Municipality	Number of abandoned deregistered sites identified and transferred in Matjhabeng Local Municipality in June 2017	1500	All wards	1500	R5 million	COUNCIL	Deregistration Certificates, Title Deeds for new beneficiaries	LED & P	375 sites	Not achieved	375 sites	Not achieved	375 sites	Not achieved	375 sites	Not achieved	Identification is ongoing; Transfer has not happened due to lack of funds
5	To promote the security of tenure	Facilitate the transfer of sites and houses in Matjhabeng to qualifying occupants	Number of applications submitted to Provincial Human Settlement for processing	100	All wards	500 sites	R10.5 million	Provincial Department of Human Settlements	Application Lists	LED & P	-	-	250 applications	Not achieved	-	-	250 applications	Not achieved	Lack of coordination between the Municipality and the Provincial Human Settlement Department



PROGRAM: HOUSING SUBSIDY SYSTEM (HSS), HOUSING SECTOR PLAN																			
6	To obtain accreditation status of Housing personnel to comply with legislation	Provide level 1 business plan development training to 5 staff members in the Housing Unit by June 2017	5 staff members trained	None	All wards	5 staff members trained	R500,000	Provincial Department of Human Settlements	Level 1 Business Plan	LED & P	-	-	5 staff members trained	Not achieved	-	-	-	-	Inadequate planning and budgeting
7		Facilitate the acquisition of level 1 business plan	Level 1 Business Plan obtained	None	All wards	Level 1 Business Plan		External Funding	-	-	-	-	Level 1 Business Plan	Not achieved	-	-	-	-	Pending Provincial Department of Human Settlement Assessments
8	To implement control measures to alleviate and mitigate audit queries	Develop and implement audit query action plan	Number of audit queries received and addressed	100%	All wards	100% queries addressed	R60,990	COUNCIL	Audit Action Plan	LED & P	-	-	-	-	50%	Achieved	100%	Achieved	N/A
PROGRAM: COMPLIANCE NATIONAL TEMPLATE & STAKEHOLDER MANAGEMENT																			
9	To facilitate the implementation of Special Presidential Package Programs	Prioritize Merriespruit, Masimong and Kitty for full integration of their mine worker residents into Human Settlements Plan and Programs	Number of residential units fully integrated in Merriespruit, Masimong and Kitty	Merriespruit, Masimong and Kitty are existing residential areas in Virginia	3	Three Mining residential units fully integrated	-	National Department of Human Settlements	Certificate of Occupation; Maintenance Report	LED & P	-	-	Merriespruit	Achieved	Kitty	Kitty not achieved. Only Merriespruit and Masimong completed.	Masimong	Achieved	N/A
10		Formalise 21 Informal settlements	Number of informal settlements formalised in identified wards	5	22,16, 1, 25 and 2	21 formalised settlements	R500,000	MIG	Allocation Register	LED & P	Ward 22	Achieved	Ward 16	Achieved	Ward 25 and 1	Achieved	Ward 2	Achieved	N/A



11	To outline planning of the department through implementation of the housing sector plan	Develop and approve municipal housing sector plan	Approved Housing Sector Plan	none	All wards	Housing Sector Plan	R500,000	Department of Human Settlements COUNCIL	Housing Sector Plan	LED & P	-	-	Housing Sector Plan	Not Achieved	-	-	-	-	Financial Limitations
12	To improve the administration activities and functions of the department	Procure a housing administration on online solution software	Online solution software	none	All wards	1 Online solution software	R500,000	COUNCIL	-	LED & P	1 Online Solution Software	Achieved	-	-	-	-	-	-	N/A
<b>PROGRAM: UPGRADING - SPORTS &amp; RECREATION FACILITIES</b>																			
13	To ensure that basic sport & recreation facilities are available to all communities	Upgrade & maintain existing & build new municipal sport & recreation facilities	Stadium upgraded : Thabong	5	28	Upgrade stadium - Thabong	R8,598,884	MIG	Progress Report	COMMUNITY SERVICES	-	-	-	-	-	-	Thabong Stadium	Not achieved	Completion date has been revised and projected for July 2017
14			Indoor Sports Complex established ( Far East Hall ) : Thabong	0	4	1	R23 369 886 implementation according to 5 year schedule	MIG	Progress Report	COMMUNITY SERVICES	-	-	-	-	-	-	1 multi-purpose Centre - Far East Hall , Thabong	Not achieved	Completion date is projected for February 2018
15	To provide adequate burial space for the community	Develop new cemetery - Mmamahabane	New cemetery - Mmamahabane developed	0	1	1 new cemetery in Mmamahabane	R8,500,000	MIG	Progress Report	EDI EDCS	Start with the EIA process for the establishment of cemetery in Mmamahabane	Not achieved	1 EIA concluded for the establishment of cemetery in Mmamahabane	Not achieved	-	-	Cemetery developed	Not achieved	Consultant was only appointed in May 2017 due to delays in MIG funding
<b>PROGRAM: LANDFILL SITES MANAGEMENT &amp; UPGRADING</b>																			
16	To ensure efficient management and maintenance of landfill sites throughout Matjhabeng municipality	Upgrade Odendaalsrus landfill site	Upgraded landfill site - Odendaalsrus	1	35	1 Upgraded landfill site - Odendaalsrus	R12 million; Implementation according to 5 year schedule	DEA	Minutes and Agenda Documents Completion Certificate	ECDS	-	-	-	-	-	-	1 Landfill site upgraded in Odendaalsrus	Not achieved	The project time frame is completed and we await snag list and completion report



PROGRAM: REFUSE REMOVAL																			
17	To ensure that the municipality has an effective and efficient waste management system	Procure 2000 wheelie bins	Procurement of 2000 wheelie bins	2000 wheelie bins	All wards	2000 wheelie bins procured	R4 000 000; Implementation according to 5 year schedule	COUNCIL	Submission for procurement of Wheelie Bins; Delivery Note	COMMUNITY SERVICES	-	-	-	-	2000 wheelie bins procured	Not Achieved	-	-	Budget Constraints
PROGRAM: TRAFFIC & SECURITY MANAGEMENT																			
18	To ensure sustainable traffic control	Ensure adequate road sign and visible road markings in designated areas	Number of road traffic signs procured for the year.	Road signs exist in some areas	All Wards	1000 road traffic signs	R2,4m	COUNCIL	-	COMMUNITY SERVICES	250 road signs to be procured	Not achieved	1000 road marking signs. 500 000 litres of paint	Achieved	-	-	-	-	N/A
19			Road Marking paint procured for the year	Paint marks exist in some areas	All wards	500 000 litres of paint	-	COUNCIL	-	COMMUNITY SERVICES	-	-			-	-	-	-	-
20		Install and activate Electronic Security Systems in Municipal Buildings and Premises	Number of Premises protected by Electronic Security System	Some cameras exist in some Municipal buildings but are not functional	All wards	Security installed and activated in all municipal buildings	R10m	COUNCIL	-	EDCS	-	-	-	-	1 Security System installed and activated	Not Achieved	-	-	-
PROGRAM: SEWER NETWORKS AND WWTW DEVELOPMENTAL AND MAINTENANCE PROGRAMS																			
21	To develop sewer infrastructure networks and facilities for households so as to ensure a healthy environment	Construct bulk and internal sewerage reticulation to 1300 stands	Number of stands connected to bulk and internal sewerage reticulation	Continuing project	17	1300 stands	R 1.91m	MIG	Site Visit Report, Minutes of Site meetings, Correspondence with the Contractor	INFRASTRUCTURE	Construction	Achieved	1300 serviced stands	Not achieved; 95% complete	-	-	-	-	Unrealistic time frame



22			Number of stands connected to existing sewer network in Mmamahabane	RDP houses already constructed	1	54 stands	R0.57m	MIG	Copy of Tender advertisement, Copy of Contract or's appointment letter	INFRASTRUCTURE	Tender Approved	Not achieved. Draft Tender Document (Specifications) completed	Construction	Not achieved. Served in the Bid Specification Committee and went out on tender.	Construction	Not achieved	54 serviced stands	Not achieved	Delays as a result of interruptions of the Tender Briefing sessions. The Contractor was only appointed in May 2017.
23	To upgrade the bulk sewer networks, pump stations and Waste Water Treatment Works (WWTP) to 100% functionality to ensure a healthy environment during the next five financial years.	Refurbish and upgrade all identified WWTP and pump-stations as well as bulk sewer networks to ensure that systems are functional in line with Green drop regulations: Nyakallong WWTP Upgrade	% refurbishment of the WWTP in Nyakallong	WWTP exists	Ward 36	75% refurbished	R24 million	MIG	Progress Reports, Minutes of site meetings	INFRASTRUCTURE	Construction	Not achieved	Construction	Achieved	Construction	Achieved	75% refurbished	Not achieved	Delay to commence with construction due to a dispute.
24		Virginia: WWTP Sludge Management	% refurbishment of WWTP Sludge Management	WWTP exists	Ward 24	50% refurbished	R10,912 m	MIG	Progress Reports, Minutes of site meetings	INFRASTRUCTURE	Construction	Not achieved	Construction	Achieved	Construction	Achieved	50% refurbished	Not achieved	Delay to commence with construction due to a dispute.
25		Mmamahabane: WWTP, Pump Station and Outfall sewer pipe line	% refurbishment of WWTP, Pump Station and outfall sewer pipe line in Mmamahabane	WWTP, Pump Station and Outfall sewer pipe exist in Mmamahabane	1	10% refurbished	R3.54m	MIG	Copy of Tender advertisement, Copy of Contract or's appointment letter	INFRASTRUCTURE	Preliminary design approved	Achieved	Tender Approved	Achieved	Construction	Not achieved	10% refurbished	Not achieved	Delays in progress as a result of interruptions of the Tender Briefing sessions. The Contractor was only appointed in May 2017
26		Whites: Septic Tank System	Functional Septic Tank system	Sewer pipes exist	3	1 Functional Septic Tank System	R0.764m	MIG	Effluent Quality Results from the lab ( to determine design standards)	INFRASTRUCTURE	Designs approved	Not Achieved	Tender Approved	Not Achieved	Construction	Not achieved	1 Functional works	Not achieved	Municipality is liaising with City of eThekweni for designs. Designs not submitted by Service Provider





27	Kutlwanoong WWTW and inlet pump station to address new developments to total of 9 MI/d.	Stage of completion of the Works	WWTW exists	18	Construction stage	R1m	MIG	Letter of comments from DWS and all correspondence written to the Consulting Engineers	INFRASTRUCTURE	Designs approved	Business Plan not finalised	Tender Approved	The Tender document was completed but referred back to the service provider to correct compliance matters. Business plan and technical report still not finalised.	Approved Tender	Not achieved	Construction stage	Not achieved	MIG Business Plan not approved and delays from the Consultant to address the comments of the Department of Water and Sanitation so that the project can be considered for registration.
28	T8 pump station to address new developments.	Stage of completion of the Works	T8 pump station exists	14	Construction stage	R0.6m	MIG	Copy of the Business Plan and Letter of comments from DWS	INFRASTRUCTURE	Consultant appointed	Achieved. Consultant appointed and submitted business plan to CoGTA and DWS for consideration.	Business plan submitted	Achieved. Business plan and technical report submitted to DWS	Tender Approved	Not achieved	Construction stage	Not achieved	Delay from DWS with providing comments on the technical report submitted to them
29	Ensure that Phomolong Pump station is functional	Stage of completion of the Works	Pump station exists	3	1 Functional pump station	R13 m	COUNCIL (O&M)	Copy of Tender Advertisement	INFRASTRUCTURE	Designs approved	Achieved. Business Plan submitted to CoGTA and DWS. Designs completed and being assessed.	Construction	Not achieved	Construction	Not achieved	Functional pump station: Phomolong	Not achieved	Delays in procurement process. Municipality is awaiting project registration by CoGTA. Tender document was completed but referred back to the service provider to correct compliance matters.
30	Witpan WWTW	Stage of completion of the Works	WWTW exists.	31	Construction stage	Budget to be confirmed	COUNCIL (O&M)	Progress Reports, Minutes of site meetings	INFRASTRUCTURE	Construction	Achieved	Functional works	Not achieved. Pump station and outfall sewers completed but SST needs additional attention	Tender approved	Achieved	Construction started	Achieved	N/A



31		Ensure that Klippan Pump station is functional (Including upgrading of the Mostert/ Sand river canal)	Stage of completion of the Works	Pump station not effective on management of water level of Witpan.	32	A fully functional pump station	R5m	COUNCIL (O&M)	Progress Report	INFRASTRUCTURE	Procurement process	Achieved. Pump shop Africa appointed to refurbish pump station and now busy with construction	Construction	Not achieved; 40% complete	Construction	Achieved	1 Functional Pump Station	Not achieved	Delays due to high water levels in the Witpan Lake
32		Ensure that pump stations in Matjhabeng comply to Green Drop Standards and address the additional waste water effluent due to bucket eradication or new developments in Extension Nr 3, Goudrif Nr 2, Akasia, Goudrif Nr 1, Althea, Meloding, Northern, Ben Regal, Eldorie, Kitty, Gawie Theron and Hennenman	Number of pump stations refurbished to comply with Green Drop Standards	12 pump stations exist	3,5,8,9,35,36	12 pump stations refurbished		COUNCIL (O&M)	Copy of orders to Service Providers	INFRASTRUCTURE	1 pump station refurbished	Achieved. Kutlwanong Inlet Works Refurbished	2 pump stations refurbished	Achieved. 2 pump stations refurbished	4 pump station refurbished	Achieved	5 pump station refurbished	Achieved	N/A
33		Clean the sumps at pump stations	Number of sumps cleaned in the next financial year	20 sumps	All wards	4 sumps cleaned	R2m	COUNCIL (O&M)	Works Orders	INFRASTRUCTURE	Tender Approved	4 Sumps cleaned with submissions	1 sump cleaned	Achieved	2 sumps cleaned	Achieved	4 sumps cleaned	Achieved	N/A



34	To renew dilapidated, dysfunctional worn out sewer infrastructure	Construct and refurbish 2500m of Kutlwanong and 1.3km of Odendaals outfall sewer lines respectively from the next financial year	Length (2500m) of outfall sewer lines refurbished	Kutlwanong outfall sewer line exists	18	Construction stage	R10.5m	MIG	Copies of the Business Plan and Technical Report, and Letter of comments from DWS	INFRASTRUCTURE	Business plan approved	Not achieved	Tender Approved	Not achieved	Construction	Not Achieved	Construction	Not achieved	MIG Business Plan referred back to address DWS comments. It was resubmitted but still awaits appraisal for registration.
35			Length (1,3 km) of outfall sewer lines refurbished	3.7 km of outfall sewer dysfunction al and sewer spillages on a regular basis.	36	1.1km of outfall sewer lines refurbished	R3.5m	COUNCIL (O&M)	Copies of Orders to the Service Providers	INFRASTRUCTURE	Consultant appointed for supervision	Not Achieved	Tender Approved	Not Achieved	300m refurbished	Not Achieved	800 m refurbished	Not Achieved	Financial Constraints
36	To replace iron manhole covers with lockable covers without resale value to cover open manholes and reduce risk of damage to public and equipment.	Identify and replace 300 damaged or stolen manhole covers	Number of manhole covers replaced	24 870 manhole covers	All wards	200 manhole covers	R500 000	COUNCIL (O&M)	Job Control Forms	INFRASTRUCTURE	Submission approved	Achieved	Order executed and obtained material	Achieved	100 manholes replaced	Not Achieved	200 manholes replaced	Not Achieved	Procurement delays. Delays in delivery of materials by the Supplier.
<b>PROGRAM: DEVELOPMENTAL PROGRAMS</b>																			
37	To develop new and existing stands with water, sewerage, electricity, roads and storm water infrastructure to ensure that all formal stands are serviced according to national standards in support of	Deliver new infrastructure for 1000 stands every financial year	Number of new and existing stands serviced by June 2017	5 000	All wards	1 000 stands serviced	R25m	Provincial Department of Human Settlements	-	LED & P	-	-	-	-	-	-	1000 stands serviced	Not achieved	Lack of capacity



development																			
<b>PROGRAM: SEWER NETWORKS AND WWTW DEVELOPMENTAL AND MAINTENANCE PROGRAMS</b>																			
38	Deliver new infrastructure for all identified areas below: Meloding: Cemetery, Circle & Clinic area, Sewer and water network for 350 stands (to be finalized by Bloemwater)	Number of stands connected to sewer lines	350	4,7,9	350	R6m	Department of Water and Sanitation	-	INFRASTRUCTURE	-	-	-	-	-	-	-	350 sewer and water networks completed	Not achieved	Lack of capacity
39	Kutlwano Stadium area (K2)216 stands (sewer still not completed) by Bloemwater	Number of stands connected to sewer lines	216	18	216	R3.5m	Department of Water and Sanitation	-	INFRASTRUCTURE	-	-	Kutlwano Stadium sewer network completed	Achieved	-	-	-	-	-	N/A
40	2016-2019 Kutlwano Leeubosh area (K10) (after formalisation of the area) 2900 – Bopa Lesedi	Number of stands formalised	2900	22	2900	R32m	Provincial Department of Human Settlements	-	LED & P	-	-	-	-	-	-	2900 stands formalised	Not achieved	Delays to appoint Consultants by the Provincial Department of Human Settlements. Contractors will be on site from 1 April 2018 in line with DHS Financial Year	
41	Thabong Freedom Square 390 stands	Number of stands formalised	390	13	390	R11m	Provincial Department of Human Settlements	-	LED & P	-	-	-	-	390 stands formalised	Not achieved	-	-	Delays to appoint Consultants by the Provincial Department of Human Settlements. Contractors will be on site	



																			from 1 April 2018 in line with DHS Financial Year
42		Thabong: Phokeng 888 stands	Number of stands formalised	878	16	878	R16m	Provincial Department of Human Settlements	-	LED & P	-	-	878 stands formalised	Not Achieved	-	-	-	-	Delays to appoint Consultants by the Provincial Department of Human Settlements. Contractors will be n site from 1 April 2018 in line with DHS Financial Year
43		Water and Sewer Thabong Extension 25 Homestead (750 stands)	Number of stands formalised	When areas are serviced informal households from Hani Park as well as back yard dwellers can be eradicated.	11	750	R24m	Provincial Department of Human Settlements	-	LED & P	-	-	750 stands serviced	Not Achieved	-	-	-	-	Delays to appoint Consultants by the Provincial Department of Human Settlements. Contractors will be n site from 1 April 2018 in line with DHS Financial Year
44		Water and Sewer Thabong X15 South (big stands subdivision) (Bronville X15) (167 stands)	Number of stands formalised	Formalising stands to accommodate existing informal households on formal stands.	11	267	R6.2m	Provincial Department of Human Settlements	-	LED & P	-	-	267 stands formalised	Not Achieved	-	-	-	-	Delays to appoint Consultants by the Provincial Department of Human Settlements. Contractors will be n site from 1 April 2018 in line with DHS Financial Year



45		Supply Water and Sewer lines 300 stands in Phomolong Phase 2 by March 2017	Number of stands supplied with water and sewer lines in Phomolong Phase 2	Un-serviced stands exist	3	300 stands	R3m	Provincial Department of Human Settlements	E-mail from the Department informing the Municipality about the appointment of Consultants and request for an introductory meeting.	INFRASTRUCTURE	50 stands serviced in Phomolong	Not achieved	50 stands serviced in Phomolong	Not Achieved	100 stands serviced in Phomolong	Not achieved	100 stands serviced in Phomolong	Not achieved	Delays to appoint Consultants by the Provincial Department of Human Settlements. Contractors will be n site from 1 April 2018 in line with DHS Financial Year
46		Service 300 stands in Hani Park (Thabong ext. 18) by June 2017	Number of stands serviced in Hani Park by June 2017	Un-serviced stands exist	12	300	R3m	Provincial Department of Human Settlements	E-mail from the Department informing the Municipality about the appointment of Consultants and request for an introductory meeting.	INFRASTRUCTURE	50 stands serviced	Not achieved	100 stands serviced	Not Achieved	50 stands serviced	Not achieved	100 stands serviced in Hani Park (Thabong ext. 18)	Not achieved	Delays to appoint Consultants by the Provincial Department of Human Settlements. Contractors will be n site from 1 April 2018 in line with DHS Financial Year
47	To ensure that the farming community has access to services	Implement a program of access to hygienic toilet facilities for the farming community subject to availability of budget.	Appropriate water and sanitation for the farming community per annum in partnership with DWS.	Farming communities are without hygienic facilities	All wards	All wards	400	R3,5m	Provincial Department of Human Settlements	INFRASTRUCTURE	100 hygienic toilets installed in farming communities	Not achieved.	100 hygienic toilets installed in farming communities	Not achieved	100 hygienic toilets installed in farming communities	Not achieved	100 hygienic toilets installed in farming communities	Not achieved;	Outside municipal control and service area. It is the responsibility of the District
48		Facilitate the maintenance of rural roads to commonage farms subject to availability of budget.	Upgrade and blading of access roads to commonage farms	Rural roads communal farms are not driveable	All wards	200 km	R200.00	COUNCIL	-	INFRASTRUCTURE	50 km of road bladed to commonage farms	Not achieved	50 km of road bladed to commonage farms	Not achieved	50km of road bladed to commonage farms	Not achieved	50km of road bladed to commonage farms	Not achieved	Outside Municipal control and service area.



**PROGRAM: WATER DEVELOPMENTAL AND MAINTENANCE PROGRAMS AND ANCILLARY ITEMS**

KPI No	OBJECTIVE	STRATEGY	KPI	BASELINE	WARD	ANNUAL TARGET	ANNUAL BUDGET	FUNDING SOURCE		RESPONSIBILITY	Q1 TARGET	Q1 ACHIEVEMENTS	Q2 TARGET	Q2 ACHIEVEMENTS	Q3 TARGET	Q3 ACHIEVEMENTS	Q4 TARGET	Q4 ACHIEVEMENTS	REASON FOR DEVIATIONS
49	To replace 15% of worn out water pipelines and ancillary works in a five-year cycle	Replace 1 km/a of worn out water pipes to reduce water loss and service disruption	Length ( kilometres) of worn out water pipelines replaced	138 km of pipe exist	All wards	1 km worn out water pipelines replaced.	R1m	COUNCIL	Completion Certificate Job Control Forms	INFRASTRUCTURE	Submission approved	Replaced 270 m of Allanridge main water supply as per order 1049816	Order executed and material obtained	Central: 743m of worn out pipes replaced	400 m replaced	Achieved	600 m replaced	Achieved	N/A
50		Replace old worn-out dilapidated galvanized steel pipes in Allanridge	Old galvanized steel pipes replaced	Galvanized steel pipes exist	36	Old galvanized steel pipes replaced	R5m	MIG	Copy of Consultant's appointment letter.	INFRASTRUCTURE	-	Busy with specifications for appointment of Consultant	Consultant appointed	Specifications prepared	Business plan approved	Not Achieved	-	-	Delays in appointing Consultants
51		Service and refurbish 500 hydrants and valves once in 5 year, and replace those that cannot be repaired.	Number of hydrants refurbished	500 hydrants exist	All wards	refurbish 500 hydrants	R1.5m	COUNCIL	Job Control Forms	INFRASTRUCTURE	Submission approved	157 hydrants have been refurbished.	Order executed and material obtained	Order received.	50 hydrants and valves replaced	Achieved	100 hydrants and valves replaced	Achieved	N/A

**PROGRAM: WATER NETWORKS AND WATER DEMAND MANAGEMENT**

52	To develop and maintain Water Networks and ancillary works as well as Water Demand Management System to reduce water loss and enhance revenue	Replace 5 000 dysfunctional water meters	Number of dysfunctional water meters replaced	5 000 meters exist	All wards	1 000 new meters	R1.5m	COUNCIL	Correspondence from Service Provider	INFRASTRUCTURE	Order and replace 250 meters	Achieved. 1213 meters have been replaced	Order and replace 500 meters	Achieved. 554 meters have been replaced	Order and replace 750 meters	Not achieved	Order and replace 1 000 meters	Not achieved.	Only 739 were investigated as a result of inadequate internal capacity The Service Provider appointed to assist did not perform
53		Install water meters, refurbish and upgrade existing networks to reduce unaccounted water	Number of water meter installed in Kutlwano X9, K2, Block 5 Water connections and meters (200 stands)	200 water pipes exist	18,20,21	200	R0.00	MIG	Copy of MIG Implementation Plan	INFRASTRUCTURE	-	-	Consultant appointed	Specifications prepared	Business plan approved	Not Achieved	Tender Approved	Not achieved	Delays in the reconstitution of the Bid Specification Committee. Consultant not yet appointed as project is planned for implementation in 2018/19 financial year.



54	Extend network, house connections and meters (180 stands)Thabong X20 (Hani Park):	Number of house connections and meters installed	Extension of water network and house connections to 150 stands exist	12	180	-	MIG	Copy of MIG Implementation Plan	INFRASTRUCTURE	-	-	Consultant appointed	Specifications prepared	Business plan approved	Not Achieved	Tender Approved	Not achieved	Consultant is not yet appointed
55	Investigate and register 4 000 existing water meters not on Finance system	Number of water meters investigated	4 000 meters registered exist	2.3	2 000 meters registered	R0.5m	COUNCIL	List of Meters Investigated and registered	INFRASTRUCTURE	Investigate and register 500 meters	Not achieved. 343 meters have been registered	Investigate and register 1 000 meters	Not achieved. 633 meters investigated	Investigate and register 1 500 meters	Achieved	Investigate and register 2 000 meters	Not Achieved	Only 1272 were investigated as a result of inadequate internal capacity
56	Create zones in water reticulation network and monitor by implementing 40 zonal meters and valves	Number of zonal meters and valves installed	New	All wards	40 zonal meters and valves	R4.6m	MIG	Copy of Preliminary Design Report and approval of onsite verification.	INFRASTRUCTURE	Design approved	Revised Business plan submitted to COGTA and has been recommended by DWS. Consultant now busy with designs and draft bid document (specifications).	Tender Approved	Project registered by MIG and preliminary designs report submitted for review	Construction	Not Achieved	Construction	Not achieved	Project delayed; Tender referred to Consultant for corrections
57	Conduct a leak detection investigation and analysis to determine priority list and develop water loss monitoring database.	Leak detection investigation and analysis conducted	New	All wards	12 leak detection investigation	R4m	COUNCIL	1 leak detection report; SLA with Supplier	INFRASTRUCTURE	3 leak detection investigations	Not achieved	3 leak detection investigations	Not achieved	3 leak detection investigations	Not Achieved	3 leak detection investigations	Achieved	N/A
58	Install water meters at developed parks that are irrigated with portable water	Number of Water meters installed at developed parks that are irrigated with portable water		All wards	50	R0,5 million	COUNCIL	Job Card	INFRASTRUCTURE	Order for 50 meters	Procurement done. Parks plumbers to install	Install 20 meters	Investigations done on all parks	Install 20 meters	Not achieved	Install 10 meters	Achieved	N/A





PROGRAM: PROVINCIAL AND NATIONAL ROADS DEVELOPMENTAL AND MAINTENANCE PROGRAMS

59	To develop and maintain roads and storm water infrastructure	Upgrade 1.6km of Dr Mngoma Road in Thabong	Length (km) of Mngoma Road upgraded	1.6 km	28, 29	1.6 km	R9m	MIG	Copy of Contractor's appointment Letter. Site Visit Report	INFRASTRUCTURE	Construction	Not achieved	Construction	Not achieved	Construction	Achieved	Construction	Not achieved	Delay due to litigation
60		Upgrade 1.26km of Themba Boyd, Lonely Lane in Old Thabong	Length (km) of road upgraded on Themba Boyd	1.26 km	28	1.26	R2.1	MIG	Minutes of Progress Meetings, Site Visit Reports	INFRASTRUCTURE	Construction	Achieved. Construction completed, project on retention	Construction	Achieved	-	-	-	-	N/A
61		Construct 1.5 km of roads in (Hlahala road) Thokoza, Thuhlwane all in Thabong	Length (km) of road upgraded in Thokoza, Thuhlwane	1.5 km	31	1.5km	R5.3m	MIG	Minutes of Progress Meetings	INFRASTRUCTURE	Construction	Achieved	Construction	Only 90% achieved	-	-	-	-	N/A
62		Construct 4km of roads, sidewalks & storm water Meloding	Length (km) of roads, sidewalks and storm water constructed in Meloding	4 km	4,5,6,7	0.5 km	R4m	MIG	Copy of Advert	INFRASTRUCTURE	Business plan approved	Business Plan completed and submitted to CoGTA for consideration. Designs completed and approved.	Tender Approved	Project registered by COGTA for MIG	Construction	Not Achieved	Construction	Not achieved	Delay in appointing a contractor
63		To maintain road infrastructure in a cost effective manner, extend its life expectancy and maintain safe operations.	Resurface 15km of all streets every year.	Length (km) of streets paved per year	45 km	All wards	15 km	R 30m	COUNCIL	Progress Report	INFRASTRUCTURE	Construction	Achieved. Construction (3.31km completed in Virginia)	Construction	Order issued for work to resume in Welkom on identified roads.	Construction	Achieved	Construction	Achieved



64		Patch 15 800 m <sup>2</sup> of potholes in formal roads to reduce deterioration and ensure safe usage thereof (m <sup>2</sup> ).	Size (square meters) of streets patched	79 000 m <sup>2</sup>	All wards	15 800 m <sup>2</sup>	R4m	COUNCIL	Contractors Appointment Letter; Roads Control Sheets	INFRASTRUCTURE	4000 m <sup>2</sup> patched	2125m <sup>2</sup> of potholes patched	5000 m <sup>2</sup> patched	4000 m <sup>2</sup> patched	Achieved	2 800 m <sup>2</sup> patched	Achieved	N/A	
65	To develop and maintain gravel roads to enhance accessibility and driving safety, especially during raining periods.	Construct 10km of undesignated Gravel roads per annum	Length (km) of undesignated gravel roads constructed	75 km	All wards	10 km	R15m	COUNCIL	Invoices; Job Control Forms	INFRASTRUCTURE	Construct 2 km of gravel roads	Detail designs completed and submitted for approval.	Construct 2 km of gravel roads	Not achieved	Construct 4 km of gravel roads	Achieved	Construct 2 km of gravel roads	Achieved	N/A
66		Blade and re-gravel 60km of gravel and dirt roads to enhance driving comfort.	Length (km) of gravel roads re-gravelled	200km	All wards	60 km	R0.5m	COUNCIL	Invoices; Job Control Forms	INFRASTRUCTURE	15 km bladed	Achieved. 22.15km of gravel road has been constructed	15 km bladed	Not achieved	15 km bladed	Achieved	15 km bladed	Achieved	N/A
67	To develop and improve public transportation facilities to ensure a safe and functional bus and taxi system	Identify and construct public transportation facilities to improve and safeguard commuters usage of public transport	Welkom Regional Taxi Centres	Professional fees	32	Final design report	R7.7m	MIG	Progress Report; Design Report	INFRASTRUCTURE	Preliminary design report	Achieved	Final design report	Achieved	-	-	-	-	N/A
<b>PROGRAMME: STORM WATER DEVELOPMENTAL AND MAINTENANCE PROGRAMS</b>																			
68	To construct new storm water networks and upgrade existing networks	Upgrade 2km of main storm water system in Nyakalong	Length (km) of main storm water system in Nyakalong	2 km	Wards 19 and 36	Construction stage	2.7m	MIG	Copy of Advert and Copy of Contractor's appointment Letter.	INFRASTRUCTURE	Design approved	Achieved	Tender approved	Achieved	Construction	Not Achieved	Construction	Not achieved	Delays in progress as a result of interruptions of the Tender Briefing sessions. The Contractor was only appointed in May 2017



69		Construct a retention dam in Virginia's Sand river to reduce occurrence of flooding of properties	1 Retention Dam in Sand river constructed	1	8, 9	1 Retention Dam in Sand river	R1m	COUNCIL		INFRASTRUCTURE	-	-	-	-	-	-	Maintenance done according to report	Not achieved	Shortage of capacity
70	To compile and implement a maintenance and upgrading plan for storm water canals and networks.	Clean and upgrade 7.1km of storm water.	Length (km) of storm water canals cleaned	7,1km exists	All wards	7,1 km	R4m p/a	COUNCIL	Job Control Forms	INFRASTRUCTURE	2 km cleaned	Not achieved	2 km cleaned	Achieved	2 km cleaned	Achieved	1.1 km cleaned	Achieved	N/A
71		Clean 5.6km of unlined storm water canals in Matjhabeng twice a year.	Length (km) of storm water canals cleaned	5,6 km exists	All wards	5,6km	R6m p/a	COUNCIL	Job Control Forms	INFRASTRUCTURE	2 km cleaned	Not achieved	2 km cleaned	Achieved	1.6 km cleaned	Achieved	-	-	N/A
72		Clean and maintain 13km of existing storm water drainage pipes.	Length (km) of water drainage pipes cleaned and maintained	13km exist	35.36	13 km of drainage pipes cleaned and maintained	R13m	COUNCIL	Job Control Forms	INFRASTRUCTURE	3 km cleaned	Not achieved	7 km cleaned	Not achieved	10 km cleaned	Not Achieved	13 km cleaned	Achieved	N/A
73		Repair or replace 40 damaged and stolen catch pit and manhole lids	Number of stolen catch pit and manhole lids repaired or replaced	1300 catch pits exist	All wards	400	R2m p/a	COUNCIL	Job Control Forms	INFRASTRUCTURE	100 repaired	3	200 repaired	Achieved	300 repaired	Not Achieved	400 repaired	Achieved	N/A



PROGRAM: BUILDINGS DEVELOPMENTAL AND MAINTENANCE PROGRAMS

KPI No	OBJECTIVE	STRATEGY	KPI	BASELINE	WARD NO	ANNUAL TARGET	ANNUAL BUDGET	FUNDING SOURCE	POE	RESPONSIBILITY	Quarter 1 Target	Quarter 1 Achievements	Quarter 2 Target	Quarter 2 Achievements	Quarter 3 Target	Quarter 3 Achievements	Quarter 4 Target	Quarter 4 Achievements	REASONS FOR DEVIATIONS
74	To repair and maintain Municipal Buildings and Ancillary Works.	Renovate airport buildings and LED infrastructure	Airport Building Renovated	Airport exists	24	Construction stage		COUNCIL	Consultants Appointment Letters	INFRASTRUCTURE	Tender Approved	Draft Bid document previously completed but did not serve in Bid Specification Committee	Construction	Consultant busy with preliminary design report	Construction	Not Achieved	Construction	Not Achieved	Lack of internal capacity to execute Program; Non performing Consultants
75		Refurbish Virginia Municipal Offices	Refurbished Municipal offices - Virginia	Offices exist	9	Construction stage	R4 m	COUNCIL	Consultants Appointment Letters	INFRASTRUCTURE	Tender Approved	Not achieved. Consultant not appointed.	Construction	Cuban specialist busy with Bo	Construction+P101	Not Achieved	Construction	Not Achieved	Lack of internal capacity to execute the program
76		Refurbish the Kutlwanong Municipal Offices	Refurbished Municipal offices - Kutlwanong	Offices exist	5	Construction stage	R3 m	COUNCIL	Consultants Appointment Letters	INFRASTRUCTURE	Tender Approved	Not achieved. Consultant not appointed.	Construction	Cuban specialist busy with Bo	Construction	Not Achieved	Construction	Not Achieved	Lack of internal capacity to execute the program
77		Refurbish the Allanridge Municipal Offices	Refurbished Municipal offices - Allanridge	Offices exist	36	Construction stage	R2 m	COUNCIL	Consultants Appointment Letters	INFRASTRUCTURE	Tender approved	Not achieved. Consultant not appointed.	Construction	Cuban specialist busy with Bo	Construction	Not Achieved	Construction	Not Achieved	Lack of internal capacity to execute the program
78		Refurbish the Phomolong/Hennenman Community Centre	Refurbished Community Centre - Phomolong	Community Centre exists	3	Construction stage	R1 m	COUNCIL	Consultants Appointment Letters	INFRASTRUCTURE	Tender approved	Not achieved. Consultant not appointed.	Construction	Cuban specialist busy with Bo	Construction	Not Achieved	Construction	Not Achieved	Lack of internal capacity to execute the program
79		Refurbish Thabong Community Centre	Refurbished Community Centre - Thabong	Community Centre exists	31	Business Plan submitted	R0m	MIG/COUNCIL	Copy of MIG Implementation Plan	INFRASTRUCTURE	-	-	-	-	Appoint Consultant	Not Achieved	Submit business plan to COGTA	Not Achieved	Project did not have a budget and has been reprioritised into the MIG implementation Plan for the 2017/ 2018 Financial year
80		Upgrade Road Accesses to Community Halls: (Thabong Community Centre, Kutlwanong Multipurpose Centre	Improved Access Roads	Access roads exist	31,18,19	Construction stage	R2m	COUNCIL	Consultants Appointment Letters	INFRASTRUCTURE	Appoint Consultant	Not achieved	Tender approved	Cuban Specialist busy with Bo	Construction	Not Achieved	Construction	Not Achieved	Delays in reconstitution of Bid Committee. Lack of internal capacity to execute Program



and Nyakalong Community Centre)

PROGRAM: ELECTRICITY DISTRIBUTION

KPI No	OBJECTIVE	STRATEGY	KPI	BASELINE	WARD NO	ANNUAL TARGET	ANNUAL BUDGET	FUNDING SOURCE	POE	RESPONSIBILITY	Quarter 1 Target	Quarter 1 Achievements	Quarter 2 Target	Quarter 2 Achievements	Quarter 3 Target	Quarter 3 Achievements	Quarter 4 Target	Quarter 4 Achievements	REASONS FOR DEVIATIONS
<b>132kV Distribution</b>																			
81	To ensure an effective and safe 132kV Distribution network	<b>WELKOM</b> Provide and install 20MVA 132KV transformer at Urania Substation	New transformer installed	4 Substations	32	1 transformer Construction stage	R14m	COUNCIL	Business Plan; Application for funding to DoE; Confirmation Letter of Allocation	INFRASTRUCTURE	Approve tender	Not achieved	Construction	Not achieved.	Construction	Not Achieved	Construction	Not achieved	The Consultant was only appointed on the 30th June 2017
<b>Distribution Low and Medium Voltage</b>																			
82	To ensure the effectiveness of the medium voltage distribution networks	<b>WELKOM:</b> Supply 4km of low and medium voltage network in Extension 15 Thabong	4km of low and medium voltage network supplied to Extension 15, Thabong	Extension 15 Thabong exists	12	Construction stage	R 28m	COUNCIL and DoE	Business Plan; Application for funding ; Tender and Adjudication Documents	INFRASTRUCTURE	Approve tender	Not achieved	Construction	Not achieved	Construction	Not Achieved	Construction	Not achieved	Delays in procurement process (Bid Committees were appointed in November 2016. Project was re-advertised in February 2017 and closed on 10 March 2017 but unfortunately None of the Contractors qualified for appointment and therefore the Tender must be re-advertised).



Street lights

83	To ensure an effective service and adhere to Road Ordinances as well SANS Regulations	<b>WELKOM:</b> Install thirteen (13) High mast lights: Hani Park(3), Bronville(6) and Meloding (4)	Number of high mast lights installed	New	11.12	Construction stage	R 0.3m	MIG	Copy of the Contractor's completion certificate	INFRASTRUCTURE	Approve Business plan	Achieved	Approve Tender	Achieved	Construction	Achieved	Construction	Achieved	N/A
84	To ensure an effective service and adhere to Road Ordinances as well SANS Regulations	Ensure a sound high mast and streetlight installation as GIZ, DOE and MIG funding is made available.	Number of street light management and buildings convert to energy efficient lighting in Matjhabeng Municipal Area	27000 street lights	All wards	Construction stage	R12m	GIZ	Business Plan and Follow ups with DoE and GIZ	INFRASTRUCTURE	Approve Business plan	Achieved, Business plan to value of R110m was submitted to EEDSM. GIZ have earmarked the Matjhabeng Public Lighting Installation for pilot project where existing luminaries stand to replace LED energy efficient technologies	Approve Tender	Not achieved	Construction	Not Achieved	Construction	Not Achieved	GIZ busy with the legal and procurement processes.
85			<b>WELKOM</b> Central park lighting	14 lights	32	Construction stage	R 0.2m	COUNCIL	-	INFRASTRUCTURE	-	-	Procurement and Construction	Not achieved	-	-	-	-	Department of Parks and Recreation are responsible for this project



APPENDIX P – KPA 2 – MUNICIPAL TRANSFORMATIONAL AND INSTITUTIONAL DEVELOPMENT

KPI No.	OBJECTIVE	STRATEGY	KPI	BASELINE	WARD	ANNUAL TARGET	ANNUAL BUDGET	FUNDING SOURCE	POE	RESPONSIBILITY	1st Quarter Target	1st Quarter Achievements	2nd Quarter Target	2nd Quarter Achievements	3rd Quarter Target	3rd Quarter Achievements	4th Quarter Target	4th Quarter Achievements	REASONS FOR DEVIATIONS
<b>PROGRAM: COUNCIL ADMINISTRATION</b>																			
1	To ensure that professional administrative support is provided to Council and related committees in line with legislative requirements and Standing Rules and Orders	Provide professional administrative support and advice to Council	An approved schedule of meetings	Current meeting schedule	All wards	Monthly EXCO	R0.00	COUNCIL	Council Resolution; Schedule of Meetings for the Year	CORPORATE SERVICES	3	Achieved	3	Achieved	3	Achieved	3	Achieved	N/A
						Monthly Mayoral Committee Meeting	R0.00	COUNCIL	Council Resolution; Schedule of Meetings for the Year	CORPORATE SERVICES	3	Achieved	3	Achieved	3	Achieved	3	Achieved	N/A
						Quarterly Council Meeting	R0.00	COUNCIL	Council Resolution; Schedule of Meetings for the Year	CORPORATE SERVICES	1	Achieved	1	Achieved	1	Achieved	1	Achieved	N/A
						Related committees: Section 79 Meeting - on request	R0.00	COUNCIL	Council Resolution; Schedule of Meetings for the Year	CORPORATE SERVICES	Per Request	Achieved	Per Request	Achieved	Per Request	Achieved	Per Request	Achieved	N/A
						Monthly Section 80- Meeting	R0.00	COUNCIL	Council Resolution; Schedule of Meetings for the Year	CORPORATE SERVICES	3	Achieved	3	Achieved	3	Achieved	3	Achieved	N/A
2		Provide 1 systematic Council and Administration document management system	Approved Document/ Records and Management Policy compliant with the National Archive Act	0	All wards	Approved Document/Records Management Policy	R100,000	COUNCIL	Council Resolution	CORPORATE SERVICES	-	Document/ Records Management Policy	Achieved	-	-	-	-	-	N/A



3			Approved Document Management Facility compliant with the National Archive Act	0	All wards	1 Document Management Facility	R3 million	COUNCIL	Council Resolution	CORPORATE SERVICES	-	-	1 Document Management Facility	Achieved	-	-	-	-	N/A
4			Existence of a functional and centralized Facility Management Unit.	0	All wards	Approved Organizational structure with Facility Management Unit	R2 million	COUNCIL	Council Resolution on Structure	CORPORATE SERVICES	-	-	1 functional and centralized Facility Management Unit	Achieved	-	-	-	-	N/A
5			Procurement of 72 laptops	0	All wards	72 laptops	R300,000	COUNCIL	Invoice for 72 laptops	CORPORATE SERVICES	72 laptops procured	Achieved	-	-	-	-	-	-	N/A

**PROGRAM: CUSTOMER CARE**

6			Customer Care Policy and Charter developed	-	All wards	Customer queries addressed within 3 working days	R0.00	COUNCIL	Approved Customer Care Policy	CORPORATE SERVICES	1 Customer Care policy	Achieved	-	-	-	-	-	-	N/A
7	To improve Service Delivery and customer satisfaction in the community	Establish an integrated customer care service	Customer Care Systems and Procedures developed	-	All wards	An electronic Customer Care system implemented in 2018/2019 financial year.	R0.00	COUNCIL	Approved Customer Care System and Procedure	CORPORATE SERVICES	-	-	1 Customer Care systems and procedures	Achieved	-	-	-	-	N/A

**PROGRAM: LEGAL SERVICES MANAGEMENT AND LABOUR RELATIONS**

8	To provide legal advice and services to the municipality in compliance with relevant legislation and municipal by-laws	Ensure that all legal matters of the municipality are handled and disposed of in an efficient and cost effective manner.	Completed Litigation matters	40	All wards	100% legal matters handled	R1 million	COUNCIL	Court Orders, Settlement Agreements, Arbitration Awards and Notice of Withdrawal	CORPORATE SERVICES	10 Litigation cases completed	Not achieved	10 Litigation cases completed	Not achieved	10 Litigation cases completed	Not achieved	10 Litigation cases completed	Not achieved	Cases delayed due to Court Rolls, Appeal process and/or removed when payments were made
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**LABOUR RELATIONS**

9	To manage and facilitate the existence of an effective employer-employee relationship.	Train line management and employees on Labour Relations	Number of presiding officers and employer representatives trained	0	All wards	60	R70,000	COUNCIL	Training Register	CORPORATE SERVICES	-	-	30 presiding Officers and Employer Representatives trained	Achieved	30 presiding officers and employee representatives trained	Achieved	-	-	
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**PROGRAM: HUMAN RESOURCE MANAGEMENT, SKILLS DEVELOPMENT, WELLNESS AND OCCUPATIONAL HEALTH AND SAFETY**

**HUMAN RESOURCES MANAGEMENT**

10	To improve levels of productivity and Performance in Matjhabeng Local Municipality	Implement a Performance Management System in line with strategic goals ( IDP and SDBIPs)	Signed Performance Contracts by all employees	0	All wards	100% signed performance contracts	R0.00	-	Signed Performance Contracts	CORPORATE SERVICES	1800 Signed performance contracts	Not achieved	-	-	-	-	-	-	Performance Management Schedule rollout is scheduled for FY2017-18 due to financial constraints
11		Review and align job descriptions	Number of posts with aligned Job descriptions	50	All Wards	100% signed Job Descriptions	R0.00	-	Job Description Register	CORPORATE SERVICES	2450 job descriptions	Not achieved	-	-	-	-	-	-	The process of review of the organisational structure delayed the job description review.
12	To ensure that the Matjhabeng Local Municipality is sufficiently capacitated with a skilled and competent workforce across all levels in order to meet Service Delivery objectives.	Review the Organizational structure, identify critical positions to capacitate the Local Municipality.	Approved Organizational structure.	1	All Wards	Approved structure	R0.00	-	Council Resolution on Organisational Structure	CORPORATE SERVICES	1 approved revised structure	Achieved	-	-	-	-	-	-	N/A
13	To ensure that the Matjhabeng Local Municipality has a Human Resources Plan aligned with IDP and SDBIPs	Design and implement a Human Resources Plan aligned with municipal objectives	Approved Human Resources Plan	0	All Wards	Approved Human Resources Plan	R0.00	-	Signed HR Plan	CORPORATE SERVICES	1 HR plan	Achieved	-	-	-	-	-	-	N/A



14	To ensure that the Matjhabeng Local Municipality has Human Resources policies aligned with relevant legislation	Review and align HR policies to amended legislation	Approved Human Resources Policy Manual	1	All Wards	1	R0.00	-	Council Resolution	CORPORATE SERVICES	1 HR manual	Achieved	-	-	-	-	-	-	N/A
15	To ensure compliance with the Employment Equity Act	Design and implement Employment Equity policies	Revised Employment Equity Policy and Plan	1	All Wards	1	R0.00	-	Council Resolution	CORPORATE SERVICES	1 Employment Equity Policy	Not Achieved	-	-	-	-	-	-	Implementation is scheduled for FY 2017-18

**OCCUPATIONAL HEALTH & SAFETY**

16	To ensure compliance with the Occupational Health and Safety Act	Conduct Safety Awareness Programs	Number of Safety Awareness Programs conducted	8	All Wards	16	R100,000	-	Attendance Register	CORPORATE SERVICES	4 Awareness Programs conducted	Achieved	4 Awareness Programs conducted	Achieved	4 Awareness Programs conducted	Achieved	4 Awareness Programs conducted	Not achieved	Inadequate resources
17			Number of employees tested	50	All Wards	900	R500,000	-	Medical Test Report	CORPORATE SERVICES	-	-	300 employees tested	Not Achieved	300 employees tested	Achieved	300 employees tested	Achieved	Cash Flow constraints hinder timeous testing
18			Number of checklists conducted for compliance	10	All Wards	60	R0.00	-	Compliance order	CORPORATE SERVICES	15	Not achieved	15	Not achieved	15	Not achieved	15	Not achieved	Inadequate resources
19			Number of inspections conducted	10	All Wards	60	R0.00	-	Inspection Report	CORPORATE SERVICES	15	Not achieved	15	Not achieved	15	Not achieved	15	Not achieved	Inadequate resources

**WELLNESS**

20	To ensure Health and Wellness of employees within Matjhabeng Local Municipality	To implement Health and wellness programs, initiatives and projects that address	Number of life skills awareness sessions conducted	24	All Wards	30	R0.00	-	Attendance Register	CORPORATE SERVICES	-	-	10	Not achieved	10	Not achieved	10	Achieved	N/A
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21		employee as well as organizational objectives	Number of employees who attended counselling sessions	2031	All Wards	2500	R0.00	-	Attendance Register	CORPORATE SERVICES	1000	Not achieved	500	Not achieved	500	Not achieved	500	Not achieved	Limited human capital - social workers ( Organisational Structure to capacitate the Wellness Division is not yet approved)
<b>SKILLS DEVELOPMENT</b>																			
22	To capacitate the Matjhabeng Local Municipality with skilled and competent workforce	Conduct Skills Audit to determine skills requirements of the Local Municipality	Number of employees who attended training interventions (Skills Programs; Learnerships and short courses)	23	All Wards	30	R 2.5 million	COUNCIL	Attendance Registers and Training Reports	CORPORATE SERVICES	-	-	-	-	30	Achieved	-	-	N/A
23			Number of approved Study Assistance Applications	31	All Wards	50	R450.00	COUNCIL	Approved Study Assistance Submissions	CORPORATE SERVICES	-	-	-	-	50	Not achieved	-	-	Financial Constraints
24	To ensure that new employees are inducted on Human Resources Policies and Procedures	Conduct induction for newly appointed employees	Number of new appointees inducted	0	All Wards	800	R0.00	-	Induction Attendance Register	CORPORATE SERVICES	200	Not achieved	200	Not achieved	200	Not achieved	200	Not achieved	Revised structure not approved hence positions were not filled
25	Resource finance with skilled personnel	Appoint 5 Finance Interns	Number of interns appointed	5	All wards	5	R600,000	FMG	Payroll Employment Confirmation Report	FINANCE	-	-	-	-	5 interns	Achieved	-	-	N/A



PROGRAM: OPERATION CLEAN AUDIT

26	To obtain an improved audit outcome by December 2016	Develop an Audit Query Action Plan	% of audit queries reduced		All wards	Reduced % of audit queries	R2,580,000	COUNCIL, NT Grants (FMG & MSIG)	Audit Action Plan	FINANCE	-	-	Reduced % of audit queries	Achieved	-	-	-	-	-
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PROGRAM: DEPARTMENTAL COMMUNICATION

27	To ensure effective and efficient communication within the department and municipality	Monthly meetings with managers, develop clear departmental communication lines with other departments	Number of meetings held	12	All wards	12	R 0.00	-	Minutes of Meetings	FINANCE	3	Achieved	3	Achieved	3	Achieved	3	Achieved	N/A
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PROGRAM: HOUSING DEVELOPMENT

28	To obtain Accreditation	Build capacity of housing personnel (Training and Re-training) on Housing Subsidy System(HSS) to comply with the Housing Sector Plan and relevant legislation	Number of housing personnel trained and re-trained to comply with the Housing Sector Plan and relevant legislation	75%	All wards	100% staff trained	R 183 000	Provincial Department of Human Settlements	Attendance Registers and Training Reports	LED & P	-	-	1 Business Plan	Not achieved	-	-	-	-	Inadequate planning and budgeting
29		Develop and submit business plan	Level 1 Business plan developed and submitted	None	All wards	Level 1 Business plan	R200,000	External Funding	Level 1 Business plan	LED & P	-	-	1 Level 1 Business Plan	Not achieved	-	-	-	-	Pending Provincial Human settlement Assessments
30		Develop a Housing Sector Plan	Housing Sector Plan developed	None	All wards	1 Housing Sector Plan				1 Housing Sector Plan	LED & P	-	-	1 Housing Sector Plan	Achieved	-	-	-	-



**PROGRAM: WATER**

31	Investigate Section 78 for the water service	Conduct a feasibility study to determine financial viability of ring fencing the water services subject to availability of budget	1 Section 78 investigation for the water service.	1	All wards	1	R6million	COUNCIL	Feasibility Study Feedback Report	INFRASTRUCTURE	-	-	-	-	-	-	1 s 78 investigation	Achieved	N/A
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**PROGRAM: SECURITY SERVICES**

32	Ensure improvement of skills on security personnel of the municipality	Train and appoint 140 Municipal security personnel as Law Enforcement Officers	Number of Security Personnel trained as Law Enforcement Officers	86	All wards	140 security personnel	R40 million	COUNCIL	Attendance Register	COMMUNITY SERVICES	-	-	-	-	-	-	140 security personnel trained	Not achieved	Awaiting approval of the structure
33			Number of Security Officers appointed	0	All wards	140 security officers	R800,000	COUNCIL	Appointment Letters	COMMUNITY SERVICES	-	-	-	-	-	-	140 security personnel	Not achieved	Awaiting approval of the structure

**PROGRAM: FIRE AND RESCUE SERVICES**

34	Ensure safer communities	Facilitate the development of safer communities	Number of Fire Officers appointed in Mmamahabane satellite fire station	Number of Fire Officers appointed	20	All wards	20		Internal Advert	COMMUNITY SERVICES	-	-	-	-	-	-	20 fire officers	Not achieved	Awaiting MMs approval
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**PROGRAM: MASTER PLANS**

35	To develop infrastructure roads, water, sewerage, electricity, storm water	Develop Service Master Plan and Planning designs where applicable for Storm	Storm water Master Plan developed for all towns and prioritize identified projects	3	All wards	1 Storm Water Master plan	R 6m	COUNCIL/ DBSA	Storm water Master plan	INFRASTRUCTURE	-	-	1 Storm water Master plan	Not Achieved	-	-	-	-	Not for the Quarter, To be consolidated with WSDP
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36	water, Sewer and Water services by analysing existing networks and do planning designs for future projects subject to availability of budget	Bulk Sewerage Master Plan and capacity analysis developed for all towns and prioritize identified projects	3	All wards	1 Sewerage Master Plan	R 4m	COUNCIL/ DBSA	Sewerage Master Plan	INFRASTRUCTURE	-	-	1 Sewerage Master plan	Not Achieved	-	-	-	-	To be consolidated with WSDP
37		Water reticulation Master plan (including meters and standpipes) developed for all towns and prioritize identified projects	3	All wards	1 Water reticulation Master plan	R5m	COUNCIL/ DBSA	Water reticulation Master Plan	INFRASTRUCTURE	1 Water reticulation Master plan	Not Achieved	-	-	-	-	-	-	To be consolidated with WSDP
38		Pump station master plan with focus on effective functionality and electrical cost reduction developed. (Investigate to be research in collaboration with and support of a University and Eskom: Energy Efficiency)	1	All wards	1 Pump Station Master Plan	R3m	MIG/COUNCIL / Eskom	Pump Station Master Plan	INFRASTRUCTURE	-	-	1 pump station master plan	Not Achieved	-	-	-	-	To be consolidated with WSDP
39		Rural area sewer development plan developed	1	All wards	1 Rural area sewer development plan	R 1m	COUNCIL/ DBSA	Rural area sewer development plan	INFRASTRUCTURE	-	-	1 Rural area sewer development plan	Not Achieved	-	-	-	-	This is a function of the District



40			Gravel Pit Master Plan and management system developed	1	All wards	1 Gravel Pit Master Plan	R 1m	COUNCIL/ DBSA	Gravel Pit Master Plan	INFRASTRUCTURE	-	-	-	-	1 Gravel Pit Master Plan	Not Achieved	-	-	Budget Constraints
41			Waste Water Treatment Plants master plan developed	1	All wards	1 Waste Water Treatment Plants master plan	R 1m	COUNCIL/ DBSA	Waste Water Treatment Plants master plan	INFRASTRUCTURE	-	-	1 Waste Water Treatment Plants master plan	Not achieved	-	-	-	-	To be consolidated with WSDP
42			Transportation Master Plan developed according to legislation	0	All wards	1 Transportation Master Plan	R 1m	COUNCIL/ DBSA	Transportation Master Plan	INFRASTRUCTURE	-	-	-	-	1 Transportation Master plan	Not Achieved	-	-	Budget Constraints
43			Purified Effluent (PSE) Master Plan Developed	0	All wards	1 Purified Effluent (PSE) master plan	R 1m	COUNCIL/ DBSA	Purified Effluent (PSE) Master Plan	INFRASTRUCTURE	-	-	-	-	-	1 Purified Effluent (PSE) Master Plan	Not achieved	-	To be consolidated with WSDP
44			Pavement Management System (PMS) Master Plan Developed	0	All wards	1 Pavement Management System (PMS) master plan	R 1m	COUNCIL/ DBSA	Pavement Management System (PMS) Master Plan	INFRASTRUCTURE	-	-	-	-	1 Pavement Management System (PMS) Master Plan	Not Achieved	-	-	Budget Constraints
45			Security Master Plan developed and approved by June 2017.	No Master Plan exists	All wards	1 Approved Security Master Plan	R1 500 000	COUNCIL	-	COMMUNITY SERVICES	-	-	-	-	-	-	-	-	Budget Constraints
46	To ensure long-term cost effective bulk water supply to Matjhabeng	Comply with the Water Services Authority legislative requirements subject to availability of budget.	Water Services Development master plan (WSDP) developed according to legislation (Act 108 of 1997) and Water master plan (WMP)	Draft exists	All wards	1 Water Services Development master plan (WSDP)	R3m	COUNCIL/ DBSA	Water Services Development Master Plan (WSDP)	INFRASTRUCTURE	-	-	-	-	-	-	-	-	The evaluation process of the bid was not completed



47	To develop infrastructure roads, water, sewerage, electricity, storm water	Develop Service Master plan and Planning designs where applicable for Storm water, Sewer and Water services by analysing existing networks and do planning designs for future projects subject to availability of budget	Storm water Master plan developed for all towns and prioritize identified projects.	0	All wards	1 Storm water Master plan	R6m	COUNCIL/ DBSA	Storm water Master plan	INFRASTRUCTURE	-	-	1 Storm Water Master plan	Not Achieved	-	-	-	-	Budget Constraints
48			Bulk Sewerage Master Plan and capacity analysis for all towns developed and identified projects prioritised	0	All wards	1 bulk Sewerage Master plan	R4m	COUNCIL/ DBSA	Bulk Sewerage Master Plan	INFRASTRUCTURE	-	-	-	-	1 Bulk sewage Master Plan	Not Achieved	-	-	To be consolidated with WSDP
49			Water reticulation Master plan (including meters and standpipes) developed for all towns and prioritise identified projects	0	All wards	1 Water reticulation Master plan	R5m	COUNCIL/ DBSA	Water Reticulation Master Plan	INFRASTRUCTURE	-	-	-	-	-	-	1 Water reticulation Master plan	Not achieved	To be consolidated with WSDP
<b>PROGRAM: INTEGRATED DEVELOPMENT PLAN (IDP)</b>																			
50	To develop a credible and compliant IDP	Develop and follow the IDP Process Plan	Approved IDP Process Plan	1 IDP process plan	All wards	Approved IDP Process Plan	-	COUNCIL	1 IDP Process Plan	MM	1 IDP process plan	Achieved	-	-	-	-	-	-	N/A





PROGRAM: PERFORMANCE MANAGEMENT SYSTEMS

51	To inculcate a culture of performance management throughout the Municipality.	Compile and approve a PMS manual by June 2017	Performance Management System manuals approved by June 2017	0	All wards	1 PMS manual	R0.00	-	-	MM	-	-	-	-	-	-	1 PMS manual	Achieved	N/A
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PROGRAM: COMMUNICATION

52	To place the municipality firmly in the public domain through communication initiatives / programs	Approve the Communication Strategy, Policy and Action Plan by June 2017	Communication strategy, action plan and policy in place; communication action plan approved by June 2017	Old Communication Strategy exists	All wards	1 Communication strategy, action plan and policy in place; communication action plan approved by June 2017	R0.00	-	-	MM	-	-	-	-	-	-	1 Communication strategy, action plan and policy in place; communication action plan	Achieved	N/A
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## APPENDIX Q – KPA 3 – MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

KPI No	OBJECTIVE	STRATEGY	KPI	BASELINE	WARD	ANNUAL TARGET	ANNUAL BUDGET	FUNDING SOURCE	RESPONSIBILITY	POE	QUARTER 1 TARGET	QUARTER R 1 ACHIEVEMENTS	QUARTER 2 TARGET	QUARTER R 2 ACHIEVEMENTS	QUARTER 3 TARGET	QUARTER R 3 ACHIEVEMENTS	QUARTER 4 TARGET	QUARTER R 4 ACHIEVEMENTS	REASONS FOR DEVIATIONS
<b>PROGRAM: FINANCIAL ACCOUNTING AND MANAGEMENT</b>																			
1	To implement an effective financial management system	Submit draft Annual Financial Statements for audit purposes in compliance with MFMA	Date by which a draft annual financial statements are submitted to Auditor General for audit	Annually	All wards	30 August 2016	R2,000,000	COUNCIL, NT Grants (FMG & MSIG)	FINANCE	AG Acceptance Letter	31-Aug-16	Not achieved - In progress	-	-	-	-	-	-	The AFS was not completed within the first quarter. Internal Capacity Building is key
2		Implement action plans, financial accounting and internal controls as per professional standards, financial management to form part of strategic communication	Date by which action plans and related policies are to be communicated with stakeholders	Annually	All wards	31 August 2016	R0	-	FINANCE	Council Resolution	31-Aug-16	Not achieved - In progress	-	-	-	-	-	-	Internal Capacity Building is key
3		Implement 100% of allocated capital projects and identified projects in the 2016/2017 financial year	The % of the municipality's capital projects implemented	Annually	All wards	100% by June 2017	R144M	MIG/External	FINANCE	MIG and s. 71 Reports	-	-	-	-	-	-	100%	Achieved	N/A



4	To maintain a sound and sustainable financial management system	Ensure an effective system of financial control in line with MFA requirements	Financial ratios calculated comparing baseline, reporting deviations with recommendations.	Monthly	All wards	Monthly reports x 12	R0.00		FINANCE		Submission of 3 Monthly Reports	Achieved	Submission of 3 Monthly Reports	Achieved	Submission of 3 Monthly Reports	Achieved	Submission of 3 Monthly Reports	Achieved	N/A	
5		Ensure an effective system of creditors and debtors control in line with MFA requirements	Age analysis report compiled and submitted to Council committees	Monthly	All wards	Monthly age analysis reports x 12	R0.00	-	FINANCE	MFMA Reports	Submission of 3 Age Analysis Reports	Achieved	Submission of 3 Age Analysis Reports	Achieved	Submission of 3 Age Analysis Reports	Achieved	Submission of 3 Age Analysis Reports	Achieved	N/A	
6		Develop and adhere to budget time lines	Developed and approved budget time lines	Annually	All wards	August 2016	R0.00	-	FINANCE	Timetable and Council Resolution	31-Aug-16	Achieved	-	-	-	-	-	-	-	N/A
7		Develop and submit draft budget to council for noting and approval	Draft budget submitted to Council for tabling and approval	Annually	All wards	March 2017 and May 2017	R0.00	-	FINANCE	Approved budget and Council Resolution	-	-	-	-	Adoption of Budget	Achieved	Adoption of Budget by 31 May 2017	Achieved	. The annual budget and policies were approved on the 31st May 2017	N/A
8		Review all budget related policies	Approved budget related policies	Annually	All wards	May 2017	R0.00	-	FINANCE	Approved Budget Policies and Council Resolution	-	-	-	-	Approved Budget Polices	Achieved	Approved Budget Polices by May 2017	Achieved	. The annual budget and policies were approved on the 31st May 2017	N/A



9		Reduce AG audit queries and improve audit outcome	Audit query action plan	Annually	All wards	February 2017	R0.00	-	FINANCE	Audit Action Plan and Council Resolution	-	-	-	-	Feb-17	Achieved	-	-	N/A
10	To plan, prepare and approve a credible municipal budget timeously	Adhere strictly to IDP/ budget time table, MBR, MFMA, NT Circulars, review of budget related policies.	Approval of Budget time table and Budget by Council ( MTREF 17/18)	Annually	All wards	31 August 2016 ( Timetable) 31 May 2017 (Budget)	R0.00	-	FINANCE	Approved Budget Plan and Council Resolution	Budget Timetable Approved by August 2016	-	-	-	-	Budget approved by 31 May 2017	Achieved . The budget time table was approved in a council meeting of the 31st May 2017	N/A	
PROGRAM: SUPPLY CHAIN MANAGEMENT																			
11	Ensure timely procurement of supplies	Assist in the development of Procurement Plans in line with legislated time frames	Number of days for orders to be processed.	Annually	All wards	14 days turnaround time for orders and 3 months turnaround time for tenders	R0.00	-	FINANCE	Approved Procurement Plan	14 days turnaround time for orders and 3 months turnaround time for tenders	Not achieved	14 days turnaround time for orders and 3 months turnaround time for tenders	Not achieved	14 days turnaround time for orders and 3 months turnaround time for tenders	Not achieved	14 days turnaround time for orders and 3 months turnaround time for tenders	Not achieved	Budget constraints; Some departments lack Procurement Plans
PROGRAM: EXPENDITURE MANAGEMENT																			
12	To ensure safe keeping of all documents within the Finance department.	Store and keep safe all supporting documentation	Monthly document audit	12	All wards	12 monthly reports	R0.00	-	FINANCE	Voucher Audit Report	Monthly Audit Reports x 3	Achieved	Monthly Audit Reports x 3	Achieved	Monthly Audit Reports x 3	Achieved	Monthly Audit Reports x 3	Achieved	N/A
13	To ensure effective and efficient expenditure control	Prepare a Draft Account Payable Policy to be approved by council	Approved Draft Account Payable Policy	1	All wards	30 January 2017	R0.00	-	FINANCE	Approved Account Payable Policy and Council Resolution	-	-	-	-	Approved Draft Account Payable Policy by 30 January 2017	Achieved	-	-	N/A
14	To ensure effective and efficient expenditure control	Facilitate timely submission of expenditure related supporting documentation	Timely submission of Reconciliation and Age Analysis Reports	12	All wards	12 monthly reports	R0.00	-	FINANCE	Section 71 Reports	Section 71 reports x 3	Achieved	Section 71 reports x 3	Achieved	Section 71 reports x 3	Achieved	Section 71 reports x 3	Achieved	N/A



15	To ensure the Municipal Asset Register is GRAP compliant	Ensure accuracy and completeness of the asset register	GRAP compliant Asset Register	1	All wards	12 Monthly Reports	R0.00	-	FINANCE	GRAP compliant Asset Register	Monthly Reports x 3	Achieved	Monthly Reports x 3	Not Achieved - Only 2 submitted	Monthly Reports x 3	Achieved	Monthly Reports x 3	Achieved	Time Constraints in Q2
16		Conduct two asset counts per year	Number of asset counts per year	12	All wards	2 reports on asset counts	R0.00	-	FINANCE	-	-	-	-	-	1 Asset Count Report	Achieved	1 Asset Count Report	Achieved	N/A
17		Conduct quarterly depreciation calculations	Quarterly Depreciation Calculations	12	All wards	4 reports on the accuracy of depreciation	R0.00	-	FINANCE		1 Quarterly report	Achieved	1 Quarterly report	Achieved	1 Quarterly report	Achieved	1 Quarterly report	Achieved	N/A
PROGRAM: REVENUE MANAGEMENT																			
18			Data Purification Exercise		All wards	On going	R0.00	-	FINANCE		On going		On going	Not achieved	On going	Achieved	On going	Not achieved	No proper planning
19	To increase the municipal revenue earning capacity and collection	Ensure data integrity and maintain an accurate indigent register	% increase in monthly consumer Pay rate	10%	All wards	85% pay rate	R0.01	-	FINANCE	section 71 report					section 71 report	Achieved	-	-	N/A
20		To ensure accurate indigent register	To ensure accurate indigent register	New	All wards	100% accurate register	R15m	COUNCIL, NT Grants (FMG, MSIG)	FINANCE	Indigent register	20%	Not Achieved	50%	In progress	75%	Achieved	100%	Achieved	N/A
21		Review the Municipal Revenue Enhancement Plan	A reviewed Municipal enhancement Plan	Existing Plan	All wards	A reviewed Municipal enhancement Plan	R0.00	-	FINANCE	A reviewed Municipal enhancement Plan					-	-	-	Achieved	N/A
22	To implement the Municipal Property Rates Policy	To ensure a accurate valuation roll	Number of supplementary valuation roll implemented	10%	All wards	Full implementation of Property Rates Act	R0.00	-	FINANCE	Supplementary Valuation Report	-	-	Valuation Roll Implemented	Not Achieved	-	-	-	-	N/A



## APPENDIX R – KPA 4 – GOOD GOVERNANCE

KPI No.	OBJECTIVE	STRATEGY	KPI	BASELINE	ANNUAL TARGET	BUDGET	FUNDING SOURCE	WARD	RESPONSIBILITY	POE	QUARTER 1 TARGET	QUARTER 1 ACHIEVEMENTS	QUARTER 2 TARGET	QUARTER 2 ACHIEVEMENTS	QUARTER 3 TARGET	QUARTER 3 ACHIEVEMENTS	QUARTER 4 TARGET	QUARTER 4 ACHIEVEMENTS	REASONS FOR DEVIATIONS	
1	To promote social cohesion and nation building through SPORT, ART AND CULTURE	Youth: Prepare and host MLM Games for annual OR Tambo Games	1 Annual OR Tambo Games	1 OR Tambo Games	1 Annual OR Tambo Games held	R200,000	COUNCIL	All wards	EXECUTIVE MAYOR	Invitations, Posters and Photos	-	-	1 OR Tambo games	Achieved. The OR Tambo games were held in Virginia	-	-	-	-	N/A	
2		Host youth day celebrations on the 16 <sup>th</sup> of June 2017	1 Youth Day Celebration event	1 Youth Day Celebration was celebrated each year in the past financial years on the 16 <sup>th</sup> of June	1 Youth Day Celebration event	R500 000, 00	COUNCIL	All wards	EXECUTIVE MAYOR	Report and Photos	-	-	-	-	-	-	1 Youth Day Celebration event	Achieved	N/A	
3		Celebrate Reconciliation day on the 16 <sup>th</sup> of December 2016	1 Reconciliation day event	1 Reconciliation Day event was celebrated each year in the previous financial years on the 16 <sup>th</sup> of December	1 Reconciliation day event	R200 000, 00	COUNCIL	All wards	EXECUTIVE MAYOR	Invitations and Photos	-	-	-	Reconciliation Day Event	Achieved. An exclusive youth summit was held and 280 youths attended.	-	-	-	-	N/A
4		Celebrate Freedom Day on the	1 Freedom Day event	1 Freedom Day event	1 Freedom day event	R200 000, 00	COUNCIL	All wards	EXECUTIVE MAYOR	Supplier Invoice for Transport	-	-	-	-	-	-	-	1 Freedom Day Event	Achieved	N/A



		27 <sup>th</sup> April 2017		was celebrated each year in previous financial years on the 27 <sup>th</sup> of April					ation to the Provincial Event										
5		<b>Elderly:</b> Organize recreational games for senior citizens within Matjhabeng Local Municipality	1 Recreational games for senior citizens held	1 Recreational games for senior citizens	1 A fun walk/run for senior citizens held and 500 attendees expected between January and March 2017.	R200,000	COUNCIL	All wards	EXECUTIVE MAYOR	100th birthday Event for one of the Elderly; Invitations; Photos	-	-	-	-	1 Recreational games for senior citizens held	Not achieved	-	-	In lieu of the games, a 100 year birthday celebration was hosted for one of the senior citizens. All senior citizens of her age group were invited
6		<b>People with Disabilities:</b> Organize 1 recreational games for people with disabilities	Recreational games for people with disabilities held	1 Recreational games for people with disabilities	1 recreational games for people with disabilities held between October and Dec 2016	R200,000	COUNCIL	All wards	EXECUTIVE MAYOR	Life Beyond Disability Report, EM's Award / Trophy and Photos	-	-	Recreational games for people with disabilities held	Achieved	-	-	-	-	N/A
7		Host 1 MLM Arts & Culture Festival in the third quarter of the financial year	MLM Arts & Culture Festival hosted	1 MLM Arts & Culture Festival	1 Arts and Cultural festival to be held.	R500,000	COUNCIL	All wards	EXECUTIVE MAYOR	Email, Invoices to the Supplier, Photographs	-	-	MLM Arts & Culture Festival hosted	Achieved. A comedy show was hosted in December 2016 in collaboration with David Kau	-	-	-	-	N/A



8	To deepen democracy through promotion of gender related activities and awareness campaigns within government.		1 Women's Day celebration held in August 2016	Women's Day celebration	Women's Day celebration	R200,000	COUNCIL	All wards	EXECUTIVE MAYOR	-	Women's Day Celebration	Achieved . 1 women's day celebration was held in Masilonyana Local Municipality	-	-	-	-	-	-	N/A	
9			Number of HIV/Aids materials distributed by December 2016	4 HIV/Aids materials distributed	1000 HIV/AIDS materials	R200,000	COUNCIL	All wards	EXECUTIVE MAYOR	Correspondence to the Clinics and 'Photos	-	HIV Materials distributed	Achieved	-	-	-	-	-	N/A	
10			16 Days of Activism launched in November 2016	16 Days of Activism launched	16 Days of Activism launched	R500,000	COUNCIL	All wards	EXECUTIVE MAYOR	Invitation Posters and Photos	-	16 Days of Activism launched	Achieved. Food parcels were distributed to destitute families in Ward 35.	-	-	-	-	-	-	N/A
11			Annual career expo convened and guidance between January and February 2017.	1 x Annual career expo convened	1 x Annual career expo	R200.00	COUNCIL	All wards	EXECUTIVE MAYOR	List of students who received bursaries	-	-	-	-	1 Annual career expo	Not achieved	-	-	-	In lieu of the career expo, study assistance was given to 25 TVET students
12		To reduce the high rate of substance abuse in our communities		LDAC operational	Local Drug Action Committee established (LDAC)	4 LDAC meetings	R30,000	COUNCIL	All wards	EXECUTIVE MAYOR	Photos	1 LDAC meeting	Not achieved	1 LDAC meeting	Not achieved.	1 LDAC meeting	Not achieved	1 LDAC meeting	Not achieved	No priority was dedicated to the establishment and functioning of the LDAC
13			4 Awareness	4 Awareness	4 Awareness	R250,000	COUNCIL	All wards	EXECUTIVE MAYOR	Ward quarterly plans	1 Awareness Campaign	Not achieved. This non-	1 Awareness Campaign	Achieved. Civic education of	1 Awareness Campaign	Not achieved	1 Awareness Campaign	Not achieved	Proper planning is	





			campaigns	campaigns	campaigns						performance was linked to the non-establishment of the committee.		service delivery targets.					required	
14	To improve the optimal functionality of the Ward Committees	Produce credible ward committee plans that are aligned to the IDP by September 2016	Number of ward plans produced	36 ward plans produced	36 Ward plans	R600,000	COUNCIL	All wards	SPEAKER	Monthly ward reports	36 ward plans	Partially achieved. An item went to council in September 2016.	-	-	-	-	Partially achieved	All wards were required to submit by end July 2017	
15		Produce 12 monthly reports about activities/Programs within each of the 36 wards	Number of monthly reports from ward committees produced for the whole financial year/12 months	432 monthly reports from ward committees	432 Reports (36 Wards x 12 reports)	R0.00	-	All wards	SPEAKER	Quarterly ward performance reports	108 reports	Not achieved. This was linked to establishment of ward committees.	108 reports	The reports could not be submitted due to local government elections.	108 reports	108 reports		Poor planning. The other issue related to late appointment of ward committees	
16		Manage performance of all 36 wards in the municipality	Number of performance management reports submitted to office of the Speaker on a quarterly basis	144 performance management reports	144 Performance Reports (36 Wards x 4 Reports)	R200,000	COUNCIL	All wards	SPEAKER	Skills Audit report and training attendance register	36 quarterly reports	Not achieved. No reports were submitted.	36 quarterly reports	Not achieved. No reports were submitted.	36 quarterly reports	Not achieved	36 quarterly reports	Not achieved	Poor planning
17		Develop and implement a skills profiles of all ward committee members to determine relevant capacity building Program	Number of skills audit and training Programs conducted	1 skills audit and training Programs	1 Skills Audit undertaken 3 Training Programs	R200,000	COUNCIL	All wards	SPEAKER		Ward meeting report and agenda	1 Skills Audit undertaken	Not achieved. No audit was undertaken during the quarter.	3 training Programs conducted	No training was conducted in the quarter.	-	Achieved. All ward committees were trained during this quarter.	-	



18		Communicate relevant Council resolutions to Ward Committees quarterly (in consultation with the Offices of the Executive Mayor, Council Whipery and Municipal Manager)	Number of reports communicated to ward committees per quarter	4 reports	4 Reports	R0.00	-	All wards	SPEAKER	Notices and Photos	1 report	Not achieved. Ward committees were not yet established.	1 report	Not achieved. Ward committees were non-functional	1 report	Not achieved	1 report	Not achieved	No reports were submitted due to poor planning
19	To improve public participation thereby eliminating public protests	Hold 6 Mayoral Imbizo's in the 6 units of Matjhabeng by June 2017	6 Mayoral Imbizo's held in the 6 units of Matjhabeng by June 2017		6 Mayoral Imbizo held	R600,000	COUNCIL	All wards	EXECUTIVE MAYOR	1 Community meeting		Not achieved.	2 Mayoral Imbizos	Achieved	2 Mayoral Imbizos	Achieved	1 Mayoral Imbizo	5 Mayoral Imbizos were held.	N/A
20		Hold Community meetings at least once a quarter with the Ward Councillor supported by the Ward Committee to address community Programs/developmental matters.	Number of community meetings held by a ward councillor to address community Programs/developmental matters.	144 community meetings	144 Community Meetings	R0.00	-	All wards	SPEAKER	Council quarterly agenda	36 Community Meetings	Not achieved	36 Community Meetings	Not achieved	36 Community Meetings	Achieved	36 Community Meetings	Achieved	N/A
21	To ensure Council functions optimally, effectively and efficiently	Convene council meetings at least four times as per the approved schedule four times per year	Number of approved Council meetings convened	4 approved Council meetings	A minimum of 4 sittings per year (excluding special Council sittings)	R0.00	-	All wards	SPEAKER	Attendance Register	1 Council Meeting	Achieved. The first meeting was held on the 6th September 2016.	1 Council Meeting	Achieved. The second meeting of council was held on the 13th December 2016	1 Council Meeting	Achieved. The third meeting was held on the 30th January 2017.	1 Council Meeting	Achieved. The fourth meeting of council was held on the 28th March 2017.	There were five meetings held in the financial year. The last meeting was held on the 31st May 2017.



22			Quorum achieved in all Council sittings	4 Quorum achieved	A minimum of 4 sittings per year (excluding special Council sittings)	R0.00	-	All wards	SPEAKER	4 council attendance registers	Quorum achieved in all Council sittings	Achieved . 1 council attendance register	Achieved. 1 council attendance register	Achieved. 1 council attendance register	Quorum achieved in all Council sittings	Achieved . 1 council attendance register	Quorum achieved in all Council sittings	Achieved. 1 council attendance register	N/A
<b>PROGRAM: MUNICIPAL BRAND IMAGE</b>																			
23	To develop a municipal corporate brand	Give the community a monthly feedback on service delivery issues	Number of monthly feedback items issued through local newspapers on service delivery issues	+12 feedback issues	12 feedback items issued	R5m	COUNCIL	All wards	MM	12 Newspaper clips	3 feedback items	Achieved . More than 3 issues were done during the quarter.	3 feedback items	Achieved. 3 Issues were done.	3 feedback items	Achieved	3 feedback items	Achieved.	N/A
<b>PROGRAM: RISK MANAGEMENT</b>																			
24	To develop effective and adequate risk management system	Approve a risk management policy and strategy by September 2016	Approved and implemented Risk Management Policy and strategy	0	A risk management policy and 1 risk management Strategy	R0.00	-	All wards	MM	1 copy of approved Risk Management Policy and Risk Management Strategy	1 risk management policy and 1 risk management Strategy	Not achieved	-	Achieved. The Municipality was only able to approve both the policy and the strategy on the 13th December 2016.	-	-	-	-	The target was not achieved in the quarter planned but overall the target was met for the financial year.



25		Approve a risk management plan by September 2016	Approved and implemented Risk Management Plan and strategy	0	A risk management Plan	R0.00	-	All wards	MM	1 Risk Management Plan	1 risk management Plan	Not achieved	-	-	-	-	-	Achieved. The Plan was submitted together with the policy and strategy in the same council meeting of the 13th December 2016.	N/A
26		Approve and implement a fraud prevention plan and a whistle blowing policy by September 2016	Approved and implemented fraud prevention plan and whistle Blowing policy	0	A fraud prevention plan and 1 whistle blowing policy	R0.00	-	All wards	MM	1 Fraud Prevention Plan and 1 whistle Blowing policy	1 fraud prevention plan and 1 whistle blowing policy	Not achieved	-	-	-	-	-	Achieved. Both were submitted during a council meeting of the 13th December 2016.	N/A
<b>PROGRAM: INTERNAL AUDIT</b>																			
27	To create an efficient, effective and accountable administration	Approve a risk based internal audit plan by Audit Committee by September 2016	1 Approved Internal Audit plan by September 2016	1 Plan	Approved Internal Audit Plan	R0.00	-	All wards	MM	1 Internal Audit Plan	1 Internal Audit Plan	Achieved . 1 Internal Audit Plan approved by the Audit Committee	-	-	-	-	-	-	N/A
28		Internal audit report on operations , risk management and performance	2 Reports	Internal audit Reports Approved Internal Audit Reports	R0.00	-	-	MM	2 Internal Audit reports and Agendas of Audit Committee	1 Internal audit Report	Achieved	-	-	-	-	1 Internal audit Report	-	-	N/A
29		Development of Internal Audit methodology by audit committee	Approval of Internal Audit methodology by audit committee	1 Methodology	Internal Audit Methodology Approved internal audit methodology	-	-	All wards	MM	1 Internal Audit methodology and Agenda of Audit Committee	1 Internal Audit Methodology	Achieved . 1 Internal Audit methodology approved .	-	-	-	-	-	-	-



PROGRAM: CO-OPERATIVE GOVERNANCE

30	To ensure there is alignment of Programs at both District, Provincial and National levels to ensure synergy in planning	Convene/Attend/Participate in all set forum meetings as required by Inter-Governmental Framework Act	Number of CFO Forum meetings participated in for the financial year.	4 CFO Forum meetings	4 CFO Forum meetings	R0.00	-	-	CFO	Meeting invitation, Attendance Registers, Agenda, Minutes	1 CFO Forum meeting	Not achieved	1 CFO Forum meeting	Achieved	1 CFO Forum meeting	Achieved	1 CFO Forum meeting	Achieved	N/A
31			Number of Municipal Managers Forum meetings participated in for the financial year.	4 MM's meetings	4 MM's meetings	R0.00	-	-	MM	Meeting invitation, Attendance Registers, Agenda, Minutes	1 MM's meeting	Not achieved	1 MM's meeting	Not achieved. No meeting was convened during the quarter.	1 MM's meeting	Achieved. Two meetings were convened.	1 MM's meeting	Not achieved	The structure was not wholly functional as meetings were not convened as planned.
32			Number of technical IGR forum meeting participated in for the financial year.	3 technical IGR meetings	4 technical IGR meetings	R0.00	-	-	MM	Meeting invitation, Attendance Registers, Agenda, Minutes	1 technical IGR meeting	Not achieved	1 technical IGR meeting	Not achieved	1 technical IGR meeting	Achieved	1 technical IGR meeting	Achieved	Poor attendance by members
33			Number of District Coordinating Forum meetings participated in for the financial year.	1 DCF meetings	4 DCF meetings	R0.00	-	-	Executive Mayor	Meeting invitation, Attendance Registers, Agenda, Minutes	1 DCF meeting	Not achieved	1 DCF meeting	Not achieved	1 DCF meeting	Achieved	1 DCF meeting	Achieved	Poor attendance by members
34			Number of MECLOGA meetings participated in for the financial year.	4 MECLOGA meetings	4 MECLOGA meetings	R0.00	-	-	MM/Executive Mayor	Meeting invitation, Attendance Registers, Agenda, Minutes	1 MECLOGA meeting	Achieved	1 MECLOGA meeting	Achieved	1 MECLOGA meeting	Achieved	1 MECLOGA meeting	Achieved	N/A



35			Number of District Water/Energy Forum meetings participated in for the financial year	4 District Water/Energy Forum meetings	4 District Water/Energy Forum meetings	R0.05	-	-	INFRASTRUCTURE	Meeting invitation, Attendance Registers, Agenda, Minutes	1 District Water/Energy Forum meeting	Achieved	1 District Water/Energy Forum meeting	Achieved	1 District Water/Energy Forum meeting	Achieved	1 District Water/Energy Forum meeting	Achieved	N/A
36			Number of provincial risk management forum meetings participated in for the financial year	4 provincial risk management forum meetings	4 provincial risk management forum meetings	R0.06	-	-	MM	Meeting invitation, Attendance Registers, Agenda, Minutes	1 provincial risk management forum meeting	Achieved	1 provincial risk management forum meeting	Achieved	1 provincial risk management forum meeting	Achieved	1 provincial risk management forum meeting	Achieved	N/A
37			Number of PMS Forum meetings participated in for the financial year	3 PMS Forum meetings	4 PMS Forum meetings	R0.00	-	-	MM	Meeting invitation, Attendance Registers, Agenda, Minutes	1 PMS Forum meeting	Not Achieved. No municipal employee attended	1 PMS Forum meeting		1 PMS Forum meeting	Not achieved	1 PMS Forum meeting	Achieved	Poor attendance by members
38			Number of District LED Forum meetings participated in for the financial year.	1 District LED Forum meeting	4 District LED Forum meetings	R0.00	-	-	LED & P	Meeting invitation, Attendance Registers, Agenda, Minutes	1 District LED Forum meeting	Achieved	1 District LED Forum meeting	Achieved	1 District LED Forum meeting	Achieved	1 District LED Forum meeting	Achieved	N/A
39			Number of Back to Basics Intervention Team meetings participated in for the financial year	3 Back to Basics Intervention Team meetings	4 Back to Basics Intervention Team meetings	R0.00	-	-	MM	Meeting invitation, Attendance Registers, Agenda, Minutes	1 Back to Basics Intervention Team meeting	Not achieved. No meeting was convened during the quarter.	1 Back to Basics Intervention Team meeting	Not achieved. A meeting was convened during November 2016 but was abandoned due to poor attendance.	1 Back to Basics Intervention Team meeting	Partially achieved	1 Back to Basics Intervention Team meeting	Achieved	Meeting did not take place; Minutes were sent through



APPENDIX S – KPA 5 – LOCAL ECONOMIC DEVELOPMENT

KPI No.	OBJECTIVE	STRATEGY	KPI	BASELINE	WARD	ANNUAL TARGET	ANNUAL BUDGET	FUNDING SOURCE	RESPONSIBILITY	POE	QUARTER 1 TARGET	QUARTER 1 ACHIEVEMENT	QUARTER 2 TARGET	QUARTER 2 ACHIEVEMENT	QUARTER 3 TARGET	QUARTER 3 ACHIEVEMENTS	QUARTER 4 TARGET	QUARTER 4 ACHIEVEMENT	REASONS FOR DEVIATIONS	
<b>DEVELOPMENT PLANNING</b>																				
1	To ensure the development and review of the Matjhabeng Spatial Development Framework and related implementation strategies	Review of the Matjhabeng SDF in compliance with Spatial Planning and Land Use Management Act	A reviewed and approved Spatial Development Framework for Matjhabeng in compliance with SPLUMA	Matjhabeng SDF was approved in 2013 but requires review in terms of the SPLUMA	All wards	1	R500,000	-	LED & P	Invitation of Proposals and Advertisement Council Review, Resolution and Approval	1 Matjhabeng SDF	Not achieved	-	-	-	-	-	-	Lack of internal capacity	
2		Evaluate land availability for all land uses and formulation of sectoral development land development strategies	Annual land status quo report	A 2014 document exists which requires updating in order to understand the availability of land for all land uses.	All wards	1 Annual land status quo report	R0.00	-	LED & P	1 Annual land status quo report	-	-	1 Annual land status quo report	Achieved	-	-	-	-	-	N/A
3		Develop a guideline document for spatial planning layout standards for Matjhabeng	Guideline document developed	A consolidated and uniform set of planning guidelines is required for effective and uniform township layout planning in Matjhabeng.	All wards	1 Annual land status quo report	R0.00	Mines	LED & P	A guideline document for spatial planning layout standards for Matjhabeng and a Council Resolution	1 Guideline document	Not achieved	-	-	-	-	-	-	-	Lack of internal capacity



4		Develop a strategy for the provision of and re-allocation of surplus school erven in Matjhabeng	Approved strategy for utilization and re-development of surplus school erven	A large number of school erven are vacant that may be utilized for development.	All wards	1	R0.00		LED & P	Approved Strategy Document and Council Resolution	-	-	1 Approved strategy for utilization and re-development of surplus school erven	Not achieved	-	-	-	-	Lack of internal capacity
5		Allocate land to facilitate the implementation of the Sunelex project	Facilitation of land acquisition and layout of the Sunelex Project	Power purchase agreement, Land rental and rehabilitation agreements in progress.	All wards	1	R0.00		LED & P	Correspondence & Progress Reports, Signed MOU, Power Purchase Agreement and Rehabilitation Agreements	-	-	1 Facilitation of land acquisition and layout	Not achieved	-	-	-	-	Lack of internal capacity
6		Facilitate the Welkom Walkway Land Development Project	Approved lease agreement and implementation of project	Redevelopment of the walkway by private initiative approved	Ward 32	1	R0.00	DESTEA	LED & P	Approved Lease Agreement	1 lease agreement and implementation of project	Not achieved	-	-	-	-	-	-	Project to be transferred from LED to INFRASTRUCTURE
7		Provide land for the development of general public amenities: ESKOM areas, cemeteries, new clinics, fire stations, recreation areas, etc. in Matjhabeng	Approved site allocation and facilitation of development	The need for the development of new public amenities is constantly identified.	All wards	4	R0.0	External	LED & P	Correspondence; Minutes of the Steering Committee	4 sites allocated	Achieved	-	-	-	-	-	-	N/A





8	To facilitate the effective marketing and development of commercial and industrial land in Matjhabeng	Identify, market, evaluate development proposals and recommendations regarding the development of high potential commercial and industrial Municipal owned land in Matjhabeng	Successful alienation and development of commercial and industrial land in Matjhabeng	Quarterly land marketing initiative.	All wards	20	R0.0	-	LED & P	Council Resolution; General Guidelines for Development Proposals; Application Register	5 land marketing initiative.	Achieved	5 land marketing initiatives	Achieved	5 land marketing initiatives	Achieved	5 land marketing initiatives	Achieved	N/A	
9			Approved procedural guideline document regarding the land alienation process developed	Procedures were approved for the alienation of Municipal Land – but require continuous update to ensure effectiveness.	0	1	R0.0	-	LED & P	Council Resolution, Media advertisement	-	-	1 Procedural guideline document	Not achieved	-	-	-	-	Lack of internal capacity	
<b>PROGRAM: DEVELOPMENT CONTROL</b>																				
10	To ensure a uniform and SPLUMA compliant Land Use Management Plan	To develop and implement a uniform Land Use Management Plan for Matjhabeng	An Approved Land Use Management Plan	Each unit of Matjhabeng has its own Town Planning Scheme. One uniform Land Use Management Plan	All wards	An Approved Land Use Management Plan	R1 million	-	LED & P	Department of Rural Development and Land Reform / COUNCIL	1 Approved LUMS	Not achieved	-	-	-	-	-	-	Lack of internal capacity	
<b>PROGRAM: SMME, TRADE AND INVESTMENT</b>																				
11	To create a conducive environment for SMME development	Develop the proper administrative system for the management of the SMME sector	By-laws promulgated and approved by council by June 2017	0	All wards	By-laws promulgated and approved by council by June 2017	R0.00	-	LED & P	Memo from LED MMC to MMC Corporate Services	-	-	-	-	-	-	-	1 set of By-laws promulgated and approved by council	Not achieved	Lack of internal capacity



12		Introduce advanced smart card technology for SMME permits	Electronic SMME permits (smart cards) in place	0	All wards	1 Software and hardware are procured	150,000	COUNCIL	LED & P	Electronic SMME Permits (Smart Cards)	-	-	1 Software and hardware procured	Not achieved	-	-	-	-	No budget allocation made
13		Partnering with relevant stakeholders for SMME development	Partnerships sourced and concluded	1	All wards	4 Partnerships sourced	R0.00	-	LED & P	Minutes and Invitation letters	4 Partnerships sourced	Achieved	-	-	-	-	-	-	N/A
14		Host SMME Expo and Conference to promote small businesses and create network platforms	SMME Expo and Conference hosted	3	All wards	1 SMME Expo and Conference	R150,000	COUNCIL & External	LED & P	Attendance Registers, Flyers, Event Report - Youth Economic Inclusive Seminar: December 2016	-	-	-	-	1 SMME Expo and Conference	Achieved	-	-	N/A
15	To position Matjhabeng as a competitive investment destination	Develop investment attraction and retention strategy	Investment strategy developed and approved	0	All wards	Investment Strategy		COUNCIL	LED & P	Approved Investment Strategy	-	-	-	-	-	-	1 investment attraction strategy	Achieved	N/A
16		Develop new incentives to attract new and retain existing investors	New approved incentives in place	0	All wards	New incentives	R300,000	COUNCIL	LED & P	Council Resolution	1 current incentives Strategy revised	Not achieved	-	-	-	-	-	-	Delays in finalising the specifications of the Strategy

**PROGRAM: AGRICULTURE AND MINING PROJECTS**

17	To create a suitable environment for sustainable agricultural production	Ensure a smooth Private Public Partnership between Matjhabeng Local Municipality, Rietfontein Agri Partners and the emerging farmers with regards the cultivation of field crops	PPP between Matjhabeng Local Municipality, Rietfontein Agri Partners monitored in line with the Partnership agreement	0		1 partnership between Municipality and Rietfontein Agri Partners (20 farms)		COUNCIL & Rietfontein Agri Partners	LED & P	Signed partnership agreement	-	-	-	-	-	-	Partnership agreement between Municipality and Rietfontein Agri Partners (20 farms)	Achieved	N/A
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18		Acquire a suitable grazing and arable agricultural land for use by emerging farmers	Number of suitable grazing arable land acquired	1	All wards	1 suitable grazing and arable agricultural land for 4 emerging farmers	R20m	Department of Rural Development and Land Reform	LED & P	-	-	-	-	1 suitable grazing and arable agricultural land for 4 emerging farmers	Not Achieved	-	-	Not funding allocated
19		Ensure an improved state of agricultural infrastructure in Municipal Farms	Upgrade infrastructure of identified municipal farms	3		Infrastructure upgrade on identified municipal farms	R1 591 026	COUNCIL	LED & P	Progress Reports	-	-	Infrastructure upgraded on 4 municipal farms	Not achieved	-	-	-	Budget Constraints
20		Provide infrastructure for the impoundment of stray livestock	Existence of livestock impoundment and livestock trading Centre in Matjhabeng Local Municipality	0		1 requisite infrastructure to stray livestock provided	R18,5m	(Capital Budget)	LED & P	Progress Report on the Impoundment Infrastructure	-	-	1 organic Fertilizer plant, Feedlot, Non GMO maize and hydroponics farming in Matjhabeng Local Municipality (Welkom)	Not achieved	-	-	-	Budget Constraints
21		Provide infrastructure for the livestock auction sale	Livestock Trading Facility built		All wards	Livestock Trading Facility built		COUNCIL	LED & P	Progress Report on the Trading Facility	-	-	1 requisite infrastructure to stray livestock and a livestock trading market provided	Not achieved	-	-	-	A temporary livestock pound was sourced from a private business person
22		Develop a temporary livestock management plan in Matjhabeng Local Municipality	Temporary livestock management plan developed	0		1 temporary livestock management plan developed	R0.00	Dept. of Agriculture	LED & P	A Service Level Agreement with Goldfield pound finalized (for the Livestock Management Plan)	-	-	1 temporary livestock management plan developed	Not achieved	-	-	-	A temporary livestock pound was sourced from a private business person



23	Facilitate skills development and capacity building of farmers	Skills development and capacity building facilitated to farmers	4		3 skills development and capacity building facilitated to farmers	R100 000, 00		LED & P	Training Certificates	3 skills development and capacity building facilitated to farmers	Not achieved	-	-	-	-	-	-	Resource Constraints
24	Facilitate the planning for the construction of a Tannery and leather processing factory in Matjhabeng Local Municipality	Tannery and leather processing factory business plan/feasibility study facilitated	0		1 Tannery and leather processing factory business plan/feasibility study	R500 000, 00	Dept. Rural Development and Land Reform	LED & P	Council Resolution	-	-	-	-	1 tannery and leather processing factory business plan/feasibility study	Not Achieved	-	-	Resource Constraints
25	Facilitate the planning and the construction of a Fruit and Vegetable drying and inlay factory in Matjhabeng Local Municipality	Number of Fruit and Vegetable drying and inlay factory to be implemented	0		1	R200 000, 00	COUNCIL	LED & P	Council Resolution	-	-	1 Fruit and Vegetable drying and inlay factory	Not achieved	-	-	-	-	Resource Constraints
26	Ensure that revenue due is paid from all leased municipal farms and including commonage farms	Assistance provided with the Revenue collection	20%		60%	R0.00		LED & P	Debtors Book/ Receipts	10%	Not achieved	20%	Not achieved	40%	Not Achieved	50%	Not achieved	Delays in the administrative process of sending out Collection letters to the farmers
27	Facilitate the establishment of Farm construction services and maintenance cooperatives	Number of construction services and maintenance cooperatives to be established	0		1	R200 000, 00	-	LED & P	Registration Certificates	-	-	1 Farm construction services and maintenance cooperatives	Achieved	-	-	-	-	N/A



28		Identify and facilitate agro-processing and value adding projects	Number of value adding / agro processing initiatives to be promoted and supported	3		4 agro-processing and value adding projects	R0.00	Lejweleputs wa District Municipality, COUNCIL and SEDTA.	LED & P	List of Agro – Processing Projects	4 agro-processing and value adding projects	Not achieved	-	-	-	-	-	-	Lack of Planning
29	Stimulate and promote small scale mining within Matjhabeng Local Municipality	Identify and develop small scale miners	Number of small scale miners identified and developed	4		5 Small Scale Miners	R0.00	National Department of Agriculture, Forestry & Fisheries	LED & P	Letters of support	-	-	5 small scale miners	Not achieved	-	-	-	-	Target to be reviewed
30	To facilitate the planning and the implementation of the Mining Social Plans in Matjhabeng Local Municipality	Identify economic development projects to be funded through SLP in collaboration with mining houses around Matjhabeng in consultation with the community	Number of projects funded through Mining Social Plan	5	All wards	10 economic development projects to be funded through SLP in collaboration with mining houses around Matjhabeng in consultation with the community	R0.00	COUNCIL	LED & P	Minutes and Reports from the Mining Houses	-	-	10 economic development projects to be funded through SLP in collaboration with mining houses	Not achieved	-	-	-	-	Lack of Planning
31		Support the enterprise development of the Mini-Butcheries Program initiative by SPARTA as part of their Broad-Based Black Economic Empowerment	Support for Mini-Butcheries Program initiated by SPARTA supported	0	All wards	10	R250,000	SPARTA Baby Beef (Pty) Ltd Group and Matjhabeng Local Municipality	LED & P	MOU's from SPARTA	Mini-Butcheries Program	Achieved	-	-	-	-	-	-	-



32		Facilitate the project plan and implementation of light industrial area in Meloding (Virginia)	Building identified, purchased and renovated for use by SMMEs in Virginia's Light industrial Park	0	5	1	R5m	-	LED & P	Signed MOU	-	-	-	-	1 light Industrial area in Meloding (Virginia)	Not Achieved	-	-	Lack of Planning
33		Facilitate the reduction of current municipal dump and recycle usable material thereby reduce waste and find alternative use and products	Number of recycling projects supported	2	All wards	R200.000	R200.000	COUNCIL and External Funding	LED & P	Signed MOU	-	-	4 recycling projects supported	Not Achieved	-	-	-	-	Lack of Planning
<b>PROGRAM: LED AND TOURISM</b>																			
34		Develop a Destination Marketing Strategy for the Sand River Route	Destination Marketing Strategy approved	Matjhabeng Tourism Sector Strategy	All wards	Destination Marketing Strategy	R450,000	International Labour Organisation (ILO)	LED & P	Approved Destination Marketing Strategy	Specifications Developed	Not achieved	Advert for RFP	Not achieved	-	-	-	-	Strategy in draft formant to be submitted to Council for approval
35	To position Matjhabeng as a destination of choice	Strengthen partnership with relevant stakeholders	Memorandum Of Understanding concluded with relevant partners - PACOFS and PRASA	None	All wards	4 partnerships	R2 million	International Labour Organisation	LED & P	Minutes and Correspondence with stakeholders	Discussions on Partnership possibilities	Not achieved	2 Agreements approve	Not achieved	-	-	-	-	No partnerships formed as follow-up meetings never materialized with PACOFS and PRASA
36	To reduce poverty and unemployment	Facilitate and create sustainable job opportunities	250 job opportunities created	None	All wards	250 job opportunities	None	COUNCIL	LED & P	Appointment Letters		-	-	-	-	-	250 job opportunities	Not Achieved	Lack of Planning
37		Design LED Strategy	LED Strategy approved by Council	Draft LED Strategy	All wards	LED Strategy		COUNCIL	LED & P	LED Strategy	Draft Strategy developed and presented to MAYCO	Draft Strategy developed but not presented to MAYCO	Draft Strategy adopted by Council	Not achieved	-	-	-	-	Amendment of Draft Strategy in progress



**PROGRAM: FACILITIES AND RENTAL MANAGEMENT**

38	To optimise efficient and effective utilization of all municipal Facilities/ Properties	Facilitate the collection of revenue	Collection and monitoring of Revenue from all rental facilities.	Collection from +- 4000 units	All wards	Collection from all rental facilities		COUNCIL	LED & P	Revenue Collection Register	25% Collection	Not achieved	45%	Not achieved	-	-	-	-	Income register/ Not all revenue collected
39		Implement marketing initiatives to create awareness	Marketing initiatives implemented to create awareness	Number of approved and published adverts	All wards	Approved Marketing initiatives implemented to create awareness		COUNCIL	LED & P	Advertisement	25%	Not achieved	-	-	-	-	-	-	Advertisement not signed; Funding unavailability contributed
40		Monitor and maintain adherence to Lease Agreements	Lease Agreements monitored and Registered	Registered Lease Agreements	All wards	100% Adherence to Lease agreements		COUNCIL	LED & P	Lease Register	50% corrected and updated	RFP compiled	100% updated and monitored	Achieved	-	-	-	-	N/A

**RENTAL - HOSTEL REDEVELOPMENT**

41	To provide affordable rental accommodation	Re-develop mine hostels into family units	Re-developed rental accommodation (G Hostel)	G- Hostel	31		R220 737 681.77		PDHS	Monitoring Progress Report.	Submit progress report in terms of Compliance	Not achieved	Monitor construction process and preparation of Sub-contracting aspects.	Not Achieved	-	-	-	-	Contractor defaulted
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