



GREATER TAUNG
LOCAL MUNICIPALITY



ANNUAL REPORT

2015/16

REVISED ANNUAL REPORT TEMPLATE

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

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

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

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

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

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

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



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Chapter 1

SUMMARIES

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD

Greater Taung Local Municipality's Annual report for the 2015/2016 financial year gives one an in-depth picture of the breadth of work that was undertaken in the year under review. As required by the Local Government: Municipal Systems Act, 32 of 2000 (Section 46) and Local Government: Municipal Finance Management Act, 56 of 2003 (Section 88), we present the 2015/2016 Draft Annual Report to communicate feedback on whether for the year under review, our endeavours as an institution, to deliver services that move our people from the negative socio-economic aspects of their lives to positive acceptable social conditions were successful.

We have taken the opportunity in this Draft Annual Report to endeavour to reflect on what we have achieved and what remains to be done. One is clear as we move into next financial year, the challenge will be ever greater. The economic conditions over the next and beyond will place tremendous burdens on many of our citizens, who will depend on effective public service more than ever.

a. Vision

A prosperous community that is socially, culturally and economically sustainable

"Morafe o o atlegileng o o botsalano o o ipelang ka setso le moruo o o tsepameng"

'N welvarende gemeenskap wat sosiaal, kultureel en ekonomies volhoubaar is

b. Key Service Delivery Improvements:

During the period under review, a concerted effort to implement projects and programs that were budgeted for and encapsulated in our IDP was undertaken and the outcomes thereof are evident within our area of jurisdiction. Our imbizos, Community Based Planning (CBP), IDP and Budget Consultation meetings gave us the opportunity to listen to the community's needs and we to some extent acted on delivering the some of the needed services

c. Public Participation:

Our collective understanding of all factors and the issues at play in as far as our mandate of delivering quality services to our people is concerned, yielded positive strides when we faced abnormal situations. As councillors, our oversight role and monitoring of the implementation of the decisions we take as a Council improved drastically. Through the IDP and Budget Consultation and the monthly Ward Councillors consultation meetings, we listened to the community and acted on delivering services. The new programme called Setsokotsane that was initiated by the Premier also improved the level of public participation.

"Morafe o o
atlegileng o
o botsalano
o o ipelang
ka setso le
moruo o o
tsepameng"

d. Future Actions

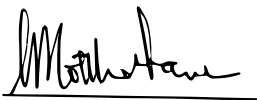
Good governance, leadership and good financial management are key issues that councillors will have to prioritise by ensuring that all Portfolio Committees and Municipal Public Accounts Committee are functional and have the capacity to perform their oversight role as prescribed. In terms of service delivery the municipality will strive to achieve more with the approved budget, Community halls will be completed, paving of identified roads will be completed and High mast energised will be installed.

e. Conclusion

As our term as councillors is coming to the end, on behalf of the council of Greater Taung Local Municipality's, I wish to express my sincere gratitude to the Municipal Councillors for their diligence and valuable contribution in guiding the municipality towards successful performance during 2015/16 and during preceding years to enable the municipality to achieve successful and historic landmark.

I also wish to thank the Administrative leadership of the municipality under the able leadership of Municipal Manager, Mr Katlego Gabanakgosi for their dedication, loyalty that continued to put in every effort to ensure in effectively implementing the political mandate emanating from the 2011-2016 IDP and that we, individually and collectively, are able to contribute to making a difference in the quality of life in our communities.

The journey of transforming our society and unblocking process of change continues. Commitment by all in this municipality without reservations is on the rise. The political will is evident and will continue to add value to changes.



Clir N. Motlhabane

Mayor

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MAYOR'S FOREWORD AND EXECUTIVE SUMMARY continued

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

In the past, annual reports have often been used solely to promote the positive image of the municipality with little focus on comparing actual with promised performance. The MFMA now requires the municipality to report on all aspects of performance providing a true, honest and accurate account of the goals set by council and the success or otherwise in achieving these goals. The annual report is a key performance report to the community and other stakeholders and, once approved by the council, must be placed on the municipal website, copies sent to various authorities and made available to the wider community.

The most important documents tabled for any municipality or entities are its Integrated Development Plan (IDP), budget and annual report. The IDP and budget are forward-looking, they set out what the municipality intends to do and the funds it will raise and spend. The annual report, on the other hand, is backward-looking as it reports on actual performance at the end of the financial year, reporting on how the IDP and budget were implemented.

Annual reports must be aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, budget, service delivery and budget implementation plan (SDBIP), in-year reports and annual report should have similar and consistent structures to facilitate understanding and to enable the linkage between plans and actual performance.

This report serves as a tool to provide a record of activities of this municipality, especially to take a wholesome assessment and measurement of the budget and predetermined objectives' performance as approved in the 2015/2016 IDP, Budget and the Service Delivery Budget and Implementation Plan.

The Greater Taung local Municipality has to ensure that it implements the following general powers and functions in line with the constitution of the country. You will however realise that some of the functions are not performed because of them not being applicable to us in terms of conditions and capacity.

1. An accountable and democratic system of government to local communities;
2. Ensuring the provision of services to local communities in a sustainable manner;
3. Promoting social and economic development;
4. Promoting safe and healthy environment; and
5. Encouraging the involvement of communities and community organisations in matters of local government.

These broad constitutional provisions are given effect to by the provision of the municipal systems and the municipal finance management acts.

The highlights of the year under review reflects progress made on the provision of basic services to the community.

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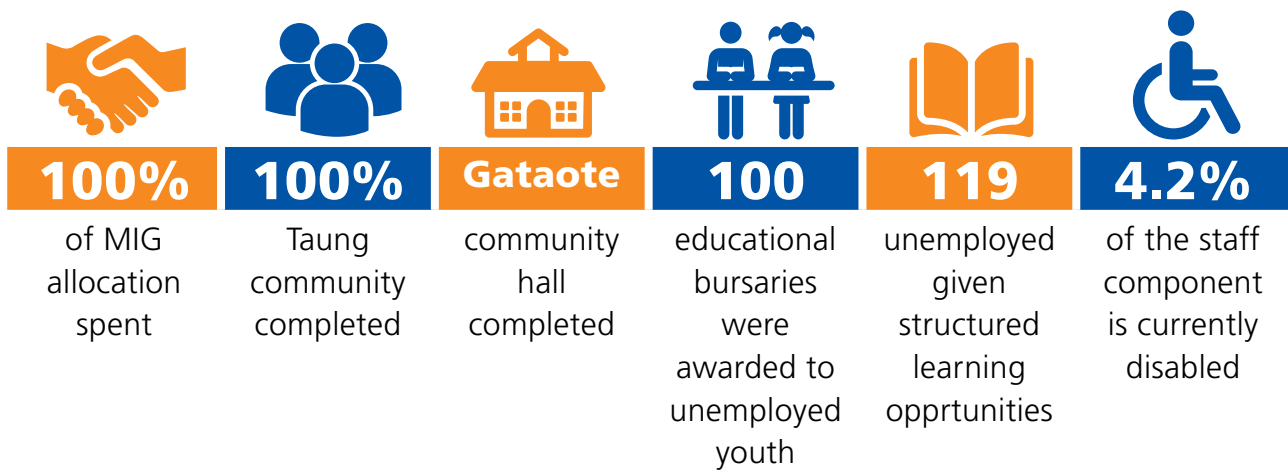
**educational bursaries were
awarded to unemployed youth**

4.2%

**of the staff component is
currently disabled**

The Municipality's progress in achieving its objectives as reflected in the Integrated Development Plan, the Budget and the Service Delivery and Budget implementation Plan is outlined in this Annual Report;

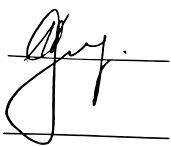
The following have been achieved during 2015/2016



At the beginning of the 2015/16 Financial year council took a resolution to rotate Acting section 56 Managers every three month in endeavour to comply with amended Municipal Systems Act of 2011. One must acknowledge that rotation of directors did not work entirely for the benefits of the municipality as performance of department has regressed.

In conclusion, it is also crucial to mention that we have tried to adhere to the principles of good governance as we believe that good governance is integral to economic growth, the eradication of poverty and for the sustainable development of the community we serve. We table this report in the spirit of Batho Pele, putting our people and communities first, and this report bears our testimony to our commitment for setting platforms to achieving more desired outcomes for the years ahead.

would like to thank the Honorable Mayor, Members of the Executive Committee (EXCO) , All Councilors and Staff for their contributions in making 2015/2016 a success.



K. Gabanakgosi
Municipal Manager

T 1.1.1

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY continued

COMPONENT B: EXECUTIVE SUMMARY

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Introduction to background data

For the purpose of this report GTLM wants to indicate from the on-set that it does not have any entities and is also not the Water and Sanitation Authority, this competency vests with the Dr Ruth S Mompoti District Municipality, but it does not mean that GTLM did not play a facilitation role to ensure that these services are coordinated in GTLM.

Greater Taung Local Municipality (NW 394) is situated in the western part of North West in the area of jurisdiction of Dr Ruth S Mompoti District Municipality. The municipality is one of the five local municipalities in Dr Ruth S Mompoti District Municipality. The municipality covers an area of 5 639 Km², which accounts for 11,8% of the total area of Dr Ruth S Mompoti District Municipality. The main rural towns/townships in the municipal area are Reivilo, Pudimoe and Taung Central. About 95% of the municipal area is predominantly rural. There are about 106 widely-scattered villages in the municipal area. There are Northern Cape areas that one passes when going from one village to the other within the municipality, namely Pampierstad township and Northern Cape farms. These areas previously formed part of the municipality but were later moved to the Northern Cape during the last demarcation process. The municipality is divided into 26 administration wards and has a total of 52 councillors (both ward and PR councillors).

As the municipality is predominantly rural, villages have been divided under the three tribal authorities under three paramount chiefs, namely Mankuroane, Mothibi and Motlhabane. The agricultural sector, both commercial and subsistence, is the major employer and contributor to the municipal economy.

The municipal population stands at 171 642 (the largest in the district), with a total of 48 612 households. When compared to the 2001 population statistics, the population size has declined from a total of 182 164 to 177 642 in 2011. The average population density stands at 31,5km².

Living conditions

48,3% of the population is not economically active, and among those who are, 50% are unemployed. Although about 88% of the dwelling units/structures are built from bricks/concrete blocks, and the average household size is only about four people per household, the municipality is faced with challenges such as absence of mail delivery services.

It should be noted that, even though the unemployment rate in 2011 stood at 50%, there has been a significant improvement when compared to 2001, when the municipal unemployment rate stood at 65%. As far as other major services are concerned, the municipality household access to electricity is 89%, compared to 49% in 2001. All of those with access to electricity use it for lighting, 40,3% use it for heating and about 73% for cooking.

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widely-scattered villages in
the municipal area

171 642

Municipality population

T 1.2.1

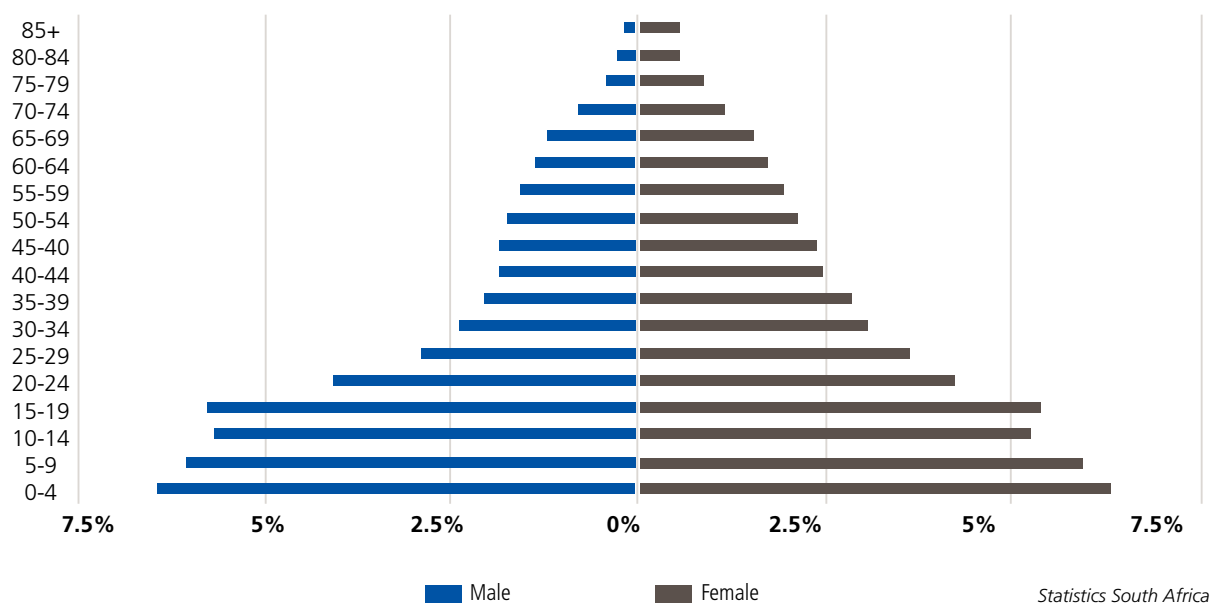
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Population Details			
Age Group	Male	Female	Total
0 – 4	11,476	11,291	22,767
5 – 9	10,755	10,662	21,416
10 – 14	10,103	9,365	19,468
15 – 19	10,254	9,644	19,898
20 – 24	7,288	7,676	14,964
25 – 29	5,181	6,490	11,671
30 – 34	4,293	5,477	9,770
35 – 39	3,720	5,176	8,896
40 – 44	3,414	4,520	7,934
45 – 49	3,301	4,339	7,640
50 – 54	3,230	3,916	7,146
55 – 59	2,765	3,599	6,364
60 – 64	2,518	3,194	5,712
65 – 69	2,075	2,808	4,883
70 – 74	1,449	2,164	3,613
75 – 79	962	1,608	2,571
8 – 84	533	978	1,510
85+	429	979	1,409
Total	83,748	93,886	177,633

Source: Statistics SA - 16 Aug 2013

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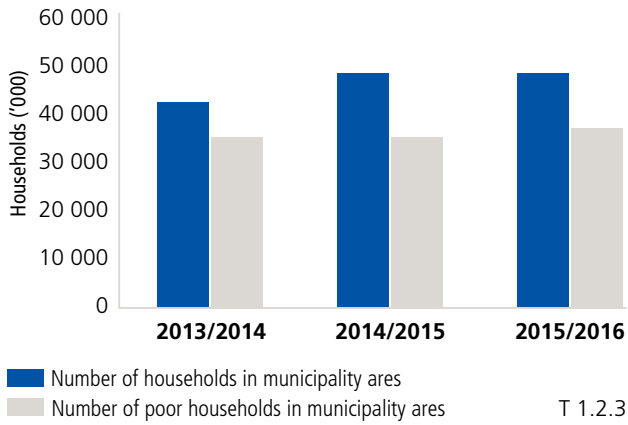
Sex and age distribution



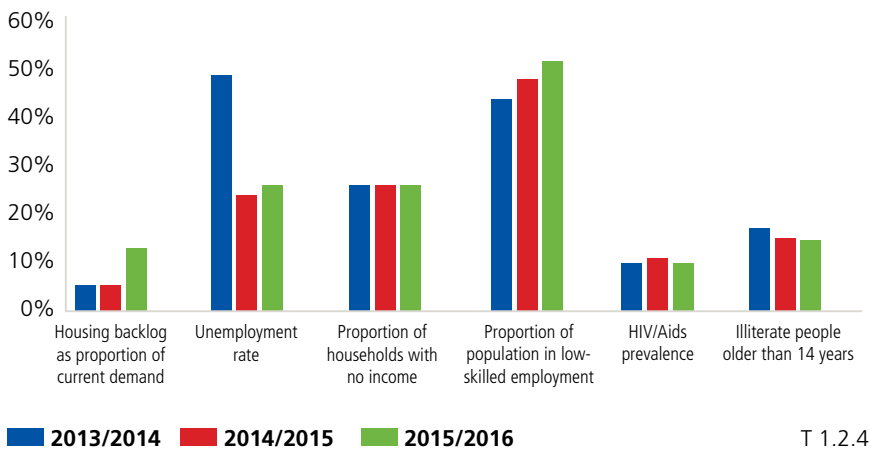
MAYOR'S FOREWORD AND EXECUTIVE SUMMARY continued

COMPONENT B: EXECUTIVE SUMMARY

Households



Socio economic status



Socio Economic Status							
Year	Housing Backlog (Informal Units %)	Unemployment rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate People Older than 19 Years	
2013/14	5%	65%	10%	2%	14%	27%	
2014/15	5%	65%	10%	2%	14%	27%	
2015/16	11%	80%	20%	2%	14%	27%	

T.1.2.5

continued

Overview of Neighbourhoods within Greater Taung Local Municipality (SDF May 2005)

Settlements	Households	Population
Towns		
Taung	39,900	106,932
Reivilo	317	689
Pudimoe	1,993	5,341
Sub-Total	42,150	112,962
Rural settlements		
Banksdrift	443	1187
Batlhaping	836	2240
Biopelo	344	1,236
Burchell	1	3
Chokonyane	1,177	3,154
Choseng	595	1,595
Dikhuting 1	1,215	3,256
Dikhuting 2	144	386
Diplankeng / Molehabangwe	728	1951
Diretsaneng	29	78
Dryharts lehatlheng	1,493	4,001
Ga- Moduana	175	469
Ga-Mokake	14	38
Ga – Mokwere	11	29
Gasebusho	24	64
Gataote	352	943
Graspan	150	402
Hellenspan	50	134
Hoekplaas	3	8
Itereleng	39	105
Kameelputs 1	197	528
Kameelputs 2	59	158
Kgomotso	1,169	3,133
Khaukwe – Moncho	99	265
Khibitswane	1,676	4,492
Khudutlou	293	785
Kokomeng	538	1,442
Leshobo	468	1,254
Lokammona	4	11
Longaneng	501	1,343
Losasaneng	540	1,447
Loselong	124	332
Lothwanyeng	526	1,410
Lower – Makjeakgoro	2,402	6,437
Lykso	12	32
Madipelasa	1,026	2,750

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY continued

COMPONENT B: EXECUTIVE SUMMARY

Overview of Neighbourhoods within Greater Taung Local Municipality (SDF May 2005)

Settlements	Households	Population
Madithamage	107	287
Maganeng	473	1,268
Magogong / Roma	359	962
Makwating – Kholong	84	225
Malaptse	5	13
Mamashokane	115	308
Manokwane	893	2,393
Manthestad – Moshosho	796	2,133
Maphoitsile	33	88
Marotaneng	155	415
Marubisana	6	16
Matlapaneng 1	326	874
Matlapaneng 2	504	1,351
Matolong	273	732
Matsheng	722	1,935
Mmammutla	475	1,273
Modemong / Setlhabeng	465	1,246
Modutung 1	201	539
Magopela A	400	1,072
Magopela B	373	1,000
Mokasa 1	217	582
Mokasa 2	1,032	2,766
Mokgareng South	1,176	3,152
Molale	35	94
Molelema North	104	279
Molelema North / Pholoholo	1,050	2,814
Mookaothupa	5	13
Morkweng 1	214	574
Morotele – Ntswanahatse	786	2,106
Motjanthanyaneng	333	892
Mothlabeng – Shaleng	745	1,997
Motsweding	580	1,554
Myra	805	2,157
Nhole	25	67
Nkhabang	50	134
Norlim – Thomeng	695	1,863
Ntokwe / Ditompong	667	1,788
Phatshe	67	180
Phitsong	230	616

continued

Overview of Neighbourhoods within Greater Taung Local Municipality (SDF May 2005)

Settlements	Households	Population
Randstadt	266	713
Rietfontein	381	1,021
Rooiwal	264	708
Sedibeng 1	67	180
Sekhing	863	2,313
Seoding 1	8	21
Seoding 2	445	1,193
Takaneng	154	413
Takapori	48	129
Tamasikwa	172	461
Thota-Ya-Tau	619	1659
Tlapeng La Rabodigela	327	876
Mayeakgoro	821	2,200
Vaalboschoek	1	3
Vaaltyn	190	509
Wilverdiend	2	5
Xhonyana – Qho	150	402
Other	43	115
Total	80,009	214,765

T.1.2.6

Please take note that this figures still need to be aligned with the Statistics SA information, also take note that Statistics SA did not reflect the information up to village level and there for it could not be updated.

Natural Resources

Major Natural Resource	Relevance to Community
Taung Skull Heritage Site	Close to Buxton were the world famous Taung Child Skull was discovered
Small Heaven	Place of Spiritual Value
Taung Dam	The dam is in the Manthe area and falls within the catchment of the Dryharts River
Spitskop Dam	The dam is in the Kgomotso area and falls within the catchment of the Dryharts River

T.1.2.7

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY continued

COMPONENT B: EXECUTIVE SUMMARY



COMMENT ON BACKGROUND DATA

The latest Census Statistics shows that the total population of GTLM stands at about total 177 642 people, which is the highest in the entire district. GTLM is rural in nature and was established in 2000 during the introduction of the new local government dispensation with dire socio-economic conditions that need to be attended to. The challenge derived from the data that was gathered through the Spatial Development Framework that was compiled in May 2005 which indicated that GTLM does have 80,009 housing units. This figure is a variance of almost 100% to that of STATSSA who indicated that GTLM does have 48,454 households according to the Statistics SA Data of 16th of August 2013.

Key Challenges and Opportunities arising from the demographic data:

The large difference between these two figures always complicates the baseline and backlog data of GTLM. The

challenge is to rely on the STATSSA demographic data to determine the baseline data which should be used for future planning and budgeting purposes. If one should consider the Housing Survey or Spatial Development Framework Data to be accurate it means that the backlog with regard to basic service delivery is greater than it appear. The lower STATSSA figures also impact negatively on the Equitable Share that is allocated to GTLM.

Relevance of the 5 Major Resources and the Impact that it is having:

The Taung Dam does have great potential with regard to Water Provision for both human and agricultural purposes and fortunately projects are already implemented to ensure the responsible utilization of this resource and good care should be taken that the natural heritage and unique fish species are not endangered by the projects.

T.1.2.8



1.3. SERVICE DELIVERY OVERVIEW



SERVICE DELIVERY INTRODUCTION

The South African constitution states that municipalities have the responsibility to ensure that all citizens residing within municipal areas of jurisdiction are provided with services to satisfy their basic needs. These services have a direct and immediate effect on the quality of the lives of the people in that community.

One of the sectors in which GTLM, Department of Minerals and Energy (DME) and Eskom did perform exceptionally well was in the sector of energy or electricity provision. More than 30,000 connections were made since December 2000 meaning that less than 10% of the residents do not have acceptable access to electricity. The sector which does cause the biggest reason for concern is sanitation if one should consider the impact that informal sanitation practices have on the environment especially in the areas where dolomite formations are found like the informal settlement in Boipelo where the lack of proper sanitation facilities can cause a big health risk through contamination of underground water resources.

The sector which is the biggest challenge for GTLM to deliver on is Roads and Storm Water. An analysis of the Community Based Planning input clearly demonstrates that roads have now overtaken all basic services as the highest priority issue that needs to be addressed because of the economic impact that this sector has on the residents of GTLM, on the one hand the lack of proper roads prevents residents from being mobile enough to transport their products economically and on the other hand the bad roads are causing damage to property, plant and equipment. The maintenance of construction equipment is already a big challenge for GTLM and a good strategy should be developed to ensure that GTLM can deliver these services and

an option might be to outsource the service.

Good progress was also made with regard to water provision and the commitment displayed by the Dr Ruth S Mompoti DM and Sedibeng Water must be commended. Waste collection is rendered in the formal towns and at businesses and GTLM is doing well with regard to household refuse collection, but it is recognized that we do have an enormous task facing us to try and keep our towns and CBDs clean. This can only be achieved if GTLM can educate residents and also convince them to become part of the solution of waste management and play their part to ensure refuse is dumped at the proclaimed dumping sites and littering is not socially acceptable.

The following need to be considered to ensure a turnaround with regard to cleaner towns:

- Register all street traders and develop bylaws for street trading;
- Effective and well managed Waste Transfer Stations and Recycling Methods;
- Licensed Solid Waste Management Sites

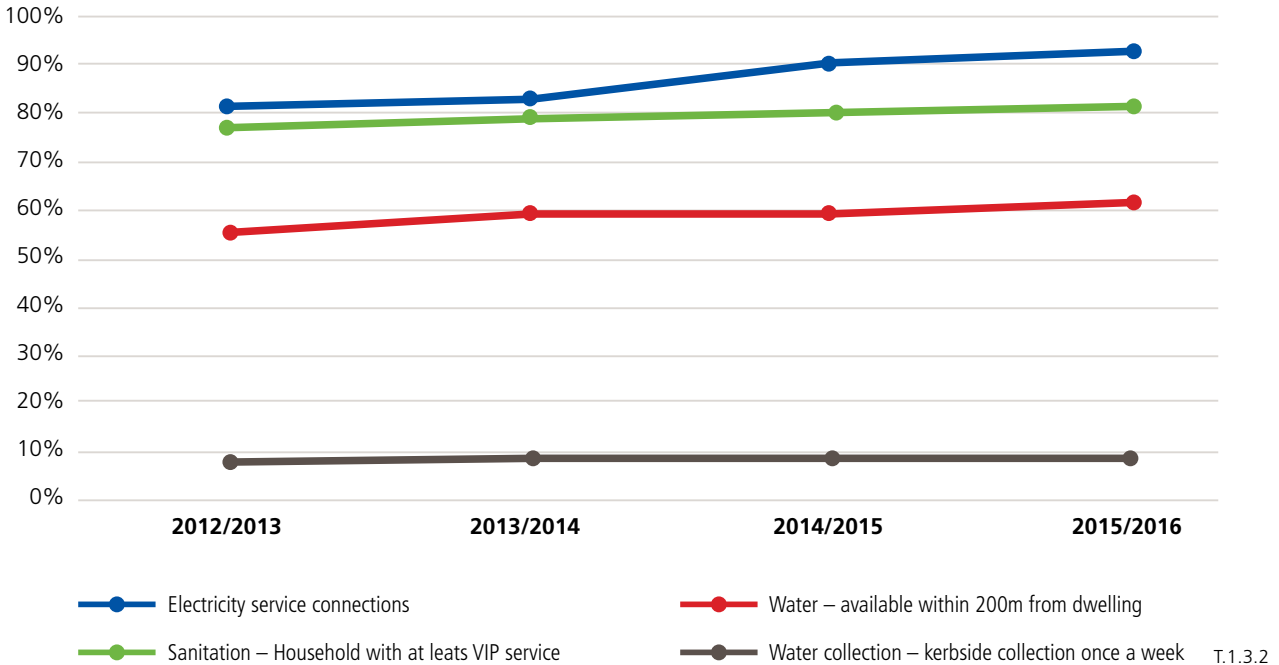
Service delivery to indigent is rendered through a subsidy scheme that is funded from the Equitable Shares. It is also important to mention that the Provincial Government has introduced Economic and Service Delivery programs such as Setsokotsane, Village, Townships and Small Dorpias (VTSD) to enhance service delivery and endeavour to improve the economy of GTLM. District Integrated Plans were developed at Provincial level to ensure improvement of services in all sectors. In 2015/2016 National Treasury withdrew some of the conditional grant that were meant for service delivery projects and that had a negative impact on municipal performance.

T.1.3.1

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY continued

COMPONENT B: EXECUTIVE SUMMARY

Proportion of households with access to basic services



COMMENT ON ACCESS TO BASIC SERVICES

According to the information gathered from different sources there is a decline in the accessibility to basic services. This decline is a mathematical reflection of Stats SA data set also relevant to the explanation that was given with regard to the change in the data set as well as what is considered to be acceptable access. The sharp drop in sanitation and waste services is because of the interpretation of the data sets. Many households do have pit-latrines without ventilation improvement pipes (VIP) that is now considered not be an acceptable standard of sanitation access.

T.1.3.2

1.4. SERVICE DELIVERY OVERVIEW



FINANCIAL OVERVIEW

Municipal Finance Department provide fiscal and financial management support to GTLM. Finance department is committed to providing timely, accurate and complete information with the aim of improving living standard, to ensure that municipality remains financially viable and that sustainable municipal service are provided economically and equitable to all communities.

T.1.4.1

Financial Viability highlights

Highlights	Description
Timeous Payment of Service Providers Production of Valuation Roll	Suppliers were paid well within 30 days after receipt of valid tax invoice
Timeous submission of Annual Financial statement and the Improvement of audit opinion	The compliance of the submission of Annual Financial statements together with the Draft Annual Report testifies the municipality 's vision to achieve clean audit status
Improved Cash and Cash equivalents management	The overall management of available cash and cash equivalents has improved

National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These KPI is linked to National Key Performance Area: Municipal Financial Viability and Management.

National Key Performance Indicator	2014/15	2015/16
Debt Coverage ((Total operating revenue- operating grant received) debt service payment due within the year	1.54	1.89
Service Debtors to Revenue – (Total outstanding service debtors: revenue received for services)	0.15	0.75
Cost Coverage (Available cash + Investment) : Monthly fixed operating expenditure)	0.76	0.81

Financial Overview: 2015/16			
Details	Original budget	Adjustment Budget	R'000 Actual
Income:			
Grants	223 039 000	223 039 000	189 984 848
Taxes, Levies and tariffs	20 689 685	20 689 685	23 411 887
Other	11 622 039	11 622 000	9 761 492
Sub Total	255 350 724	255 350 724	223 158 227
Less: Expenditure (excl. grants)	203 888 723	203 888 723	167 669 997
Expenditure (grants)	51 462 000	51 462 000	40 141 369
Net Total*	220 350 723	220 350 723	207 811 365
* Note: surplus/(deficit)			T.1.4.2

Operating Ratios	
Detail	%
Employee Cost	52%
Repairs & Maintenance	14%
Finance Charges & Impairment	1%
T.1.4.3	

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY continued

COMPONENT B: EXECUTIVE SUMMARY



COMMENT ON OPERATING RATIOS

Employee Cost – measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employees cost by the difference between total revenue and capital revenue. The ratio of personnel expenditure to operating expenditure is widely used as an indicator of the sustainability of municipal budget and expenditures. According to MFMA budget circular No. 59 there is no prescribed or recommended benchmark for the ratio personnel expenditure to operating expenditure.

Currently among municipalities with electricity function, this ratio is tending to move downward despite fairly large increases in personnel spending. This is because spending on bulk electricity purchases is increasing at a very fast rate, driving the relative share of all expenditure categories down.

Repairs and Maintenance – this represent the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance. National Treasury has recommended that repairs and maintenance expenditure budget should be 8 percent of the total value of assets.

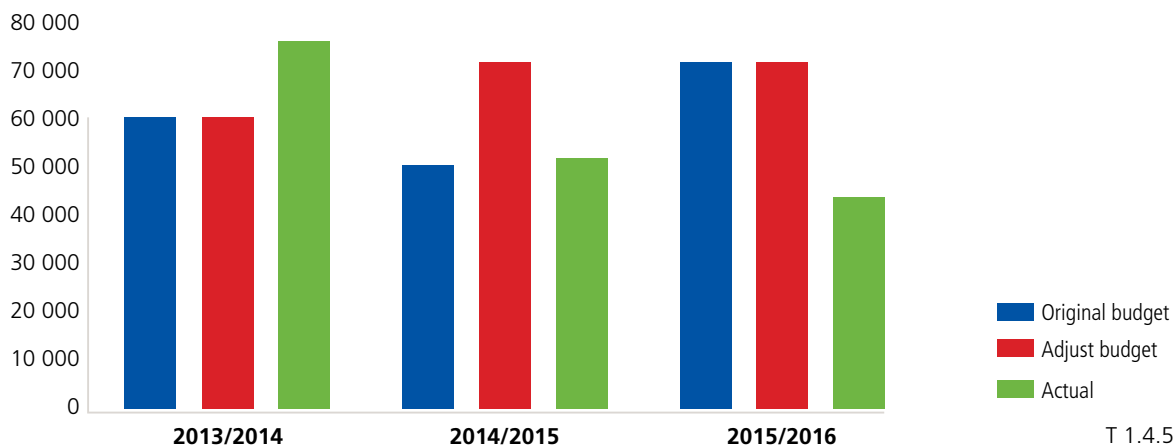
T.1.4.3

Total Capital Expenditure: 2013/14-2015/16

	R'000		
Details	2013/14	2014/15	2015/16
Original Budget	60 721	50 746	72 462
Adjustment Budget	60 721	72 234	72 332
Actual	76 087	52 234	43 894 968

T 1.4.4

Total capital expenditure



T 1.4.5



COMMENT ON CAPITAL EXPENDITURE

Comments not provided by finance department.

T 1.4.5.1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW



ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Greater Taung Local Municipality has an organizational structure which is aligned to the IDP and is reviewed from time to time to ensure operational effectiveness.

The municipality has managed to implement its approved Employment Equity Plan and to date 4.2% of staff complements is disabled employees. The Workplace Skills Plan was submitted to Council to LGSETA in April 2016. The WSP was implemented and the following officials, Councillors and unemployed youth benefited:

- 48 Councillors were trained
- 100 educational bursaries were awarded to unemployed youth.
- 198 officials were trained

T.1.5.1

1.6. AUDITOR GENERAL REPORT



AUDITOR GENERAL REPORT: 2015/2016 (CURRENT YEAR)

As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), the responsibility of the Auditor General is to express an opinion on the municipality's financial statements based on conducting an audit in accordance with International Standards on Auditing.

The Auditor General expressed qualified audit opinion on the financial affairs of the Greater Taung Local Municipality in the previous financial year (2014/2015). In 2015/16 a lot of work has been done to clear most of the queries that were raised by the Auditor General in the prior year, and this was done in an effort to improve the audit outcome for the reporting period.

A report from the Auditor General for the financial year under review will be contained in chapter 6 of this report.

T.1.6.1

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY continued

COMPONENT B: EXECUTIVE SUMMARY

1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
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
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting)	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft 2015/2016 Annual Report to Internal Audit and Auditor-General	
5	Audit/Performance committee considers draft Annual Report of municipality	August
6	Mayor tables the unaudited Annual Report	
7	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
8	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	September – November
9	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	
10	Municipalities receive and start to address the Auditor General's comments	December
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	January
12	Audited Annual Report is made public and representation is invited	
13	Oversight Committee assesses Annual Report	February – March
14	Council adopts Oversight report	
15	Oversight report is made public	
16	Oversight report is submitted to relevant provincial councils	April
17	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	

T.1.7.1



COMMENT ON THE ANNUAL REPORT PROCESS

It is necessary that the municipality derive maximum benefit from its efforts in submitting reports. Such benefits are typically obtained in the form of being able to compare and benchmark against other municipalities and to learn from the feedback mechanisms.

The Annual Report process flow provides a framework for the municipality to follow in completing various reports within each financial year cycle. It is recommended that Municipal Manager study this process flow and ensure that reports are submitted timeously. If the process flow is followed, the municipality should be able to provide an unaudited Annual Report in August of each year, which is consistent with the MFMA.

The Annual Report of a municipality and every municipal entity must be tabled in the municipal council on or before 31 January each year (MFMA S127). In order to enhance oversight functions of the Council, this must be interpreted as an outer deadline; hence the municipality must submit the Annual Report as soon as possible after year end.

The Annual Report must be aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, budget, SDBIP, in-year reports, annual performance report and Annual Report should

have similar and consistent information to facilitate understanding and to enable the linkage between plans and actual performance.

The above can only occur if the municipality set appropriate key performance indicators and performance targets with regards to the development of priorities and objectives in its IDP and outcomes (MSA S41). This requires an approved budget together with a resolution of approving measurable performance objectives for revenue from each source and each vote in the budget (MFMA, S24).

The Annual Report content will assist municipal councillors, municipalities, residents, oversight institutions and other users of Annual Reports with information and progress made on service delivery. It must align with the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP), and in year reports. The contents will also assist with the annual audits.

Another key aspect of the reform in combining the relevant information into the New Annual Report Format will assist the municipality to streamline operations and processes through combined committees, reduce costs, time and effort. There will be a limited need for the municipality to have different committees to deal with financial and non-financial related matters.

T.1.7.1.1

Chapter 2

GOVERNANCE



INTRODUCTION TO GOVERNANCE

Good governance has eight major characteristics. It is participatory; consensus oriented; accountable and transparent; responsive; effective and efficient; equitable; inclusive; and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

To govern is to exercise political, economic and administrative authority to manage the nation's affairs. Governance is the complex mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights and obligations, and mediate their differences.

The political and administrative components of Council maintain a sound working relationship by ensuring respect of procedures and protocols. The Greater Taung Local Municipality (GTLM) as Legal entity relate to the other spheres of Government and Organized Local Government Bodies through the Intergovernmental Policy Framework. Communities as an Interest Group in Municipal Affairs participates through Public Participation Mechanisms and processes in the Decision Making Systems of Council

This includes interaction with the stakeholders in shaping the performance of the municipality in order to enhance a healthy relationship and minimizing conflict.

GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Introduction to political administrative governance

Political governance ensures regular communication with the community at large by means of Imbizo's, IDP and budget consultations. This ensures that the community participates in identifying needs and make inputs on the performance of the municipality. This process ensures healthy relations with the community and minimizes conflict.

Administrative governance ensures transparent administration, regular feedback to the community, compliance to the required rules, processes and laws by which Council is operated, regulated and controlled.

2.1. POLITICAL GOVERNANCE

Introduction to political governance

Council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Mayor and the EXCO. Its primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their function as policy makers, Councillors are also actively involved in community work and the various social programmes in the municipal area.

A shared Audit and Performance Committee has been established in terms of Section 166 subsection 6(a) of the MFMA. The committee comprises of five (5) and a Chairperson. The purpose of the committee is to advice council and management of the district and local municipalities on matters relating to internal financial control, performance management and comment on the Annual Report.

The Mayor is appointed by council and has executive powers and duties. He provides general political guidance over the fiscal and financial affairs of the municipality and in doing so monitor and oversee the exercise of responsibilities assigned to the accounting officer in terms of MFMA; Act 56 of 2003 without interference. The council appoints members of the Executive committee (EXCO) to chair the portfolio committees indicated below:

- Finance
- Community Service,
- ICT Marketing and Communication,
- HR and Corporate Governance,
- Economic Development Agriculture and Tourism
- Roads and Stormwater
- Infrastructure
- Planning and performance
- Land Use and Human Settlement

Municipal Public Accounts Committee has been established in terms of section 79 of the Municipal Structures Act, No. 117 of 1998. The main purpose of the committee is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality and to consider annual report and submit oversight report on the annual report to council. The committee consists of ten (10) non - executive councillors. The Oversight Report will be published separately in accordance with MFMA guidance.

T 2.1.1

GOVERNANCE continued

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

POLITICAL STRUCTURE	FUNCTIONS
 <p>Hon Mayor Cllr. Kaone Lobelo</p>	<ul style="list-style-type: none"> • Provide political guidance over the fiscal and financial affairs of the municipality • To oversee the preparation of the annual budget • Submit quarterly reports to Council on the implementation of the budget and the financial status of the municipality • Coordinate the annual review of the IDP • To ensure that the Mayoral Committee is perform its functions properly • Promotion of intergovernmental relations • Convene public hearings and meetings • Identifies the needs of the community in terms of the IDP processes. • Reviews those needs in order of priority • Recommend to the municipal council strategies, programmes and services to address priority needs through the IDP, estimates revenues and expenditure, taking into account any applicable National and Provincial Plans • Recommend and determine the best way, including partnership and other approaches, to deliver those strategies, programmes and services to the maximum benefit of the community.
 <p>Speaker of Council Cllr. Deliwe Sethi</p>	<ul style="list-style-type: none"> • The Speaker presides over the council meetings and maintains order during council meetings. • Ensure that the council meets at least quarterly. • Ensure that the rules of order are complied with during the proceedings of council meetings. • Execute any other duties as delegated to the speaker in terms of the council delegation systems. • Maintains order during Council meetings • Ensure that Councillors adhere to the Code of Conduct • Support to Councillors • Facilitate public participation coordinate the establishment and functionality of ward committees
 <p>Chief Whip Cllr. Olifant</p>	<ul style="list-style-type: none"> • The role of Chief Whip is to ensure that Councillors are accountable to the communities, that code of conduct is respected and adhered to by all Councillors. • The Chief Whip ensures discipline during Council and Committee Meetings. • He facilitates political debates, workshop for all Councillors.

Councillors

Councillors provide a vital link between communities they serve. They are responsible for representing the needs and interests of the people they represent, regardless of whether they voted for them. Although councillors are not usually full time professionals, they are bound by a code of conduct. The Councillors serves for five years.

The Greater Taung Local Municipality comprises of 26 Ward Councillors and 25 PR Councillors. See Appendix A where a full list of Councillors can be found (including committee allocations and attendance at council meetings).

A Ward Councillor has to balance the expectations of his/her ward and that of their political party. The Ward Councillor is the chairperson of the ward committee, responsible for convening the constituency meeting to elect ward committee members, calling ward committee meetings, ensuring that a schedule of meetings is prepared, handling queries and complaints in the ward, resolving disputes and making referrals of unresolved disputes to the municipality, ensuring that the ward committee does what the municipality expects about reporting procedures. See Appendix B which sets out committees and committee purposes.

T 2.1.2

Political decision-taking

The Greater Taung is a collective Executive type and has established nine portfolio committees each chaired by a member of the Executive Committee. Section 33 of Local Government: Municipal Structures Act, 1998 which provides for the establishment of committees in terms of Section 79 and 80 of the act. All the committees are chaired by Councillors who are full time and coordinated by relevant senior managers and officials who also serve as technical resource persons. Those are:-

The committees meet monthly to consider items which need to be forwarded to the Executive Committee. Recommendations of the Committees are submitted on quarterly basis to Council's Statutory Sitings for Resolutions and implementation.

T 2.1.3

2.2. ADMINISTRATIVE GOVERNANCE

Introduction to administrative governance

In terms of part 7 section 82 of the Municipal Structures Act 117 of 1998 as amended the Municipality must appoint the Municipal Manager who is the head of administration and therefore the Accounting Officer. In terms of section 55 of the Municipal Systems Act, 32 of 2000 as amended the Municipal Manager as head of administration is subject to policy directives of the municipal council responsible for the formation and development of an efficient, economical, effective and accountable administration and must manage the municipality in accordance with all legislation and policies pertaining to Local Government. In terms of section 50 of the Municipal Systems Act 32 of 2000 as amended, the Council in consultation with the Municipal Manager must appoint managers who are directly responsible to the Municipal Manager who must have relevant and requisite skills and expertise to perform the duties associated with the posts they each occupy.



The Municipal Manager is also accountable for all the income and expenditure and all assets as well as the discharge of liabilities of the municipality including proper and diligent compliance with the Municipal Finance Management Act, 53 of 2003. Each senior manager or director who reports directly to the Municipal Manager are delegated the functions which the Municipal Manager may delegate to them and are responsible for all those matters delegated to them including financial management as well as discipline and capacitating of officials within their areas of responsibility and compliance to all legislation governing Local Government, it's policies and by-laws.

The Municipal Manager and Directors forms the senior management core and all directors are accountable to the Municipal Manager in terms of strategic management and oversight of their departments. All budget expenditures in each directorate are managed by the Director in order to ensure that service delivery matters are handled speedily.

T 2.2.1

GOVERNANCE continued

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

TOP ADMINISTRATIVE STRUCTURE	FUNCTIONS
 <p>Municipal Manager MR. K Gabanakgosi</p>	<ul style="list-style-type: none"> • Forming and developing an economic, efficient and accountable administration; • Implementing and managing the GTLM's performance management system; • Coordinating and implementing the GTLM's IDP; • Managing the Municipality's administration in accordance with the Constitution, the Local Government Structures Act, the Municipal Systems Act, the Municipal Finance Management Act and all other national and provincial legislation applicable to GTLM; • Managing provision of services to the local community in a sustainable and equitable Manner; • Developing and maintaining a system to access community satisfaction with Municipal Services; • Appointing, managing, effectively utilizing and training staff and maintaining staff discipline; • Advising political structures and political office bearers of the GTLM, managing communications between them, administering, implementing council resolutions and carrying out their decisions; • Being responsible for all income and expenditure of the GTLM all assets, the discharge of all liabilities of the GTLM and proper and diligent compliance with applicable Municipal Finance Management legislation.
 <p>Chief Financial Officer Mr M. Vermaak</p>	<ul style="list-style-type: none"> • Reporting directly to the Municipal Manager on key departmental activities. • Implement departmental Service Delivery Budget Implementation Plan (SDBIP). • Develop and implement key strategic / business plans including Supply Chain Management, Revenue Management, Expenditure Management and Budget & Reporting. • Prepare and implement municipal budget. • Prepare Annual Financial Statements and other mandatory financial management reports. • Manage Departmental budget, human resources & other resources in accordance with local government legislation; • Establish, operate and maintain support structures, processes and systems; • Management and monitoring of all income, expenditure, assets and Liabilities; Cash-flow management; • Ensure implementation of GAMAP & GRAP Standards; • Develop and implement Supply Chain Management Policy, specific procedures, systems and controls; • Ensure timely preparation of Budget and Financial Statements; Implement all financial policies and ensure they comply with applicable legislation and National Treasury Regulations

TOP ADMINISTRATIVE STRUCTURE FUNCTIONS



Acting Director
Corporate Service
Mr Edwin Morule

- Managing and controlling various line functions within the Directorate which include general administration, Human Resources, Council Support, Corporate strategy;
- Leading, directing and managing staff within the Department so that they are able to meet their objectives;
- Rendering Support by advising and overseeing all matters of procedures relating to minutes and resolutions of the Council Committees;
- Managing and controlling the compilation and execution of the departmental capital and operating budget;
- Executing any function delegated by the municipal Manager in terms of powers and delegations in the relevant legislation and related to the functions of this post;
- Administering records/archives registry, skills development, legal matters and employment Equity;
- Overseeing the execution of the IDP Programmes attached to the Department and monitoring individual performance management;
- Developing, implementing Collective Agreements and managing strategic goals, policies, procedures and plans;
- Ensuring proper administration of Council delegation System



Acting Director
Infrastructure Services
Mr Lesego Nakana

- Management of the entire Technical Services department.
- Compile and manage the Directorate's annual Capital and Operational Budget.
- Management of Technical Services including Civil Engineering Services, electrical distribution and maintenance of roads and storm-water drainage.
- Planning and maintenance of water reticulation system and sewerage treatment infrastructure.
- Developmental strategic planning of infrastructure expansion and co-ordination.
- Ensure the sustainable provisioning of engineering services including infrastructure development and maintenance in line with the IDP.
- Management of civil engineering, projects and capital construction development



Acting Director
Community Service
Mrs Dineo Koboyapudi

- Management of the entire Social Services department.
- Compile and manage the Directorate's annual Capital and Operational Budget.
- Responsible for coordination of disaster management services.
- Strategically direct and manage services related to solid waste management.
- Provision of sports, recreation, cultural, arts and library information services.
- Responsible for setting standards for the maintenance of cemeteries, parks, halls and other community services.
- Management of refuse services of the entire Greater Taung area.

GOVERNANCE continued

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

TOP ADMINISTRATIVE STRUCTURE	FUNCTIONS
 <p>Acting Director Land Use & Human Settlement Mrs Beauty Tlholagae</p>	<ul style="list-style-type: none"> • Management of the entire Development Land Use and Planning department. • Compile and manage the Directorate's annual Capital and Operational Budget. • Provision of GIS support and analysis and the undertaking of specific GIS related projects and initiatives. • Management, maintenance and implementation of the municipal multi-disciplinary sustainable human settlement policy and framework • Co-ordinate the integration of the multi-sectorial and inter-sphere processes and demands relating to the delivery of sustainable human settlements. • Co-ordination of housing functions in line with the Provincial and National policies, on behalf of the Provincial Department of Developmental Local Government and Housing. • Developing and implementing strategies to meet investment challenges. • Establishing and managing contractual and other relationships with government departments, service providers, organised business and other stakeholder bodies, to ensure sustainability of projects.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The Municipality has the right to govern on its own the affairs of the local community, subject to national and provincial legislation. Municipalities must co-operate with other spheres of government in a manner which fosters friendly relations, consult and be supportive on matter of common interest, adhere to agreed procedures and avoid legal proceedings against each other.

T 2.3.0

2.3. INTERGOVERNMENTAL RELATIONS

National intergovernmental structures

Currently the Greater Taung Local Municipality (GTLM) is not involved in any National Forum Structures.

T 2.3.1

Provincial intergovernmental structure

The Mayor and the Municipal Manager represents and participate in the North West Premiers Coordinating Committee, where issues affecting the Province and the Municipalities are discussed. The Speaker and Officials in the Office of the Speaker attends and participate in the Provincial Speakers Forum. GTLM did attend Mayoral Forum, Municipal Manager's and the CFO Forum during the course of the year where information of mutual interest was shared.

T 2.3.2

Relationships with Municipality entities

GTLM does not have any entities in place.

T 2.3.3

District intergovernmental structure

The District does have the following structures in place that seeks to coordinate development in the district:

- Mayor's Forum
- Municipal Manager's Forum
- CFO's Forum
- IDP Steering Committee
- IDP Rep Forum
- Performance Audit Unit
- Performance Audit Committee
- Inter-Governmental Relations Forum

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Greater Taung Local Municipality values the participation of its residents in governance.

The municipality has established Ward Committees in all 26 wards to assist the municipality to consult with its communities.

In addition, other mechanisms to broaden public participation include publishing four quarterly magazines per annum, notices in local newspapers, public service announcements on radio, key messages on notice boards and posting information on the municipal website.

A Councillors talk show will be held on community radio where residents will be in dialogue with political leadership. By recognizing the importance of the rural poor, children, the aged and people with disabilities, a customer care system will be implemented to ensure access to information and participatory communication.

Provincial Government has also deployed Community Development Workers to our Municipality, to assist with dissemination of information and mobilisation of communities towards the programmes of Government.

Ward Councillors convenes community mass meetings on a monthly basis to discuss matters affecting the community and give feedback on matters reported on a monthly basis. The Mayor engages in Imbizo's which provided a platform for further interaction and engagement with the communities on regular intervals.

T 2.4.0

GOVERNANCE continued

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4. PUBLIC MEETINGS

Communication, participation and forums

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa, 1996 and other statutory enactments all impose an obligation on local government and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

Residents, Communities and Stakeholders (Civil Society)

To represent interests and contribute knowledge and ideas in the planning process by:

Participating in the IDP Representative Forum to:

- Inform interest groups, communities and organisations, on relevant planning activities and their outcomes
- Analyse issues, determine priorities, negotiate and reach consensus
- Participate in the designing of project proposals and/or assess them
- Discuss and comment on the draft IDP
- Ensure that annual business plans and budgets are based on and linked to the IDP
- Monitor performance in implementation of the IDP
 - Conduct meetings or workshops with groups, communities or organisations to prepare for and follow-up on relevant planning activities.
 - Mechanisms and Procedures for Public Participation

Process:

- Compilation of a database of all relevant community and stakeholder organisations.
- Informing communities and stakeholders:

Communities and stakeholders must be informed of the municipality's intention to embark on the Integrated Development Planning process.

- Organised and unorganised social groups will be invited to participate in the IDP Process

T 2.4.1

Ward committies

The purpose of a ward committee is:

- To solicit improved participation from the community to inform Council decisions;
- To ensure effective communication between the Council and the community; and
- To assist the Ward Councillor with consultation and report-backs to the community.

Ward committees are elected by the community they serve. A ward committee may not have more than ten members and women and youth should be well represented. The committees comprise sector representatives who are identified through a process of public nominations. The Ward Councillor acts as the chairperson of the ward committee. Although ward committees have no formal powers, they advise the Ward Councillor who makes specific submissions directly to the Council. These

Committees play a vital role in the development and annual revision of the integrated development plan and budget of the area.

continued

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Mayoral Imbizos						
MPAC public hearing on the Annual report 2014/15	23 March 2016	15	18	330	Yes	N/a

T 2.4.3

Comment on the effectiveness of the public meetings held

The GTLM established Ward Committees in all the 26 Wards to enhance public participation and accountability. These structures are a mechanism that the municipality uses to disseminate information and address the challenges of the communities in an effective manner. The Ward Mass Meetings held as well as Imbizo's also provides a platform for effective interaction and accountability for Council and the community.

Council benefits positively as a result of the above systems, in that consultation is done with the broader community of GTLM on matters of service delivery.

T 2.4.3.1

2.5. IDP PARTICIPATION AND ALIGNMENT

Natural Resources	
Major Natural Resource	Relevance to Community
Taung Skull Heritage Site	Close to Buxton were the world famous Taung Child Skull was discovered
Small Heaven	Place of Spiritual Value
Taung Dam	The dam is in the Manthe area and falls within the catchment of the Dryharts River
Spitskop Dam	The dam is in the Kgomotso area and falls within the catchment of the Dryharts River

T.1.2.7



Mayoral Public Participation in Ward 18

GOVERNANCE continued

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed

Corporate governance does cover a broad spectrum of elements that need to be aligned and integrated to ensure the smooth effective, efficient and economic functionality of municipalities.

In the instance of GTLM it requires cooperation between the political and administrative structures as well as the buy-in and involvement of Traditional Leaders.

The past year was a very challenging year for GTLM regarding Corporate Governance due to the institutional challenges that were experienced at high level management and relationships.

T 2.6.0

2.6. RISK MANAGEMENT

Risk management report will be included in this draft annual report once tabled in Risk Management committee meeting.

T 2.6.1

2.7. ANTI-CORRUPTION AND FRAUD

Fraud and anti-corruption strategy

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, section 112(1)(m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favoritism and unfair and irregular practices, section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

Greater Taung Local Municipality contributes to the principles of good governance which requires the conduct of business in an honest and transparent manner. GTLM confirms commitment in fighting fraudulent behavior at all levels within the organisation. In 2015/16 Greater Taung Local Municipality submitted the reviewed Fraud and Anti-corruption strategy and policy to Council.

Internal Audit Unit

Greater Taung Local Municipality make use of the internal audit shared services of Dr Ruth S Mompoti District Municipality to advise the Accounting Officer and report to the Audit Committee on the implementation of the internal audit plan and matters as stipulated in section 165 of the MFMA.

Audit Committee

Greater Taung Local Municipality make use of a single audit committee established for the District municipality and its local municipalities to advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters as stipulated in section 166 of the MFMA.

Human Resources Management

Screening procedures are performed prior to the employment of officials.

All employees signed the code of conduct on appointment.

New employees are inducted to introduce the employees to the culture of the municipality. In the process the employees are provided with the policies and procedures of the municipality to encourage good business conduct in performing the duties.

Senior Managers are trained in the application of conducting disciplinary procedures.

When the employee resigns HR department perform exit procedures for employees and to enforce control over the return of assets.

Financial Control

Greater Taung Local Municipality only incurs expenditure in terms of the approved budget and within limits of the amounts appropriated in votes. A delegation framework is currently reviewed and will be submitted to the new council for adoption to maximize administrative and operational efficiency to provide adequate checks and balances in the municipality financial administration.

T 2.7.1

2.8. SUPPLY CHAIN MANAGEMENT

Overview supply chain management

Greater Taung Local Municipality approved a supply chain management policy that is fair, equitable, transparent, competitive and cost effective. In case of an abuse of supply chain management system the accounting officer implement the procedures according to the supply chain management policy to combat fraud. Officials and other role players in the supply chain management system of the municipality signs a code of ethical standards as set out in the National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management" which is established to promote mutual trust and respect; and an environment where business can be conducted with integrity and in a fair and reasonable manner.

Councillors after being elected or appointed declare in writing to the municipal manager the financial interest held by that councillor. A gift register is maintained for gifts received above R350.00 by councillors and employees.

The supply chain management policy is aimed primarily at promoting uniformity in SCM processes and also in the interpretation of government's preferential procurement legislation and policies, which should themselves be seen in the context of other related legislative and policy requirements.

Essentially, SCM refers to managing the demand of goods and services to their acquisition, managing the logistics processes and finally, after use, to their disposal. It encompasses the procurement, contract management, inventory and asset management, and obsolescence planning processes.

The procurement processes covers:

- Pre-solicitation (need analysis, specification, award criteria)
- Solicitation (bidding process)
- Negotiation (bidding process, drafting of contracts)
- Performance (change orders, review of completed work and sign-offs compliance assessments of deliverables, release of funding etc.)
- Administration, within the municipal prescripts and policies.

The MFMA expects all municipalities to ensure that they develop and maintain a well-documented, operational procurement system, within a system which is fair equitable, competitive, cost effective and transparent. This process is, and will always remain one of the highest exposures to fraud and corruption in any organization in the government. The process is, by necessity, highly regulated and very complex including a wide array of legislative and procedural requirements and prescripts.

T 2.8.1

GOVERNANCE continued

COMPONENT D: CORPORATE GOVERNANCE

2.9. BY-LAWS

By-laws Introduced during 2015/2016					
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
No new By-Laws were Developed	No By-Laws were reviewed				

*Note: See MSA section 13.

T 2.4.3

Comment on by-laws:

Section 11 of the MSA gives municipal council the executive and legislative authority to pass and implement by - laws and policies. Once the by-laws are gazetted, people who are in contravention will be criminally prosecuted in a court of law, and could be sentenced to pay a fine or even to direct imprisonment.

T 2.9.1.1

2.10. WEBSITES

A municipal website should be an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that municipalities place key documents and information on their website, including the IDP, annual budget, adjustment budget and budget related documents and policies.

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	July 2016
All current budget-related policies	Yes	July 2006
The previous annual report (2014/15)	No	N/a
The Annual Report (2015/16) published/to be published	TBA	N/a
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2015/16) and resulting scorecards	No	N/a
All service delivery agreements (2015/16)	No	None
All supply chain management contracts above a prescribed value (give value) for 2015/16	No	None
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 2015/16	No	None
Contracts agreed in 2015/16 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	None
All quarterly reports tabled in the council in terms of section 52 (d) during 2015/16	No	None

* Note: surplus/(deficit)

T 2.10.1

Comment municipal website content and access

A municipal website should be an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitate stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that municipalities place key documents and information on their website, including the IDP, annual budget, adjustment budget and budget related documents and policies.

T 2.10.1.1

2.11. PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Public satisfaction levels

No public satisfaction survey conducted in 2015/16 financial year.

T 2.11.1

Satisfaction Surveys Undertaken during: 2014/15 and 2015/16				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:	Not conducted	n/a	None	None
(a) Municipality	5%	10%	2%	27%
(b) Municipal Service Delivery				
(c) Mayor				
Satisfaction with:	Not conducted	n/a	None	None
(a) Refuse Collection				
(b) Road Maintenance				
(c) Electricity Supply				
(d) Water Supply				
(e) Information supplied by municipality to the public				
(f) Opportunities for consultation on municipal affairs	11%	20%	2%	27%

* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory

T 2.11.2

Concerning T 2.11.2

The table is relevant to GTLM but information could not be provided due to the fact that no public satisfaction surveys were conducted. T 2.11.2.1

Comment on satisfaction levels

No comment as the community satisfaction survey was not conducted, and the responsibility should first be delegated to a specific department.

T 2.11.2.2

Chapter 3

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)



INTRODUCTION

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review individual performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

Some of the legislative prescripts include: Section 152 of the Constitution of the Republic (1996), section 152 local government to be "democratic and accountable government". Section 195 (1) of the Constitution requires the following from local government, inter alia:

- the promotion of efficient, economic and effective use of resources,
- accountable public administration,
- to be transparent by providing information,
- to be responsive to the needs of the community, and
- to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In terms of section 46(1)(a) of the Municipal Systems Act a Municipality must prepare for each financial year a performance report reflecting the Municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the Municipality for the following financial year and measures that were or are to be taken to improve performance.

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

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

GTLM is responsible for water, electricity, refuse removal and sanitation provision in Reivilo and for the remainder of the area the Dr Ruth S Mompati is the service authority for water and sanitation and Eskom is providing electricity. Refuse removal is rendered by GTLM in the three towns, Taung CBD, Pudimoe and Reivilo.

GTLM still need to address basic services backlogs in all sectors Good progress was made with regard to electricity and water provision but sanitation provision still need to be addressed in many areas which are using pit latrines which pose a negative environmental impact. Roads also need to be addressed based on the CBP input that was gathered. This sector was prioritized as the most critical sector that needs attention.

T 3.1.0

3.1. WATER PROVISION

Introduction to water provision

One of the major goals of the South African Government is to ensure access to safe and reliable water services to all the communities. Notwithstanding the best possible raw water sources, adequate treatment infrastructure and optimal treatment process can achieve safe and reliable drinking water services to consumers and unexpected incidents can disrupt water supplies. Natural disasters such as floods and manmade incidents can significantly disrupt and impact on the quality of water services thus posing a significant health risk to consumers.

The Water Services Act (No.108 of 1997, section 5(4)) states that in emergency situations, a Water Service Authority (WSA) must take reasonable steps to provide basic water supply to any person within its area of jurisdiction and may do so at the cost of the authority.

Recent legislation includes the Water Services Act 1997 and the General Enabling Act 2005

To provide for the rights of access to basic water supply and basic sanitation; to provide for the setting of national standards and of norms and standards for tariffs; to provide for water services development plans; to provide a regulatory framework for water services institutions and water services intermediaries; to provide for the establishment and disestablishment of water boards and water services committees and their powers and duties; to provide for the monitoring of water services and intervention by the Minister or by the relevant Province; to provide for financial assistance to water services institutions; to provide for certain general powers of the Minister; to provide for the gathering of information in a national information system and the distribution of that information; to repeal certain laws; and to provide for matters connected therewith.

The Water unit has made significant progress in the provision of water services, but some critical challenges remain, i.e. extent ions and internal reticulation. Institutional arrangements and strategies have been put in place to overcome the challenges and to meet key policy as well as legislative requirements. Progress on the objectives as set out in DWA's critical policy document, the National Strategic Framework for Water Services. Through indigents register and policies, the municipality is able to provide basic services to the needy community.

T 3.1.1

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) continued

COMPONENT A: BASIC SERVICES

Comment on water use by sector

The above refer to only Reivilo Town where GTLM has the authority

Reliable, clean supply of drinking water to sustain our health is a high priority in Greater Taung Local Municipality. The municipality also needs water for agriculture, recreation, and manufacturing purposes. Many of these uses put pressure on water resources, stresses that are likely to be exacerbated by climate change. In many areas, climate change is likely to increase water demand despite shrinking water supplies. This shifting balance would challenge water managers to simultaneously meet the needs of growing communities, sensitive ecosystems, farmers, and manufacturers.

In some areas, water shortages will be less of a problem than increases in runoff, flooding, etc. These effects can reduce the quality of water and can damage the infrastructure that we use to transport and deliver.

T 3.1.2

Water service delivery levels				
Description	2012/13	2013/14	2014/15	Households
	Actual	Actual	Actual	2015/16
	No.	No.	No.	Actual
				No.
Water: (above min level)				
Piped water inside dwelling	705	705	705	705
Piped water inside yard (but not in dwelling)	–	–	–	–
Using public tap (within 200m from dwelling)	–	–	–	–
Other water supply (within 200m)	–	–	–	–
Minimum Service Level and Above sub-total	705	705	705	705
Minimum Service Level and Above Percentage	78%	75%	69%	64%
Water: (below min level)				
Using public tap (more than 200m from dwelling)	–	–	–	–
Other water supply (more than 200m from dwelling)	200	235	320	400
No water supply	–	–	–	–
Below Minimum Service Level sub-total	200	235	320	400
Below Minimum Service Level Percentage	22%	25%	31%	36%
Total number of households*	905	940	1025	1105

* To include informal settlements

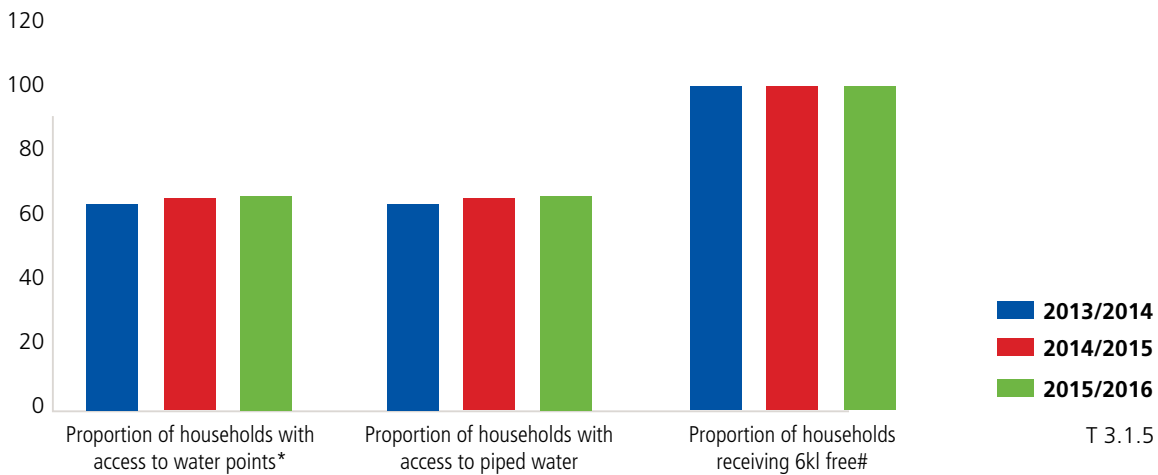
T 3.1.3

continued

Households – water service delivery levels below the minimum						
Description	Households					
	2012/13	2013/14	2014/15	2015/16		Actual No.
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	
Formal settlements						
Piped water inside dwelling	705	705	705	705	–	705
Piped water inside yard (but not in dwelling)	0	0	0	0	–	0
Using public tap (within 200m from dwelling)	0%	0%	0%	0%	%	0%
Informal settlements						
Using public tap (more than 200m from dwelling)	200	235	320	400	–	400
Other water supply (more than 200m from dwelling)	200	235	320	400	–	400
No water supply	100%	100%	100%	100%	%	100%
Below Minimum Service Level sub-total	200		235	320		400

T 3.1.4

Access to water



T 3.1.5

* Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute

6,000 liters of potable water supplied per formal connection per month

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) continued

COMPONENT A: BASIC SERVICES

Employees: water services					
Job Level	2014/15	2015/16			
	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts) No.
0 - 3	17	19			
4 - 6	3	6			
7 - 9	3	3			
10 - 12	0	2			
13 - 15	1	1			
16 - 18	0	0			
19 - 20	1	1			
Total	25	32			

T3.1.6

Financial performance: water and sanitation services					
Details	2014/15	2015/16			R'000
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
Total Operational Revenue		Accurate and final figures will be included in the Annual Financial Statement. Figures will be included once compilation of the AFS is complete.			
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					
<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>					T3.1.6

Capital expenditure 2015/2016: water services					
Capital projects	Budget	2015/2016			R'000
		Adjustment budget	Actual expenditure	Variance from original budget	Total project value
Total All		Information will be included in the Annual Financial Statement			
Project A					

T 3.1.9

Comment on water services performance overall

The budget of 1.3 million was spent on borehole and procurement of water meters and as a result there was an over expenditure of about 52% spent against the budget.

T 3.1.10

3.2. WASTE WATER (SANITATION) PROVISION

Introduction to sanitation provision

Sanitation is the hygienic means of promoting health through prevention of human contact with the hazards of wastes as well as the treatment and proper disposal of sewage wastewater. Hazards can be physical, microbiological, biological or chemical agents of disease. Wastes that can cause health problems include human and animal feces, solid wastes, domestic wastewater (sewage, sullage, and grey water), industrial wastes and agricultural wastes. Hygienic means of prevention can be by using engineering solutions (e.g. sewerage and wastewater treatment), simple technologies (e.g. latrines, septic tanks), or even by personal hygiene practices (e.g. simple hand washing with soap).

To achieve Green Drop status for waste water treatment plants by (2015/16):

- To reduce unaccounted for water to 15% in the next five years;
- To provide basic water to all residents
- To increase productivity levels by 15%
- To achieve 90% customer satisfaction levels in all our services
- To establish an efficient and effective asset management program for the water unit
- To be the reference municipality for water matters in the North West Province;

The strategy for the provision of basic sanitation:

A basic sanitation facility is a sanitation facility which is safe, reliable, private, protected from the weather, ventilated, keeps smells to the minimum, is easy to keep clean and minimizes the risk of the spread of sanitation related diseases by facilitating the appropriate control of disease carrying flies and pests, and enables safe appropriate treatment and/or removal of human waste and black or grey water in a sound environmentally sound manner.

The Free Basic Sanitation strategy is aimed at ensuring that the sanitation backlog is eradicated and ensuring the government meets the 2014 targets for all people to have access to a functional sanitation facility.

T 3.2.1

The information populated in Table 3.2.3 does not make any changes to the graph that was supposed to be in table 3.2.2.

T 3.2.2

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) continued

COMPONENT A: BASIC SERVICES

3.2.2 Sanitation service delivery levels

Description	2012/13	2013/14	2014/15	*Households
	Outcome No.	Outcome No.	Outcome No.	2015/16 Actual No.
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)	424	424	424	424
Flush toilet (with septic tank)	281	281	281	281
Chemical toilet	–	–	–	–
Pit toilet (ventilated)	–	–	–	–
Other toilet provisions (above min.service level)	–	–	–	–
Minimum Service Level and Above sub-total	705	705	705	705
Minimum Service Level and Above Percentage	78%	75%	69%	64%
Sanitation/sewerage: (below minimum level)				
Bucket toilet				
Other toilet provisions (below min.service level)				
No toilet provisions	200	235	320	400
Below Minimum Service Level sub-total	200	235	320	400
Below Minimum Service Level Percentage	22%	25%	31%	36%
Total households	905	940	1025	1105

*Total number of households including informal settlements

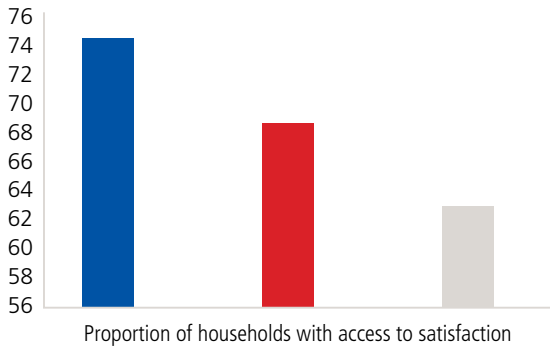
T 3.2.3

Households – sanitation service delivery levels below the minimum

Description	2012/2013	2013/2014	2014/2015	*Households		
	Actual No.	Actual No.	Actual No.	Original budget No.	Adjusted budget No.	Actual No.
Formal Settlements						
Total households	705	705	705	705	–	705
Households below minimum service level	0	0	0	0	–	0
Proportion of households below minimum service level	0%	0%	0%	0%	%	0%
Informal Settlements						
Total households	200	235	320	400	–	400
Households ts below minimum service level	200	235	320	400	–	400
Proportion of households ts below minimum service level	100%	100%	100%	100%	%	100%

T 3.2.4

Access to sanitation



■ 2013/2014 ■ 2014/2015 ■ 2015/2016 T 3.2.5

Employees: sanitation services				
				R'000
2015/2016				
	Posts	Employees	Vacancies (full time equivalents)	Vacancies (as a % of total posts)
Job Level	No.	No.	No.	%
0 - 3	Combined with Water Section 3.1			

T 3.2.6

Financial performance 2015/16: sanitation services					
					R'000
	2014/2015	2015/2016			Variance to budget
	Actual	Original budget	Adjustment budget	Actual	
Capital projects					
Total Operational Revenue	-7.942	Information will be included in the Annual Financial Statement			
Expenditure:					
Employees	3.425				
Repairs and Maintenance	857				
Other	437				
Total Operational Expenditure	4.719				
Net Operational Expenditure	-3.223				

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 3.2.7

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) continued

COMPONENT A: BASIC SERVICES

Capital expenditure 2015/16 : sanitation services					
	2014/2015		2015/2016		
Capital Projects	Budget	Adjustment budget	Actual expenditure	Variance from original budget	Total project value
Total all	N/A	All figures will be covered in the Annual Financial Statement.			
Project A					
Project B					

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.2.8

Comment on sanitation services performance overall

GTLM is rendering full sanitation services at Reivilo town and Boipelo township. There is a sewer network at Boipelo township. Most of the households at Reivilo town are not connected to sewer network and utilizing septic tank. Establishment of sewer network at Reivilo town is needed.

T 3.2.9

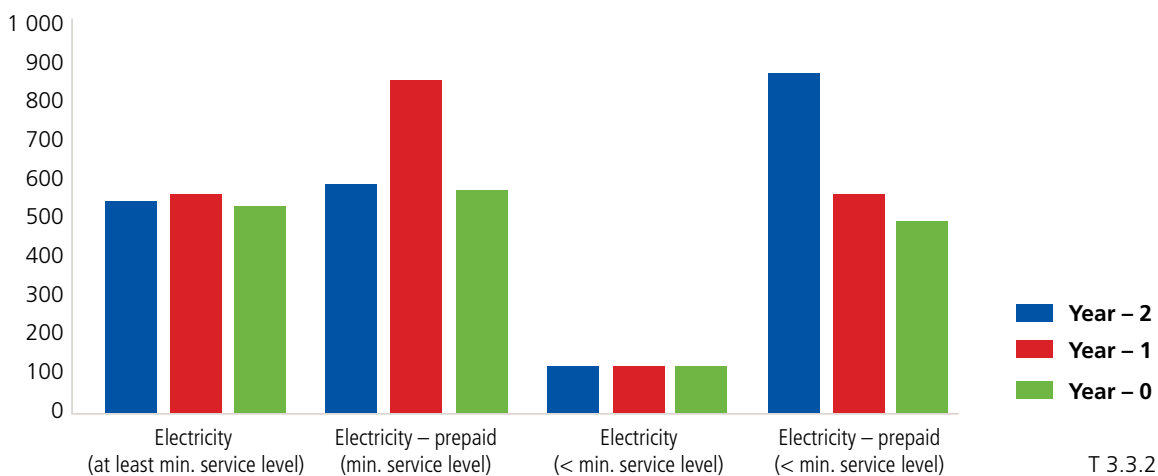
3.3. ELECTRICITY

Introduction to electricity

Electricity is one of the most sought after basic services. Local government plays a very important role in the provision of electricity, as an agent for Eskom. Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social manner. GTLM provides electricity under licence only in Reivilo and is also responsible for the maintenance of the sub-station, transformers and the reticulation network. At present there is no backlog in the provision of electricity to household.

T 3.3.1

Electricity



continued

Electricity service delivery levels				
Description	2012/13	2013/14	2014/15	Households 2015/16
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: (above minimum level)				
Electricity (at least min. service level)	281	281	281	281
Electricity – prepaid (min. service level)	–	–	51	66
Minimum service level and above sub-total	0	0	0	0
Minimum service level and above percentage	58.4%	54.5%	50.9%	46.5%
Energy: (below minimum level)				
Electricity (< min. service level)	200	235	320	400
Electricity – prepaid (< min. service level)	–	–	–	–
Other energy sources	–	–	–	–
Below minimum service level sub-total	0	0	0	0
Below Minimum service level percentage	41.6%	45.5%	49.1%	53.5%
Total number of households	481	516	652	747

T 3.3.3

ELECTRIFICATION PROJECTS

- Number of households in the municipality 48,454
- Number of households connected to grid 45,752
- Number of households not connected to grid 2,702
- Number of households provided with electricity by Eskom 48,137
- Number of households in Reivilo provided by GTLM 317

Proposed Electrification Plan for multi years

Electrification Proposed Plan for 2015/2016 Financial Year

Ward	Village Names	Unit Planned
10	Modimong Phase 2	60
14	Manthe Phase 2	60
15	Morokweng Phase 2	50
25	Khibicwane Phase 2	55
05	Matlhako 1 Phase 2	50
23	Matlapaneng	75
18	Diplakeng Ext	93

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) continued

COMPONENT A: BASIC SERVICES

Electrification Proposed Plan for 2016/2017 Financial Year

Ward	Village Names	Unit Planned
15	Matsheng Phase 2	60
24	Buxton Phase 2	40
04	Dryharts – Tlhogo ya Pudi	50
11	Taung Ext. 7 Phase 2	100
01	Lykso RDP	41
12	Manokwane	72
10	Cokonyane	57

Electrification Proposed Plan for 2017/2018 Financial year

Ward	Village Names	Unit Planned
23	Choseng Ext	122
02	Ntswanahatshe Ext	99
06	Mogopela A	95
13	Chiefscourt Ext	To be determined
03	Leshobo Ext	To be determined
19	Lower Majeakgoro Ext	To be determined
06	Myra	160
13	Ditshilong 1 & 2	50

Electrification Proposed Plan for 2017/2018 Financial year

Ward	Village Names	Unit Planned
19	Upper Majeakgoro Ext	To be determined
02	Moretele Ext	To be determined
14	Tlapeng 1 & 2	To be determined
08	Lokgabeng Ext	To be determined
07	Mokgareng Ext	To be determined
02	Maganeng Ext	To be determined
02	Tamasikwa Ext	To be determined
07	Takaneng Ext	To be determined

Electrification Proposed Plan for 2017/2018 Financial year

Ward	Village Names	Unit Planned
02	Khaukhwe Ext	To be determined
24	Mokasa 2 Ext	100
23	Matlapaneng Ext	To be determined
10	Dishenting Ext	55
18	Diplankeng Ext	50
10	Mamashokwane Ext	30
11	Extension 6	To be determined
17	Maphoitsile	To be determined
10	Pache	70

continued

This service is rendered by a Service Provider and there for this table is not relevant to GTLM

Employees: Electricity Services					
2014/15					
Job Level	Posts No.	Employees No.	Vacancies		
			(fulltime equivalents) No.	(as a % of total posts) %	
0 - 3	0	0	0	0	
4 - 6	1	1	1	100%	
7 - 9	0	0	0	0	
10 - 12	2	2	0	0	
13 - 15	0	0	0	0	
16 - 18	0	0	0	0	
19 - 20	1	1	0	0	
Total	4	3	1	25%	

T 3.3.6

Comment on electricity service performance overall

GTLM is rendering electricity services at Reivilo only. Infrastructure at Reivilo is dilapidated and need to be upgraded. Municipality is changing from conventional system to prepaid system at Reivilo town.

T 3.3.7

3.4 .WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

Introduction to waste management

GTLM is rendering the service in Reivilo, Boipelo, Pudimoe and the Taung CBD where refuse is collected on weekly intervals for domestic households but more often at businesses depending on the scale of activities at the number of waste that is generated.

GTLM is only responsible for the collection of the waste whilst the Dr Ruth S Mompoti is responsible for the management of the Waste Dumping Sites.

T 3.4.1

Solid Waste Service Delivery Levels				
Description	2012/13	2013/14	2014/15	Households 2015/16
	Actual No.	Actual No.	Actual No.	Actual No.
Solid Waste Removal: (Minimum level)				
Removed at least once a week	4,096	4,311	4,538	4,500
Minimum Service Level and Above sub-total	4,096	4,311	4,538	4,500
Minimum Service Level and Above percentage)	9.5%	10.0%	10.6%	10.5%
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week	-	-	-	-
Using communal refuse dump	-	-	-	-
Using own refuse dump	38,857	38,642	38,415	38,453
Other rubbish disposal	-	-	-	-
No rubbish disposal	-	-	-	-
Below Minimum Service Level sub-total	38,857	38,642	38,415	38,453
Below Minimum Service Level percentage	90.5%	90.0%	89.4%	89.5%
Total number of households	42,953	42,953	42,953	42,953

T 3.4.2

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) continued

COMPONENT A: BASIC SERVICES

Households – Solid Waste Service Delivery Levels below the minimum						
Description	Households					
	2012/13	2013/14	2014/15	2015/16		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Total households	42 953	42 953	42 953	NA	NA	NA
Households below minimum service level	–	–	–	–	–	–
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%

T3.4.3

Employees: Waste Disposal Services					
2014/15					
Job Level	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %.	
0 - 3	42	40	2	4%	
4 - 6	17	14	3	17%	
7 - 9	2	2	0	0%	
10 - 12	3	3	0	0%	
13 - 15	1	1	0	0%	
16 - 18	0	0	0	0%	
19 - 20	1	1	0	0%	
Total	66	61	5	7%	

T3.4.4

The Greater Taung Local Municipality does not have a dedicated unit responsible for Solid waste management but there are official responsible for waste collection placed under community service department.

T3.4.7

The Greater Taung Local Municipality does not have a dedicated unit responsible for Solid waste management but there are official responsible for waste collection placed under community service department.

T3.4.8

The Greater Taung Local Municipality does not have a dedicated unit responsible for Solid waste management but there are official responsible for waste collection placed under community service department.

T3.4.9

Comment on waste management service performance overall

GTLM is responsible for refuse removal and Dr Ruth S Mompoti DM is responsible for management of dumping sites.

The dumping sites in the GTLM area for Reivilo, Taung and Pudimoe are still not licenced due to budget limitation at district level.

T 3.4.10

3.5. HOUSING

Introduction to housing

Housing delivery in GTLM was in the increase between 2011 and 2013. That was due to excellent performance and good cooperation between the municipality, Province and appointed developers. During 2013 to date the delivery saw the slow trend, this is due to under performance of the appointed contractors. Currently there are 897 units that are under construction at various wards and villages.

The province has allocated 1 740 rural housing subsidies and 300 urban housing subsidies (Boipelo Township) for the Fin. 2015-2016.

The delivery of Low cost housing within GTLM is still the competency of Provincial Department of housing and National Department of housing . The role of the municipality is to identify land as well as housing needs for the inhabitants GTLM

Challenges

Challenges experience is that the service providers appointed by province takes too long in completing allocated housing project(s)

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
2012/13	42,953	39,516	92%
2013/14	42,953	39,516	92%
2014/15	42,953	39,516	92%
2015/16	48,454	44,577	92%

T 3.5.2

Employees: Housing Services					
2015/16					
Job Level	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %.	
0 - 3	0	0	0	0%	
4 - 6	0	0	0	0%	
7 - 9	1	1	0	0%	
10 - 12	2	2	0	0%	
13 - 15	1	1	0	0%	
16 - 18	1	1	0	0%	
19 - 20	1	0	1	100%	
Total	6	5	1	16%	

T 3.5.3

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) continued

COMPONENT A: BASIC SERVICES

Financial Performance 2015/16: Housing Services					
	R'000				
	2014/15	2015/16			
Details	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	6 422 924.00	8 439 946	8 439 946	7 812 556	-8%
Expenditure:	17	14	3		17%
Employees	3 811 353	5 567 800	5 567 800	4 530 790	-23%
Repairs and Maintenance	28 558	47 700	47 700	8 200	-482%
Other		2 247 956	2 247 956	444 401	406%
Total Operational Expenditure	2 839 911	7 863 456	7 863 456	4 983 391	-58%
Net Operational Expenditure	3 583 013	576 490	576 490	2 829 165	80%

NB: Subject to changes once AFS are completed

T 3.5.4

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

Comment on the performance of the housing service overall

It must be noted that housing project procurement process is currently the competency of the Provincial Department of Human Settlements and as a result issues like budgets are centred at Provincial level. The municipality has since 2011 experienced a good standing in respect of outstanding improvement in number of completed housing units within the district. This can be attributed to mutual cooperation between the affected stake holders and proper monitoring of projects. GTLM is awaiting the appointment of the contractor by Provincial Department for the construction of 1 740 Units (various Villages)

T 3.5.5

3.6. FREE BASIC SERVICES AND INDIGENT SUPPORT

Introduction to free basic services and indigent support

Main sources of income consist of transfers from other spheres of government of which intergovernmental transfers are the most important. A portion of this income (equitable share) is earmarked for indigent relief which will be used to alleviate and address poverty.

Greater Taung Local Municipality (GTLM) being predominately rural, widely and sparsely scattered, historically disadvantaged and having high unemployment is still behind with basic services. This situation of GTLM also contributes to high installation of new services and exhausting the limited funding. Also qualifying the majority of the needy community to afford installing services themselves or paying for rendering of those services, therefore necessitating the Free Basic Services' assistance and to ensure social benefit for indigents are provided to deserving household through indigent support programmes and free basic services and to improve debt collection and implement credit control measures.

GTLM is only facilitating the provision of water, sanitation, waste management and electricity of which ESKOM is implementing the electricity projects and Dr R. S. M District Municipality is an authoritarian of the rest.

T 3.6.1

Information provided in terms of FBS does not automatically develop graph and the assumption is that there is an error on the template as provided by NT.

T 3.6.2

continued

Free Basic Services To Low Income Households										
	Number of households									
	Households earning less than R2,700 per month									
			Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
	Total	Total	Access	%	Access	%	Access	%	Access	%
2015-2016	13409	13409	691	5%	325	2%	8775	65%	258	3%
2014-2015	11341	11341	605	5%	154	1%	8865	52%	160	1%
2013-2014	7686	7686	609	8%	250	2%	5459	71%	258	2%

T 3.6.3

Financial Performance 2015/16 : Cost to Municipality of Free Basic Services Delivered					
	2014-2015	2015-2016			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	1 818	2 321	2 460	2 412	9%
Waste Water (Sanitation)	47 780	1 318 750	139 787	1 550 830	110%
Electricity	61 945	2 524 500	3 176 900	3 357 135	105%
Waste Management (Solid Waste)	1 997 491	1 403 15	148 700	178 708	120%
Total	2 109 034	2 819 900	3 489 987	3 693 338	105.3%

Comment on free basic services and indigent support

Greater Taung Local Municipality has a large number of indigent households. This gives an indication of the challenges that is faced by GTLM with regard to social services as well as generation to boost income and Socio Economic Investment, therefore remedial actions must be taken to improve livelihood for the poor.

Revenue Unit held meetings with Councillors, relevant Directors and Stakeholders arranging the road shows and campaigns to improve indigent registration process. Awareness campaigns were conducted across most of the municipality wards with different stakeholders, to give people the basket and increase access of free basic services to the poor of the poorest. We managed to register 13 409 people to our indigents register, though all of them are not benefiting due to different challenges but most do benefit. The challenges may be some of indigents do not collect their monthly electricity token and they submit incorrect and incomplete information.

Funds are available to subsidise indigents, the support given to them: they receive 50kw of electricity, 6kl of water, 50% subsidy on property rates, 100% refuse and 100% sanitation on a monthly basis.

GTLM Indigent policy states that in order to qualify as an Indigent, the household income should be R2700.00/ less (determined by Council from time to time) or unemployed and/or a pensioner, the more Indigents registered, the more equitable we acquire, the person whose name a property is registered on, the applicant may not be the owner of more than one immovable property and must be a full-time occupant of the residential property and must not own a business.

Registered indigents and the members of the indigent household headed by that registered indigent must be prepared to participate in exit programme verified by Councillors, approved by Revenue Manager and co-ordinated by Municipality collaboration with other government departments and private sectors.

The FBS on electricity is budget for the Reivilo area as well as the residents serviced by Eskom.

T 3.6.5

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) continued

COMPONENT B: ROAD TRANSPORT

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

3.7. ROADS

Introduction to roads

Like the vast majority of local authorities throughout our country, roads remain a challenge due to funding constraints. GTLM comprises of 26 wards with 106 rural villages. Streets within these villages are in a bad conditions and been prioritised as most needed in most wards. GTLM is allocating about 60% of its MIG funding to address the matter.

GTLM has been implementing the blading programme which has been declared unfavourable and ineffective. As a result, GTLM has started a process of re-gravelling programme to rebuild the dilapidated and eroded roads, the programme which will start actual construction in 2014/15 FY

T 3.7.1

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to Paved	Kilometres Gravel roads graded/maintained
2013/14	2175	–	3	700
2014/15	2200	–	9	750
2015/16				

T 3.7.2

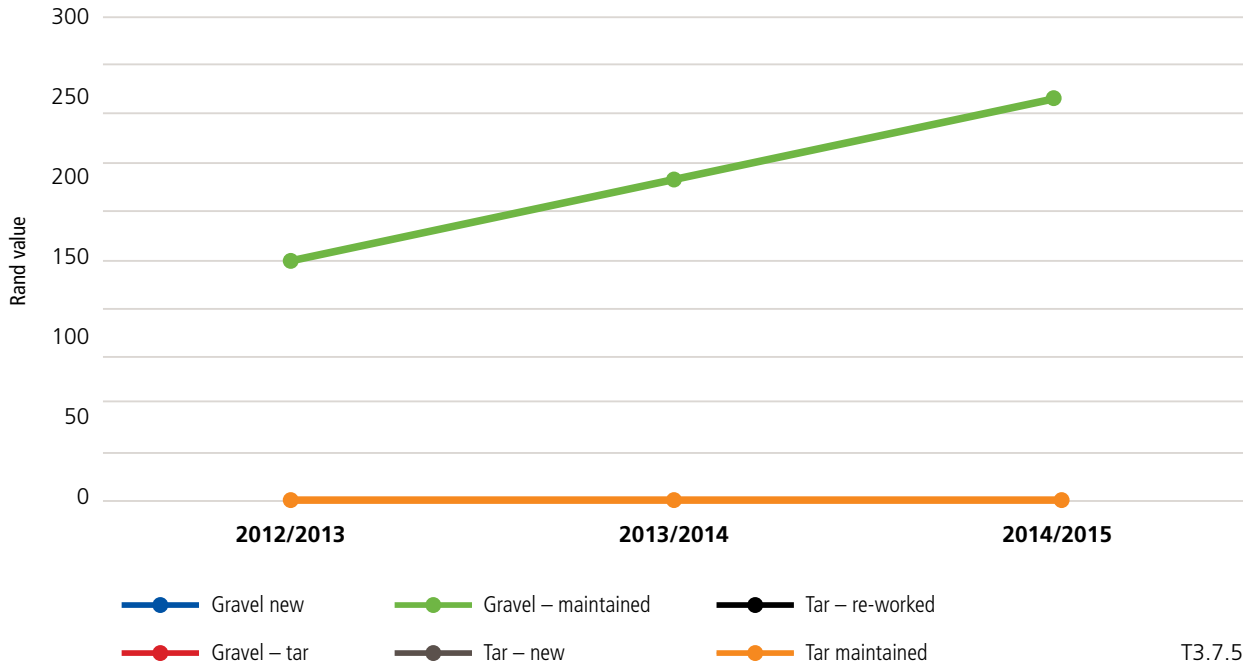
Paved Road Infrastructure					
	Total Paved roads	New Paved roads	Existing paved roads re-paved	Existing paved roads re-sheeted	Kilometres Paved roads maintained
2013/14	3	3	–	–	0
2014/15	9	9	–	–	–
2015/16					

T 3.7.3

Paved Road Infrastructure						
	Gravel			Paved		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2013/14	–	–	200	R 11 000 000.00	–	–
2014/15	–	–	250	R 33 000 000.00	–	–
2015/16	–					

T 3.7.4

Road infrastructure costs



Rietfontein village Access Road Completed in 2015/16

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) continued

COMPONENT B: ROAD TRANSPORT

Employees: Roads and Storm Water Services					
2015/16					
Job Level	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %	
0 - 3	32	31	1	3%	
4 - 6	9	8	1	11%	
7 - 9	5	5	0	0%	
10 - 12	3	2	1	33%	
13 - 15	1	1	0	0%	
16 - 18	0	0	0	0%	
19 - 20	1	1	0	0%	
Total	51	48	3	5%	

T3.7.6

Table 3.7.8 will form part of the AFS

T3.7.7

Comment on the performance of roads overall

This sector was highlighted by the CBP process as the most important sector to be addressed but GTLM does face enormous challenges with regard to budget limitation as well as the unit cost for construction of new roads as well as the limited O&M Budget that is available for maintenance.

T 3.7.8

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

Introduction to transport

GTLM only renders a service for the renewal of vehicle licenses in Reivilo and does not operate any public transport facility and therefore no project is relevant to this section meaning that this section is not relevant to GTLM and there for it will apply to all the sub-sections that follow.

T 3.8.1

3.9. WASTE WATER (STORMWATER DRAINAGE)

Introduction to stormwater drainage

This section and all the sub-sections were merged with Section 3.7 that deals with Road Infrastructure.

T 3.9.1

PERFORMANCE HIGHLIGHTS 2015/16

KPA 1: Basic Service Delivery and Infrastructure Development

	<p>Appointed service provider to commence with the planning and design of the construction of Matsheng Community Hall</p>
	<p>Appointed service provider to commence with the planning and design of the construction of the Moretele paved access road</p>
	<p>Appointed service provider to commence with the planning and design of the construction of the Chiefs court Bridge</p>
	<p>Completed water and sanitation feasibility study (Section 78 Assessment Report)</p>
	<p>Submitted draft Land Use Scheme to Council for adoption</p>
	<p>Conducted land Use Management workshops with all Stakeholders</p>
	<p>6554 household provided with weekly collection of refuse removal</p>

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) continued

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

3.10. PLANNING

Introduction to planning

Planning and Development in the municipality is limited to three proclaimed areas (Reivilo and Boipelo; Pudimoe and Taung). The rest of the municipality is characterised by dispersed villages covering the Northern, Eastern and Southern parts of the municipality; and private farms covering the Western side of the municipality. Although, developments do take place in villages there are planning processes that are overlooked. The biggest challenge therefore, is the municipality not administrating the entire municipal area as required by the Spatial Planning and Land Use Management Act, 2013.

The Spatial Planning and Land Use Management Act, 2013 has presented to the municipality the opportunity of administering the entire municipal area with tools such as the Spatial Development Framework; Environmental Development Framework and Land Use Scheme. However, this should be done in partnership with the three Traditional Councils (Ba-Ga Phudukwane, Ba-Ga Mothibi and Ba-Ga Maudi).

Each of the tools mentioned play an important role in planning and development of the municipality. The Spatial Development Framework is developed to provide a representation of land development policies, strategies and objectives of the municipality. Whereas, the Land Use Scheme is developed to guide and regulate land uses within the municipality.

T 3.10.1

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Planning application received	0	0	3	0	13	
Determination made in year of receipt	0	0	1	0	13	
Determination made in following year	0	0	2	0	0	
Applications withdrawn	0	0	0	0	0	
Applications outstanding at year end	0	0	0	0	0	

T 3.10.2

Employees: Planning Services						
Job Level	2015/16		2015/16			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %	
0 - 3						
4 - 6						
7 - 9	1	1	1	0		
10 - 12	4	4	4	0		
13 - 15	4	2	2	0		
16 - 18	1	2	2	0		
19 - 20	1	1	0	1		
Total	11	10	9	1		

T 3.10.3

continued

Financial Performance Year : Land Use & Human Settlement					
	2014/15	2015/16			R'000
Details	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	6 422 924.00	Accurate figures will be included in the Annual Financial Statement			
Expenditure:					
Employees	3 811 353.00				
Repairs and Maintenance	28 558.00				
Other					
Total Operational Expenditure	2 839 911.00				
Net Operational Expenditure					

Nb: Figures provided will verified once compilation of the AFS is complete

T 3.10.4

Comment on the performance of physical planning overall

The department has managed to build on the relationship between the municipality and the Traditional Councils; although the relation still needs to be strengthened. The drafting of the following tools - Spatial Development Framework; Environmental Framework; Land Use Scheme and Taung Central Precinct Plan is also an achievement for the department. These tools; if used effectively will assist the municipality in its growth and developmental mandate.

There is a challenge of Land Claims that is hindering physical planning performance - not all land claims are registered and boundaries are not well defined; this causes a lot of clashes with the Municipality and the Tribal Authorities. Tribal Authorities have the tendency of allocating land in non-developable areas or areas that are not well serviced. Sometimes even claiming land that is not tribal (leading to illegal invasion). This becomes a great ordeal as there needs to be development in an area to stimulate growth and sustainability. On this regard, a Traditional Leaders Training workshop was arranged to capacitate Traditional Leaders on land and its opportunities and challenges when used effectively. The workshop was not successful due to non-response from the Tribal Authority officials. The municipality has initiated the workshop again for the next financial year.

Future plans for the department include the implementation of the Taung Central Precinct Plan; Implementation of the Spatial Planning and Land Use Management Act, 2013 – establishing a fully functional Municipal Planning Tribunal for the Municipality.

T 3.10.6

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

Introduction to economic development

The Local Economic Development (LED) refers to a process by which government, business and civil society work collectively to create better conditions for economic growth and employment generation. These conditions can be bought through the following:

- Improvement to infrastructure and service delivery
- Better access to education, finance and business support
- Creation of an environment that enables and attracts investment
- Implementation of specific programmes and interventions aimed at catalysing growth

The Greater Taung Local Municipality is committed to addressing all these issues through the efficient execution of its municipal functions. This includes the formation and financing of a Municipal LED Unit, which is specifically tasked with the fourth directive: identifying, planning and implementing LED programmes and interventions. To facilitate this process, the LED Unit has identified the need for a holistic LED Strategy, which will serve as a blueprint for project implementation.

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) continued

COMPONENT C: PLANNING AND DEVELOPMENT

The purpose of the Local Economic Development Strategy is to investigate the various options and opportunities available to broaden the economic base in the Greater Taung Local Municipality. This information is then strategically packed to create an environment conducive to economic growth and investment, to facilitate business development, and to create sustainable job opportunities.

The desired outputs of the LED strategy are summarised as follows:

1. Stimulate economic growth and diversification; especially labour intensive, high growth and sustainable industries.
2. Retain existing industries and small businesses, actively recruit new investment, and encourage entrepreneurship within the local community.
3. Strengthen partnerships between the established industry and new market entrants in order to enhance local supply chains and encourage skills transfer.
4. Reduce unemployment and poverty through the creation of sustainable job opportunities.
5. Encourage greater integration between Taung and the region's townships and rural communities.
6. Coordinate LED with the wider development interventions occurring in the municipality.

T 3.11.1

GTLM does not have accurate baseline information to complete the following table

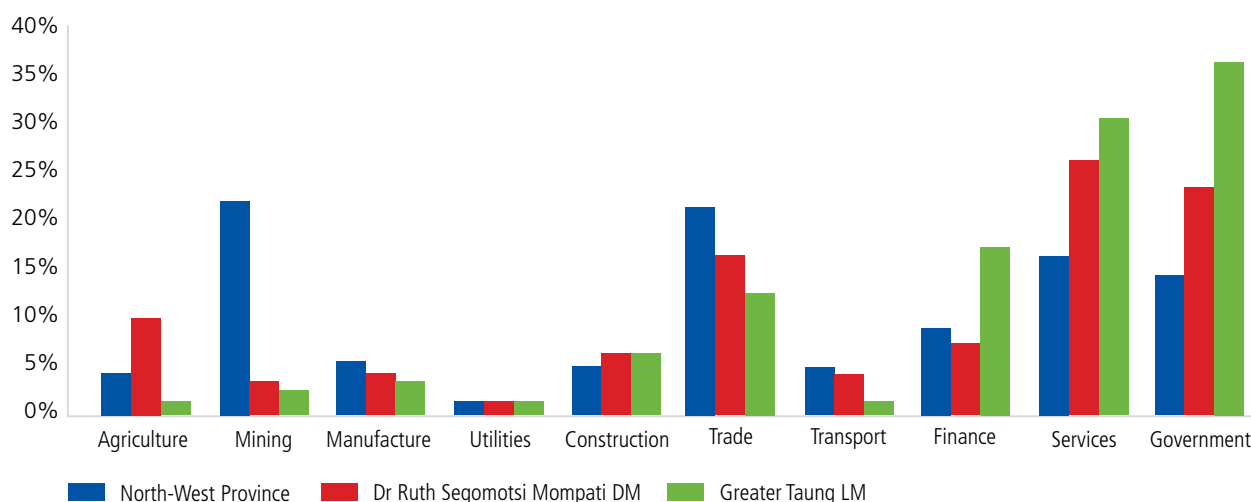
Economic Activity by Sector			
	R '000		
Sector	2013/14	2014/15	2015/16
Agric, forestry and fishing	51,300	51,300	None
Mining and quarrying	37,700	37,700	None
Manufacturing	Unknown	Unknown	None
Wholesale and retail trade	191,800	191,800	None
Finance	46,400	46,400	
Govt, community and social services	244,000	244,000	
Infrastructure services	Unknown	Unknown	

T 3.11.2

Economic Employment by Sector			
	Jobs		
Sector	2013/14 No.	2014/15 No.	2015/16 No.
Agric, forestry and fishing	710	710	None
Mining and quarrying	331	331	None
Manufacturing	140	140	None
Wholesale and retail trade	829	829	None
Finance, property, etc.	436	436	
Govt, community and social services	5,188	5,188	
Infrastructure services	Unknown	Unknown	
Total	7,634	7,634	

T 3.11.3

continued



The employment distribution in an economy refers to the proportional level of unemployment in each economic sector. This information allows for the identification of key sectors and labour absorptive industries as well as determining the need for employment diversification. Error! Reference source not found. illustrates the distribution of employment in the Greater Taung LM compared to the Dr Ruth Segomotsi Mompoti DM and the North West Province.

Employment in the Greater Taung LM is relatively concentrated, compared to the distribution of output. The key employment industries in the Greater Taung LM are Government (36%); Services (30%), Finance (17%) and Trade (12%). The high level of employment in these industries is consistent with other rural economies across South Africa. These opportunities are identified as having the potential to absorb local labour and thus will be emphasised throughout the Greater Taung LM LED Strategy.

Comment on local job opportunities

LED strongly support the poverty alleviation projects in order to improve the community livelihood and create sustainable and decent jobs.

GTLM need to give valuable support to the local SMMEs, especially the existing businesses, because they will create collectively the most jobs in the economy. With the increasing number of the street traders, it is critical that we manage this sector efficiently through our monitoring and business support programmes. In the medium to long term it is critical that we complete the integrated sustainable development plans so that we can budget adequately to support the various economic opportunity nodal developments.

T 3.11.4

Jobs Created during 2015/16 by LED Initiatives (Excluding EPWP projects)

Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
2013/14	1570	NA	NA	NA
2014/15	NS	NS	NS	NS
2015/16	1500	31	1600	Time sheets

T 3.11.5

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) continued

COMPONENT C: PLANNING AND DEVELOPMENT

Job creation through EPWP* projects			
Details	EPWP Projects No.	Jobs created through EPWP projects No.	
2013/14			
2014/15			
2015/16	7		137
			T 3.11.6

* Extended Public Works Programme

Employees: Local Economic Development Services				
2015/16				
Job Level	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	0	0	0	0%
4 - 6	0	0	0	0%
7 - 9	0	0	0	0%
10 - 12	3	1	2	80%
13 - 15	0	0	0	0%
16 - 18	1	1	0	0%
19 - 20	0	0	0	0%
Total	4	1	2	20%
				T 3.11.7

Financial Performance 2015/16 : Local Economic Development Services					
					R'000
Details	2014/15	2015/16			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue		The budget of LED Unit is in the Office of the Municipal Manager.			
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					
Nb: Figures provided will be verified once compilation of the AFS is complete					T 3.11.8

NB: Information not provided by LED Unit

Capital Expenditure 2015/16: Economic Development Services					
					R'000
Capital Projects	2015/16				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All					The budget of LED Unit is in the Office of the Municipal Manager
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.11.9

Comment on local economic development performance overall

The strength of the Greater Taung local economy is mainly concentrated in the Services, Agriculture, and Trade and Transport sectors. From a development perspective the Transport and Services sectors are regarded as demand driven. This means that growth in these sectors are a reaction to growth in the other sectors (i.e. demand driven) of the economy and will thus expand if the other sectors in the economy grows.

According to the LED strategy, the sectoral data revealed a competitive advantage in the Mining sector during 2004. Since then the Pering mine has closed down. Other operational mining activities in the area are marble, gravel and diamonds. According to the Council for Geosciences (2006) a variety of mineral deposits can be found in the Municipality. Mining in Greater Taung is thus currently classified as small-scale but developing. The local Mining sector revealed good potential for expansion and the creation of more employment opportunities for local people.

The Trade and Agricultural sectors are also regarded as key sectors for development intervention. These sectors indicated strong development potential and are currently the main provider of formal employment opportunities in Greater Taung (excl. government services). It is however of concern that these sectors experienced slow or even negative production growth rates since 2000.

The potential analysis furthermore revealed the importance of the Tourism sector. This sector is currently regarded as a very small with very little development taking place (apart from a few guest houses). The area does however have growth potential in this sector especially around the Taung Dam and the Skull Fossil site. The importance of growth in the Tourism sector is not only limited to employment creation but also regarded as a central player in the marketing of Greater Taung as an attractive investment environment.

T 3.11.10

PERFORMANCE HIGHLIGHTS 2015/16

KPA: Local Economic Development

	Reviewed GTLM LED Strategy
	100 SMMES and Cooperatives supported
	Completed feasibility study for establishment of poultry production
	Completed Business Plan for establishment of poultry production
	Completed Business Plan for establishment of Stone Crushing Plant

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) continued

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and community halls; cemeteries and crematoria

3.12. LIBRARIES; COMMUNITY FACILITIES; (ETC)

Introduction to libraries

The objectives of Greater Taung Local Municipality – Community Social Service is to maintain and Control public amenities and areas to promote a safe and healthy environment, Improve library infrastructure & services that reflect the specific needs of the communities they serve, Improve the culture of reading, promote a culture of participatory & good governance and promote a safe and healthy environment-refuse collection services.

The following are the three top service delivery priorities for 2015/2016 financial year:

1. Early childhood learning opportunity

GTLM libraries play a critical role in early childhood development by offering programmes such as Story-telling sessions, Puppet Shows and Toy Play Sessions, to infants and toddlers. We have Toy Library Services consist of designated area with educational toys for Early Learning Centres, to ensure early childhood development and instill the culture of reading at young age. Variety of programmes are offered for early learners that are aimed developing their individual capacity, teaching necessary early literacy skills and providing information to help parents and caregivers lend vital support.

2. Free public internet access/ICT in GTLM libraries

ICT has become an indispensable tool in world poverty reduction, basic healthcare, education and research, far more effectively than before in all GTLM libraries. Free Public Internet Access have a positive impact on lives of GTLM communities. The library assisted job seekers in finding or applying for jobs on-line. Others uses free library internet for on-line banking. Teenagers are the most active users of library computers, primarily for homework and on-line gaming. Youth use free library internet to research for their assignment, access university prospectus and on-line application to further their studies.

3. Library outreach programmes

This is the process of reaching out to the people in GTLM communities without libraries to provide them with information materials on a monthly basis with a mobile library which operate from the district library. In Greater Taung, the mobile library is reaching out the following villages: Cokonyane, Molelema, Buxton, Magogong, Loselong, Manthe and Losasaneng

T3.12.1

Comment on the performance of libraries

2014/2015 was a successful year for Greater Taung Libraries with residents' use of library services increasing, even though there are still more to be done. Performance measures reflect established trends in library usage. Increasingly, residents visit library branches to access internet services, borrow materials, and attend library programs or access study space. Circulation increased with 12.71%. In-Library use of collections and number of library visitors represent a significant percentage of overall library usage, and is growing

T 3.12.2

3.13. CEMETORIES AND CREMATORIUMS

introduction to cemeteries and crematoriums

The GTLM is only responsible for cemeteries in Taung, Reivilio and Pudumoe

Service statistics for cemeteries and crematoriums overall

Not applicable

T 3.13.2

Comment on the performance of cemeteries and crematoriums overall

No comment provided as the function is not performed by the municipality.

T 3.13.3

3.14. CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

This function is not relevant to GTLM.



SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) continued

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

3.15. POLLUTION CONTROL

This function is not relevant to GTLM.

3.16. BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

This function is not relevant to GTLM.

COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

3.17. CLINICS

This function is not relevant to GTLM.

3.18. AMBULANCE SERVICES

This function is not relevant to GTLM.

3.19. HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

This function is not relevant to GTLM.

COMPONENT G: SECURITY AND SAFETY

3.20. POLICE

This function is not relevant to GTLM.

3.21. FIRE

Introduction to fire services

Fire Fighting Service - Local Municipality Function

The District Municipality is also responsible for provision of firefighting service to Kagisano/Molopo, Mamusa and Greater Taung local Municipalities in terms of Section 84 (1) j of the Municipal Systems

Act, Act 32 of 2002. The Act further describes the local function as:

- Preventing the outbreak or spread of a Fire Fighting or extinguishing a fire
- The protection of life or property against a fire or other threatening danger
- The rescue of life or property from a fire or other danger"

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

This function is a shared service between GTLM and The Dr Ruth S Mompoti DM.

COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

3.23. SPORT AND RECREATION

Introduction to sports and recreation

The Sport and Recreation section is responsible to establish a positive attitude in the community, towards sport and recreation and to encourage greater community involvement and interest in sport and recreation.

This section forms part of the Community and Social Services Department in GTLM

Sport and Recreation are important to ensure an environment is created for the residents of Greater Taung to practice a healthy life style and to ensure the youth can entertain themselves with activities that is beneficial for their balanced development.

GTLM do manage and maintain the following facilities:

- Thota-Ya-Tau Sport Ground;
- Mathe Sport Ground;
- Boipelo Sport Ground
- Reivilo Golf Course and Rec Club;
- Taung Sport Ground;
- Taung Park and Combi Court;
- Reivilo Tennis Court;

Employee: Parks, Sport and Recreation					
2015/16					
Job Level	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %.	
0 - 3	17	16	1	5%	
4 - 6	7	5	2	28%	
7 - 9	2	1	1	50%	
10 - 12	3	3	0	0%	
13 - 15	2	2	0	0%	
16 - 18	0	0	0	0%	
19 - 20	1	1	0	0%	
Total	32	28	4	12%	

T 3.23.2

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) continued

COMPONENT H: SPORT AND RECREATION

Comment on the performance of sports and recreation overall

Parks and Recreation Division are dedicated to enhancing the quality of life of Greater Taung residence by providing recreational and leisure time opportunities. The division is also responsible for the planning, development and maintenance of the municipal parks, landscape maintenance and other public properties owned by the municipality.

Our Park division preserves and maintains the municipal investment in the community park, sport facilities and amenities. A key element in the Parks and amenities Division is periodic and preventive maintenance of these assets. The workforce is assigned regularly scheduled maintenance activities, in addition to managing the inevitable unforeseen or emergency repair.

These assignments ensure that all parks, sport field and amenities are inspected, maintained, repaired and in operable condition for the community to utilized. The parks and recreation Division is furthermore accountable for the design and construction of the parks and the restoration and renovation of some of the municipal mature parks and amenities. Additional, the division works with PMU, Spatial Planning and Development staff on forecasting, comprehensive planning and for implementation of large scale projects.

A. The Division is divided into six phases :

1. Nursery
2. Recreational facilities (Sport/close Grounds
3. Municipal Gardens
4. Parks
5. Landscape and horticulture learner-ship.
6. New landscape and Garden design at 4 Thusong Services Center

T 3.23.3

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

Introduction to corporate policy offices

Chapter 7 of the Constitution of the Republic of South Africa states that the municipality comprise of Councillors, Officials and the Community. In order for the municipality to govern its affairs correctly it must consult with the community to ensure that needs are correctly determined, explained and included in the IDP for service delivery purposes.

Policies must be put in place which will address the needs of the community in terms of how service delivery matters will be addressed.

In order for the municipality to be able to address the service delivery matters the municipality must within limitation approve a budget that will be commensurate with the needs/projects identified for the particular year. This budget must also address matters of staff and this can only be achieved through the costed organogram that must be cost effective but also providing sufficient management and other position in order to be able to render effective and satisfactory delivery of services

T 3.23.4

3.24. EXECUTIVE AND COUNCIL

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

Introduction to executive and council

In accordance with chapter 7 section 151 (2) of the Constitution of the Republic of South Africa, 1996, the Executive and Legislative authority of a municipality is vested in its Municipal Council.

The Municipality is an EXCO type and comprises 26 Wards. It is led by a Council made up of 51 members, the Speaker, Mayor and the Executive Committee. The Mayor is the Head of Executive Committee (EXCO) which comprises of 10 Councillors who head various departments and serve in portfolio committees. Section 152 of the Constitution spells out categorically clear, the objectives of Local Government and the powers and functions of municipalities are determined in section 156 of the Constitution.

The executive authority of the Council is vested with the Mayor who must however report to Council and is assisted by the members of the Executive Committee established by the Mayor and can take decision. However there are certain matters on which the Mayor as the Head of the municipality cannot take decisions i.e. the approval of the Budget, IDP and By-Laws, as these matters cannot be delegated and must be approved by Council.

In terms of delegation of powers certain matters may be delegated to the Mayor by Council who will in turn also sub-delegate to the Municipal Manager. The Municipal Manager may also sub-delegate to Directors who may in turn further sub-delegate to other officials.

Section 152 of the Constitution sets among others the following objectives for Local Government:

- (a) to provide democratic and accountable government for local communities
- (b) to ensure the provision of services to communities in a sustainable manner
- (c) to promote social and economic development

T 3.24.1

3.25. FINANCIAL SERVICES

Introduction financial services

This department deals with the administration of finances of the municipality i.e. own budget as well as the money received from Government Fiscal i.e. allocation by Government to the municipality to enhance service delivery as in MIG and equitable shares. In order for the municipality to have effective service delivery, budget and IDP processes must be followed in order to ensure public participation to cover all community proposals in terms of projects. The department must develop budget related policies and by-laws which will govern consistent charging of moneys for services rendered to the communities.

Collection of moneys owed to Council as revenue must also be covered in terms of the approved policy. There will be internal and external audits in order to ensure management of risk and curbing corruption while encouraging effecting customer care service.

T 3.25.1

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) continued

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

Debt Recovery							
Details of the types of account raised and recovered	R' 000						
	2014/15		2015/16			2016/17	
	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	5102	26%	8 646 975,61	16 711	193%	–	–
Rates				633,93			
Electricity - B			626 645,79	614 091,55	98%	–	–
Electricity - C	2723	83%	2 569 321,93	1 948 795,55	76%	–	–
Water - B			48 861,40	15 267,99	31%	–	–
Water - C	371	61%	767 834,13	297 651,04	39%	–	–
Sanitation	1002	62%	2 138 738,02	1 164 178,06	54%	–	–
Refuse	2473	94%	3 086 855,97	2 063 621,08	67%	–	–
Other			5 197 730,88	1 058 300,76	20%	–	–

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

Concerning

T 3.25.2

The low collection rate of 40% on property rates is due to the fact that the municipality is rural and majority of people are indigent.

T 3.25.2.1

Employees: Financial Services						
Job Level	2014/15		2015/16			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %	
0 - 3	1	0	0	0		
4 - 6	3	5	0	0	0%	
7 - 9	19	18	17	1	6%	
10 - 12	6	8	7	1	13%	
13 - 15	1	1	1	0	0%	
16 - 18	4	4	4	0	0%	
19 - 20	1	1	1	0	0%	
Total	35	37	29	3	8%	

T 3.25.3

continued

Financial Performance 2015/16: Financial Services					
	R'000				
	2014/15	2015/16			
Details	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	20 720	Accurate figures in the audited Annual Financial			
Expenditure:					
Employees	10 640				
Repairs and Maintenance	21				
Other	10 605				
Total Operational Expenditure	21 266				
Net Operational Expenditure					
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.25.4

Capital Expenditure 2015/16: Financial Services					
	R'000				
	2015/16				
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
MSCOA Implementation =	Accurate figures will form part of the Annual Financial Statement				
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.25.5

Comment on the performance of financial services overall

The problem of under-expenditure was due to the fact that SCOA financial server was not procured in 2014/15 financial.

T 3.25.6

3.26. HUMAN RESOURCE SERVICES

Introduction to human resource services

The main priorities in Human resources services were the following:

- To provide Training to 100 officials by 30 April 2016 as per WSP
- Submit EEP report to DoL by 15 January 2016
- Development and submission of WSP to LGSETA by 30/04/2016
- Awarding of 50 higher educational study bursaries to unemployed youth
- To provide Training for 22 Councillors by 30 April 2016 as per WSP
- Implement Learnerships for unemployed
- To hold one LLF Meeting every quarter

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) continued

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

Implement Employee Assistance Programmes throughout the year to all employees

- Recruit and fill in vacancies on an ad hoc basis with EE targets as priority-
- Recruit people with disability
- Ensuring a functional OHS programme

To ensure that these major priorities were achieved deadlines were set to achieve priorities, and weekly follow ups were done to ensure they were achieved.

After implementing all measure to achieve the targets as set out some major achievements was the following:

- Human resources received a clean audit report for the Audit general for Human resource matters
- More than the planned amount of 100 officials was trained namely 198 officials
- 48 Councillors were trained
- 100 educational bursaries were awarded to unemployed youth
- The Health and safety committee of the Municipality was rated as the most functional of all Municipalities in the North West province by SALGA
- 4.2% of the staff component is currently disabled
- Greater Taung was only one of 7 Municipalities in the North West who submitted the Employment Equity plan to Department of Labour and who have a functional EE plan in place

The Employment equity equality changed a lot with the equality balancing out more as can be seen underneath, thus adhering to Employment equity legislation's. On the 11th of May 2016 a Career exhibition was held at Greater Taung Im where more than 23 schools and 1200 learners attended

8 apprentices appointed by MISA for electrical trade test training in Vuselela FET. Workplace Skills Plan submitted to Council of 31st March 2016 as part of the Draft IDP for 2015/16. Submitted to LGSETA BY 22 April 16. 119 Unemployed given structured learning opportunities

T 3.26.1

Employees: Human Resource Services							
Job Level	2014/15		2015/16				
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %		
0 - 3							
4 - 6							
7 - 9	2	2	2	0			0
10 - 12	1	3	3	0			0
13 - 15							
16 - 18	1	1	1	0			0
19 - 20							
Total	4	6	6	0			0

T3.26.4

Comment on the performance of human resource services overall

HR is only support service and has no capital projects to deal with.

T 3.26.3

3.27. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

Introduction to information and communication technology (ICT) services

ICT Unit is the backbone of communication in this institution but without proper resources it is difficult to reach maximum performance on in-house service delivery also externally. Efforts have been made to upgrade and update the ICT systems and so far the municipality managed to make minor changes. The ICT services in GTLM is mainly to ensure that new technology is introduced to the municipality and that the current systems are maintained and updated.

The rural nature of the municipality requires GTLM to explore opportunities with regard to the latest satellite technology to improve communications as well as utilizing the internet “cloud” to improve service delivery:

The following are challenges that impedes maximum performance of IT unit

- ICT Portfolio Committee
- Internet Service Provider
- Network monitoring tool
- Dedicated budget for ICT purposes
- Upgrade to current physical and logical network infrastructure
- Availability of transport to junior IT staff
- ICT Staff training on SEBATA Technical Support

T 3.27.1

Employees: ICT and Communications Services					
2015/16					
Job Level	Posts	Employees	Vacancies	Vacancies	
	No.	No.	(fulltime equivalents) No.	(as a % of total posts) %.	
7 - 9	1	1	0	0%	
10 - 12	2	0	2	100%	
13 - 15	2	1	1	50%	
16 - 18	1	1	0	100%	
19 - 20	0	0	0	0%	
Total	6	3	3	50%	

T3.27.2

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) continued

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.28. PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

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

Introduction to property, legal, risk management and procurement services

Legal

The aim of Legal Services is to ensure a proper legal service to Council and the Accounting Officer, as well as the Mayor and his Executive Committee and other structures in Council. Prepare and ensure approval of legal documents relating to Council.

Risk management

The Dr Ruth Segomotsi Mompati District Municipality (DRRSMDM) is providing support to GTLM and the newly established PMS unit is responsible for the coordination and facilitation of risk management in the municipality. In 2015 the District established the District shared Risk Management committee as per the resolution of the North West risk Indaba. To date the DRRSMDM and its locals is regarded as one of the district in the province performing well in terms of implementing the Provincial risk management indaba resolution.

Procurement Service

Supply Chain Management Unit is responsible for the procurement of goods and services in the municipality.

T3.28.1

COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

Introduction to miscellaneous

None.

T 3.29.0



SERVICE DELIVERY PERFORMANCE SCORECARD (PERFORMANCE REPORT PART I)

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD 2015/2016

This component includes: Annual Performance Scorecard Report for the current year.

Planning 2015 – 2016 financial year

REF	Strategic objective (IDP framework)	Key performance indicator (MSA sec 26(i))	Unit of measurement	Baseline	KPI calculation type (MSA sec 41(1) (a))	KPI target type (MSA sec 41(1) (a))	Means of verification/ POE
National KPA 1 : Basic Service Delivery and Infrastructure Development: Community Service Department							
TL01	Improve the culture of reading	Coordinate sustainable reading awareness & library promotion programmes at schools, clusters & municipal libraries by end September 2015	Number of sustainable reading awareness & library promotion programmes coordinated at schools, clusters & municipal libraries by end September 2015	3	Carry Over	Number	Attendance register
TL02	Improve the Culture of Reading	Coordinate holiday reading programmes at 5 libraries by end June 2016	Number of holiday reading programmes coordinated in 5 libraries by end June 2016	5	Accumulative	Number	Attendance register
TL03	Improve the Culture of Reading	Coordinate 2 theme based programmes in Taung & Pudimoe Libraries by end June 2016	Number of theme based programme coordinated in Taung & Pudumoe libraries by end June 2016	4	Accumulative	Number	Attendance register
TL04	Improve staff capacity at libraries to respond appropriately to community knowledge and information needs	Facilitate appointment of 2 library Assistants for Pudimoe Library by end September 2015	Number of appointments of Library Assistants at Pudimoe Library facilitated by end September 2015	New KPI for 2015/16	Carry over	Number	Appointment letters

continued

Annual reporting 2015 – 2016

Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual target	Revised annual target	Annual actual performance	Expenditure	Reason for under-performance deviation	Measures taken/ to be taken to improve performance
R 60 000	Budget not revised	3	Target not revised	3	R45 000	None	None
R 30 000	Budget not revised	5	Target not revised	6	R 22 373.57	None	None
R 30 000	Budget not revised	2	Target not revised	2	R 37 130.00	None	None
R 300 000	Budget not revised	2	Target not revised	2	R 300 000.00	None	None

SERVICE DELIVERY PERFORMANCE SCORECARD (PERFORMANCE REPORT PART I) continued

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD 2015/2016

Planning 2015 – 2016 financial year

REF	Strategic objective (IDP framework)	Key performance indicator (MSA sec 26(i))	Unit of measurement	Baseline	KPI calculation type (MSA sec 41(1) (a))	KPI target type (MSA sec 41(1) (a))	Means of verification/ POE
National KPA 1 : Basic Service Delivery and Infrastructure Development: Community Service Department cont.							
TL06	Improve staff capacity at libraries to respond appropriately to community knowledge and information needs	Complete palisade fencing construction project at Boipelo library by end December 2015	Number of palisade fencing projects completed at Boipelo Library end December 2015	0	Carry over	Number	Completion certificate
TL07	Improve library infrastructure and services that reflect the specific needs of the communities they serve	Complete paving parking project at Boipelo Library by end March 2016	Number of parking paving projects completed at Boipelo Library by end March 2016	New KPI for 2015/16	Carry over	Number	Completion certificate
TL08	Improve library infrastructure and services that reflect the specific needs of the communities they serve	Complete the erection of steel under-cover parking at Boipelo library by end June 2016	Project completed by end June 2016	New KPI for 2015/16	Carry over	Number	Completion certificate
TL09	Improve library infrastructure and services that reflect the specific needs of the communities they serve	Purchase vehicle (Double cab with canopy) for Library Services by end December 2015	Number of vehicles purchased for Library Services by end December 2015	New KPI for 2015/16	Carry over	Number	Owenship certificate

continued

Annual reporting 2015 – 2016

Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual target	Revised annual target	Annual actual performance	Expenditure	Reason for under-performance deviation	Measures taken/ to be taken to improve performance
R 300 000	Budget not revised	1	Target not revised	0	R 73 200.00	Project had to be advertised for 5th time due to unresponsive bidders	Project is included in 2016/17 procurement plan and will be prioritised.
R 100 000	Budget not revised	1	Target not revised	0	R 0.00	None response of bidders on palisade project impacted negatively on the parking project	Parking paving project will be completed in the second Quarter of 2016/17 FY once palisade fencing project has been completed
R 66 000	Budget not revised	1	Target not revised	0	R 0.00	None response of bidders impacted negatively on the project	Can only commence once palisade fencing project has been completed
R 350 000	Budget not revised	1	Target not revised	1	R 475 759.31	None	None

SERVICE DELIVERY PERFORMANCE SCORECARD (PERFORMANCE REPORT PART I) continued

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD 2015/2016

Planning 2015 – 2016 financial year

REF	Strategic objective (IDP framework)	Key performance indicator (MSA sec 26(i))	Unit of measurement	Baseline	KPI calculation type (MSA sec 41(1) (a))	KPI target type (MSA sec 41(1) (a))	Means of verification/ POE
National KPA 1 : Basic Service Delivery and Infrastructure Development: Community Service Department cont.							
TL10	To maintain and manage all council buildings and facilities	Complete rehabilitation project of Pudimoe netball court by end June 2016	Number of netball court rehabilitation projects completed at Pudimoe by end June 2016	New KPI for 2015/16	Carry over	Number	Completion certificate
TL11	To maintain and manage all council buildings and facilities	Complete palisade fencing project at Reivilo Admin Office by end December 2015	Number of palisade fencing projects completed at Reivilo Admin Office by end December 2015	New KPI for 2015/16	Carry over	Number	Completion certificate
TL12	To maintain and manage all council buildings and facilities	Complete rehabilitation project of Reivilo Tennis court by end March 2016	Number of tennis court rehabilitation projects completed at Reivilo by end March 2016	New KPI for 2015/16	Carry over	Number	Completion certificate
National KPA 1 : Basic Service Delivery and Infrastructure Development: Infrastructure Development Department							
TL13	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Complete construction of Taung Community Hall by end September 2015	Construction of Taung Community Hall completed by end September 2015	85%	Carry over	Number	Completion certificate
TL14	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Complete construction of Picong Community Hall by end November 2015	Construction of Picong Community Hall completed by end November 2015	65%	Carry over	Number	Completion certificate

continued

Annual reporting 2015 – 2016

Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual target	Revised annual target	Annual actual performance	Expenditure	Reason for under-performance deviation	Measures taken/ to be taken to improve performance
R1 000 000	Budget not revised	1	Target not revised	0	R 0.00	Bidders did not have adequate experience	Project prioritised in 2016/ 17 Fy
R1 000 000	Budget not revised	1	Target not revised	0	R 0.00	Bidders did not have adequate experience	Project prioritised in 2016/ 17 Fy
R1 000 000	Budget not revised	1	Target not revised	0	R 0.00	The project was not budgeted in the approved budget	The is project is budgeted in 2016/17 FY
R11 000 000	Budget not revised	1	Target not revised	1	R14 644572.34	None	None
R 5 000 000	Budget not revised	1	Target not revised	1	R3 257 817.05	None	None

SERVICE DELIVERY PERFORMANCE SCORECARD (PERFORMANCE REPORT PART I) continued

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD 2015/2016

Planning 2015 – 2016 financial year

REF	Strategic objective (IDP framework)	Key performance indicator (MSA sec 26(i))	Unit of measurement	Baseline	KPI calculation type (MSA sec 41(1) (a))	KPI target type (MSA sec 41(1) (a))	Means of verification/ POE
National KPA 1 : Basic Service Delivery and Infrastructure Development: Infrastructure Development Department cont.							
TL15	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Complete construction of Gataote Community Hall by end September 2015	Construction of Gataote Community Hall completed by end September 2015	75%	Carry over	Number	Completion certificate
TL16	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Complete construction of the Lower Majeakgoro storm water channel by end November 2015	Construction of the Lower Majeakgoro storm water channel in completed by end November 2015	45%	Carry over	Number	Completion certificate
TL17	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Complete construction of Matlhako II Community Hall by end January 2016	Construction of Matlhako II Community Hall completed by end January 2016	10%	Carry over	Number	Completion certificate
TL18	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Complete construction of Matsheng Community Hall by end May 2016	Construction of Matsheng Community Hall completed by end May 2016	New KPI for 2015/16	Carry over	Number	Completion certificate
TL19	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Complete construction of the Chiefscourt Bridge by end May 2016	Construction of the Chiefscourt Bridge completed by end May 2016	New KPI for 2015/16	Carry over	Number	Completion certificate

continued

Annual reporting 2015 – 2016							
Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual target	Revised annual target	Annual actual performance	Expenditure	Reason for under-performance deviation	Measures taken/ to be taken to improve performance
R 5 000 000	Budget not revised	1	Target not revised	1	R3 639 843.52	None	None
R9 000 000	Budget not revised	1	Target not revised	0	R 7,816,791	Service provider delayed by high volumes of hard rock	Additional plant and personnel has been brought to site
R5 000 000	Budget not revised	1	Target not revised	1	R4 617 292.33	None	None
R4 250 000	Budget not revised	1	Target not revised	0	R1 662 366.68	Delayed procurement of contractor	The project had been targeted to be a multi-year project
R 9 000 000	Budget not revised	1	Target not revised	0	R 5,022,430	The delayed issuing of the approval by DWA	The contractor has been appointed and has commenced part of the scope

SERVICE DELIVERY PERFORMANCE SCORECARD (PERFORMANCE REPORT PART I) continued

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD 2015/2016

Planning 2015 – 2016 financial year

REF	Strategic objective (IDP framework)	Key performance indicator (MSA sec 26(i))	Unit of measurement	Baseline	KPI calculation type (MSA sec 41(1) (a))	KPI target type (MSA sec 41(1) (a))	Means of verification/ POE
National KPA 1 : Basic Service Delivery and Infrastructure Development: Infrastructure Development Department cont.							
TL20	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Procure mobile generator for electricity unit by end December 2015	Mobile generator for electricity unit procured by end December 2015	New KPI for 2015/16	Carry over	Number	Delivery note
TL21	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Procure 200KVA transformer for Reivilo electricity network by end of December 2015	200KVA transformer procured for Reivilo electricity network by end December 2015	New KPI for 2015/16	Carry over	Number	Delivery note
TL22	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Submit quarterly reports to Council on the implementation of EPWP programme by end June 2016	Number of quarterly reports on the implementation of EPWP programme submitted to Council by end June 2016	4	Accumulative	Number	Council Minutes
TL23	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Submit quarterly reports to the Portfolio Committee on progress made on the rural water and sanitation projects (Projects are implemented by DRSM) by end June 2016	Number of quarterly reports submitted to the Portfolio Committee on progress made on the rural water and sanitation projects (Projects implemented by DRSM) by end June 2016	4	Accumulative	Number	Meeting Minutes

continued

Annual reporting 2015 – 2016							
Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual target	Revised annual target	Annual actual performance	Expenditure	Reason for under-performance deviation	Measures taken/ to be taken to improve performance
R 100 000	R 230 000	1	Target not revised	0	R232 939.00	Late appointment of service provider	Awaiting delivery
R 100 000	R 300 000	1	Target not revised	0	R 0.00	Transformer will be covered under the assessment of the network	Awaiting completion certificate
Opex	Opex	4	Target not revised	4	Opex	None	None
Opex	Opex	4	Target not revised	4	Opex	None	None

SERVICE DELIVERY PERFORMANCE SCORECARD (PERFORMANCE REPORT PART I) continued

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD 2015/2016

Planning 2015 – 2016 financial year

REF	Strategic objective (IDP framework)	Key performance indicator (MSA sec 26(i))	Unit of measurement	Baseline	KPI calculation type (MSA sec 41(1) (a))	KPI target type (MSA sec 41(1) (a))	Means of verification/ POE
National KPA 1: Basic Service Delivery & Infrastructure Development : Land Use & Human Settlement Department cont.							
TL24	Promoting security of land tenure	Submit monthly progress report on the registration of 30 identified properties with Deeds Office to the MM by end June 2016	Number of monthly progress reports submitted to the MM on the registration of 30 identified properties with the Deeds Office by end June 2016	New KPI for 2015/16	Carry over	Number	Reports & acknowledgment of receipt
National KPI 2 : Municipal Financial Viability and Management : Infrastructure Development Department							
TL25	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Percentage of the municipal capital budget actually spent on capital projects identified in terms of the IDP measured as (Actual amount spent on projects as identified for the year in the IDP/Total amount spent on capital projects) x 100 by end June 2016	Percentage of the municipal capital budget actually spent on capital projects identified in terms of the IDP (Actual amount spent on projects as identified for the year in the IDP/Total amount spent on capital projects) x 100 by end June 2016	New KPI for 2015/16	Carry over	Percentage	Expenditure report
National KPI 2 : Municipal Financial Viability and Management : Finance Department							
TL26	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Financial viability measured in terms of the available cash to cover fixed operating expenditure (Available cash + investments / Monthly fixed operating expenditure) by end June 2016	(Available cash + investments / Monthly fixed operating expenditure)	New KPI for 2015/16	Stand alone	Percentage	Annual Financial Statement

continued

Annual reporting 2015 – 2016

Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual target	Revised annual target	Annual actual performance	Expenditure	Reason for under-performance deviation	Measures taken/ to be taken to improve performance
Opex	Opex	30	12	6	Opex	Target revised during Mid year budget adjustment	Registration to be completed in 2016/17 Fy
Opex	Opex	100%	Target not revised	31%	CapEx	Poor planning and delay in implementation of projects	Procurement plans i.t.o. of all projects identified in the IDP and are budgeted have been developed and advertised in June
Opex	R 0.00	1.5	Target not revised	0	N/A	2015/16 AFS not completed	Ratio to be determined once AFS are completed

SERVICE DELIVERY PERFORMANCE SCORECARD (PERFORMANCE REPORT PART I) continued

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD 2015/2016

Planning 2015 – 2016 financial year

REF	Strategic objective (IDP framework)	Key performance indicator (MSA sec 26(i))	Unit of measurement	Baseline	KPI calculation type (MSA sec 41(1) (a))	KPI target type (MSA sec 41(1) (a))	Means of verification/ POE
National KPI 2 : Municipal Financial Viability and Management : Finance Department cont.							
TL27	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations	Debt to Revenue Short Term Lease + Long Term Lease / Total Operating Revenue – Operating Conditional Grant	New KPI for 2015/16	Stand alone	Percentage	Annual Financial Statement
TL28	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Prepare and submit the final main budget to Council by 31 May 2016	Final Main Budget submitted to Council by 31 May 2016	1	Carry over	Number	Council Minutes
TL29	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Submit the adjustment budget for approval to Council by end February 2016	Adjustment budget submitted to Council by 28 Feb 2016	1	Carry over	Number	Council Minutes
TL30	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Submit the Annual Financial Statements to AGSA by 31 August 2015	Annual Financial Statements submitted by 31 August 2015 to AGSA	1	Carry over	Number	Council Minutes

continued

Annual reporting 2015 – 2016

Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual target	Revised annual target	Annual actual performance	Expenditure	Reason for under-performance deviation	Measures taken/ to be taken to improve performance
Opex	R 0.00	2.1	Target not revised	0	N/A	2015/16 AFS not completed	Ratio to be determined once AFS are completed
Opex	Opex	1	Target not revised	1	Opex	None	None
Opex	Opex	1	Target not revised	1	Opex	None	None
Opex	Opex	1	Target not revised	1	Opex	None	None

SERVICE DELIVERY PERFORMANCE SCORECARD (PERFORMANCE REPORT PART I) continued

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD 2015/2016

Planning 2015 – 2016 financial year

REF	Strategic objective (IDP framework)	Key performance indicator (MSA sec 26(i))	Unit of measurement	Baseline	KPI calculation type (MSA sec 41(1) (a))	KPI target type (MSA sec 41(1) (a))	Means of verification/ POE
National KPA 3 : Local Economic Development : Office of the Municipal Manager							
TL31	Create an environment that promotes development of local economy and facilitate job creation	Review of GTLM LED Strategy by end September 2015	GTLM LED Strategy reviewed by end September 2015	New KPI for 2015/16	Carry over	Number	Council Minutes
TL32	Create an environment that promotes development of local economy and facilitate job creation	Create temporary job opportunities through EPWP,CWP and Local procurement projects	Number of temporary Jobs created by end June 2016	1200	Accumulative	Number	Appointment Contracts
National KPA 4 : Municipal Transformation & Organisational Development : Corporate Service Department							
TL33	Improve organisational cohesion and effectiveness	The number of people from employment equity target groups employed (appointed) in the three highest levels of management in compliance with a municipality's approved equity plan by end June 2016	Number of people from employment equity target groups employed in the three highest levels of management by end June 2016	New KPI for 2015/16	Accumulative	Number	EEP & Appointment Letters

continued

Annual reporting 2015 – 2016

Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual target	Revised annual target	Annual actual performance	Expenditure	Reason for under-performance deviation	Measures taken/ to be taken to improve performance
R 300 000	Budget not revised	1	Target not revised	1	Opex	None	None
Opex	Opex	1500	Target not revised	2299	Opex	None	None
Opex	Opex	2	Target not revised	3	Opex	None	None

SERVICE DELIVERY PERFORMANCE SCORECARD (PERFORMANCE REPORT PART I) continued

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD 2015/2016

Planning 2015 – 2016 financial year

REF	Strategic objective (IDP framework)	Key performance indicator (MSA sec 26(i))	Unit of measurement	Baseline	KPI calculation type (MSA sec 41(1) (a))	KPI target type (MSA sec 41(1) (a))	Means of verification/ POE
TL34	Improve organisational cohesion and effectiveness	Percentage of municipality's budget actually spent on implementing its workplace skills plan measured as (Total Actual Training Expenditure / Total Operational Budget x 100) by end June 2016	Total expenditure on training / total operational budget x 100	New KPI for 2015/16	Carry over	Percentage	Expenditure Report

National KPA 4 : Municipal Transformation & Organisational Development : Corporate Service Department cont.

TL35	Improve organisational cohesion and effectiveness	Provide financial support to students that adhere to the relevant requirements by end March 2016	Number of students financially supported by end March 2016	83	Accumulative	Number	Proof of Registration
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National KPA5. Good Governance and Public Participation : Office of the Municipal Manager

TL36	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Submit the Mid-Year Performance Report in terms of Sec 72 of the MFMA to the Mayor by 25 January 2016	Mid-year Report submitted to the Mayor by 25 January 2016	1	Carry over	Number	Council Minutes
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continued

Annual reporting 2015 – 2016

Budget (MFMA sec 16& 17)	Revised Budget (MFMA sec 72 (13) & 69(2))	Annual target	Revised annual target	Annual actual performance	Expenditure	Reason for under-performance deviation	Measures taken/ to be taken to improve performance
Opex	Opex	0.45%	Target not revised	93%	R 724 738.00	None	None
R 800 000	Budget not revised	50	Target not revised	100	R843 546. 24	None	None
Opex	Opex	1	Target not revised	1	Opex	None	None

SERVICE DELIVERY PERFORMANCE SCORECARD (PERFORMANCE REPORT PART I) continued

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD 2015/2016

SERVICE PROVIDERS STRATEGIC PERFORMANCE

Section 76(b) of the MSA state that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. A service provider:

- Means a person or institution or any combination of person and institution which provide to or for the benefit of the local community.
- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in term of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the municipality did appoint service providers who provided municipal services to or for the benefit of the local community on behalf of the municipality and below is performance assessment of some of the service provider appointed to render service for the benefit of the local community on behalf of the Municipality. All these projects were regularly monitored by Project Management Unit.

Annual performance assesment of service providers 2015/16 financial year

Project name	Name of service provider (Consultant)	Name of service provider (Contractor)	Source of funding	Start date	Completion date	Progress to date
Lower Majeakgoro Stormwater	Lyma Consulting	Ndhuna/Itumise	MIG	10-Apr-16	29-Jul-16	Construction Phase
Gataote Community Hall	Rendeals 4 Consulting	Future Success Construction	MIG	03-Jun-14	Mar-16	Retention Phase
Picong Community Hall	Rendeals 4 Consulting	Xol-Mak Construction	MIG	Jun-14	Mar-16	Retention Phase



Annual performance assesment of service providers 2015/16 financial year

Challenges and interventions	Assessment of service provider (Scale 1-5) 1 – Poor; 2 – Fair; 3 – Average; 4 – Good and 5 – Excellent				Assessment comments
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
	<p>Challenges: Excessive quantities of hard rock on site resulted in the project being delayed by over 6 months. The omission of certain tests by the consultant may have also contributed to the challenges. Interventions: A blasting contractor has been engaged and has already commenced with work on site. Additional funding was also sourced to mitigated against the additional costs related to the blasting.</p>	2	1	1	
<p>Challenges: Poor cash flow management by the contractor led to the project being delayed. Interventions: The contractor was put on penalties in order to fast track the project.</p>	2	2	2	2	The contractor started the project well however poor project management resulted in the challenges experienced.
<p>Challenges: Poor cash flow management by the contractor led to the project being delayed. Interventions: The contractor was put on penalties in order to fast track the project.</p>	1	1	1	1	The contractor started the project well however poor project management resulted in the challenges experienced.

SERVICE DELIVERY PERFORMANCE SCORECARD (PERFORMANCE REPORT PART I) continued

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD 2015/2016

Annual performance assesment of service providers 2015/16 financial year

Project name	Name of service provider (Consultant)	Name of service provider (Contractor)	Source of funding	Start date	Completion date	Progress to date
Taung Taxi Rank	Booda Consulting	Booda Consulting	MIG	01-Feb-16	Jul-16	Construction Phase
Chiefskort Bridge	Battleshield projects	Battleshield projects	MIG	21-Feb-16	Jun-17	Construction Phase
Taung Community Hall	Tiki Architects	GR Makopo Projects	MIG	10-Apr-14	Mar-16	Retention Phase
Lokaleng Access Road	LTE Consulting	Tau Ya Mariri/ Uncle Paul JV	MIG	22-Apr-16	Oct-15	Retention Phase
Matlhako 2 Community Hall	Kgomo Sekgabo Architects	Kgomo Sekgabo Architects	MIG	15-Jan-16	Jul-16	Retention Phase

Annual performance assesment of service providers 2015/16 financial year

Challenges and interventions	Assessment of service provider (Scale 1-5) 1 – Poor; 2 – Fair; 3 – Average; 4 – Good and 5 – Excellent				Assessment comments
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
	None	4	4	4	
Challenges: There had been additional items on the project that had been identified and have greatly impacted the project budget. Interventions: Additional funding may need to be sourced to complete the project.	3	3	3	3	The service provider's performance has been satisfactory.
Challenges: Additional items/work on the project led to the project cost escalating.	2	2	2	2	The contractor's performance was unsatisfactory as some of the work had to be redone
Challenges: An omission of material in the BOQ and the community interference resulted in the project being delayed.	2	1	1	1	Poor cash flow/project management by the contractor resulted in the challenges experienced. The consultant's omission of material on the BOQ has also cast doubt on his work as this also led to challenges being experienced. Overall the service providers performance was not satisfactory.
Challenges: Community interference in the early stages of the project resulted in the delay of 6 months being experienced. Interventions: Consultation and assistance was sought from the ward counsellor and all issues were resolved	4	4	4	4	Given the project delay due to community involvement, the contractor was able to complete the project within the revised expected time frame. His contribution was satisfactory

Chapter 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)



INTRODUCTION

This component represents the role that HRM&D plays in deciphering, defining, developing and rewarding an organizational culture that is conducive to achieving business objectives. This includes:

- Culture transformation and change management;
- The development of individuals and teams with a systems view;
- Review and design of organizational structures.
- Training that related to job and personal growth equipping all employees with the necessary knowledge, skills and competencies to perform their work effectively, in pursuit of the vision and mission of Council as well as the employee's vision.
- Enabling employees to deal effectively and pro-actively with change and to the challenges of dynamic work and external environment.
- Enabling employees to acquire development orientated professionalism and the appropriate competencies.
- Helping employees to address issues of diversity whilst promoting a common organization culture so as to or in doing support unity at the workplace.
- Assisting employees in developing a better understanding of the needs of the communities that they are serving, as well as the capability to respond to these needs.
- Creating an enabling environment for the training and development of present and future incumbents. Creating a pool of suitably qualified individuals to be identified and developed in terms of a succession planning program.
- By providing job security to competent individuals.

By providing equitable access and participation in properly structured training and appraisal processes that will ensure that every employee's work performance is maximized, and, that his/her potential is fully developed.

T 4.0.1

ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1. EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2014/2015	2015/2016			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
		Water			
Waste Water (Sanitation)	29	0	29	2	6%
Electricity	3	0	3	0	0%
Waste Management	63	0	62	1	1%
Housing	6	0	6	1	16%
Waste Water (Stormwater Drainage)					
Roads	52	2	52	6	10%
Transport					
Planning					
Local Economic Development	2	2	2	0	0%
Planning (Strategic & Regulatory)	6	1	7	1	12%
Local Economic Development					
Community & Social Services	7	0	9	0	0%
Sport and Recreation	28	0	23	0	0%
Corporate Policy Offices and Other	84	5	88	7	6%
Totals	280	10	281	18	-6%

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

NB: The Organizational structure was amended, and the structure include the position which became vacant with effect from 1 July 2015, such as the OHS officer, SDF, Manager in the office of the MM etc., thus these posts were include, however, on the salary budget for the Financial year all the budgeted positions as above was clearly indicated.

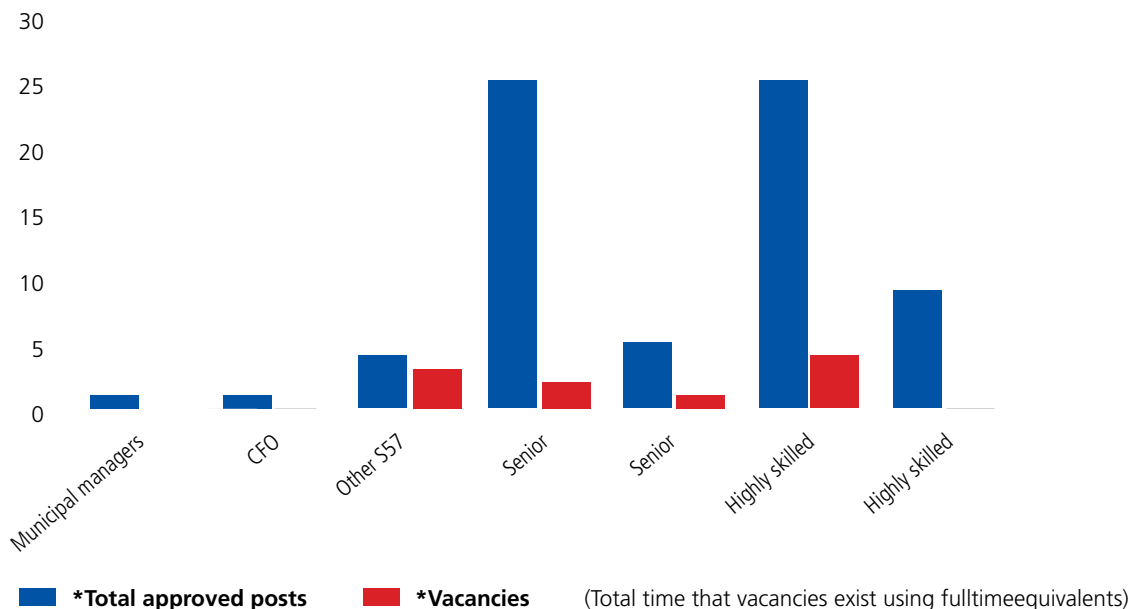
Vacancy Rate: 2015/16				
Designations	*Total Approved Posts No.	*Vacancies		
		(Total time that vacancies exist using fulltime equivalents) No.	(as a proportion of total posts in each category) %	
		Municipal Manager	1	0
CFO	1	0	0.00	
Other S57 Managers (excluding Finance Posts)	4	3	75.00	
Senior management: Levels 13-15 (excluding Finance Posts)	25	2	8.00	
Senior management: Levels 13-15 (Finance posts)	5	1	20.00	
Highly skilled supervision: levels 9-12 (excluding Finance posts)	25	4	16.00	
Highly skilled supervision: levels 9-12 (Finance posts)	9	0	0.00	
Total	70	10	14.29	

T 4.1.2

ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II) continued

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

Vacancy rates



Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2013/14	14	8	57%
2014/15	79	12	15%
2015/16	21	19	90%

T 4.1.3

Comment on vacancies and turnover

The Major reason there is staff turnover is high mortality rates under staff, and the Municipality had 30 disciplinary cases since February 2015 in which many employees resigned or were dismissed.

T 4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipality is in a rural area thus it is difficult to attract and retain qualified staff. Moreover, with the small income as most people in the municipal jurisdiction are indigents the salary bill ratio is high.

Thus the Organisational structure must be carefully managed. It is against this that many posts have been frozen as not to put unnecessary financial pressure on the budget.

continued

The Vacancy rate is only 6% mostly due to the moratorium as pronounced by the MEC for Local Government, but when posts are filled it's in compliance with section 66 of the Municipal systems act. The Municipality had a high turnover due to stringent consequence management being applied but other than that staff turnover has been consistent.

The Municipality has workshopped a new Performance management policy, and will cascade it down after Council approval, thus that will ensure performance assessments and evaluate if value for money is achieved by officials.

T 4.2.0

Occupational levels	Male					Female				
	African	Colour	Indian	White	Total	African	Colour	Indian	White	Total
Senior Management	2	0	0	1	3	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	11	0	0	4	15	4	1	0	2	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	18	1	0	1	22	17	0	0	1	18
Semi-skilled and discretionary decision making	48	1	0	0	49	49	0	0	0	49
Unskilled and defined decision making	82	3	0	0	85	33	2	0	0	35
Total employees/posts	161	5	0	6	174	103	3	0	3	109
As % of the total number of employees/posts	56.9%	1.8%	0.0%	2.1%		36.4%	1.1%	0.0%	1.1%	
Current male to female ratio	Male					Female				
Total number of male & female employees	172					109				
Current % male to female ratio	61%					39%				



ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II) continued

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

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%	29-May-12
2	Attraction and Retention	100%	100%	29-May-12
3	Code of Conduct for employees	100%	100%	29-May-12
4	Delegations, Authorisation & Responsibility	100%	100%	29-May-12
5	Disciplinary Code and Procedures	100%	100%	Collective agreement
6	Essential Services	100%	100%	29-May-12
7	Employee Assistance / Wellness	100%	100%	29-May-12
8	Employment Equity	100%	100%	29-May-12
9	Exit Management	100%	100%	29-May-12
10	Grievance Procedures	100%	100%	29-May-12
11	HIV/Aids	100%	100%	29-May-12
12	Human Resource and Development	100%	100%	29-May-12
13	Information Technology	100%	100%	29-May-12
14	Job Evaluation	100%	100%	29-May-12
15	Leave	100%	100%	29-May-12
16	Occupational Health and Safety	100%	100%	29-May-12
17	Official Housing	NA	NA	
18	Official Journeys	100%		31 May 2016
19	Official transport to attend Funerals	NA	NA	
20	Official Working Hours and Overtime	100%		Collective agreement
21	Organisational Rights	100%		Collective agreement
22	Payroll Deductions	100%		29-May-12
23	Performance Management and Development	100%		29-May-12
24	Recruitment, Selection and Appointments	100%		29-May-12
25	Remuneration Scales and Allowances	100%		Collective agreement
26	Resettlement	NA	NA	
27	Sexual Harassment	100%		29-May-12
28	Skills Development	100%		29-May-12
29	Smoking	NA	NA	
30	Special Skills	NA	NA	
31	Work Organisation	NA	NA	
32	Uniforms and Protective Clothing	100%		29-May-12
33	Other:			

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

T 4.2.1

continued

Comment on workforce policy development

All policies were in place and adopted by Council.

The supply chain policy and tariff policy are reviewed annually and adopted by Council.

All Human Resource policies have been workshopped with all staff and the Local Labour forum has also approved the new draft policies for Council adoption.

T 4.2.1.1

4.3. INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty						
Type of injury	Injury leave taken	Employees using injury leave	Proportion employees using sick leave	Average injury leave per employee	Total estimated cost	
Required basic medical attention only	0	0	0	0	0	
Temporary total disablement	0	0	0	0	0	
Permanent disablement	0	0	0	0	0	
Fatal	0	0	0	0	0	
Total	0	0	0	0	0	

T 4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)						
Skilled (Levels 3-5)	478	0%	38	112	0.23	
Highly skilled production (levels 6-8)	200	0%	41	86	0.43	
Highly skilled supervision (levels 9-12)	187	2%	22	47	3.97	
Senior management (Levels 13-15)	213	2%	24	27	7.80	
MM and S57	6	0%	2	2	3.00	
Total	1,084	1%	127	274	15.43	0

* - Number of employees in post at the beginning of the year

*Average is calculated by taking sick leave in column 2 divided by total employees in column 5

T 4.3.2

ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II) continued

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Comment on injury and sick leave

Injuries have been reduced to a bare minimum in the Municipality and when an employee gets injured they are sending to a doctor paid by the Municipality. When an employee is on long instances of sick leave the Municipality takes that person to its own doctor to get an opinion on that person health and that information is kept on the file of the employee.

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	
			Reasons why not Finalised	Date Finalised
Director: Corporate services	Gross dishonesty	15 June 2015	Dismissed	March 16
Director: Infrastructure	Gross dishonesty	15 June 2015	Hearing ongoing	Ongoing
Led coordinator	Intimidation	6 Feb 2015	Dismissed	May 16
Assets Manager	Gross dishonesty	13 Feb 2013	Demoted	May 16
Senior IT Tech	Abseentism & gross negligence	Nov 2015	Found guilty awaiting sanction	July 16
Finance Intern	Incitement of violence	Nov 2015	Dismissed	April 16
Council support officer	Gross insubordination	6 Feb 2015	Demoted	March 16
General worker	Gross dishonesty	Feb 2016	Demoted	March 16
Admin assistant	Gross insubordination	Aug 2015	Resigned	November 15
Driver	Gross negligence	Dec 2015	Resigned	March 16

T 4.3.5

Disciplinary Action Taken on Cases of Financial Misconduct

Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	
		Disciplinary action taken	Date Finalised
Assets Manager	Gross dishonesty	Demoted, Criminal cases opened	30 June 2016
Director Infrastructure	Gross dishonesty	Hearing ongoing, Criminal cases opened	Ongoing
Director Corporate services	Gross dishonesty	Disciplinary hearing, employee dismissed. Criminal cases opened	End of March 2016
Foreman	Theft	Disciplinary hearing, employee resigned. Criminal cases opened	End of May 2016
Fleet planner	Gross dishonesty	Disciplinary hearing, employee resigned. Money recovered	End of May 2016

T 4.3.6

Comment on suspension and cases of financial misconduct

There had been some corrupt activities and the forensic investigation was undertaken. Recommendations were made by the investigators and had been implemented. Disciplinary hearings are held and Criminal cases are opened. (i.e. about 72% of disciplinary cases are finalized)

T 4.3.7

4.4. PERFORMANCE REWARDS

Comment on performance rewards

No performance rewards were paid out during the year under review.

T 4.4.1

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

In terms of Government Gazette no 27801 of July 2005, Municipalities are obliged to submit the Workplace Skills Plan and Annual Training Reports to the LGSETA on the LGSETA template by end June of each year.

Emphasis has been on encouraging Municipal compliance with the Skills Development legislation, we continue to encourage compliance but we also emphasise on quality, in 2006 LGSETA began to issue completeness checks to Municipalities, in 2008 a quality criterion was developed, in 2009 evaluating the WSP/ATR in detail started to check if the WSP/ATR submitted is of required standards, feedback emanating from the evaluation is also given to the Municipalities in order to ensure that the gaps identified are addressed in future WSP & ATR,

Greater Taung Local Municipality's WSP & ATR has once again been noted to be the best amongst all North-West Municipalities with noticeable improvement from 2011/12 and 2013.2014 submission which was also the best in South Africa

The Municipality are ensuring that we are complying with the Skills Development Legislation and we will continue with our endeavour to have quality WSP/ATR, which will expose core IDP objectives of the Municipality

T 4.5.0

4.5. SKILLS DEVELOPMENT AND TRAINING

The Skills Development Act (1998) and the Municipal Systems Act, (2000) requires employees to supply employees with the necessary training in order to develop its human resource capacity. Section 55 (i)(f) state that as head of the administrator the Municipal Manager is responsible for the management, utilisation

ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II) continued

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Skills Matrix

Management level	Gender	Employees in post as at 30 June Year 2016	Number of skilled employees required and actual as at 30 June Year 2016		
			Learnerships		
		No.	Actual: End of 2014/15	Actual: End of 2015/16	2015/16 Target
MM and s57	Female	0	0	0	0
	Male	3	3	1	1
Councillors, senior officials and managers	Female	32	30	30	30
	Male	41	29	25	25
Technicians and associate professionals*	Female	3	3	1	1
	Male	3	3	0	0
Professionals	Female	18	7	12	12
	Male	20	5	10	10
Sub total	Female	53	0	0	0
	Male	67	0	0	0
Total		120	80	79	79

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



Skills Matrix

Number of skilled employees required and actual as at 30 June Year 2016									
Skills programmes & other short courses			Other forms of training			Total			
Actual: End of 2014/15	Actual: End of 2015/16	2015/16 Target	Actual: End of 2014/15	Actual: End of 2015/16	2015/16 Target	Actual: End of 2014/15	Actual: End of 2015/16	2015/16 Target	
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0		3	1		1
0	0	0	0	0		30	30		30
0	0	0	0	0		29	25		25
0	0	0	0	0		3	1		1
0	0	0	0	0		3	0		0
0	0	0	0	0	3	7	12		12
0	0	0	0	0	2	5	10		10
0	0	0	0	0					
0	0	0	0	0					
0	0	0	0	0		80	79		79

T 4.5.1

4.5.2. MFMA Competencies

In terms of section 83(1) of the MFMA, the Accounting Officer, Senior Managers, the Chief Financial Officer, Non-financial Managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, NT, with the collaboration of various stakeholders and role players in the Local Government sphere, developed an outcome based NQF level 6 qualifications in municipal finance management. In terms of the Government Notice 493 of 15 June 200017, "(1) No Municipality or municipal entity may, with effect 1 January employ a person as a financial official if that person does not meet the competency level prescribed for the relevant position in terms of these Regulation".

ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II) continued

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

The table below provides details of the financial competency development progress as required by the regulation :

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1		1		1	1
Chief financial officer	1		1		1	1
Senior managers	1		1		1	1
Any other financial officials	19		19		NA	17
Supply Chain Management Officials						
Heads of supply chain management units	1		1		1	1
Supply chain management senior managers	1		1		NA	1
Total	24		24		4	22

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

T 4.5.2

continued

Skills Development Expenditure: 2015-2016						
Management level	Gender	Employees as at the beginning of the financial year	Skills Development			R 800,000
			No.	Learnerships	Skills programmes & other short courses	Other forms of learning/ training
MM and S57	Female	0	0	0	0	–
	Male	0	0	0	0	–
Legislators, senior officials and managers	Female	1	0	0	1	2,420
	Male	1	0	0	1	14,250
Professionals	Female	7	0	3	4	66,923
	Male	5	0	2	3	63 214.16
Technicians and associate professionals	Female	0	0	0	0	–
	Male	1	0	0	1	23,523
Clerks	Female	9	0	1	8	31,557
	Male	8	0	0	8	56,658
Plant and machine operators and assemblers	Female	0	0	0	0	–
	Male	3	0	1	2	9,082
Elementary occupations	Female	27	0	19	8	113,762
	Male	30	0	26	4	248,870
Sub total	Female	44	0	0	0	–
	Male	48		0	0	–
Total		92	0	52	40	R567 045

*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.

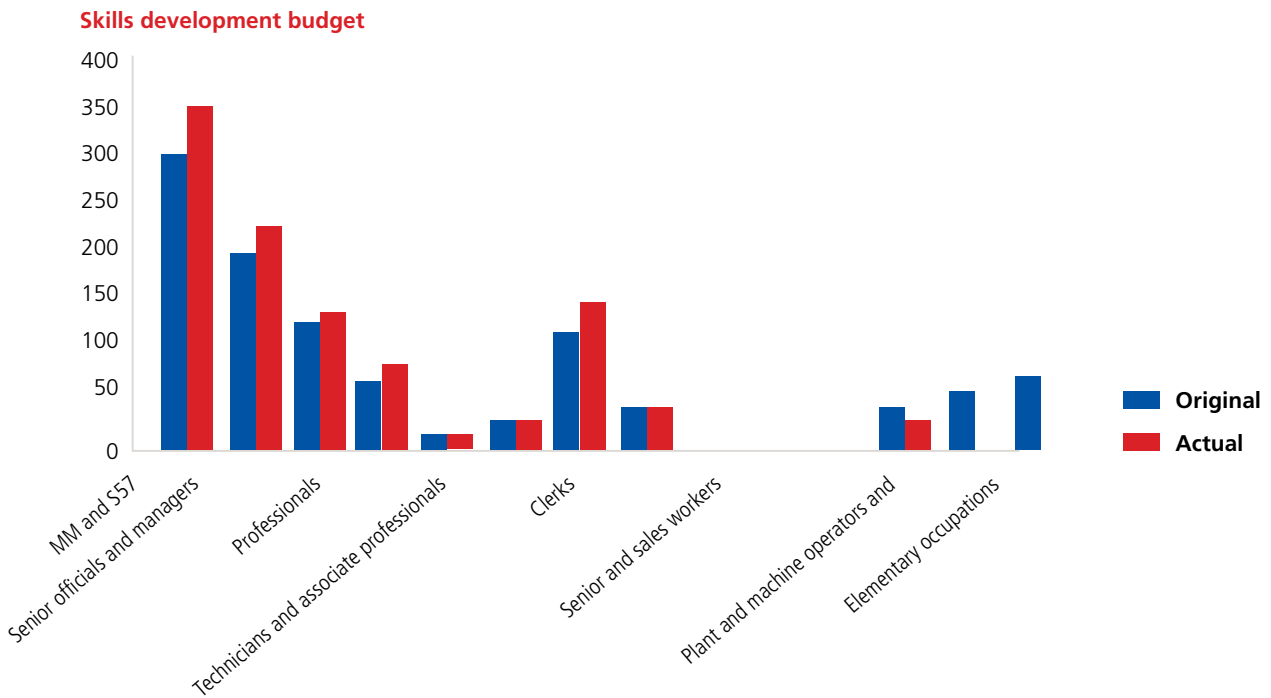
*

Councillors *R48 871

NB. Portion of the allocation was used in profile searching, purchasing study books, catering and also for accommodation

ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II) continued

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE



Comment on skills development and related expenditure and on the financial competency regulations

It must be noted that according to the WSP of LGSETA we don't budget as indicated in this template. The Municipality spend R724 000 and then from FMG and MSIG grants, thus it is difficult the sub-divide the budget and actual spending as required in the template as it is not aligned with the WSP & ATR template of the LGSETA.

The expenditure of training will increase because for the fact that many training is legislated and that high quality education is just becoming much more expensive. The Municipality also spend a lot of funds from MSIG, FMG grants and donor grants from the District Municipality and SALGA.

The Municipality's workplace skills plan effectiveness are evaluated through seeing if it is adding value to services being delivered and if it is aligned with the IDP, as well as conducting skills audit to see what is the skills levels of employees.

The training plans specifically focus on the underneath aspects:

- **Needs orientated:**

It is important to align all training and development programs with needs based on post requirements, the tasks to be performed, and based on the performance gaps of the incumbent. The primary objective is to improve skills, knowledge, attitudes and values. These are to be specific and must at all-time indicate what the staff member should be able to demonstrate. At all times must individual, department needs and Municipality objectives be aligned in order to achieve the maximum.

- **Outcome based orientated:**

Here the emphasis is on outcomes, i.e. what the employee becomes and understands. The direct aim is to develop analytical thinking, improved attitudes, understanding and mastering skills. The main focus therefore is on the results expected at the end of a learning process, called the outcomes and the processes that will take the employee to these ends.

- **Competency based orientated:**

This is based on the identification of operational training and development needs, emanating from the strategic plan and the objectives of the Municipality. These learning modules, with specific training and development objectives, can subsequently be combined to determine if the employees met the training and development needs, and if the employees have the competency to apply the skill effectively.

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Section 66 of the MSA states that the Accounting Officer of a Municipality must report to the Council on all expenditure incurred by the Municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

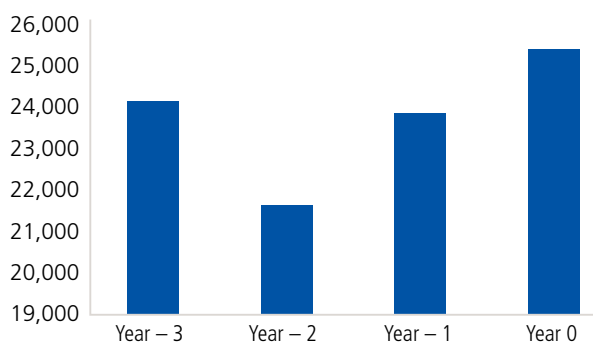
Workforce expenditure is a major part of the operational expenditure of the Greater Taung Local Municipality. As it is mostly a fixed cost, proper planning and assessment of post requirements are necessary to make sure that the best available personnel is employed to meet the mandate of the municipality in service delivery to the community as well as obtaining its objectives.

The remuneration part of the employment costs is determined through the bargaining council and therefore out of our hands. Three variables that we have to keep monitoring and control are the vacancy rate, employee performance and overtime paid.

T 4.6.0

4.6. EMPLOYEE EXPENDITURE

Workforce expenditure trends (R'000)



Source: MBRR SA22

T 4.6

Comment on workforce expenditure

The Municipality is in a rural area thus it is difficult to attract and retain qualified staff. Moreover, with the small income as most people in the municipal jurisdiction are indigents the salary bill ratio is high.

Thus the Organisational structure must be carefully managed. It is against this that many posts have been frozen as not to put unnecessary financial pressure on the budget.

The Vacancy rate is only 6% mostly due to the moratorium as pronounced by the MEC for Local Government, but when posts are filled it's in compliance with section 66 of the Municipal systems act. The Municipality had a high turnover due to stringent consequence management being applied but other than that staff turnover has been consistent.

The Municipality has workshopped a new Performance management policy, and will cascade it down after Council approval, thus that will ensure performance assessments and evaluate if value for money is achieved by officials.

T 4.6.1.1

ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II) continued

COMPONENT D: MANAGING THE WORKFORCE 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 (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0

Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).

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
None	N/A			

T 4.6.3

Employees appointed to posts not approved					
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist	
None	N/a	–	–	–	

T 4.6.4

Comment on upgraded posts and those that are at variance with normal practice

No posts were upgraded during the year under review.

T 4.6.5

Disclosures of financial interests

The Municipality requires employees and Councillors to disclose financial interest annually. These disclosure forms are recorded and kept at Supply chain, and all these disclosure forms were requested by the AG and submitted as such.

T 4.6.6



Chapter 5

FINANCIAL PERFORMANCE



INTRODUCTION

This financial overview presents the brief summary of the financial performance of the municipality for the financial year under review. The detailed financial performance, financial position and cash flow activities of the municipality are presented in the annual financial statements for the year ended 30 June 2016. The municipality has during the financial year, strived to comply with the requirements of the relevant legislative prescripts and the guidelines set by the National Treasury in as far as financial management is concerned.

The municipality managed the budget process effectively and adhered to the timeframes as set out by the Municipal Finance Management Act. The Budget Steering Committee was established and meetings of the committee were effectively held. Other success factors for the financial year 2015-2016 are amongst others being able to monitor and report effectively on the budgets as well as the submission of the Annual Financial Statements on time.

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

The total budget for the 2015-2016 was R255 350 724m as per adjustment budget approved by council. A total of R28m was spent on the capital projects that were identified by the municipality with the main aim of enhancing service delivery.

T 5.0.1

FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The financial statements presented in this report are presented on the basis that the municipality is a going concern. The principles of GRAP have been taken into consideration when preparing these annual financial statements. The annual financial statements have been prepared in-house and have been submitted on time as prescribed in the Municipal Finance Management Act to the Auditor General.

Analysing the financial position of the municipality as outlined in the statement of financial position, in the annual financial statements, the municipality is still financially viable. The municipality has maintained a sustainable and sufficient asset base.

The total assets of the municipality are adequate to ensure that the liabilities of the municipality are cared and covered should anything happen to the municipality's continuity. The asset base of the municipality which is above the liabilities of the municipality as well as other factors that are presented in the financial position of the municipality shows that the municipality is still solvent and therefore still financially healthy.

The statement of financial performance as included in the annual financial statements presented a positive net result. This means that the total revenues of the municipality were still more than the total expenditures at the end of the financial year ended 30 June 2016. The detailed statement of financial performance is included in the financial statements. The highest cost driver for the municipality remains to be personnel costs at R59m.

T 5.1.0

5.1. STATEMENTS OF FINANCIAL PERFORMANCE

Refer to the table below

Comment on financial performance

The municipality's total expenditure was within the approved budget during the year under review but there was over expenditure on bulk purchase of electricity due to distribution losses.

T5.1.3

5.2. GRANTS

Comment on operating transfers and grants

Conditional grant such as MIG is the grants allocated to the municipality to implement the projects to deliver services to the community. GTLM did not receive any grants from other sources such as semi-state, private sector or foreign government.

T 5.2.2

Comment on conditional grants and grant received from other sources

Comments not provided by finance department.

T 5.2.4

FINANCIAL PERFORMANCE continued

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.3. ASSET MANAGEMENT

Introduction to asset management

The purpose of asset management in the Greater Taung Local Municipality (GTLM) is to ensure the effective and efficient control, utilization, safeguarding and management of the GTLM's property, plant and equipment and to make managers aware of their responsibilities in regard of property, plant and equipment.

It also set out the standards of physical management, recording and internal controls to ensure property, plant and equipment are safeguarded against inappropriate loss or utilisation and to prescribe the accounting treatment for property, plant and equipment in the GTLM include the following the cost of assets and the calculating of depreciation and capitalising of PPE and to the classification if different types of Assets.

Asset Department is in place with 4 full time employees and one financial intern (FMG). Unbundling were done successfully and the asset register is currently in an excel format. The current financial system (SEBATA) does have an asset module which will be used after the audit to ensure that the audited and correct information be merged to the system.

The service provider (SEBATA) will do the merge from excel to the financial system and will provide on-site training to employees in the relevant department.

T 5.3.1



continued

Treatment of the three largest assets acquired 2015/16				
Asset 1				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
Asset Value	2011/12	2012/13	2013/14	2014/15
	NA	NA	NA	R 13573420.72
Capital Implications				
Future Purpose of Asset	Community Activities			
Describe Key Issues	NA			
Policies in Place to Manage Asset	Yes (Policy was adopted by council during the 2014/2015 financial year) Objective is to maximise the service potential of existing assets by ensuring that they are			
Asset 2				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities	Clean and look after the hall			
Asset Value	2011/12	2012/13	2013/14	2014/15
	NA	NA	NA	R 5307829.93
Capital Implications				
Future Purpose of Asset	Community activities			
Describe Key Issues	To host community meeting, for pensioner to receive their money			
Policies in Place to Manage Asset	Yes (Policy was adopted by council during the 2014/2015 financial year) Objective is to maximise the service potential of existing assets by ensuring that they are appropriately used, maintained, safeguarded and that risk is mitigated			
Asset 3				
Name	Diphitshing Community Hall			
Description	400m2 hall with office, boardroom			
Asset Type	Land and Building			
Key Staff Involved	Care Takers			
Staff Responsibilities	Clean and look after the hall			
Asset Value	2011/12	2012/13	2013/14	2014/15
	NA	NA	NA	R 8 937 562.46
Capital Implications				
Future Purpose of Asset	Community activities			
Describe Key Issues	To host community meeting, for pensioner to receive their money			
Policies in Place to Manage Asset	Yes (Policy was adopted by council during the 2014/2015 financial year) Objective is to maximise the service potential of existing assets by ensuring that they are appropriately used, maintained, safeguarded and that risk is mitigated			

T 5.3.2

FINANCIAL PERFORMANCE continued

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

Comment on asset management

The evaluation of the success rate of the unbundling process will only be possible after the audit.

T 5.3.3

Repair and Maintenance Expenditure: 2015/16				
	Original Budget	Adjustment Budget	Actual	R' 000 Budget variance
Repairs and Maintenance Expenditure	10 987 000	10 987 000	7 857 184	72%

T 5.3.4

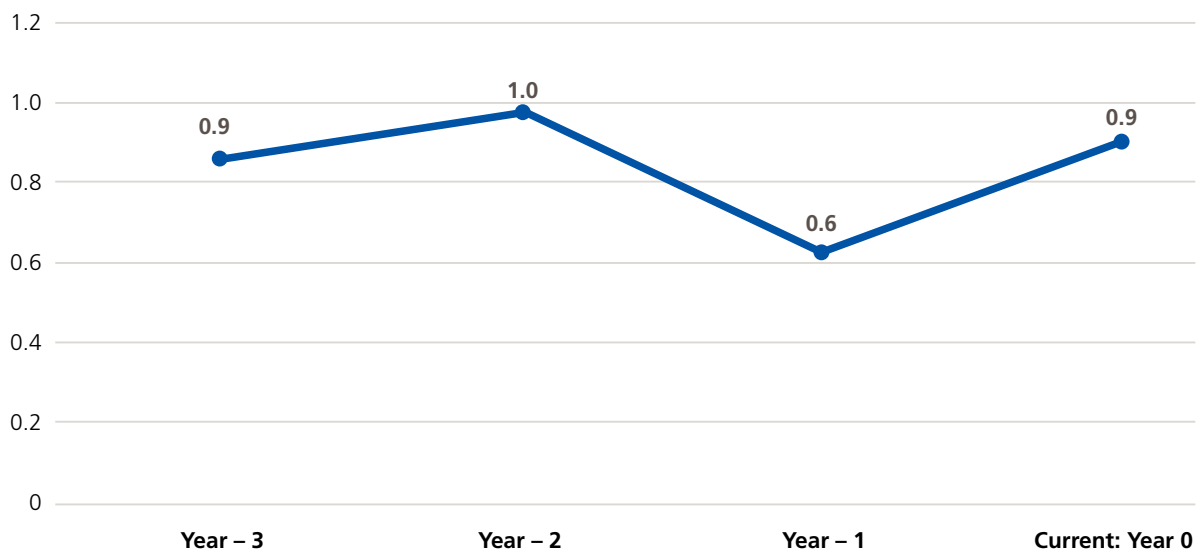
Comment on repair and maintenance expenditure

There is under expenditure on repairs and maintenance

T 5.3.4.1

5.4. FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Liquidity ratio

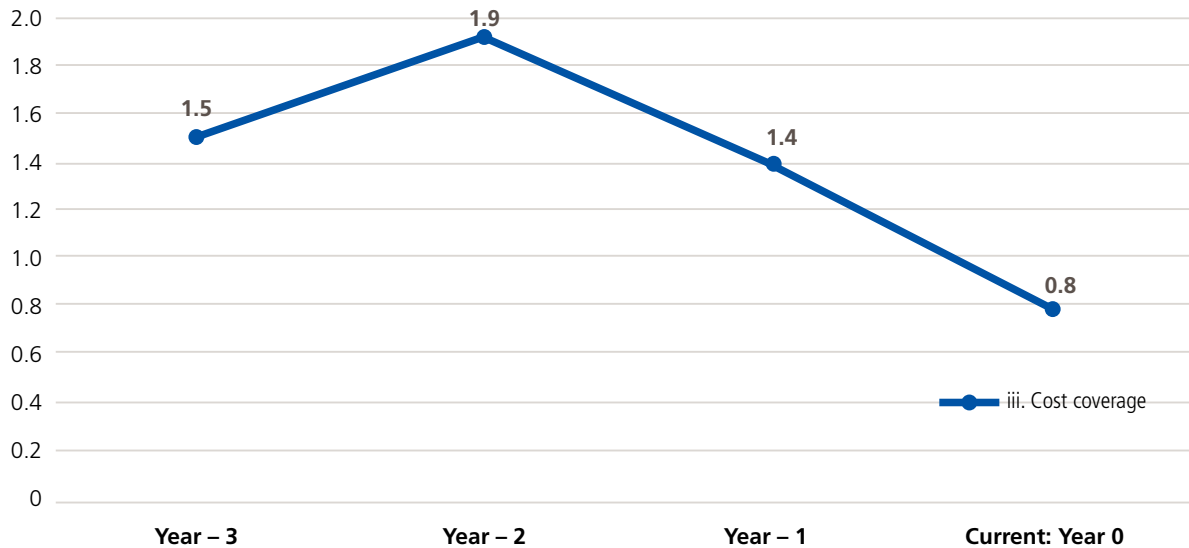


Liquid ratio – measures the municipality’s ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality’s current liabilities. A higher ratio is better.

Data used from MBRR SA8

T5.4.1

Cost coverage

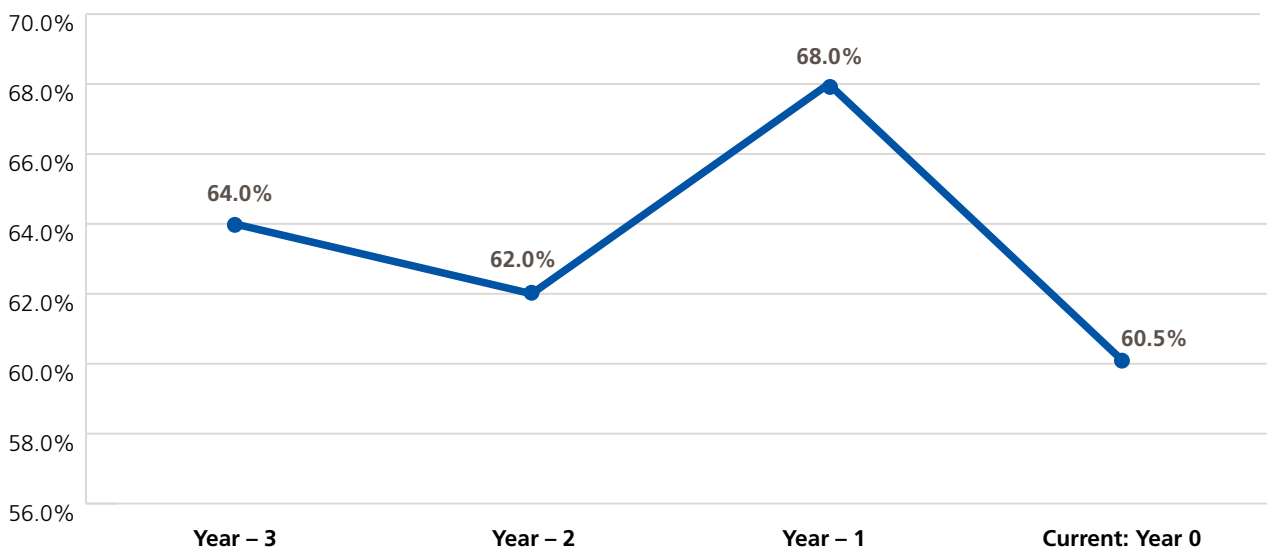


Cost coverage – it explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T5.4.2

Total outstanding service debtors

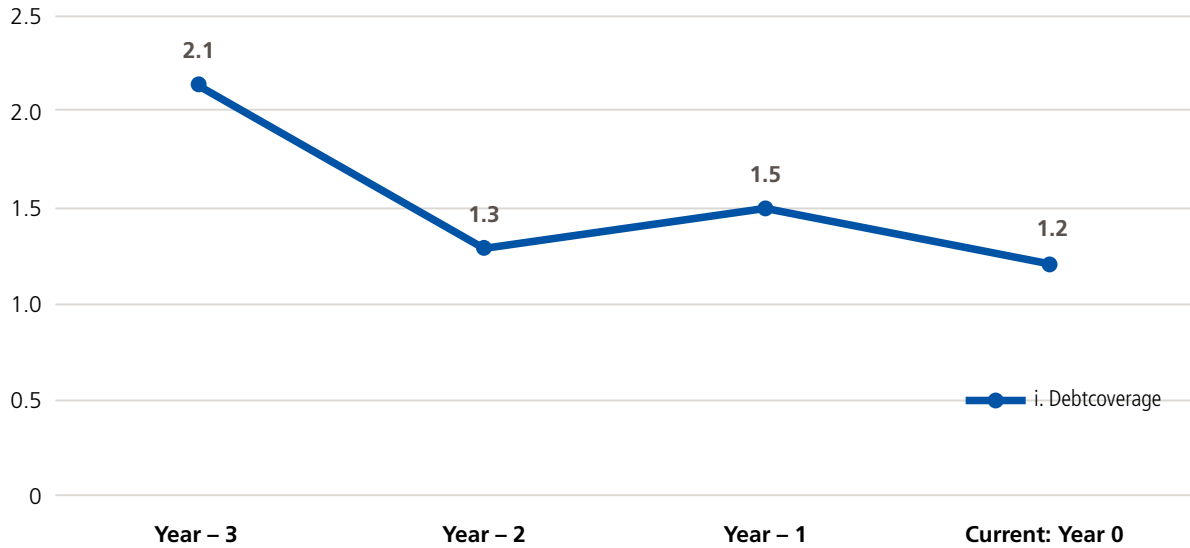


Total outstanding service debtors – measures how much money still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score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

FINANCIAL PERFORMANCE continued

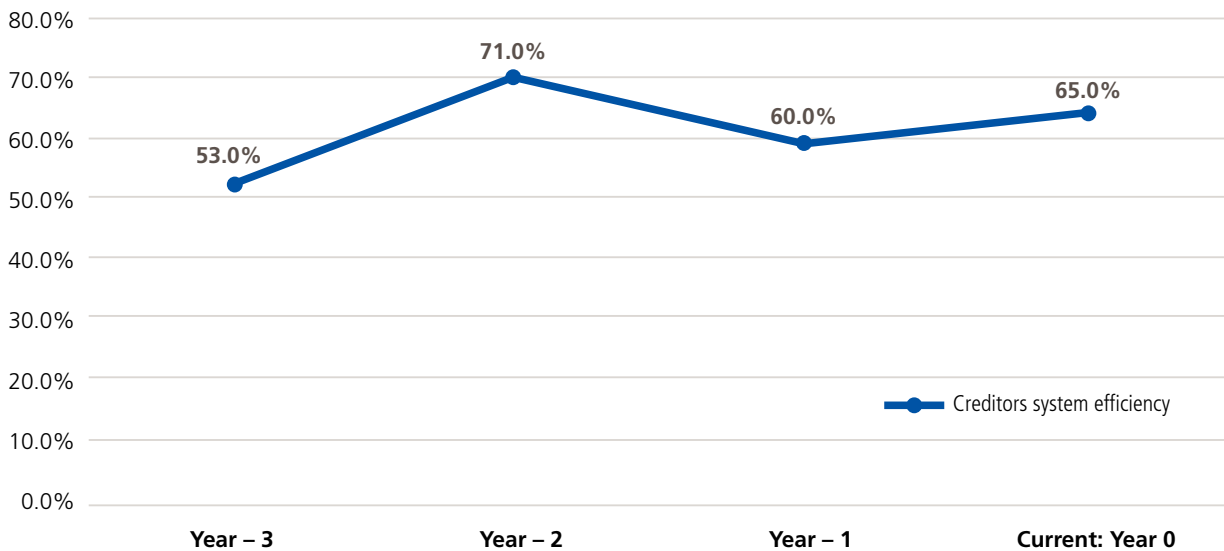
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

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

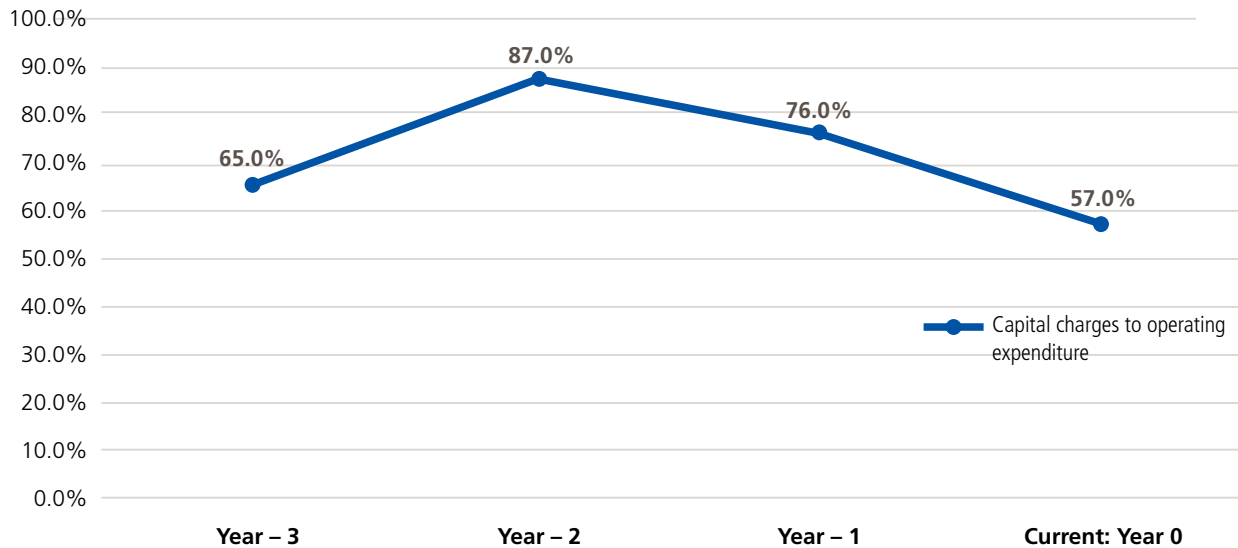
Creditors system efficiency



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.

T5.4.4

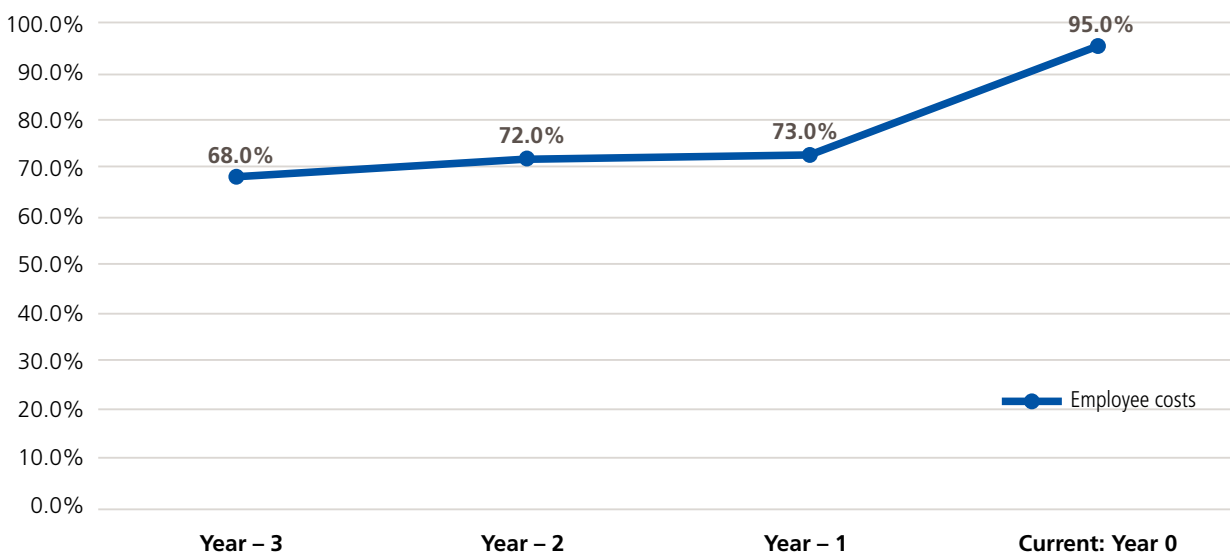
Capital charges to operating expenditure



Capital charges to operating expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure

T5.4.5

Employee costs



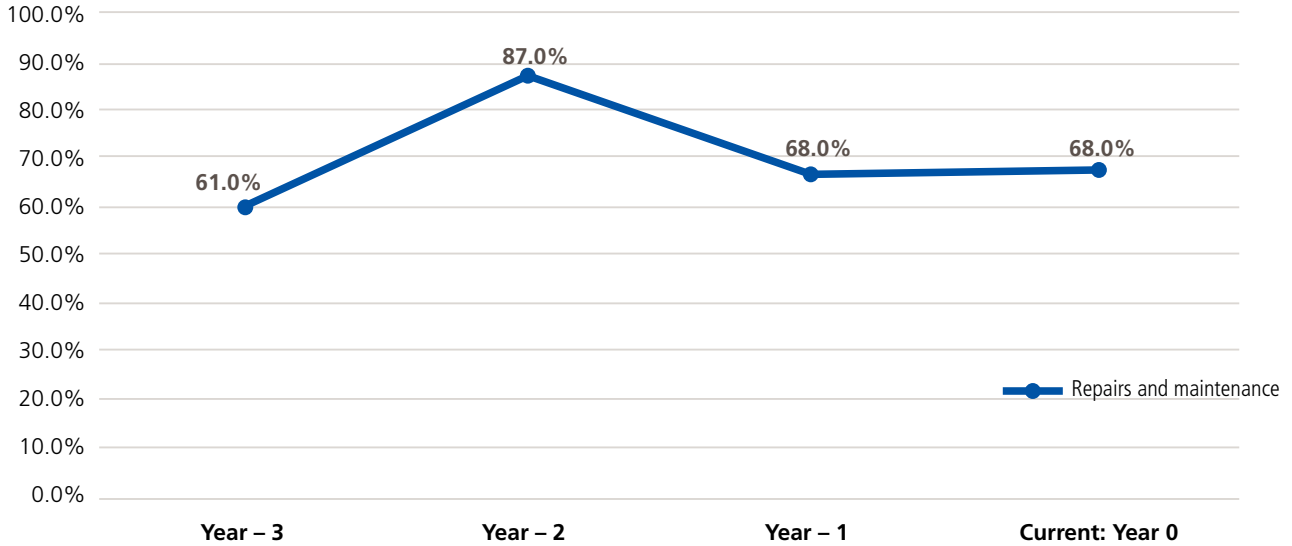
Employees cost – measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

T5.4.6

FINANCIAL PERFORMANCE continued

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

Repairs and maintenance



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

T5.4.7

Comment on financial ratios

Comments not provided by finance Department

T 5.4.9

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

T 5.5.0

5.5. CAPITAL EXPENDITURE

Information will form part of the Annual Financial Statement.

T 5.5.1

5.6. SOURCES OF FINANCE

Comment on sources of funding

Greater Taung Local Municipality is mostly reliant on government funding.

T 5.6.1.1

5.7. CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
					R'000
Name of Project	Current: 2015/2016		Actual Expenditure	Variance: 2015/16	
	Original Budget	Adjustment Budget		Original Variance (%)	Adjustment variance (%)
A – Moretele Access Road	R 11 000 000.00		R 1 273 716.25	11.58%	%
B – Lokaleng Access Road	R 11 000 000.00		R 11 208 418.87	101.90%	%
C – Rietfontein Access Road	R 11 000 000.00		R 9 628 133.05	87.53%	0%
D – Chiefscourt Bridge	R 10 000 000.00		R 5 022 429.33	50.22%	%
E – Matsheng Community Hall	R 6 000 000.00		R 1 662 366.68	27.70%	%
* Projects with the highest capital expenditure in 2015/2016					
Name of Project – A	Construction of Moretele Access Road				
Objective of Project	Construction of 3 km paved road, edge beams and kerbs				
Delays	Community involvement				
Future Challenges	None anticipated				
Anticipated citizen benefits	2156				
Name of Project – B	Construction of Lokaleng Access Road				
Objective of Project	Construction of 3 km paved road, edge beams, v-drains and bridge				
Delays	Poor cashflow management by the contractor, lack of material on site and community involvement				
Future Challenges	None anticipated as the project is nearing the end				
Anticipated citizen benefits	6145				
Name of Project – C	Construction of Rietfonten Access Road				
Objective of Project	Construction of 3 km paved road, edge beams and kerbs				
Delays	Poor management of funds by the contractor and inadequate supervision from the consultant				
Future Challenges	None as the project has been practically completed				
Anticipated citizen benefits	3958				
Name of Project – D	Construction of Chiefscourt Bridge				
Objective of Project	Construction of 300m bridge				
Delays	The issuing of an approval by Department of Water Affairs				
Future Challenges	None anticipated				
Anticipated citizen benefits	4286				
Name of Project – E	Construction of Matsheng Community Hall				
Objective of Project	Provision of 300 m2, ablution facility, parking space and office.				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	2698				

FINANCIAL PERFORMANCE continued

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

Comment on capital projects

Capital projects are implemented through Municipal Infrastructure Grant.

T 5.7.1.1

5.8. BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Introduction to basic service and infrastructure backlogs

No comments provided

T 5.8.1

Service Backlogs as at 30 June 2016				
	Households (HHs)			
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	705	64%	400	36%
Sanitation	705	64%	400	36%
Electricity	281	42%	400	58%
Waste management		%		%
Housing		%		%

*% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.*

T 5.8.2

Municipal Infrastructure Grant (MIG)* Expenditure 2015/16 on Service backlogs						
Details	Budget	Adjustments Budget	Actual	R' 000		Major conditions applied by donor (continue below if necessary)
				Variance		
				Budget	Adjustments Budget	
Infrastructure – Road transport				%	%	
Roads, Pavements, Storm water & Bridges	R 46 052 000.00	(-) R 15 000 000.00	R 31 052 000.00	67.43%	32.57%	
Storm water				%	%	

T 5.8.3

Comment on backlogs

No comments provided

T 5.8.4

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Comments not provided.

T 5.9

5.9. CASH FLOW

Comment on cash flow outcomes

No borrowings

T 5.9.1.1

5.10. BORROWING AND INVESTMENTS

Introduction to borrowing and investments

Non borrowings

T 5.10.1

Comment on borrowing and investments

No new loans were taken up in the financial year under review.

T 5.10.5

5.11. PUBLIC PRIVATE PARTNERSHIPS

Public private partnership

GTLM does not have any PPP in place.

T 5.11.1

FINANCIAL PERFORMANCE continued

COMPONENT D: OTHER FINANCIAL MATTERS

5.12. SUPPLY CHAIN MANAGEMENT

Supply chain management

Supply Chain Management Unit is established according to Section 111 of the MFMA that states that the municipality has to adopt and implement SCM Policy. Supply Chain Management System of the municipality provides a mechanism to ensure fair, equitable, transparent, competitive and cost effective procurement whilst promoting black economic empowerment.

The SCM Unit consists of four officials plus one intern. All officials are registered and yet to reach competency levels in Supply Chain Management.

Key Findings from previous Auditor General's Report:

1. Invitations for competitive bidding were not always advertised for a required minimum period of days, as required by SCM regulation 22(1) & 22(2)
2. Contracts were extended without tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.
3. The performance of contractors or providers was not monitored on a monthly basis, required by section 116(2)(b) of the MFMA.
4. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116 (2) (c) of the MFMA.
5. Awards were made to providers whose directors are in the service of the other state institution in contravention of MFMA 112(J) and SCM regulations 44. Similar awards were identified on the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38 (1).
6. Construction projects were not always registered with the Construction Industry Development Board (CIDB) as required by section 22 of the CIDB Act and CIDB regulation 18.

Remedial Actions

1. Currently we have no such awards but in future we will apply the minimum days for advertising.
2. In the current financial year we did not have projects that were extended but in future we will ensure that its tabled to council if there is any extension.
- 3 & 4 PMU will do monthly site visit to monitor performance of contractors.
5. Service providers declare every time.
6. The municipality has created an account with CIDB so in future our adverts will appear on their website.

T 5.12.1

5.13. GRAP COMPLIANCE

Grap compliance

The GTLM applies GRAP in the compilation of its financial statements. Although every effort is made to comply fully to the GRAP standards applicable, documented issues exist specifically in applying GRAP 17 in relation to assets due to lack of available resources.

T 5.13.1

Chapter 6

AUDITOR GENERAL AUDIT FINDINGS



INTRODUCTION

The 2015/16 Financial Statements and 2015/16 Annual Performance Report were submitted to the Auditor General on 31 August 2016, as per legislative requirement.

T 6.0.1

FINANCIAL PERFORMANCE

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2014/15

6.1. AUDITOR GENERAL REPORTS 2014/15 (PREVIOUS YEAR)

Auditor-General Report on Service Delivery Performance: 2014/2015

Audit Report Status:	Qualified
Non-Compliance Issues	Remedial Action Taken
<p>Property, Plant & Equipment</p> <p>Appropriate audit evidence could not be obtained to check whether all land was accounted for by the municipality.</p> <p>Not all movable assets, including additions for the year could be traced to the asset register.</p>	<ul style="list-style-type: none"> • A land recon in total will be performed and it will include both PPE land, Investment property land and inventory land held for sale with RDP assigned land. • Prior year figures will be restated and will include additions that were not included. • The procedure manual will be fully implemented • For 2015/2016 financial year, all additions are being included in the asset register on a monthly basis and the Acting Assets Manager will review the assets register on a monthly basis to ensure completeness thereof.
<p>Irregular expenditure</p> <p>Payments of R33 333 709 were made in contravention of the SCM policy and not included in the irregular expenditure disclosure.</p> <p>Irregular expenditure of R48 152 873 relating to prior year was incorrectly disclosed in the current year.</p>	<ul style="list-style-type: none"> • Prior year figures will be restated and disclosed
<p>Revenue</p> <p>The municipality incorrectly recognized property rates revenue on properties owned by the municipality, contrary to the requirement of GRAP 23</p>	<ul style="list-style-type: none"> • Follow ups will be done to check whether the properties that were previously owned by the municipality have been transferred to the respective owners. In future, management will ensure that GTLM properties are not charged. • The Municipal Property Rates Act will be adhered to • Journals will be processed to correct the errors
<p>Payables from exchange transactions</p> <p>Retentions – The municipality did not have adequate accounting records for all contractual agreements. The AG was unable to determine whether any adjustment to retentions of R9 365 467 included in payables from exchange transactions were necessary.</p>	
<p>Commitments</p> <p>The municipality did not have adequate accounting records for all contractual agreements. The AG was unable to determine whether any adjustment to commitments of R21 616 533 as disclosed in the AFS were necessary</p>	<ul style="list-style-type: none"> • All the original contracts entered into by the municipality are to be submitted to the legal department for safe record keeping. Copies thereof are to be kept at SCM unit.
<p>Aggregation of Immaterial Uncorrected Misstatements</p> <p>Revenue reflected as R217 407 533 was understated by R1 112 555.</p> <p>Expenditure reflected as R 145 741 044 was understated by R2 142 205</p>	<ul style="list-style-type: none"> • Prior year figures will be restated

Auditor-General Report on Service Delivery Performance: 2014/15

Status of audit report**:	Disclaimer – Usefulness Adverse – Reliability
Non-Compliance Issues	Remedial Action Taken
AoPO – No notice sent to the community within 14 days of the adoption of the IDP	The Manager responsible will ensure that the notice was timeously published in the local newspaper.
AoPO – PMS not adequately implemented	PMS Policy and Framework was reviewed and Submitted to council. Performance Agreement for Unit Managers will be developed. All Managers will sign Performance Agreement
AoPO – Performance assessment only done for section 57 managers	Performance Agreement for Unit Managers will be developed and be signed. Performance Assessment of individuals will be conducted according to the PMS Policy.
AoPO – The KPIs and targets not set according to the objectives and priorities in the IDP	Most of the Queries or findings have already being addressed. SDBIP revised and new user-friendly template is use. Indicators are SMART. To ensure alignment of objectives, the Objectives in the IDP and the Budget will be revised during Midyear assessment.
AoPO – No evidence that the adjusted budget was made public 10 days after approval	Notice was developed and immediately after budget adjustment approval, was made public on the local newspaper and the Municipal website.
AoPO – Management did not monitor performance	Organisational quarterly performance reports will be compiled and analysed and were planned performance is not achieved PMS will arrange one on session between the head of poor performing department and the Municipal Manager to address underperformance.
AoPO – The performance agreements not aligned to objectives in the SDBIPs	Revise objectives in the IDP, Budget and SDBIP to ensure consistency and alignment and once that is done will be transferred to the Performance Agreement (Jan - Feb)
AoPO – No alignment between the SDBIP, IDP and the annual budget	Revise objectives in the IDP, Budget and SDBIP to ensure consistency and alignment and once that is done will be transferred to the Performance Agreement (Jan - Feb)
AoPO – The planned performance objectives not consistent with the reported objectives	Alignment in all three planning document (IDP, SDBIP and Budget) will be addressed and it will also be extended to all reporting documents.
AoPO – No standard operating procedures in place	A workshop will be conducted to Directors and Managers on how to develop the SOP. Immediately after the revision of the SDBIP, PMS unit will assist all department to develop Standard Operating Procedure for the current year.
AoPO – Inconsistencies between the planned and reported KPIs	already addressed in 2015/16
AoPO – Performance Indicators and targets not well defined, verifiable and time bound	The current SDBIP has clear, well defined, verifiable and time bound KPI's which will be included in the quarterly reports, Mid-year performance reports and lastly 2015/16 draft annual report.
AoPO – Changes made on the reported KPIs and targets not approved	All changes that will be effected on the 2015/16 SDBIP, will be done during the Mid-year review and will be submitted to council for approval
AoPO – The information in the POE does not adequately support reported performance	On Quarterly basis the PMS unit after submission of the quarterly report and the POE by respective will verify POE submitted against the reported actual performance and if they do not correspond, evidence will be sent back for correction.
AoPO – Targets in the SDBIP not reported	All planned targets will be reported on quarterly basis through quarterly Performance Report. A System to track performance progress of Key Performance Indicators has already been developed.
AoPO - Measures taken to improve performance not supported	Each quarter performance will be monitored and an analysis report will precisely deal with measures taken or to be taken to address underperformance

FINANCIAL PERFORMANCE continued

COMPONENT B: AUDITOR-GENERAL OPINION 2015/16 (CURRENT YEAR)

6.2. AUDITOR GENERAL REPORT 2015/16

Auditor-General Report on Financial Performance 2015/2016	
Status of audit report:	Qualified Opinion
Non-Compliance Issues	Remedial Action Taken
Cash flow statement recalculations performed and differences identified	<ul style="list-style-type: none"> • Corrections will be done during compilation of 2016/2017 Annual Financial Statements. • 2016/2017 Annual Financial Statements to be reviewed by the Audit & Performance Committee and the CFO. • Emphasis will also be placed on the timeous submission of information by all parties during the compilation of the AFS
Commitments - Adjustment to restated commitments incorrectly calculated *Some retention amounts from the 2014/15 financial year which were not deducted from the restated commitment amount as reflected in the current year's financial statements. *Commitment amounts of the below listed projects were omitted in the restated commitment amount as reflected in the current year's financial statements. (The construction of Thusong Centre in Ilonganeng & Madipelesa Stormwater)	<ul style="list-style-type: none"> • The commitments register will be revisited and the necessary adjustments will be done. Contract register is implemented and updated daily. • Commitments register AND supporting documentation presented on a monthly basis to SCM Manager and CFO for review.
Commitments - Inadequate disclosure of restated amounts There is no disclosure about the nature of the restatement made to the comparative amount for commitments disclosed under Note 36 of the Annual Financial Statements.	<ul style="list-style-type: none"> • The commitments register will be revisited and the necessary adjustments will be done. • Contract register is implemented and updated daily. • Commitment register AND supporting documentation presented on a monthly basis to SCM Manager and CFO for review. • The AFS will be reviewed by the AC and CFO
Irregular expenditure - Irregular expenditure prior year not corrected	<ul style="list-style-type: none"> • The balance of R8 540 620 was disclosed in the adjusted Annual Financial Statements. • Continuous updates of irregular expenditure register and reviewed by the CFO on a monthly basis.
Irregular expenditure - Amount duplicated in the irregular expenditure register	<ul style="list-style-type: none"> • The duplicated amount of R124 524.27 has been removed from the irregular expenditure register. • The irregular expenditure register will be reviewed by the SCM manager on a monthly basis to verify accuracy thereof. • Irregular expenditure register updated on an on-going basis and reviewed monthly by CFO before submission to Council and Council Committees
Unauthorised expenditure - Unauthorised expenditure amount disclosure not complete Management did not adjust the adjusted financial statements with the correct amount. Unauthorised is understated by R683 146.	<ul style="list-style-type: none"> • Restate the amount of R683 146 during the compilation of the Annual Financial Statements. • CFO and Budget Manager to ensure that journals are passed timeously and the Unauthorised Expenditure Register be updated before finalisation of the AFS

Supply chain management - Awards to a person in the service of the state	<ul style="list-style-type: none"> The process of appointing the Service provider to perform verification on directors of companies (Prospective suppliers) to ensure that they are not in the service of the state prior to being appointed has been started.
Supply chain management - Incorrect BEC calculations	<ul style="list-style-type: none"> SCM to verify formulas used to calculate the scores prior to the appointment of a service provider.
Supply chain management - There are no individual BEC score sheets	<ul style="list-style-type: none"> Every evaluation committee member to prepare their own score sheets where functionality is used.
Supply chain management - There is no proof that construction tenders were advertised on the CIDB website	<ul style="list-style-type: none"> All tenders awarded in 2016/2017 financial year have been advertised on the CIDB website and proof thereof is kept at SCM office.
Supply chain deviations not disclosed in the annual financial statements	<ul style="list-style-type: none"> All supply chain deviations will be timeously disclosed in the 2016/2017 AFS. The AFS to be reviewed by the CFO and the Audit Committee.
Procurement process not followed for the purchase of goods and services	<ul style="list-style-type: none"> Engage with the District about the prospects of renewing the contract with business engineering. Procurement processes are to be followed for all goods and services and all contracts monitored through a contract register.
Supply chain management - Three quotations not sourced for accommodation	<ul style="list-style-type: none"> Proper planning and budget allocations. All tenders will be advertised timeously. No last minute arrangements will be accepted except in cases of emergencies.
Budget Compliance: Section 71 reports do not include explanations for material variances	<ul style="list-style-type: none"> Since December 2016, the excel spread sheet utilised to report to the Mayor has been amended with a column for explanations, however, the same amendment cannot be made to the standard NT template. BTO Manager has requested guidance from the AG in this regard, however, no response has been received from the AG.
Expenditure - Failure to certify that goods/ services were received in accordance with the contract/quotation	<ul style="list-style-type: none"> All Invoices received will be verified against the quotation submitted to certify that goods and services were received in accordance with the quotation/contract. The requester of the services will append his/her signature on the invoice as proof of verification
Expenditure - Expenditure incorrectly classified	<ul style="list-style-type: none"> The entire population was revisited and necessary adjustments have been made in the Annual Financial Statements. All expenditure payments are being reviewed by the expenditure manager to prevent misallocations and correcting journals are being passed if any misallocations occur
Expenditure - Payments made without approval of the CFO	<ul style="list-style-type: none"> Management will ensure that payment vouchers are approved by the CFO prior to any payments being made.
VAT receivable - Journals not approved and deficiency on the Sebata system	<ul style="list-style-type: none"> Management will prepare the relevant correcting paper trial as supporting documents that will be signed by the Chief Financial Officer. The correction that was used is a Systems Administrator function that was used to cancel half posted journals in the case of a power failure. It should not have been used in this case. All journals on the system is supported by a paper journal and supporting documentation, approved by the CFO.
No monthly or year-end reconciliations prepared for investments	<ul style="list-style-type: none"> Reconciliation between bank statements and the bank control account is being performed on a monthly basis. Monthly reconciliations will be reviewed by the CFO
Receivables - Trial balance not agreeing to the Annual Financial Statements Amount for receivables	<ul style="list-style-type: none"> Management to ensure that the trial balance and financial statements are reconciled and agree to the underlying supporting documents The Annual Financial Statements, together with the trial balance and the audit file will be submitted to IA, AC and PT for review prior to submission to the AG for audit. All debtors control accounts to be reconciled on a monthly basis by 31 January 2017

FINANCIAL PERFORMANCE continued

COMPONENT B: AUDITOR-GENERAL OPINION 2015/16 (CURRENT YEAR)

<p>Revenue - Property Rates (Second supplementary valuation roll not displayed on Municipal website)</p>	<ul style="list-style-type: none"> • Communications unit to ensure that the municipal website is functioning as intended by 28 February 2017 • Revenue Manager will timeously furnish communications unit with all the information that is required to be uploaded onto the website.
<p>Revenue - Property Rates (Valuation Roll not complete)</p>	<ul style="list-style-type: none"> • Management to engage with the valuer to ensure that all possible properties that were not included in the 2nd supplementary roll will be included in the 3rd supplementary roll. • Revenue manager to ensure that all properties to be valuated be provided to valuer for valuation and verify on receipt of the relevant supplementary roll to ensure that all the relevant properties were indeed valued and included in the valuation roll. • The Revenue Manager will also sign the supplementary roll off.
<p>Revenue - Failure to reconcile income registers to the General Ledger and non-review of direct income registers</p>	<ul style="list-style-type: none"> • Monthly reconciliations will be performed between the GL and direct income registers • Direct income registers to be compiled by the Senior revenue clerk and reviewed by the Revenue Manager
<p>Property Rates - Rates on the system different from the ones on the supplementary valuation roll</p>	<ul style="list-style-type: none"> • Revenue Manager to verify the update and completeness of the rates captured on both of the latest market valuation roll(s) against those on the system. • Both the Revenue Manager and CFO to sign off the printout as proof of review.



Auditor-General Report on Service Delivery Performance: 2015/16

Status of audit report**:	Qualified
Non-Compliance Issues	Remedial Action Taken
AoPO - No alignment between the SDBIP, IDP and the Annual performance report	PMS Office to engage BTO during preparation of the budget and will devise mechanisms to ensure that the budget on the excel spree sheet is aligned to the SDBIP of the municipality. The SDBIP will also be aligned to the IDP and ample time will be spent on reviewing both documents to ensure consistency.
AoPO - Integrated development plan amended without following legislative requirements	The 4th generation IDP is a new 5 year plan will be submitted to the district for inputs and approval.
AoPO - The IDP does not include indicators and target for the five year plan	The 4th generation IDP will inform the top layer SDBIP. The IDP Manager will ensure that the IDP includes all indicators and targets
AoPO - Reported performance not adequately supported	The system of collecting performance information has improved. On a quarterly basis prior to the review of organisational performance, PMS will verify actual performance reported against the portfolio of evidence and if evidence submitted is not relevant or is inadequate, the manager responsible will be engaged, then once that is done performance report will be submitted to Internal Audit for purpose of validating actual performance and POE.
AoPO - Inconsistency between planned and reported objectives	PMS Office will immediately after development of planning documents review to ensure alignment and consistency. Quarterly performance information audit by internal will assist in detecting inconsistencies between SDBIP's and performance reports.
AoPO - Deficiencies identified on the adopted 2015/16 (Integrated Development Plan) IDP	The New SDF has already been approved by Council. The 5 year capital investment programme will be developed at management level
AoPO - Indicator not verifiable	PMS Office will include only budgeted Key Performance Indicator in the Top Layer SDBIP of the municipality.
Local Government Support: Lack of a performance management information system	As from 2017/18 Financial year GTLM will implement automated performance management through MSCOA
AoPO - Indicators not in line with the objective	PMS Office will review the SDBIP to ensure alignment and consistency before approval by Council. Internal Audit will also perform a consistency review on the SDBIP prior submission to Council.
HR Compliance – No performance agreements for non-section 57 employees	PMS Office will have a One on One session with managers to confirm the correctness of the performance plans developed for them. Once that is done PMS Office will ensure that they sign their Performance Agreements with their supervisors.
AoPO - Target not achieved by the planned dates	PMS Office will ensure that managers and directors set realistic targets and are achieved as planned. Performance will be monitored on monthly basis and poor performance will be reported to the Accounting Officer
HR Compliance - Municipal Manager's performance agreement not in accordance with legislation	Duties conferred on the accounting officer, as per section 62 (1) of the MFMA will be incorporated in the Performance Agreement of the Accounting Officer
HR Compliance - Performance evaluation not performed during the year	2015/16 Annual performance evaluation and 2016/17 mid-term performance evaluation of directors and municipal manager will be done before the end of Feb 2016.

T 6.2.2

FINANCIAL PERFORMANCE continued

COMPONENT B: AUDITOR-GENERAL OPINION 2015/16 (CURRENT YEAR)

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: 2015/16

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the Auditor-General to the North West provincial legislature and the council on the Greater Taung Local Municipality

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Greater Taung Local Municipality set out on pages 157 to 241, 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 and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.
2. Accounting officer's responsibility for the financial statements

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) 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, 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 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 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 separate 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 qualified audit opinion.

BASIS FOR QUALIFIED OPINION

Irregular expenditure

6. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R1 168 321 (2015: R8 540 620) in contravention with the supply chain management requirements which were not included in irregular expenditure disclosed. Consequently, irregular expenditure as per note 45 to the financial statements is understated by R9 708 941 (2015: R8 540 620).

Commitments

7. I was unable to obtain sufficient appropriate audit evidence for commitments as the municipality did not have adequate accounting records for all contractual agreements. I was unable to confirm these commitments by alternative means. Consequently, I was unable to determine whether any adjustments relating to commitments of R23 977 444 (2015: R21 213 725) in the financial statements was necessary.

Cash flow statement

8. The municipality did not separately disclose all cash received in the cash flow statement as required by GRAP 2 Cash flow statements. Consequently, cash received included in cash flows from operating activities was overstated by R3 845 324 and cash payments was understated by the same amount. Furthermore, the municipality did not separately disclose all interest received in the prior year cash flow statement as required by GRAP 2 Cash flow statements. Consequently, interest received included in cash flows from operating activities was understated by R5 232 452 and other receipts was overstated by the same amount.

Qualified opinion

9. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Greater Taung Local Municipality as at 30 June 2016 and financial performance and cash flows for the year then ended, in accordance with the SA standards of GRAP and the requirements of the MFMA and the DoRA Act.

Emphasis of matters

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

Restatement of corresponding figures

11. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of errors discovered during the year ended 30 June 2016 in the financial statements of the Greater Taung Local Municipality at, and for the year ended 30 June 2015.

Unauthorised and fruitless and wasteful expenditure

12. As disclosed in note 43 to the financial statements, unauthorised expenditure of R26 554 437 was incurred in the current year and the unauthorised expenditure in respect of prior years of R28 921 944 had not yet been dealt with in accordance with section 32 of the MFMA.

13. As disclosed in note 44 to the financial statements, fruitless and wasteful expenditure of R152 706 was incurred in the current year and fruitless and wasteful expenditure from prior years of R986 473 had not yet been dealt with in accordance with section 32 of the MFMA.

Additional matters

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

FINANCIAL PERFORMANCE continued

COMPONENT B: AUDITOR-GENERAL OPINION 2015/16 (CURRENT YEAR)

Unaudited disclosure notes

15. 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.

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.

Report on other legal and regulatory requirements

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

Predetermined objectives

18. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected key performance area presented in the annual performance report of the Greater Taung Local Municipality for the year ended 30 June 2016:

- KPA 1: Basic service delivery and infrastructure development: Community social services department on pages 76 to 81
- KPA 2: Basic service delivery and infrastructure development: Infrastructure department on pages 80 to 85
- KPA 3: Local economic development: Office of the Municipal Manager on pages 90 to 91

19. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. 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 (FMPPPI).

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

21. The material findings in respect of the selected key performance areas are as follows:

KPA 1: Basic service delivery and infrastructure development: Community social services department

22. I did not identify any material findings on the usefulness and reliability of the reported performance information for this key performance area.

KPA 2: Basic service delivery and infrastructure development: Infrastructure department

Reliability of reported performance information

23. The FMPPPI 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. The reported achievements against planned targets of 18% indicators were not reliable when compared to the evidence provided.

KPA 3: Local economic development: Office of the Municipal Manager

24. I did not identify any material findings on the usefulness and reliability of the reported performance information for this key performance area.

Additional matter

25. I draw attention to the following matter:

Achievement of planned targets

26. Refer to the annual performance report on pages 76 to 93 and 76 to 93 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information for the selected key performance areas reported in paragraphs 18 to 24 of this report.

COMPLIANCE WITH LEGISLATION

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

Strategic planning and performance management

28. The amendments to the integrated development plan (IDP) was not adopted by the council only after the proposed amendment has been published for public comment and consultation with the district and taking into account all comments received as required by regulation 6 of the Municipal planning and performance management regulations.
29. Key performance indicators in respect of each of the development priorities and objectives were not set out in the IDP, as required by section 41(1)(a) of the Municipal System Act, 2000 (Act No. 32 of 2000) (MSA) and regulations 1 and 9(1)(a) of the Municipal planning and performance management regulations.
30. The service delivery and budget implementation plan (SDBIP) for implementing the municipality's delivery of municipal services and annual budget did not indicate projections for each month of the operational and capital expenditure, by vote, as required by sections 1 and 53(1)(c) of the MFMA.

Annual financial statements, performance and annual reports

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 disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Procurement and contract management

32. Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44.

Expenditure management

33. Reasonable steps were not taken to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Environmental management

34. The municipality did not exercise its legislative and executive authority as required by section 11(3)(l) and (m) of the MSA by managing, monitoring and enforcing environmental related bylaws to promote a safe and healthy environment.
35. The municipality's waste management and disposal activities contravened or failed to comply with the requirements of section 28(1) of the NEMA, section 19 of the NWA and sections 16(1)(c) and (d) and 26(1)(b) of the NEMWA.

FINANCIAL PERFORMANCE continued

COMPONENT B: AUDITOR-GENERAL OPINION 2015/16 (CURRENT YEAR)

Internal control

36. I considered internal control relevant to my audit of the financial statements, the 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 qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

37. Leadership did not sufficiently exercise their oversight responsibility regarding financial and performance reporting, compliance with legislation and the related internal controls to prevent material misstatements to the financial statements. This resulted in audit findings from the previous year's being repeated.

Financial and performance management

38. Management did not put adequate processes in place to ensure that the internal review procedures could identify and correct material misstatements in the financial statements before these were submitted for auditing.

Governance

39. Management did not implement appropriate risk management activities specifically tailor made for the municipality to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, were approved and that a risk strategy to address these risks were developed and monitored.

AUDITOR GENERAL

Potchefstroom

30 November 2016



T 6.2.3

Comments on auditor-general's opinion 2015/2016:

On the 1st of December 2016, the Auditor General (AG) issued GTLM with a qualified audit opinion for 2015/2016 financial year. As per the AG audit report, significant findings on irregular expenditure, commitments and the cash flow statements formed the basis for the financially qualified audit opinion. Furthermore, the Auditor General found that the municipality's performance information presented for Community Services and Local Economic Development in the 2015/2016 draft annual performance report was useful and reliable. However, the reported achievements against planned targets of 18% of indicators for Infrastructure department were found not to be reliable.

Even though the audit opinion for 2015/2016 did not change from that of 2014/2015 financial year, these last two (2) years have shown tremendous improvement in the number of issues on which the AG has qualified the municipality on as well as the number of internal control issues raised in the management letter.

In pursuit of addressing all the findings raised in the Auditor General report for 2015/2016 audit, management, with the assistance of the AG, has developed an audit action plan that will be implemented by management and monitored by internal audit on a monthly basis to ascertain full implementation of the AG's recommendations and ultimately to obtain an unqualified audit opinion for 2016/2017 financial year.

T 6.2.5



GLOSSARY & APPENDICES

GLOSSARY

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

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

APPENDICES

APPENDIX A: COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/or Party Represented	Number Council Meetings Attendance No.	Number of non-attendance of council meeting No
Kaone Lobelo	Full Time	Mayor: Executive Committee	ANC Proportional	10	2
Deliwe Sethi	Full Time	Speaker	ANC Ward 5	11	1
Moreotsile Olifant	Full Time	Chie Whip: ICT & Communication Committee	ANC Proportional	12	0
Dipuo Itumeleng	Full Time	EXCO Member: Municipal Trading Services Committee	ANC Proportional	11	1
Oageng Seleke	Full Time	EXCO Member: Finance Committee	ANC Ward 13	11	1
Kearabetswe Galodikwe	Full Time	EXCO Member: Roads & Storm Water Committee	ANC Proportional	10	2
Motseothata Mabe	Full Time	EXCO Member: Community Services	ANC Proportional	8	4
Obakeng Oliphant	Full Time	EXCO Member Land Use & HS Committee	ANC Proportional	11	1
Kgakgamatso Nkewu	Full Time	EXCO Member: Planning and Performance Man. Committee	ANC Proportional		
Kesaitse Malepe	Full Time	EXCO Member: Economic Dev. Agric. & Tourism Committee	ANC Proportional		
Andries Scholtz	Full Time	EXCO Member: HR & Corporate Governance Committee	DA Ward 1	7	5
Gaolatlhwe Tshipo	Full Time	EXCO Member: ICT & Communication Committee	ACDP Proportional	8	4
Keitheng Kodisang	Full Time	MPAC Chair	ANC Proportional	9	3
Ruth Mokoto	Part Time	HR & Corporate Governance Committee	ANC Proportional	9	3
Lizzy Mamapula	Part Time	Planning and Performance Committee	ANC Proportional	9	3
Kagelelo Molifi	Part Time	Municipal Trading Services Committee	ANC Proportional	10	2
Sinah Kanyane	Part Time	Municipal Trading Services Committee	ANC Proportional	5	7
Kagiso Seepamere	Part Time	Municipal Trading Services Committee	ANC Proportional	10	2
Keaaleboga Moagi	Part Time	HR & Corporate Governance Committee	ANC Proportional	11	1

continued

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time / FT/PT	Committees Allocated	*Ward and/or Party Represented	Number Council Meetings Attendance No.	Number of non-attendance of council meeting No
Itumeleng Makgalemane	Part Time	MPAC Member	ANC Proportional	9	3
Didihetse Moshabi	Part Time	ICT, Marketing & Communication Committee	ANC Proportional	9	3
Tselane Malepe	Part Time	Economic Develop. Agric. & Tourism Committee	ANC Proportional	11	1
John Moncho	Part Time	MPAC	DA Proportional	4	6(D)
Martha Hermanus	Part Time	Roads & Storm Water Committee	APC Proportional	12	0
Sanah Edward	Part Time	HR & Corporate Governance Committee	COPE Proportional	9	3
Keitumetse Chalmans	Part Time	Planning & Performance Committee	COPE Proportional	8	4
Lesego Mahura	Part Time	MPAC	DA Proportional	8	4
Mika Moeti	Part Time	Local Economic Dev Committee	ANC Proportional	11	1
Toloki Tlhaganyane	Part Time	Planning & Performance Committee	ANC Ward 2	7	5
Julia Mmabe	Part Time	Economic Develop. Agric. & Tourism Committee	ANC Proportional	12	0
Lekoko Mahura	Independent	MPAC	Independent Ward 4	1	11
Simon Diphoko	Part Time	Land Use & HS Committee	ANC Ward 6	10	2
Keneilwe Kgosimore	Part Time		ANC Ward 7	10	2
Moemedi Baijang	Part Time	Finance Committee	ANC Ward 8	7	5
Letlhogonolo Wesi	Part Time	Roads & Storm Water Committee	ANC Ward 9	10	2
Kgomotso Mohitlheng	Part Time	Roads & Storm Water Committee	ANC Ward 10	7	5
Vuyisile Sibinda	Part Time	Municipal Trading Services Committee	ANC Ward 11	10	2
Nonteto Tafane	Part Time	Finance Committee	ANC Ward 12	10	2
Lekgotla Menyatso	Part Time	Community Services Committee	ANC Ward 14	8	4
Mogoje Dichakane	Part Time	Municipal Trading Services Committee	ANC Ward 15	7	5
Cornelius Gasetlolwe	Part Time	Community Services Committee	ANC Ward 16	12	0
Sonnyboy Phachwane	Part Time	Finance Committee	ANC Ward 17	11	1

APPENDICES

APPENDIX A: COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/or Party Represented	Number Council Meetings Attendance No.	Number of non-attendance of council meeting No
Otsile Mongale	Part Time	Land Use & HS Committee	ANC Ward 18	6	6
Thapelo Matshwe	Part Time	Planning & Performance Management Committee	ANC Ward 19	12	0
Thandiwe Sebe	Part Time	Community Services Committee	ANC Ward 20	9	3
Grace Moipolai	Part Time	ICT Marketing & Communication Committee	ANC Ward 21	7	5
Jerry Halaenyane	Part Time	Land Use & HS Committee	ANC Ward 22	7	5
Kedumetse Tyalimpi	Part Time	Community Services Committee	ANC Ward 23	9	3
Joyce Malepe	Part Time	Land Use & HS Committee	ANC Ward 24	10	2
Zola March	Part Time	HR & Corporate Governance Committee	ANC Ward 25	7	5
Ebusang Tladi	Part Time	Economic Develop. Agric. & Tourism Committee	ANC Ward 26	9	3

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

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Executive Committee Meetings				
Executive Committee Members	Total No of Meetings held	Attendance	Non attendance With apology	Without apology
Cllr K. Lobelo (Chairperson)	10	10	0	0
Cllr D. Itumeleng		7	3	0
Cllr M. Mabe		8	2	0
Cllr A. Scholtz		5	5	0
Cllr P. Galodikwe		8	2	0
Cllr K. Malepe		9	1	0
Cllr K. Nkeu (Resigned)				
Cllr O. Oliphant		9	1	0
Cllr R. Seleke		10	0	0
Cllr G. Tshipo		7	3	0

APPENDICES

APPENDIX B: COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
1. Finance Committee	In charge of all Municipal Council finance and related Matters
2. Community Services Committee	Deals with all issues relating to community (refuse removal, Land fill sites, cemeteries, Libraries and recreational facilities)
3. Economic Development, Agriculture & Tourism Committee	All matters relating Local Economic Development.
4. ICT Marketing & Communication Committee	All matters relating to communication and Marketing of Municipality (promoting municipality's brand products)
5. HR & Corporate Governance	All HR matters, by-laws, policies, Council supports.
6. Road and Storm water Committee	Construction of roads, Sewerage ponds, pipelines & storm water as well as maintenance thereof.
7. Municipal Trading Services Committee	In charge of trading Services (i.e. Water and Electricity)
8. Planning & Performance Management Committee	All matters relating to Municipality's planning and Performance Management Systems
9. Land Use and Human Settlement Committee	All matters relating to Town Planning Housing and Land Use Management.
10. Ward Committees	Facilitates Community consultation and running of all wards affairs.

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APPENDICES

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Municipal Manager	Mr. Katlego Gabanakgosi
Chief Financial Officer	Mr. Martin Vermaak
Corporate Services	Mr. Mokhasi (Acting)
Land Use Planning And Human Settlements	Mr. (Acting)
Community Social Services	Mr. Paballo Ntlharapane (Acting)
Infrastructure	Mr. Lesego Nakana (Acting)

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APPENDICES

APPENDIX D: FUNCTIONS OF MUNICIPALITY / ENTITY

New No	Function As Per Government Gazette No 6847 – 24 Dec 2010	Function Assigned	Done By GTLM
1	Air Pollution	LM/DM Function	No
2	Amusement Facilities	Local Function	No
3	Billboards & Display of Advertisements in Public Places	Local Function	Yes
4	Building Regulations	Local Function	Yes
5	Cemeteries, Funeral Parlours and Crematoria	Local Function	Yes
6	Child Care Facilities	Local Function	No
7	Cleansing	Local Function	Yes
8	Control of Public Nuisances	Local Function	Yes
9	Control of Undertakings that Sell Liquor to the Public	Local Function	No
10	Facilities for the Accommodation, Care and Burial of Animals	Local Function	No
11	Fencing and Fences	Local Function	No
12	Fire Fighting Service	LM/DM Function	No
13	Integrated (IDP) Municipal Planning	Local Function	Yes
14	Levying of fees for Services Provided by LM	Local Function	Yes
15	Levying of Rates on Property	Local Function	Yes
16	Levying of Surcharges on Fees for Services Provided for or on behalf of the LM	Local Function	Yes
17	Licensing and control of undertakings that sell food to the public	Local Function	No
18	Licensing of Dogs	Local Function	No
19	Local Amenities	Local Function	Yes
20	Local Roads and Streets	Local Function	Yes
21	Local Sport Facilities	Local Function	Yes
22	Local Markets	Local Function	Yes
23	Municipal Abattoirs	LM/DM Function	No
24	Municipal Airports	LM/DM Function	Yes
25	Municipal Health Service	LM/DM Function	No
26	Municipal Parks & Recreation	Local Function	Yes
27	Municipal Planning (Town Planning)	Local Function	Yes
28	Municipal Public Transport	LM/DM Function	No
29	Municipal Public Works relating to any Functions of the LM	LM/DM Function	No
30	Noise Pollution	LM/DM Function	No
31	Pontoons, Ferries, Jetties, Piers & Harbours	LM/DM Function	NA
32	Pounds	LM/DM Function	Yes
33	Promotion of Local Tourism for the Area	Local Function	Yes
34	Public Places	Local Function	Yes
35	Refuse Removal, Refuse Dumps and Solid Waste Disposal Sites	Local Function	Yes
36	Retail Potable Water Supply Systems and Domestic Waste-Water and Sewerage Disposal Systems Serving the Area of the Municipality	Local Function	Yes
37	Retail Supply of Electricity and Gas	Local Function	Yes
38	Street Lighting	LM/DM Function	Yes
39	Street Trading	Local Function	Yes
40	Storm Water Management in Build Areas	Local Function	Yes
41	Trading Regulations	Local Function	Yes
42	Traffic and Parking	Local Function	No

APPENDICES

APPENDIX E: WARD REPORTING

Nu	Ward Councillor	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	Andries Scholtz	Yes	NS	NS	NS
2	Toloki Tlhaganyane	Yes	NS	NS	NS
3	Julia Mmabe	Yes	NS	NS	NS
4	Lekoko Mahura	Yes	NS	NS	NS
5	Deluwe Sethi	Yes	NS	NS	NS
6	Simon Diphoko	Yes	NS	NS	NS
7	Keneilwe Kgosimore	Yes	NS	NS	NS
8	Moemedi Baijang	Yes	NS	NS	NS
9	Letlhogonolo Wesi	Yes	NS	NS	NS
10	Kgomotso Mohitlheng	Yes	NS	NS	NS
11	Vuyisile Sibinda	Yes	NS	NS	NS
12	Nonteto Tafane	Yes	NS	NS	NS
13	Oageng Seleke	Yes	NS	NS	NS
14	Lekgotla Menyatso	Yes	NS	NS	NS
15	Mogoje Ditshakane	Yes	NS	NS	NS
16	Cornelius Gasetlolwe	Yes	NS	NS	NS
17	Sonnyboy Phatshwane	Yes	NS	NS	NS
18	Otsile Mongale	Yes	NS	NS	NS
19	Thapelo Matshwe	Yes	NS	NS	NS
20	Thandiwe Sebe	Yes	NS	NS	NS
21	Kedimetse Lontshitse	Yes	NS	NS	NS
22	Jerry Halenyane	Yes	NS	NS	NS
23	Ruth Tyalimpi	Yes	NS	NS	NS
24	Bridgette Seokamo	Yes	NS	NS	NS
25	Zola March	Yes	NS	NS	NS
26	Ebusang Tladi	Yes	NS	NS	NS

APPENDICES

APPENDIX F: WARD INFORMATION

Full information provided in Appendix Q

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	28,861	11,699	37,066	42,593	
Households without minimum service delivery	13,732	30,894	5,527	0	
Total Households*					
Houses completed in year					
Shortfall in Housing units					

*Including informal settlements

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APPENDICES

APPENDIX G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2015/16

GREATER TAUNG LOCAL MUNICIPALITY

ANNUAL REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

1. INTRODUCTION

The Chairperson of the Audit and Performance Committee has pleasure in submitting herewith the annual report for the financial year ended 30 June 2016.

2. THE LEGAL FRAMEWORK GOVERNING THE AUDIT AND PERFORMANCE COMMITTEE

Section 166(1) of the Local Government: Municipal Finance Management Act, (Act number 56 of 2003) (MFMA) requires from each municipality to have an audit committee.

In terms of section 166(2) (a) of the MFMA the “audit committee is an independent advisory body which must “amongst others” advise the municipal council on matters relating to:

- internal financial control and internal audits;
- risk management;
- accounting policies;
- the adequacy, reliability and accuracy of financial reporting and information;
- performance management;
- effective governance;
- compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;
- performance evaluation; and
- any other issues referred to it by the municipality.

In addition sections 166(2) (b) (c) (d) and (e) requires from the committee to review the annual financial statements, respond to council on any issues raised by the Auditor-General South Africa in the audit report, carry out such investigations into the financial affairs of the municipality as the Council may request and perform such other functions as may be prescribed.

3. GOVERNANCE OF THE AUDIT AND PERFORMANCE COMMITTEE

The Audit and Performance Committee has adopted appropriate terms of reference which are captured in an Audit and Performance Committee Charter, approved by Council. The Committee has approved an Internal Audit Charter which regulates the operations of the internal audit shared service.

The Chief Audit Executive reports operationally to the Audit Committee.

The members of the Audit and Performance Committee during the period 1 July 2015 to 30 June 2016 were:

Member	Position
Mr. G. Ramorwesi	Chairperson
Mr. T. Berend	Member
Mr. O. Jacobs	Member
Ms. D. Mongwaketse	Member
Ms. F. Mudau	Member
Mr. S. Ngobeni	Member

The Audit and Performance Committee convened regularly during the period 1 July 2015 to 30 June 2016 as set out in the following table:

Date	G. Ramorwesi	T. Berend	O. Jacobs	D. Mongwaketse	F. Mudau	S. Ngobeni
24-25 August 2015	✓	✓	✓	✓	Apology	✓
8 October 2015	✓	✓	Apology	✓	✓	✓
3-4 December 2015	✓	✓	✓	✓	Apology	✓
26-27 January 2016	✓	✓	✓	✓	Apology	✓
10-11 May 2016	✓	✓	✓	✓	✓	✓

4. INTERNAL CONTROL AND INTERNAL AUDITS

The Audit and Performance Committee has taken note of internal control deficiencies as reported by

Internal Audit and advise management to immediately address the matters raised.

5. RISK MANAGEMENT

The Risk Management Committee Chairperson reported all risk management responsibilities to the Audit and Performance Committee throughout the financial year. The updated Risk Management Assessment Reports for 2015-2016 was noted by the Audit and Performance Committee.

The Audit and performance Committee advises management and council to take note of the priority risks which need urgent attention and/or mitigation and possible measures which could be implemented as indicated in the Risk Management Assessment Reports.

6. ACCOUNTING POLICIES

Accounting Policies are part of the Annual Financial Statements (AFS). The review process was followed by the Audit and Performance Committee; however internal audit reported a limitation from management. Refer to Paragraph 12 for more information on AFS.

7. THE ADEQUACY, RELIABILITY AND ACCURACY OF FINANCIAL REPORTING AND INFORMATION

The Audit and Performance Committee has taken note of material misstatements identified in the Auditor- General's Audit Report which stated that the financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA.

The Audit and Performance Committee advises management and council to take note of the material misstatements identified by the auditors in the submitted financial statements that were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

8. PERFORMANCE MANAGEMENT

The Audit and Performance Committee has taken note of the adequate system of internal control for the Performance Management System (PMS) of the municipality as reported by Internal Audit throughout the financial year and the ineffective controls that were corrected by management.

The Audit and Performance Committee has taken note of the satisfactory assessment by the Auditor- General on the usefulness and reliability of reported performance information and trust that these management practices should be sustained into the next financial year.

APPENDICES

APPENDIX G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2015/16 **continued**

9. GOVERNANCE

The Audit and performance Committee advises management and council to take note of the governance matters identified in the Auditor-General's Audit Report which stated that management did not implement appropriate risk management activities specifically tailor made for the municipality to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, were approved and that a risk strategy to address these risks were developed and monitored.

10. COMPLIANCE WITH THIS ACT, THE ANNUAL DIVISION OF REVENUE ACT AND ANY OTHER APPLICABLE LEGISLATION

The Audit and Performance Committee take note of the findings on non-compliance with specific matters in key legislation as highlighted by the Internal Audit and advise management and council to adhere to the timeframes.

The Audit and Performance Committee advises management and council to immediately address matters of material non-compliance with applicable legislation regarding financial matters, financial management and other related matters as identified in the Auditor-General's Audit Report.

11. PERFORMANCE EVALUATION

The performance of the Municipal Manager and Managers reporting directly to the Municipal Manager for the reporting period ended 30 June 2016 has not been concluded.

The Audit and Performance Committee advise management and Council to immediately address the outstanding performance evaluations of the Municipal Manager and Managers reporting directly to the Municipal Manager.

12. REVIEW OF ANNUAL FINANCIAL STATEMENTS

The Audit and Performance Committee has reviewed the Audit Report of the Auditor-General and has noted the qualified audit opinion expressed by the Auditor-General in his report on the Annual Financial Statements.

13. THE AUDITOR-GENERAL (SOUTH AFRICA)

The Audit and Performance Committee concurs with and accepts the AGSA's conclusions on the Annual Financial Statements and other legal and regulatory matters, and is of the view that the audited Annual Financial Statements be accepted and read together with the report of the AGSA.

14. APPRECIATION

The Audit and Performance Committee expresses its sincere appreciation to the Mayor, Council, Municipal Manager, Management, Officials, Auditor-General South Africa and the Internal Audit Shared Service for their support to the Audit and Performance Committee during the year under review.



G. Ramorwesi

Chairperson of the Audit and Performance Committee

13 January 2017

APPENDICES

APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

None

APPENDICES

APPENDIX I: MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

None

APPENDICES

APPENDIX J: DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of 2016 (Current Year)		
Position	Name	Description of Financial interests* (Nil/Or details)
(Executive) Mayor		
Member of MayCo / Exco		
Councillor		
Kesaitse Makie Malepe	Tiro Women Pty Ltd Emang Mogo Pty Ltd	Director Director
Motseothata Joseph Mabe	Helgaprox Pty Ltd Remmogo Pretorian	Director Director
Tselane Vinolia Malepe	Gaimadi Construction Tiro Women Trading Pty Ltd Kolong Investment Holding	Shareholder Shareholder Shareholder
Moreotsile Israel Olifant	Reaitirela Trading and Projects	Director
Obakeng Patrick Oliphant	Kolong investment org. Ema-mmogo 41 Development services	Director Shareholder/ director Shareholder
Kegomoditswe Lizzie Mamapula	Kolong Enterprise Company	Director
Mr Moemedi Baijang	Batsamaya-Mmogo emerging Farmer	Shareholder
Foleni Gasetlolwe	Bosele Co-operative pivot mw 5 Ketapele enterprise Pty Ltd	Shareholder Director
Kagelelo Molifi	Kolong Mining (Basadi Mining Kolonkg investors	Shareholder Shareholder
Didihetse Moshabi	Fuded enterprise Moshabi's Café & Supermarket	Director Director
Vuyisile Sibinda	Katlitho Co-operative	Shareholder
Ebusang Hendrik Tladi	E.H Tladi's Taxis Western region transport primary Cooperative Bokone Transport holdings Keora transport and Catering	Director Shareholder Shareholder Immediate family
Municipal Manager		
Chief Financial Officer		
Deputy MM and (Executive) Directors		
Other S57 Officials		

APPENDICES

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

None

APPENDICES

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Incorporated in the AFS

APPENDICES

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Incorporated in the AFS

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APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

None

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APPENDIX O: CAPITAL PROGRAMME BY PROJECT BY WARD 2015/16

Capital Programme by Project by Ward: 2015/16		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water		
Stormwater		
Construction of Lower Majeakgoro Stormwater Channel	Ward 9/19	No
Roads		
Construction of Lokaleng Access Road	Ward 25	Yes
Construction of Rietfontein Access Road	Ward 22	Yes
Construction of Moretele Access Road	Ward 2	No
Construction of the Chiefs court Bridge	Ward 13	No
Buildings(Halls)		
Construction of Matsheng Community Hall	Ward 26	Yes

APPENDICES

APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

No information

APPENDICES

APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

No information

APPENDICES

APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

No information

APPENDICES

APPENDIX S: NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

No information

ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION

Auditors	Auditor General of South Africa Registered Auditors
Nature of business and principal activities	Greater Taung Local Municipality is a local municipality performing functions as set out in the constitution of the Republic of South Africa (Act no 108 of 1996)
Jurisdiction	Area NW3, as a local municipality, as demarcated by the demarcation board and indicated in the demarcation map published for NW394
Mayoral committee	
Executive Mayor	KG Lobelo
Executive Committee Members	DA Itumeleng MJ Mabe KAM Malepe KJ Morwagaswe (Resigned in January 2016) OP Oliphant GJ Tshipo KP Galodikwe OR Seleke AP Scholtz
Grading of local authority	Grade 3 local municipality
Speaker	DJ Sethi Chief
Financial Officer (CFO)	MP Vermaak
Accounting Officer	KT Gabanakgosi
Business address	Municipal Offices Station Street Taung 8580
Postal address	Private Bag X1048 Taung Station 8580
Bankers	ABSA Bank (Primary) Standard Bank of South Africa Nedbank Limited First National Bank
Attorneys	Isang Nakale Inc. M.E Tlou Attorneys & Associates Du Plessis Viviers Inc. Kgomo Attorneys Inc. Mokhetle Attorneys Inc.
Preparer	The annual financial statements were internally compiled by: Mr MP Vermaak
Chief Financial Officer	
Chief Whip	MI Olifant

GENERAL INFORMATION continued

MPAC Chairperson	K Kodisang
Councillors not on EXCO	KI Mamapula MT Baijang KG Chalmans TV Malepe GS Diphoko PM Dichakane GS Edward (Resigned) FC Gasetlolwe LJ Halenyane M Hermanus MS Kanyane KR Kgosimore LW Mahura EI Makgalemele T Mantswe ZB March A Menyatso JG Mmabe K Moagi BK Mohitleng R Mokoto KP Molifi BJ Moncho (Deceased) OV Mongale DN Motshabi AS Phatshwane TP Sepe KJ Seepamere J Malepe EV Sibinda NG Tafane EH Tladi T Thaganyane KR Tyalimpi LC Wesi LE Mahura KG Moipolayi MB Moeti G Tong LT Maseng

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Abbreviations	
FMG	Local Government Financial Management Grant
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
MSIG	Municipal System Improvement Grant
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
VAT	Value Added Tax
PAYE	Pay As You Earn
UIF	Unemployment Insurance Fund

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

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

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

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

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and 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 are applied and managed within predetermined procedures and constraints.

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

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

Although the Accounting Officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The annual financial statements set out on pages 5 to 89, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2016 and were signed by:



KT Gabanakgosi

Accounting Officer

ACCOUNTING OFFICER'S REPORT

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

1. REVIEW OF ACTIVITIES

Main business and operations

The municipality is engaged in Taung, Reivilo and Pudimoe and is a local municipality performing functions as set out in constitution (act no 105 of 1996) and operates principally in South Africa.

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

2. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Refer to note 41 for further details.

3. SUBSEQUENT EVENTS

The Accounting Officer is not aware of any matter or circumstance arising since the end of the financial year that require adjustments to the financial statements.

4. ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. ACCOUNTING OFFICER

The Accounting Officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
KT Gabanakgosi	RSA

6. ASSET MANAGEMENT

A consulting firm has been appointed by Provincial Treasury to assist with the reconstruction of the fixed assets registers (Property, plant and equipment, investment property and intangible assets) to be GRAP compliant.

7. PRIOR PERIOD ERRORS

During the preparation of the annual financial statements, certain errors have been identified in prior periods and reclassifications have been made to give a true and fair presentation of the annual financial statements. Material errors and reclassifications have been made in accordance with GRAP. Refer to note 39 for prior period errors.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

Figures in Rand	Note(s)	2016	2015* Restated*
Assets			
Current Assets			
Inventories	6	7 119 106	7 098 888
Receivables from exchange transactions	7 & 10	14 281 591	3 462 674
Receivables from non-exchange transactions	8 & 10	20 038 687	18 369 457
VAT receivable	9	6 486 022	1 341 524
Cash and cash equivalents	11	116 037 909	102 752 899
		163 963 315	133 025 442
Non-current Assets			
Investment property	3	21 534 000	21 534 000
Property, plant and equipment	4	465 252 334	447 718 140
Intangible assets	5	482 590	435 990
		487 268 924	469 688 130
Total Assets		651 232 239	602 713 572
Liabilities			
Current Liabilities			
Finance lease obligation	12	341 154	640 457
Payables from exchange transactions	16	25 847 699	22 546 332
Consumer deposits	17	123 734	131 934
Employee benefit obligation	13	248 126	188 156
Unspent conditional grants and receipts	14	2 514 630	31 089 051
Provisions	15	1 536 267	1 986 461
		30 611 610	56 582 391
Non-current Liabilities			
Finance lease obligation	12	–	341 155
Employee benefit obligation	13	10 035 279	8 800 348
Provisions	15	10 430 757	9 514 632
		20 466 036	18 656 135
Total Liabilities		51 077 646	75 238 526
Net Assets		600 154 593	527 475 046
Accumulated surplus		600 154 593	527 475 046

STATEMENT OF FINANCIAL PERFORMANCE

AS AT 30 JUNE 2016

Figures in Rand	Note(s)	2016	2015* Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	8 256 899	7 557 236
Rental of facilities and equipment	20	361 042	329 679
Other income	21	1 340 010	311 168
Investment income	22	10 863 603	7 500 103
Total revenue from exchange transactions		20 821 554	15 698 186
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	14 277 978	15 776 755
Property rates – penalties imposed	23	3 271 460	1 554 379
Transfer revenue			
Government grants and subsidies	24	208 464 420	189 984 849
Other Income	21	84 650	72 425
Total revenue from non-exchange transactions		226 098 508	207 388 408
Total revenue	18	246 920 062	223 086 594
Expenditure			
Employee related costs	25	(71 598 246)	(56 268 869)
Remuneration of councillors	26	(17 691 165)	(15 294 113)
Depreciation	27	(23 633 474)	(28 112 946)
Finance costs	28	(1 634 831)	(1 530 800)
Allowance for impairment	29	7 143 997	(6 108 551)
Repairs and maintenance	32	(7 857 184)	(6 841 331)
Bulk purchases	30	(3 208 721)	(2 994 109)
Contracted services	31	(13 696 914)	(13 310 391)
General Expenses	33	(42 367 419)	(39 485 191)
Total expenditure		(174 543 957)	(169 946 301)
Operating surplus		72 376 105	53 140 293
Gain on disposal of assets		(40 764)	(137 513)
Actuarial (loss) / gain	13	344 207	397 629
		303 443	260 116
Surplus for the year		72 679 548	53 400 409

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	411 682 511	411 682 511
Adjustments:		
Prior year adjustments – Note 39	62 392 126	62 392 126
Balance at 01 July 2014 as restated*	474 074 637	474 074 637
Changes in net assets		
Surplus for the year	53 400 409	53 400 409
Total changes	53 400 409	53 400 409
Restated* Balance at 01 July 2015	527 475 045	527 475 045
Changes in net assets		
Surplus for the year	72 679 548	72 679 548
Total changes	72 679 548	72 679 548
Balance at 30 June 2016	600 154 593	600 154 593
Note(s)		

CASH FLOW STATEMENTS

Figures in Rand	Note(s)	2016	2015* Restated*
Cash flows from operating activities			
Receipts			
Grants		211 587 776	189 984 848
Sale of goods and services		17 487 274	23 405 625
Interest received		5 057 162	2 267 651
Other receipts		10 863 603	7 500 103
		244 995 815	223 158 227
Payments			
Employee costs		(89 289 411)	(71 562 983)
Cash paid to Suppliers and Employees		(96 478 153)	(51 740 478)
Finance cost		(167 037)	(128 982)
		(185 934 601)	(123 432 443)
Net cash flows from operating activities	35	59 061 211	99 739 253
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(45 067 698)	(61 692 783)
Transfer of WIP	3	–	(789 734)
Net cash flows from investing activities		(45 067 698)	62 491 517
Cash flows from financing activities			
Finance lease payments		(699 325)	(714 481)
Net increase/(decrease) in cash and cash equivalents		13 285 010	36 533 255
Cash and cash equivalents at the beginning of the year		102 752 899	66 219 644
Cash and cash equivalents at the end of the year	11	116 037 909	102 752 899

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	8 612 000	–	8 612 000	8 256 899	(355 101)	No significant variance
Rental of facilities and equipment	526 000	–	526 000	361 042	(164 958)	The variance was is due to elections – Hall paid by the IEC
Other income	2 333 000	–	2 333 000	1 340 010	(992 990)	Refunds from companies for hotel bookings or wrong payments received in these votes and 3rd party collection commission
Interest received – investment	6 223 000	–	6 223 000	10 863 603	4 640 603	Increase in investments
Total revenue from exchange transactions	17 694 000	–	17 694 000	20 821 554	3 127 554	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	10 965 000	–	10 965 000	14 277 978	3 312 978	Correction of prior error
Property rates – penalties imposed	1 112 000	–	1 112 000	3 271 460	2 159 460	Interest charged on late payments. Revenue enhancement strategy is not effective
Transfer revenue						
Government grants and subsidies	223 039 000	–	223 039 000	208 464 420	(14 574 580)	No significant difference
Other transfer revenue ¹	–	–	–	84 650	84 650	
Total revenue from non-exchange transactions	235 116 000	–	235 116 000	226 098 508	(9 017 492)	
Total revenue	52 810 000	–	252 810 000	246 920 062	(5 889 938)	

continued

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Expenditure						
Personnel	(75 569 000)	–	(75 569 000)	(71 598 246)	3 970 754	Variance is as a result of vacant positions
Remuneration of councillors	(20 324 000)	–	(20 324 000)	(17 691 165)	2 632 835	7% increase was budgeted for while 5% was approved
Depreciation and amortisation	(13 167 000)	–	(13 167 000)	(23 633 474)	(10 466 474)	Year end journals
Finance costs	(216 000)	–	(216 000)	(1 634 831)	(1 418 831)	Year end procedures
Bad debts written off	–	–	–	7 143 997	7 143 997	
Repairs and maintenance	(10 987 233)	–	(10 987 233)	(7 857 184)	3 130 049	Municipality possesses old assets. The municipality rather replace than repair
Bulk purchases	(4 032 000)	–	(4 032 000)	(3 208 721)	823 279	Most households converted to pre-paid electricity
Contracted Services	(17 261 000)	–	(17 261 000)	(13 696 914)	3 564 086	Legal services unpredictable
General Expenses	(131 556 000)	–	(131 556 000)	(42 367 419)	89 188 581	Poor performance by directors. Poor planning of relevant departments
Total expenditure	(273 112 233)	–	(273 112 233)	(174 543 957)	98 568 276	
Operating surplus	(20 302 233)	–	(20 302 233)	72 376 105	92 678 338	
Loss on disposal of assets and liabilities	–	–	–	(40 764)	(40 764)	
Actuarial gains/losses	–	–	–	344 207	344 207	
	–	–	–	303 443	303 443	
Surplus before taxation	(20 302 233)	–	(20 302 233)	72 679 548	92 981 781	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(20 302 233)	–	(20 302 233)	72 679 548	92 981 781	
Reconciliation						

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

continued

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	–	–	–	7 119 106	7 119 106	Control account do not have budgets. The amount is an opening balance
Receivables from exchange transactions	–	–	–	14 281 591	14 281 591	
Receivables from non-exchange transactions	–	–	–	24 166 337	24 166 337	
VAT receivable	–	–	–	6 486 022	6 486 02	
VAT receivable	–	–	–	6 486 022	6 486 022	
Cash and cash equivalents	–	–	–	116 037 909	116 037 909	Control accounts do not have budgets. The amount is an opening balance
	–	–	–	168 090 965	168 090 965	
Non-Current Assets						
Investment property	–	–	–	21 534 000	21 534 000	Control accounts do not have opening balances. The amount is an opening balance
Property, plant and equipment	–	–	–	465 252 334	465 252 334	
Intangible assets	–	–	–	482 590	482 590	
	–	–	–	487 268 924	487 268 924	
Total Assets	–	–	–	655 359 889	655 359 889	
Liabilities						
Current Liabilities						
Finance lease obligation	–	–	–	341 154	341 154	
Payables from exchange transactions	–	–	–	25 847 699	25 847 699	
Consumer deposits	–	–	–	123 734	123 734	
Employee benefit obligation	–	–	–	248 126	248 126	
Unspent conditional grants and receipts	–	–	–	2 514 630	2 514 630	
Provisions	–	–	–	1 536 267	1 536 267	
	–	–	–	30 611 610	30 611 610	

continued

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Non-Current Liabilities						
Employee benefit obligation	–	–	–	10 035 279	10 035 279	
Provisions	–	–	–	10 430 757	10 430 757	Control accounts do not have budgets. The mount is an opening balance
	–	–	–	20 466 036	20 466 036	
Total Liabilities	–	–	–	51 077 646	51 077 646	
Net Assets	–	–	–	604 282 243	604 282 243	
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	–	–	–	604 282 244	604 282 244	Control accounts do not have budgets. The amount is an opening balance

APPROPRIATION STATEMENT

2016			
Figures in Rand	Original Budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget
Financial Performance			
Property rates	12 077 000	–	12 077 000
Service charges	8 611 900	–	8 611 900
Investment revenue	6 223 000	–	6 223 000
Transfers recognised – operational	179 339 000	–	179 339 000
Other own revenue	5 399 000	–	5 399 000
Total revenue (excluding capital transfers and contributions)	211 649 900	–	211 649 900
Employee costs	(75 569 000)	–	(75 569 000)
Remuneration of councillors	(20 324 000)	–	(20 324 000)
Debt impairment	–	–	–
Depreciation and asset impairment	(13 167 000)	–	(13 167 000)
Finance charges	(216 000)	–	(216 000)
Materials and bulk purchases	(15 019 000)	–	(15 019 000)
Transfers and grants	(2 676 000)	–	(2 676 000)
Other expenditure	(55 754 000)	–	(55 754 000)
Total expenditure	(182 725 000)	–	(182 725 000)
Surplus/(Deficit)	28 924 900	–	28 924 900
Transfers recognised – capital	–	–	–
Contributions recognised – capital and contributed assets	44 700 000	–	44 700 000
Surplus (Deficit) after capital transfers and contributions	73 624 900	–	73 624 900
Surplus/(Deficit) for the year	73 624 900	–	73 624 900

continued

Shifting of funds (i.t.o. council approved policy)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
-	-	12 077 000	20 038 687	-	7 961 687	166%	166%
-	-	8 611 900	8 256 899	-	(355 001)	96%	96%
-	-	6 223 000	10 863 603	-	4 640 603	175%	175%
-	-	179 339 000	175 285 019	-	(4 053 981)	98%	98%
-	-	5 399 000	2 129 909	-	(3 269 091)	39%	39%
-	-	211 649 900	216 574 117	-	4 924 217	102%	102%
-	-	(75 569 000)	(71 598 246)	-	3 970 754	95%	95 %
-	-	(20 324 000)	(17 691 165)	-	2 632 835	87%	87%
-	-	-	7 143 997	-	7 143 997	DIV/0%	DIV/0%
-	-	(13 167 000)	(23 633 474)	-	(10 466 474)	179%	179%
-	-	(216 000)	(1 634 831)	-	(1 418 831)	757%	757%
-	-	(15 019 000)	(3 208 721)	-	11 810 279	21%	21%
-	-	(2 676 000)	-	-	2 676 000	-%	-%
-	-	(55 754 000)	(63 962 281)	-	(8 208 281)	115%	115%
-	-	(182 725 000)	(174 584 721)	-	8 140 279	96%	96%
-	-	28 924 900	41 989 396	-	13 064 496	145%	145%
-	-	-	33 179 401	-	33 179 401	DIV/0%	DIV/0%
-	-	44 700 000	-	-	(44 700 000)	-%	-%
-	-	73 624 900	75 168 797	-	1 543 897	102%	102%
-	-	73 624 900	75 168 797	-	1 543 897	102%	102%

APPROPRIATION STATEMENT continued

2015					
			Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
	Reported unauthorised expenditure				
Financial Performance					
Property rates				17 331 134	
Service charges				7 557 236	
Investment revenues				7 500 103	
Transfers recognised – operational				137 738 074	
Other own revenue				1 110 901	
Total revenue (excluding capital transfers and contributions)				171 237 448	
Employee costs	–	63 623 000	(63 623 000)	(56 268 869)	
Remuneration of councillors	–	18 582 000	(18 582 000)	(15 294 113)	
Debt impairment	–	–	–	(6 108 551)	
Depreciation and asset impairment	–	3 100 000	(3 100 000)	(28 112 946)	
Finance charges	–	–	–	(1 530 800)	
Materials and bulk purchases	–	3 530 000	(3 530 000)	(2 994 109)	
Other expenditure	–	63 121 000	(63 121 000)	(59 774 426)	
Total expenditure	–	151 956 000	(151 956 000)	(170 083 814)	
Surplus/(Deficit)				1 153 634	
Transfers recognised – capital				52 246 775	
Surplus (Deficit) after capital transfers and contributions				53 400 409	
Surplus/(Deficit) for the year				53 400 409	

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below. These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Fair value estimation

The carrying value less impairment allowance of receivables from exchange and non exchange transactions and payables from exchange transactions 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.

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, undefined intangible assets are 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 tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

ACCOUNTING POLICIES continued

1.3 Significant judgements and sources of estimation uncertainty continued

Provisions

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

Useful lives of Property, plant and equipment

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

Employee benefit obligation

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 13.

Allowance for impairment of receivables

On consumer debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. Impairment on debtors is based on the payments received. Government debtors are not impaired.

Fair value determination of investment properties

In determining the fair value of investment property the entity applies a valuation methodology to determine the fair value of the properties based on any one of, or a combination of the following factors:

- The market related selling price of similar properties in the area; or
- Determining the replacement cost of the investment property.

1.4 Investment property

Initial recognition

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

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

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

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

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

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.

Subsequent measurement

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 (fair value adjustment) for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the municipality determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the municipality measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The municipality applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

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

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

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

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

Transfers are made to or from investment property only when there is a change in use.

For a transfer from investment property to owner occupied property (property, plant and equipment) or inventory, the deemed cost for subsequent accounting is the fair value at the date of change in use.

If owner occupied property or inventory becomes an investment property, the entity accounts for such property in accordance with the policy stated under either property, plant and equipment or inventory up to the date of change in use.

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.

ACCOUNTING POLICIES continued

1.5 Property, plant and equipment continued

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, and their cost is significant to the asset in total 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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land which is deemed to have an indefinite life. Landfill sites and borrowing pits are considered to be operational facilities that deteriorate the condition of land. In such cases the legally restoration costs of land is capitalised to the assets and carried at cost less accumulated depreciation and impairment losses.

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Asset Sub Category	Asset Groups	EUL Range
Storm water network	Storm water assets	20 – 50 years
Water supply network	Distribution	10 – 10 years
Solid waste facilities	Waste processing facilities	15 – 100 years
Electricity network	LV Network	10 – 45 years
Electricity network	MV Network	15 – 45 years
Road network	Roads	5 – 100 years
Road network	Roadside assets	10 – 50 years
Land	Community facilities land	NA
Land	Housing land	NA
Land	Operational buildings land	NA
Land	Social facilities land	NA
Land	Sport and recreation facilities land	NA
Community facilities	Cemeteries / crematoria	15 – 100 years

continued

Asset Sub Category	Asset Groups	EUL Range
Community facilities	Crèches / care centres	5 – 100 years
Community facilities	Halls / centres	5 – 100 years
Community facilities	Libraries	5 – 100 years
Community facilities	Parks	15 – 100 years
Servitudes	Road reserves	NA
Bridges	Road Bridges	45 – 55 years
Operational facilities	Municipal offices	5 – 100 years
Operational facilities	Stores	15 – 100 years
Operational facilities	Workshops / depots / yards	15 – 100 years
Social facilities	Social housing	7 – 100 years
Sport and recreation facilities	Outdoor recreational facilities	5 – 100 years
Sport and recreation facilities	Outdoor sport facilities	12 – 100 years
Capital spares	Capital spares – Road, rail and storm water network	45 – 55 years

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

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Remaining useful life estimates is based on management's best estimates of future use or service potential that can be received from existing assets if appropriate and sufficient maintenance practices are applied to assets.

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.

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.

Greater Taung LM assesses at each reporting date whether there is an indication that any item of property, plant and equipment may be impaired. If such an indication exists, the municipality estimates the recoverable service amount of the asset. In assessing whether there is any indication that an asset may be impaired, the municipality considers both external and internal sources of information. The recoverable service amount is the higher of the asset's fair value less cost to sell, and its value in use. Value in use is the present value of the asset's remaining service potential. If either of these amounts exceeds the asset's carrying value, the asset is not impaired, and it is not necessary to determine the other amount. If the asset's carrying value exceeds its recoverable service amount, the asset is impaired. The carrying amount of the asset is then reduced to its recoverable service amount and this reduction is the impairment loss which is charged as an expense to the Statement of Financial Performance.

ACCOUNTING POLICIES continued

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an

indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset. Amortisation is provided to write down the intangible assets, on a straightline basis, to their residual values.

The municipality is required to test an intangible asset with a definite useful life or an intangible asset not yet available for use for impairment by comparing its recoverable amount and recoverable service amount, as appropriate, with its carrying amount a) annually, and b) whenever there is an indication that the intangible asset may be impaired.

Intangible assets are derecognised:

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.7 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.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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 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.

ACCOUNTING POLICIES continued

1.7 Financial instruments continued

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.

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

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

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

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

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

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

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

Classification

The municipality 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
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

The municipality 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
Finance lease obligation	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality 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.

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised 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 municipality 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, 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 municipality 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 municipality 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.

ACCOUNTING POLICIES continued

1.7 Financial instruments continued

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 municipality 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:

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.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting. The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
the municipality, 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 municipality :
 - 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 municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation

for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

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

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

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

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality 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 municipality 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.

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 municipality 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.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality 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 municipality does not offset the transferred asset and the associated liability.

ACCOUNTING POLICIES continued

1.8 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 or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

1.9 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 municipality 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 on the remaining balance of the liability.

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

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.

The aggregate benefit of incentives is recognised as a reduction of rental expense 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.

1.10 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 weighted average cost 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.

1.11 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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

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

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

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

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 amount of an asset or a cash-generating unit is the higher its 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.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

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.

ACCOUNTING POLICIES continued

1.11 Impairment of cash-generating assets continued

Identification continued

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- Income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Cash-generating units

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

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality 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.

ACCOUNTING POLICIES continued

1.11 Impairment of cash-generating assets continued

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.

Reversal of impairment loss

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

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

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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.

1.12 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.

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.

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow:

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

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

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

ACCOUNTING POLICIES continued

1.12 Impairment of non-cash-generating assets continued

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

1.13 Employee benefits

Employee benefits are all forms of consideration given by an municipality 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 municipality, 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 municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, 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 municipality to reimburse it for employee benefits already paid.

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

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

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

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

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

A constructive obligation is an obligation that derives from a municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality 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 municipality 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 municipality 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 municipality recognise the expected cost of bonus, incentive and performance related payments when the municipality 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 a municipality 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.

ACCOUNTING POLICIES continued

1.13 Employee benefits continued

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

The municipality provides post-retirement health care benefits upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Interest cost is recognised and disclosed as finance charges in the statement of financial performance.

Long service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in surplus or deficit as employee benefits upon valuation. Defined benefit plans are postemployment plans other than defined contribution plans. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

Interest cost is recognised and disclosed as finance charges in the statement of financial performance.

1.14 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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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 a finance cost in surplus or deficit.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

ACCOUNTING POLICIES continued

1.14 Provisions and contingencies continued

A constructive obligation to restructure arises only when a municipality:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent liabilities

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 municipality or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.

Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. Contingent assets are not recognised as assets.

Contingencies are disclosed in note 37.

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:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.11 and 1.12.

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.

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

1.15 Commitments

Items are classified as commitments when the municipality 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.

1.16 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 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; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

ACCOUNTING POLICIES continued

1.16 Revenue from exchange transactions continued

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

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

Interest received

Revenue arising from the use by others of the municipal assets yielding interest 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.

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.

1.17 Revenue from non-exchange transactions

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

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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

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

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

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.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

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.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

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

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

Measurement

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

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

Taxes

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

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

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

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

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

1.18 Investment income

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

Investment income consists of interest received on short term investments and bank accounts and interest charged.

1.19 Borrowing costs

Borrowing costs are interest and other expenses incurred by the municipality in connection with the borrowing of funds.

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

ACCOUNTING POLICIES continued

1.20 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.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS CONTINUED

1.20 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.

1.21 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.

1.22 Irregular expenditure

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.

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not

been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/ expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.23 Budget information

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

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

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

The approved budget covers the fiscal period from 01 July 2015 to 30 June 2016.

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

The annual financial statements and the budget are not on the same basis of accounting. The annual financial statements are on the accreual basis while the budget is on the cash basis. A comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.24 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.

1.25 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 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1.26 Grants, transfers and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

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, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2016 or later periods:

2. NEW STANDARDS AND INTERPRETATIONS CONTINUED

2.1 Standards and interpretations issued, but not yet effective continued

GRAP 20: Related parties

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

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

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

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

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

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

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);

- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
- the entity is controlled or jointly controlled by a person identified in (a); and
- a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

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

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

- Control;
- Related party transactions; and
- Remuneration of management

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

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

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

GRAP 32: Service Concession Arrangements: Grantor

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

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

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

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

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

GRAP 108: Statutory Receivables

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

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

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

The impact of this standard is currently being assessed.

2. NEW STANDARDS AND INTERPRETATIONS CONTINUED

2.1 Standards and interpretations issued, but not yet effective continued

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

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

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

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

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

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

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

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

GRAP 16 (as amended 2015): Investment Property

Based on the feedback received as part of the post-implementation review, the Board agreed to reconsider certain principles in GRAP 16 and GRAP 17. In particular, the Board agreed to:

- Review the principles and explanations related to the distinction between investment property and property, plant and equipment.
- Consider whether an indicator-based assessment of useful lives of assets could be introduced.
- Clarify the wording related to the use of external valuers.
- Introduce more specific presentation and disclosure requirements for capital work-in-progress.
- Review the encouraged disclosures and assess whether any should be made mandatory or deleted.
- Require separate presentation of expenditure incurred on repairs and maintenance in the financial statements.

Various amendments were made to the Standard, affecting Definitions, Identification, Disclosure, Effective date and Transitional provisions.

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

The municipality expects to adopt the standard for the first time in the 2017 annual financial statements.

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

GRAP 17 (as amended 2015): Property, Plant and Equipment

Based on the feedback received as part of the post-implementation review, the Board agreed to reconsider certain principles in GRAP 16 and GRAP 17. In particular, the Board agreed to:

- Review the principles and explanations related to the distinction between investment property and property, plant and equipment.
- Consider whether an indicator-based assessment of useful lives of assets could be introduced.
- Clarify the wording related to the use of external valuers.
- Introduce more specific presentation and disclosure requirements for capital work-in-progress.
- Review the encouraged disclosures and assess whether any should be made mandatory or deleted.
- Require separate presentation of expenditure incurred on repairs and maintenance in the financial statements.

Amendments identified as part of the post-implementation review, affected the following areas:

- Indicator-based assessment of the useful lives of assets
- Use of external valuers
- Encouraged disclosures
- Capital work-in-progress
- Expenditure incurred on repairs and maintenance

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

The municipality expects to adopt the standard for the first time in the 2017 annual financial statements.

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

GRAP 21 (as amended 2015): Impairment of non-cash-generating assets

The Board agreed to include a research project on its work programme to review GRAP 21 and GRAP 26 to assess whether the principles in these Standards could be simplified and streamlined. As part of its research project, the Board considered the following aspects which led to the proposed amendments included in this Exposure Draft:

- simplifying the approach to impairment to make it clearer when an asset is cash generating or non-cash-generating;
- assessing the feasibility of one measurement approach for non-cash-generating assets; and
- assessing the feasibility of combining the two Standards.

Summary of changes:

The changes to the Standard of GRAP on Impairment of Non-cash-generating Assets are outlined below: General definitions:

The definition of cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of cash-generating assets and non-cash-generating assets.

Cash generating assets and non-cash-generating assets:

Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets.

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

Identifying an asset that may be impaired:

Additional commentary has been added to clarify that physical damage triggers impairment of an asset when it results in a permanent or a significant decline in the potential of an asset.

Reversing an impairment loss:

An indicator has been added that the restoration of an asset's service potential following physical damage to the asset could indicate a reversal in an impairment loss.

2. NEW STANDARDS AND INTERPRETATIONS CONTINUED

2.1 Standards and interpretations issued, but not yet effective continued

Additional commentary has been added to clarify that restoration of an asset's service potential as a result of physical damage is an indication that an impairment loss recognised in prior periods may no longer exist or may have decreased.

Disclosures:

The requirement to disclose the criteria developed to distinguish non-cash-generating assets from cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of non-cash-generating assets and cash-generating assets.

The effective date of the standard is for years beginning on or after 01 April 2017.

The municipality expects to adopt the standard for the first time in the 2018 annual financial statements.

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

GRAP 26 (as amended 2015): Impairment of cash-generating assets

The Board agreed to include a research project on its work programme to review GRAP 21 and GRAP 26 to assess whether the principles in these Standards could be simplified and streamlined. As part of its research project, the Board considered the following aspects which led to the proposed amendments included in this Exposure Draft:

- simplifying the approach to impairment to make it clearer when an asset is cash generating or non-cash-generating;
- assessing the feasibility of one measurement approach for non-cash-generating assets; and
- assessing the feasibility of combining the two Standards.

Summary of changes:

The changes to the Standard of GRAP on Impairment of Cash-generating Assets are outlined below: General definitions:

The definitions of cash-generating assets and cash-generating unit have been amended to be consistent with the amendments made to clarify the objective of cash-generating assets and non-cash-generating assets below.

Cash generating assets and non-cash-generating assets:

Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets.

Disclosures:

The requirement to disclose the criteria developed to distinguish cash-generating assets from non-cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of non-cash-generating assets and cash-generating assets.

The effective date of the standard is for years beginning on or after 01 April 2017.

The municipality expects to adopt the standard for the first time in the 2018 annual financial statements.

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

Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities

Historically, public entities have prepared financial statements in accordance with generally recognised accounting practice, unless the Accounting Standards Board (the Board) approved the application of generally accepted accounting practice for that entity. “Generally accepted accounting practice” has been taken to mean Statements of Generally Accepted Accounting Practice (Statements of GAAP), or for certain entities, International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. Since Statements of GAAP have been withdrawn from 1 December 2012, public entities will be required to apply another reporting framework in the future.

The purpose of this Directive is to prescribe the criteria to be applied by public entities in selecting and applying an appropriate reporting framework.

The effective date of the standard is for years beginning on or after 01 April 2018.

The municipality expects to adopt the standard for the first time in the 2019 annual financial statements.

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

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal- agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

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

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

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

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

3. INVESTMENT PROPERTY

	2016		2015		Carrying value
	Cost / Valuation	Accumulated depreciation / Cyng value	Cost / Valuation	Accumulated depreciation	
Investment property	21 534 000	–	21 534 000	–	21 534 000

Reconciliation of investment property – 2016

	Opening balance	Total
Investment property	21 534 000	21 534 000

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

Reconciliation of investment property – 2015

	Opening balance	Total
Investment property	21 534 000	21 534 000

Pledged as security

No investment property has been pledged for 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.

Details of valuation

The valuation was based on open market value for existing use. These assumptions are based on current market conditions.

Amounts recognised in surplus and deficit for the year:

Rental revenue from investment property	62 600	40 294
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The Investment properties were valued in terms of the requirements of GRAP 16 and the details of the valuation is available for inspection at the registered office of the municipality.

Properties were individually investigated to confirm classification as investment properties. Investment properties are identified under GRAP standards 16. The following criteria was used to determine whether a property should be classified as an investment property:

- Land or buildings held for long-term capital appreciation
- A building owned by the municipality and leased out to third parties under one or more operating leases
- Land held for a current undeterminable future use
- Property being constructed or developed for future use as investment property

4. PROPERTY, PLANT AND EQUIPMENT

	2016			2015		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land	58 314 813	–	58 314 813	58 314 813	–	58 314 813
Buildings	212 554 510	(94 881 441)	117 673 069	182 379 223	(83 425 956)	98 953 267
Infrastructure	378 775 481	(169 323 465)	209 452 016	2 349 953 29	(159 928 442)	190 024 850
Work in Progress	52 250 262	–	52 250 262	74 124 009	–	74 124 009
Finance leased assets	1 846 106	(1 535 893)	310 213	1 846 106	(918 839)	927 267
Movable assets	48 290 892	(21 038 931)	27 251 961	40 683 157	(15 309 223)	25 373 934
Total	752 032 064	(286 779 730)	465 252 334	707 300 600	(259 582 460)	447 718 140

Reconciliation of property, plant and equipment – 2016

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	58 314 813	–	–	–	–	–	–	58 314 813
Buildings	98 953 267	30 437 774	(40 764)	–	1 744 499	(9 584 567)	(3 837 140)	117 673 069
Infrastructure	190 024 850	–	–	28 822 188	184 718	(9 579 740)	–	209 452 016
Work in Progress	74 124 009	37 386 216	–	(59 259 963)	–	–	–	52 250 262
Finance leased asset	927 267	–	–	–	–	(617 054)	–	310 213
Movable assets	25 373 934	7 705 956	–	–	(34 981)	(5 792 948)	–	27 251 961
	447 718 140	75 529 946	(40 764)	(30 437 775)	1 894 236	(25 574 309)	(3 837 140)	465 252 334

Reconciliation of property, plant and equipment – 2015

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	58 314 813	–	–	–	–	58 314 813
Buildings	97 120 754	–	–	11 433 118	(9 600 605)	98 953 267
Infrastructure	163 995 098	1 030 462	–	37 675 305	(12 676 015)	190 024 850
Work in Progress	72 361 924	50 870 508	–	(49 108 423)	–	74 124 009
Finance leased assets	1 557 685	–	(14 157)	–	(616 261)	927 267
Movable	20 413 562	9 804 972	(308 332)	–	(4 536 268)	25 373 934
	413 763 836	61 705 942	(322 489)	–	(27 429 149)	447 718 140

Pledged as security

No items of Property, Plant and Equipment have been pledged as security.

Assets subject to finance lease (Net carrying amount)

Leased Assets	310 213	927 267
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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

5. INTANGIBLE ASSETS

	2016			2015		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Intangible assets	482 590	–	482 590	435 990	–	435 990

Reconciliation of intangible assets – 2016

	Opening balance	Other changes, movements	Total
Intangible assets	435 990	46 600	482 590

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

Reconciliation of intangible assets – 2015

	Opening balance	Total
Intangible assets	435 990	435 990

Pledged as security

No intangible assets are 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.

	2016	2015
6. INVENTORIES		
Consumable stores	142 325	78 785
Water	492	2 697
Land held for sale	6 838 050	6 838 050
Fuel (Diesel, Petrol)	138 239	179 356
	7 119 106	7 098 888
Inventories recognised as an expense during the year	4 587 375	4 105 246

7. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Other receivables	–	597 475
Accrued revenue	420 786	367 646
Consumer debtors – Electricity	1 106 061	626 356
Consumer debtors – Water	691 565	126 819
Consumer debtors – Sewerage	2 732 581	521 402
Consumer debtors – Refuse	4 255 678	982 949
Consumer debtors – Other	5 074 920	240 027
	14 281 591	3 462 674

Pledged as security

None of the receivables from exchange transactions are pledged as security for any financial liability of the municipality.

8. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Government grants and subsidies	–	514 533
Consumer debtors – Rates	20 038 687	17 854 924
	20 038 687	18 369 457
Government Grants and subsidies consist of:		
Housing Grant	–	514 533
Housing Grant		
Opening balance	514 533	514 533
Write down of receivable (Note 29)	(514 533)	–
Closing balance	–	514 533

During the year the council past a resolution to waive the amount owned by the Department of Human settlement to the amount of R 514 533.

Pledged as security

None of the receivables from non-exchange transactions are pledged for security for any financial liability of the municipality.

	2016	2015
9. VAT RECEIVABLE		
Value Added Tax (VAT)	6 486 022	1 341 524
The municipality is registered on the cash basis for VAT purposes. Thus output VAT is declared on receipt once cash is received and input VAT is claimed on payments when actual payments are made.		
All VAT returns have been submitted timeously to SARS by due date throughout the year.		
VAT Receivable at year end consists of:		
VAT output on payables	313 699	591 561
VAT Input on receivables	(908 408)	(600 179)
VAT Receivable from SARS	7 080 731	1 350 141
	6 486 022	1 341 523
10. CONSUMER DEBTORS DISCLOSURE		
Gross balances		
Rates	27 445 650	26 634 428
Electricity	2 251 910	1 470 010
Water	2 144 166	1 437 270
Sewerage	6 535 736	5 254 280
Refuse	8 026 736	6 616 247
Other	5 849 733	5 548 223
	52 253 931	46 960 458
<i>Less: Allowance for impairment</i>		
Rates	(7 406 964)	(8 779 504)
Electricity	(1 145 849)	(843 654)
Water	(1 452 600)	(1 310 451)
Sewerage	(3 803 156)	(4 732 878)
Refuse	(3 771 058)	(5 633 298)
Other	(774 813)	(5 308 196)
	(18 354 440)	(26 607 981)
Net balance		
Rates	20 038 686	17 854 924
Electricity	1 106 061	626 356
Water	691 567	126 819
Sewerage	2 732 580	521 402
Refuse	4 255 678	982 949
Other	5 074 920	240 027
	33 899 492	20 352 477

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

	2016	2015
10. CONSUMER DEBTORS DISCLOSURE CONTINUED		
Included in above is receivables from exchange transactions		
Electricity	1 106 061	626 356
Water	691 567	126 819
Sewerage	2 732 580	521 402
Refuse	4 255 678	982 949
Other	5 074 920	240 027
	13 860 806	2 497 553
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	20 038 686	17 854 924
Net balance	33 899 492	20 352 477
Rates		
Current (0 – 30 days)	573 831	92 161
31 – 60 days	714 613	292 166
61 – 90 days	701 327	285 857
91 – 120 days	698 410	438 925
> 120 days	17 350 505	16 745 815
	20 038 686	17 854 924
Electricity		
Current (0 – 30 days)	250 466	207 407
31 – 60 days	158 007	90 097
61 – 90 days	132 227	135 497
91 – 120 days	168 666	43 166
> 120 days	396 817	150 189
	1 106 183	626 356
Water		
Current (0 – 30 days)	70 343	31 439
31 – 60 days	77 998	22 479
61 – 90 days	76 401	22 570
91 – 120 days	89 088	5 793
> 120 days	377 737	44 538
	691 567	126 819
Sewerage		
Current (0 – 30 days)	225 457	52 644
31 – 60 days	169 439	47 535
61 – 90 days	173 132	36 350
91 – 120 days	151 286	21 176
> 120 days	2 013 266	363 697

continued

	2016	2015
	2 732 580	521 402
Refuse		
Current (0 – 30 days)	328 010	147 971
31 – 60 days	244 091	95 255
61 – 90 days	220 722	82 148
91 – 120 days	226 357	76 729
> 120 days	3 236 498	580 846
	4 255 678	982 949
Other		
Current (0 – 30 days)	57 469	118 219
31 – 60 days	53 071	189 017
61 – 90 days	41 403	165 186
91 – 120 days	115 436	145 604
> 120 days	4 807 541	(377 999)
	5 074 920	240 027
Summary of debtors by customer classification:		
Industrial / Commercial		
Current (0 – 30 days)	170 743	118 219
31 – 60 days	160 195	189 017
61 – 90 days	168 029	165 186
91 – 120 days	156 693	145 604
> 120 days	4 468 384	3 207 835
	5 124 044	3 825 861
Consumer		
Current (0 – 30 days)	555 309	545 023
31 – 60 days	651 950	1 271 711
61 – 90 days	632 747	629 138
91 – 120 days	652 018	543 639
> 120 days	25 847 777	21 606 320
	28 339 801	24 595 831
National and provincial government		
Current (0 – 30 days)	779 524	355 594
31 – 60 days	605 073	405 237
61 – 90 days	544 436	442 022
91 – 120 days	640 534	495 588
> 120 days	21 154 880	19 063 180
	23 724 447	20 761 621
Summary of debtors by customer classification:		
Reconciliation of allowance for impairment		
Balance at beginning of the year	(26 607 981)	(20 449 430)
Reversal of allowance	8 253 541	(6 108 551)
	(18 354 440)	(26 607 981)

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

	2016	2015
11. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Bank balances	9 018 443	3 635 405
Short-term deposits	107 019 466	99 117 494
	116 037 909	102 752 899

The carrying value of these assets approximates their fair value. The municipality does not have a bank overdraft facility. The bank have not been pledged for security.

The short term deposit relates to short term deposits held at local banks for no longer than 90 days and bears interest at market related terms.

Pledged for security

No items of cash and cash equivalents have been pledged as security.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA – Fixed Deposit (206 381 3884)	10 812 086	10 137 327	9 560 297	10 812 086	10 137 327	9 560 297
ABSA – Fixed Deposit (206 350 7897)	5 798 241	5 436 385	5 126 939	5 798 241	5 436 385	5 126 939
ABSA – Fixed Deposit (20 6460 1519)	2 461 320	2 307 714	2 176 356	2 461 320	2 307 714	2 176 356
ABSA – Housing (206 509 865)	54 561	51 156	48 244	54 561	51 156	48 244
FNB – Fixed Notice (740 8902 8507)	2 699 360	2 537 547	2 393 662	2 699 360	2 537 547	2 393 662
Nedbank – Investment (160 7777 69921)	574 247	539 189	509 162	571 622	539 189	511 297
Nedbank – SDL Fund (160 1777 69925)	73 176	68 708	64 483	72 841	68 708	64 483
Nedbank – Eco Green (160 7777 69928)	58 943	55 124	51 941	58 673	55 344	51 941
Standard Bank – Notice Deposit (048 5600 65004)	733 904	692 426	657 822	733 904	692 426	657 822
ABSA – Cheque Account (26 5056 0046)	9 047 202	3 710 304	5 665 063	9 015 258	3 632 410	5 435 410
ABSA Trust Keeton (206 350 72)	–	–	8 348	–	–	8 686
ABSA Fixed Deposit (20 6381 3842)	3 525 111	3 305 117	3 116 985	3 525 111	3 305 117	3 116 985
ABSA Fixed Deposit (20 6348 4566)	7 425 512	6 962 102	8 504 544	7 425 512	6 962 102	8 504 544
ABSA Fixed Deposit (20 6598 6332)	1 870 154	1 753 441	1 653 633	1 870 154	1 753 441	1 653 633
ABSA Fixed Deposit (20 6602 3614)	67 077 026	61 630 783	23 489 519	67 077 026	61 630 783	23 489 519
Nedbank Fixed Notice (16077776 9922)	1 779 102	1 670 487	1 567 762	1 774 024	1 670 487	1 567 762
Nedbank Fixed Notice (16077776 9923)	1 982 815	1 861 764	1 747 276	1 970 692	1 861 764	1 747 276
Nedbank Fixed Notice (16077776 9924)	99 116	93 065	87 342	98 663	93 065	87 342
Nedbank Call Deposit (37667500223)	15 726	14 937	14 459	15 677	14 937	14 452
Standard Bank Notice Deposit (248685880001)	3 184	2 995	2 995	3 184	2 997	2 994
	116 090 786	102 830 571	66 446 832	116 037 909	102 752 899	66 219 644

	2016	2015
12. FINANCE LEASE OBLIGATION		
Minimum lease payments due		
– within one year	349 662	699 324
– in second to fifth year inclusive	–	349 663
	349 662	1 048 987
less: future finance charges	(8 508)	(67 375)
Present value of minimum lease payments	341 154	981 612
Present value of minimum lease payments due		
– within one year	341 154	341 155
– in second to fifth year inclusive	–	640 457
	341 154	981 612
Non-current liabilities	–	341 155
Current liabilities	341 154	640 457
	341 154	981 612

It is municipal policy to lease certain computer equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 9% (2015: 9%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 4.

13. EMPLOYEE BENEFIT OBLIGATIONS

The municipality has the following employee benefit obligations: Post retirement medical aid plan

The municipality operates an unfunded post-employment health care defined benefit plans for qualifying employees. Employees of the municipality are members of Bonitas, Hosmed, Samwumed and LA Health medical schemes. The most recent actuarial valuations of plan assets as the present value of the defined benefit obligation were carried out at 30 June 2016 by Mr C Weiss (BSc FFA), Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. The municipality does not have long term assets set aside off-balance sheet in respect of the post employment health care liability.

Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in surplus or deficit as employee benefits upon valuation. Defined benefit plans are postemployment plans other than defined contribution plans. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

13. EMPLOYEE BENEFIT OBLIGATIONS CONTINUED**Long Service Awards** continued

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

	2016	2015
Carrying value		
Post Retirement benefits: Medical Aid (Note 13.1)	7 145 206	6 205 577
Long Service Awards (Note 13.2)	3 138 199	2 782 927
	10 283 405	8 988 504
Non-current liabilities	10 035 279	8 800 348
Current liabilities	248 126	188 156
	10 283 405	8 988 504
The change in the carrying values of the employee benefit obligations are as follows:		
Post Retirement Benefits: Medical Aid		
Opening balance	6 205 577	5 529 351
Current Service Cost – Included in Employee related costs (Note 25)	651 449	508 827
Finance Charges – Included in finance cost (Note 28)	592 468	528 344
Actuarial gain/ losses	(267 985)	(346 401)
Benefits paid during the year	(36 303)	(14 544)
Closing balance	7 145 206	6 205 577
Long Service Awards		
Opening Balance	2 782 927	2 416 207
Current Service Cost – Included in Employee related costs (Note 25)	321 701	271 570
Finance Charges – Included in Finance cost (Note 28)	220 685	197 031
Actuarial gain / losses	(76 222)	(51 228)
Benefit paid during the year	(110 892)	(50 653)
Closing balance	3 138 199	2 782 927
Total Employee Benefit Obligation		
Opening Balance	8 988 504	7 945 558
Current Service Cost	973 150	780 397
Finance Charges	813 153	725 375
Actuarial gain / losses	(344 207)	(397 629)
Benefits paid during the year	(147 195)	(65 197)
Less: current portion of liability	(248 126)	(188 156)
Closing balance	10 035 279	8 800 348
Current portion of the liability consist of:		
Post retirement benefits: Medical aid	48 048	15 420
Long service awards	200 078	172 736
	248 126	188 156
Net expense recognised in the statement of financial performance		
Current service cost	973 150	780 397
Interest cost	813 153	725 375
Actuarial (gains) losses	(344 207)	(397 629)
Settlement	(147 195)	(65 197)

continued

	2016	2015
	1 294 901	1 042 946
13.1 Post Retirement Benefits: Medical Aid		
The post retirement benefit plan is classified as a defined benefit plan, of which the members are made up of the following:		
In-service (employee) members	168	151
In-service (employee) non-members	91	107
Continuation (retiree and window) members	3	1
Total	262	259
The liability in respect of the periods commencing prior to the comparative year has been estimated as follows:		
In-service (employee) members	5 073 644	4 633 588
In-service (employee) non-members	1 398 132	1 419 939
Continuation (retiree and widow) members	673 430	152 050
	7 145 206	6 205 577
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
– Bonitas;		
– Hosmed;		
– LA Health; and		
– Samwumed.		
Key actuarial assumptions used		
Rate of interest used:		
Discount rates	9.39%	9.22%
Health care inflation rate	8.43%	8.26%
Net effective discount rate	0.88%	0.89%
<i>Mortality Rates:</i>		
The PA 90 ultimate table, rated down 1 year of age was used by the actuaries.		
<i>Normal Retirement Age:</i>		
It has been assumed that in-service members will retire at age 65, which then implicitly allows for expected rates of early and illhealth retirement.		
Total amount recognised in the statement of financial position are as follows:		
Present value of funded obligation	–	–
Present value of unfunded obligation	7 145 206	6 205 577
Less: Fair value of plan assets	–	–
Present value of obligation in excess of plan assets	7 145 206	6 205 577

Sensitivity analysis on the accrued liability

The liability at the valuation date was recalculated to show the effect of:

- (i) a 1% increase and decrease in the assumed rate of health care cost inflation;
- (ii) a 1% increase and decrease in the discount rate;
- (iii) a one-year age reduction in the assumed rates of post-retirement mortality;
- (iv) a one-year decrease in the assumed average retirement age; and
- (v) a 10% decrease in the assumed proportion of in-service members that continue to receive the subsidy after retirement.

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

13. EMPLOYEE BENEFIT OBLIGATIONS CONTINUED**13.1 Post Retirement Benefits: Medical Aid** continued

The effect of movements in the assumptions for the year ended 30 June 2016 in the obligation are as follows:

Assumptions	Change in assumption	In-Service members liability	Continuation members liability	Total liability	% Change
Central assumptions	–	6 472 000	673 000	–	–
Health care inflation	1%	8 005 000	738 000	8 743 000	22%
Health care inflation	-1 %	5 278 000	617 000	5 895 000	-17%
Discount rate	1%	5 296 000	618 000	5 914 000	-17%
Discount Rate	-1%	8 006 000	738 000	8 744 000	22%
Post retirement mortality	- one year	6 710 000	701 000	7 411 000	4%
Average retirement age	- one year	6 994 000	673 000	7 667 000	7%
Withdrawal rate	-10%	4 992 000	673 000	5 665 000	-21%

The effect of movements in the assumptions for the year ended 30 June 2016 on the interest and service costs are as follows:

Assumption	Change in assumption	Current service cost	Interest cost	Total	% Change
Central assumptions	–	651 400	571 600	1 223 000	–
Health care inflation	1 %	817 400	699 800	1 517 200	24%
Health care inflation	-1 %	524 300	471 100	995 400	-19%
Discount rate	1 %	531 000	523 900	1 054 900	-14%
Discount rate	-1 %	810 100	624 000	1 434 100	17%
Post retirement mortality	- one year	675 000	593 000	1 268 000	4%
Average retirement age	- one year	705 900	615 300	1 321 200	8%
Continuation of membership at retirement	-10 %	498 900	439 900	938 800	-23%

The effect of movements in the assumptions for the year ended 30 June 2015 in the obligation are as follows:

Assumption	Change in assumption	In-Service members liability	Continuation members liability	Total liability	% Change
Central assumptions	–	6 053 527	152 050	6 205 577	–
Health care inflation	1%	7 434 000	162 000	7 596 000	22%
Health care inflation	-1%	4 973 000	143 000	5 116 000	-18%
Discount rate	1%	000	143 000	5 133 000	-17%
Discount rate	-1%	7 435 000	162 000	7 597 000	22%
Post retirement mortality	- one year	6 278 000	159 000	6 437 000	4%
Average retirement age	- one year	6 528 000	152 000	6 680 000	8%
Withdrawal rate	10%	4 626 000	152 000	4 778 000	-23%

The effect of movements in the assumptions for the year ended 30 June 2015 on the interest and service costs are as follows:

Assumption	Change in assumption	Current service cost	Interest cost	Total	% Change
Central assumptions	–	508 827	528 344	1 037 171	–
Health care inflation	1%	638 000	647 000	1 285 000	24%
Health care inflation	-1%	409 400	434 800	844 200	-19%
Discount rate	1%	414 700	481 800	896 500	-14%
Discount rate	-1%	633 100	580 100	1 213 200	-17%
Post retirement mortality	- one year	527 200	548 100	1 075 300	4%
Average retirement age	- one year	535 900	596 000	1 131 900	7%
Continuation of membership at retirement	-10 %	392 000	405 000	797 000	-23%

13.2 Long service awards

The long service awards are defined benefit plans.

	2016	2015
Eligible employees	259	258
Key actuarial assumptions used:		
Rate of interest		
Discount rate	8.57%	8.18%
General salary inflation	7.22%	7.17%
Net effective discount rate applied to salary related long service awards	1.26%	0.94%
<i>Mortality Rates</i>		
The SA 85-90 ultimate table was used by the actuaries.		
<i>Average retirement age</i>		
It has been assumed that in-service members will retire at age 65, which then implicitly allows for expected rates of early and illhealth retirement.		
Total amount recognised in the statement of financial position are as follows:		
Present value of funded obligation	–	–
Present value of unfunded obligation	2 782 927	2 782 927
Less: Fair value of plan assets	–	–
Present value of obligation in excess of plan assets	2 782 927	2 782 927

Sensitivity analysis on the accrued liability

The liability at the valuation date was recalculated to show the effect of:

- (i) a 1% increase and decrease in the assumed general salary inflation rate; (ii) a 1% increase and decrease in the discount rate;
- (iii) a two-year increase and decrease in the assumed average retirement age of employees; and
- (iv) a 50% decrease in the assumed withdrawal rate.

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

13. EMPLOYEE BENEFIT OBLIGATIONS CONTINUED**13.2 Long service awards** continued

The effect of movements in the assumptions for the year ended 30 June 2016 in the obligation are as follows:

Assumption	Change in assumption	Total liability	% Change
Central assumptions	–	3 138 199	–
General salary inflation	1%	3 370 000	7%
General salary inflation	-1%	2 931 000	-7%
Discount rate	1%	2 921 000	-7%
Discount rate	-1%	3 385 000	8%
Average retirement age	- two years	2 814 000	-10%
Average retirement age	+ two years	3 402 000	8%
Withdrawal rate	-50 %	3 741 000	19%

The effect of the movement in the assumptions for the year ended 30 June 2016 in the current service and the interest cost are as follows:

Assumption	Change in assumption	Current service cost	Interest cost	Total	% Change
Central assumptions	–	321 701	220 685	542 386	–
General salary inflation	1%	353 900	238 000	591 900	9%
General salary inflation	-1%	293 300	205 100	498 400	-8%
Discount rate	1%	295 000	229 400	524 400	-3%
Discount rate	-1%	352 500	210 000	562 500	4%
Average retirement age	- two years	292 000	197 300	489 300	-10%
Average retirement age	+ two years	346 400	245 800	592 200	9%
Withdrawal rate	-50%	430 400	265 900	696 300	28%

The effect of movements in the assumptions for the year ended 30 June 2015 in the obligation are as follows:

Assumption	Change in assumptions	Total liability	% Change
Central assumptions	–	2 782 297	–
General salary inflation	1%	2 996 000	8%
General salary inflation	-1%	2 593 000	-7%
Discount rate	1%	2 584 000	-7%
Discount rate	-1%	3 010 000	8%
Average retirement age	+ two years	2 497 000	-10%
Average retirement age	- two years	3 089 000	11%
Withdrawal rate	-50%	3 336 000	20%

continued

The effect of the movement in the assumptions for the year ended 30 June 2015 in the current service and the interest cost are as follows:

Assumption	Change in assumption	Current service cost	Interest cost	Total	% Change
Central assumptions	–	271 570	197 031	468 601	–
General salary inflation	1%	299 000	212 800	511 800	9%
General salary inflation	-1%	247 400	182 900	430 300	-8%
Discount rate	1%	248 900	203 900	452 800	-3%
Discount rate	-1%	297 700	188 400	486 100	4%
Average retirement age	+ two years	248 300	176 700	425 000	-9%
Average retirement age	- two years	292 400	219 200	511 600	9%
Withdrawal rate	-50%	364 600	238 500	603 100	29%

14. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent conditional grants and receipts comprises of:

	2016	2015
Unspent conditional grants and receipts		
Municipal Infrastructure Grant (MIG)	–	24 387 344
Local Government – Disaster Fund	505 700	505 700
Municipal Systems Improvement Grant (MSIG)	–	369 229
Department of Sports – Library Grant	2 008 930	2 005 418
Department of Minerals and Energy (EPWP)	–	427 251
Neighbourhood Development Partnership Grant (NDP)	–	2 445 921
Finance Management Grant (FMG)	–	768
Supply of Electricity Integrated National Electrification Programme Grant (INEP)	–	947 420
	2 514 630	31 089 051

See note 24 for reconciliation of grants from National/Provincial Government.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

15. PROVISIONS**Reconciliation of provisions – 2016**

	Opening Balance	Utilised during the year	Unwinding of provision	Total
Environmental rehabilitation	11 501 093	(188 707)	654 638	11 967 024

Reconciliation of provisions – 2015

	Opening Balance	Additions	Unwinding of provision – Finance Charges	Total
Environmental rehabilitation	10 245 481	579 171	676 441	11 501 093

	2016	2015
Non-current liabilities	10 430 757	9 514 632
Current liabilities	1 536 267	1 986 461
	11 967 024	11 501 093

The municipality operates on four landfill sites. The in year actual operational costs is expensed in the statement of financial performance. The provision is calculated in order to finance the rehabilitation cost of each site when it reaches 100% capacity.

Environmental rehabilitation provision

The provision for rehabilitation of landfill and waste disposal sites relates to the legal obligation to rehabilitate landfill sites and waste disposal 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).

The Landfill sites are registered as official dumping sites and are therefore operated without a permit. As disclosed in the Government Gazette no 10747 dated 24 July 2015, the maximum fine applicable for operating a waste disposal site under section 24G Fine Regulations of NEMA, rounds up to R10 million per site and a contingent liability has been disclosed.

Section 24G (1) of the NEMA also stipulates that the landfill site be closed with immediate effect if no objection has been made by the municipality, therefore the provision for rehabilitation has been calculated as a current liability at 30 June 2016.

The calculation was based on cost to close and rehabilitate the site within 12 months after 30 June 2016. As the closure date is estimated to be at year end, no discount rates were applied.

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.

continued

16. PAYABLES FROM EXCHANGE TRANSACTIONS

	2016	2015
Trade payables	3	44 032
Payments received in advanced	1 294 530	1 298 242
Accrued leave pay	9 278 934	4 863 552
Accrued bonus	1 469 212	1 236 615
Accrued expense	3 768 833	5 559 344
Deposits received	212 147	119 897
Other payables	–	59 183
Retentions	9 824 040	9 365 467
	25 847 699	22 546 332

17. CONSUMER DEPOSITS

Electricity	123 734	131 934
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Deposits are paid by consumers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account balance.

No interest is paid to consumers on deposits held.

18. REVENUE

Service charges	8 256 899	7 557 236
Rental of facilities and equipment	361 042	329 679
Other income from exchange transactions	1 340 010	311 168
Investment income	10 863 603	7 500 103
Property rates	14 277 978	15 776 755
Property rates – penalties imposed	3 271 460	1 554 379
Government grants & subsidies	208 464 420	189 984 849
Other income from non exchange transactions	84 650	72 425
	246 920 062	223 086 594

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	8 256 899	7 557 236
Rental of facilities and equipment	361 042	329 679
Other income	1 340 010	311 168
Investment income	10 863 603	7 500 103
	20 821 554	15 698 186

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

	2016	2015
18. REVENUE CONTINUED		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	14 277 978	15 776 755
Property rates – penalties imposed	3 271 460	208 464 420
Transfer revenue		
Government grants & subsidies	1 554 379	189 984 849
Other Income	84 650	72 425
	226 098 508	207 388 408
19. SERVICE CHARGES		
Sale of electricity	2 912 792	2 714 258
Sale of water	766 583	599 637
Sewerage and sanitation charges	1 892 872	1 618 034
Refuse removal	2 684 652	2 625 307
	8 256 899	7 557 236
20. RENTAL OF FACILITIES AND EQUIPMENT		
Rental of facilities and equipment consists of:		
Premises	62 600	40 294
Community hall	18 490	56 557
Other	279 952	232 828
	361 042	329 679
21. OTHER INCOME		
Other Income	1 340 010	311 168
The amount included in other income arising from exchanges of goods or services are as follows:		
Sundry income	1 279 227	324 405
The amount included in other income arising from non-exchange transactions is as follows:		
Taxation revenue		
Subsidy from SETA	84 649	72 425
22. INVESTMENT INCOME		
Interest revenue		
Cash and cash equivalents	9 010 678	5 886 453
Interest charged on consumer debtors	1 852 925	1 613 650
	10 863 603	7 500 103

The amount included in Investment income arising from exchange transactions amounted to R 1 852 925 (2015: R1 613 650).

The amount included in Investment revenue arising from non-exchange transactions amounted to R 9 010 678 (2015: R5 886 453).

continued

	2016	2015
23. PROPERTY RATES		
Rates received		
Residential	17 073 971	19 852 052
Less: Income forgone	(2 795 993)	(4 075 297)
	14 277 978	15 776 755
Property rates – penalties imposed	3 271 460	1 554 379
	17 549 438	17 331 134
Valuations		
Residential	324 333 700	324 333 700
Commercial	260 082 600	260 082 600
State	825 082 195	825 082 195
Municipal	19 615 000	19 615 000
Small holdings and farms	1 450 572 960	1 450 472 960
Other	44 534 100	44 534 100
	2 924 220 555	2 924 120 555

VALUATIONS ON LAND AND BUILDINGS ARE PERFORMED EVERY 4 YEARS. THE LAST GENERAL VALUATION CAME INTO EFFECT ON 1 SEPTEMBER 2014. INTERIM VALUATIONS ARE PROCESSED ON AN ANNUAL BASIS TO TAKE INTO ACCOUNT CHANGES IN INDIVIDUAL PROPERTY VALUES DUE TO ALTERATIONS AND SUBDIVISIONS.

The new general valuation was implemented on 01 July 2014.

24. GOVERNMENT GRANTS AND SUBSIDIES

Operating grants		
Equitable share	171 557 000	134 670 000
Local Government Financial Management Grant (FMG)	1 875 768	1 799 113
Department of Minerals and Energy (EPWP)	1 852 251	1 268 961
	175 285 019	137 738 074
Capital grants		
Municipal Systems Improvement Grant (MSIG)	930 914	873 801
Department of Sport – Library	1 196 487	203 710
Municipal Infrastructure Grant (MIG)	31 052 000	46 132 705
Neighbourhood Development Partnership Grant (NDP)	–	3 783 979
Intergrated National Electrification Programme (INEP)	–	1 252 580
	33 179 401	52 246 775
	208 464 420	189 984 849

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

	2016	2015
24. GOVERNMENT GRANTS AND SUBSIDIES CONTINUED		
Revenue recognised per vote as required by section 123(c) of the MFMA		
Executive and Council	53 067 259	41 921 478
Corporate Services	33 200 068	26 277 413
Planning and development	7 673 446	6 499 581
Community and Social Services	4 885 357	3 681 145
Budget and Treasury	7 984 668	3 160 000
Sport and Recreation	9 403 480	7 447 539
Waste water management	7 987 401	6 315 389
Solid waste management	16 844 039	12 333 004
Road and Transport	16 972 793	15 513 194
Water Distribution	4 461 421	3 990 538
Electricity Distribution	9 077 068	7 530 719
	171 557 000	134 670 000
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	36 482 000	73 414 000
Unconditional grants received	171 557 000	134 670 000
	208 039 000	208 084 000
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	24 387 344	11 328 048
Current-year receipts	31 052 000	59 192 000
Conditions met – transferred to revenue	(31 052 000)	(46 132 704)
Withheld	(24 387 344)	–
	–	24 387 344
The purpose of this grant is to provide capital finance for basic municipal infrastructure for poor households, micro enterprises and social institutions; provide for new, rehabilitation and upgrading of municipal infrastructure; and eradicate bucket sanitation system mainly in urban townships.		
Department of Local Government – Disaster Fund		
Balance unspent at beginning of year	505 700	505 700

Conditions still to be met – remain liabilities (see note 14).

The purpose of this grant is to assist the municipality in managing disaster in the area, most commonly flooding.

continued

	2016	2015
Municipal Systems Improvement Grant (MSIG)		
Balance unspent at beginning of year	369 229	309 030
Current-year receipts	930 000	934 000
Conditions met – transferred to revenue	(930 914)	(873 801)
With held	(368 315)	–
	–	369 229
Conditions still to be met – remain liabilities (see note 14).		
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 Municipal Systems Act 2000 and related legislation and policies.		
Library Service Grant		
Balance unspent at beginning of year	2 005 418	1 589 128
Current-year receipts	1 199 999	620 000
Conditions met – transferred to revenue	(1 196 487)	(203 710)
	2 008 930	2 005 418
Conditions still to be met – remain liabilities (see note 14).		
The purpose of the grant is to assist the library of the municipality's activities and assets. Assets are procured as well as projects to prevent theft of books with the use of security tags.		
Department of Minerals and Energy (EPWP)		
Balance unspent at beginning of year	427 251	116 212
Current-year receipts	1 425 000	1 580 000
Conditions met – transferred to revenue	(1 852 251)	(1 268 961)
	–	427 251
Conditions still to be met – remain liabilities (see note 14).		
The purpose of this grant is to subsidise the municipality to clean and secure the environment.		
Neighbourhood Development Partnership Grant (NDP)		
Balance unspent at beginning of year	2 445 921	(3 058 100)
Current-year receipts	–	9 288 000
Conditions met – transferred to revenue	–	(3 783 979)
Withheld	(2 445 921)	–
	–	2 445 921

To support neighbourhood development projects that provide community infrastructure and create the platform for other public and private sector development, towards improving the quality of the life of residents in targeted underserved neighbourhoods.

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

	2016	2015
24. GOVERNMENT GRANTS AND SUBSIDIES CONTINUED		
Local Government Financial Management Grant (FMG)		
Balance unspent at beginning of year	768	94 881
Current-year receipts	1 875 000	1 800 000
Conditions met – transferred to revenue	(1 875 768)	(1 799 113)
Other	–	(95 000)
	–	768
Conditions still to be met – remain liabilities (see note 14).		
The purpose of this grant is to promote and support reforms in financial management by building the capacity in municipalities to implement the municipal finance management act.		
Integrated National Electrification Programme Grant (INEP)		
Balance unspent at beginning of year	947 420	2 200 000
Conditions met – transferred to revenue	–	(1 252 580)
Withheld	(947 420)	–
	–	947 420
The purpose of the grant is to address electrification backlogs of schools and clinics.		
Total Grant		
Balance unspent at the beginning of the year	31 089 051	13 084 899
Current year receipts	208 039 000	206 831 420
Conditions met – transferred to revenue	(208 464 420)	(188 732 268)
Withheld	(28 149 000)	(95 000)
	2 514 631	31 089 051
Grants included in receivables from non exchange transactions	–	(31 089 051)
Grants included in unspent conditional grants	2 514 631	–
	2 514 631	(31 089 051)
25. EMPLOYEE RELATED COSTS		
Basic	41 498 142	33 436 806
Salaries – temporary workers	474 732	661 872
Bonus	3 209 137	2 484 761
Medical aid – company contributions	3 162 275	2 732 698
UIF	374 151	311 358
SDL	430 016	350 067
Provident fund	12 090	11 204
Pension fund – company contributions	7 207 181	6 157 186
Current service cost	973 150	780 397
Salaries – AI Inc Package	4 441 320	4 808 575
Car allowance	3 609 003	2 656 998
Housing benefits and allowances	586 465	58 485
Leave reserve	5 178 813	555 410
Bargaining council	23 221	19 560
Telephone allowance	418 550	1 243 492
	71 598 246	56 268 869

continued

	2016	2015
Current services cost consist of:		
Long Service Awards (note 13.2)	321 701	271 570
Post retirement benefits: Medical Aid (note 13.1)	651 449	508 827
	973 150	780 397
Remuneration of Municipal Manager: KT Gabanakgosi		
Annual Remuneration	963 408	877 329
Car Allowance	240 000	240 000
Cellphone allowance	12 000	12 000
Contributions to UIF, Medical and Pension Funds	1 785	1 785
Other allowances	93 605	61 423
Backpay	24 361	51 974
	1 335 159	1 244 511
Remuneration of Chief Financial Officer: MP Vermaak		
Annual Remuneration	751 039	684 444
Car Allowance	180 000	180 000
Contributions to UIF, Medical and Pension Funds	1 785	1 785
Backpay	18 847	40 212
Cellphone allowance	9 000	9 000
Other allowance	46 909	39 761
	1 007 580	955 202
Remuneration of Director of Technical Services: MD Duma		
Annual Remuneration	818 112	759 594
Contributions to UIF, Medical and Pension Funds	1 785	1 785
Backpay	16 561	35 334
Cellphone Allowance	9 000	9 000
Other Allowances	–	20 907
	845 458	826 620
Remuneration of Director of Corporate Services: K Forane		
Annual Remuneration	519 444	639 594
Car Allowance	90 000	120 000
Leave payment	131 500	19 723
Contributions to UIF, Medical and Pension Funds	1 338	1 785
Cellphone Allowance	6 750	9 000
Other Allowances	65	20 069
Backpay	16 561	35 335
	765 658	845 506
Remuneration of Director of Social Services: GG Huma		
Annual Remuneration	602 595	704 217
Car Allowance	–	52 500
Contributions to UIF, Medical and Pension Funds	446	1 785
Leave payment	149 471	35 340
Cellphone Allowance	3 150	9 300
Other Allowances	12 790	446
	768 452	803 588

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

	2016	2015
25. EMPLOYEE RELATED COSTS CONTINUED		
Remuneration of Director of Social Services (Acting): DG Koboyapudi		
Annual Remuneration	117 441	–
Remuneration of Director of Social Services (Acting): PG Ntlharapane		
Annual Remuneration	134 190	–
Remuneration of Director of Corporate Services (Acting): KJ Mokhasi		
Annual Remuneration	22 112	–
Remuneration of Director of Development and Land Use (Acting): NL Mokoto		
Annual Remuneration	29 742	–
Remuneration of Director of Development and land use (Acting): HS De Jager		
Annual Remuneration	13 092	–
26. REMUNERATION OF COUNCILLORS		
Executive Mayor	782 484	718 494
Executive Committee Members	5 726 133	5 463 343
Speaker	630 888	574 797
Councillors	10 106 970	8 537 479
	17 246 475	15 294 113
In-kind benefits		
The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor and Speaker each have the use of separate Council owned vehicles for official duties.		
The salaries, allowance and benefits are within the upper limits of the framework envisaged in section 219 of the Constitution.		
27. DEPRECIATION		
Property, plant and equipment	23 633 474	28 112 946

continued

	2016	2015
28. FINANCE COST		
Trade and other payables	108 173	18 285
Finance leases	58 867	110 697
Finance charges on landfill sites	654 638	676 443
Finance charges on employee benefits obligations	813 153	725 375
	1 634 831	1 530 800
Finance charges on employee benefit obligation relates to:		
Post retirement benefits: Medical Aid	592 468	528 344
Long service awards	220 685	197 031
	813 153	725 375
29. ALLOWANCE FOR IMPAIRMENT		
Debt impairment	(7 658 530)	6 108 551
Bad debts written off	514 533	–
	(7 143 997)	6 108 551
30. BULK PURCHASES		
Electricity	3 208 721	2 994 109
31. CONTRACTED SERVICES		
Information Technology Services	1 271 234	1 364 642
Security Services	5 185 515	3 586 026
Legal Costs	3 346 815	5 978 623
Other Contractors	3 893 350	2 381 100
	13 696 914	13 310 391
32. REPAIR AND MAINTENANCE		
Repairs and maintenance		
Buildings	1 228 259	451 347
Computer equipment	141 659	311 559
Furniture and office equipment	–	4 911
Network maintenance	2 909 577	2 479 175
Street and storm water drainage	872 506	824 207
Tools	610 615	541 027
Vehicles	2 094 568	2 229 104
	7 857 184	6 841 330

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

	2016	2015
33. GENERAL EXPENSES		
Security services	600 100	607 124
Auditors remuneration	2 443 381	4 165 480
Bank charges	154 746	144 462
Cleaning	625 279	620 662
FMG grant expenditure	1 779 475	1 743 673
MSIG grant expenditure	856 586	873 801
Consulting and professional fees	807 213	885 200
Consumables	790 874	311 991
Debt collection	–	(19 500)
Indigent support	4 185 810	2 840 866
Discount allowed	96 395	125 074
Public participation	2 282 329	1 974 991
Entertainment	1 592 484	1 282 676
Health and Safety	267 721	277 966
Impairment expense	3 837 140	–
Magazines, books and periodicals	1 656	12 039
Workmen's compensation fund	581 458	591 315
Fuel and oil	4 143 588	3 973 780
Postage and courier	29 759	37 894
Printing and stationery	459 841	391 200
Protective clothing	270 409	295 719
Subscriptions and membership fees	887 818	842 053
Council bursary	843 540	752 589
Training	942 112	1 140 666
Travel – local	1 390 436	1 355 799
Refuse	209 633	488 500
Title deed search fees	325 774	9 348
Electricity	2 370 839	2 716 833
Tourism development	32 360	42 545
Accommodation costs	1 062 757	971 563
Allowance ward committee members	3 158 245	3 031 613
Asset management	–	141 267
Business support / SMME facilitation	104 875	167 026
Sports	150 000	150 000
Disaster expense	298 080	302 733
NDP expenditure	585 493	–
Veterinary department	170 222	551 500
Venue expenses	562 205	399 700
EPWP expenditure	1 964 316	1 268 961
Water usage	82 698	386 773
MIG grant expenditure	1 608 477	3 050 138
Movement in provisions (note 15)	(188 705)	579 171
	42 367 419	39 485 191

continued

	2016	2015
34. AUDITORS' REMUNERATION		
Fees	2 443 381	4 165 480
35. CASH GENERATED FROM OPERATIONS		
Surplus	72 679 548	53 400 408
Adjustments for:		
Depreciation	23 633 474	28 112 946
Gain on disposal of property, plant and equipment	40 767	137 513
Actuarial gains and losses	(344 207)	(397 629)
Fair value adjustments	–	(216 588)
Finance costs paid	1 634 831	1 165 577
Impairment of assets	3 837 140	–
Allowance impairment	(7 143 997)	6 108 551
Movements in retirement benefit assets and liabilities	47 849	317 571
Movements in provisions	465 931	1 414 036
Changes in working capital:		
Inventories	(20 218)	(2 088)
Receivables from exchange transactions	(3 674 920)	(3 210 576)
Receivables from non-exchange transactions	(1 669 230)	(8 928 631)
Payables from exchange transactions	3 301 365	398 010
VAT Receivable	(5 144 498)	4 283 613
Unspent conditional grants and receipts	(28 574 421)	17 146 051
Consumer deposits	(8 200)	(2 980)
	59 061 214	99 725 784
36. COMMITMENTS		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	23 977 444	21 213 725
Total capital commitments		
• Already contracted for but not provided for	23 977 444	21 213 725
Total capital commitments		
Authorised capital expenditure	23 977 444	21 213 725

This committed expenditure relates to property and will be financed by available bank facilities and existing cash resources, funds internally generated, etc.

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

	2016	2015
37. CONTINGENCIES		
Contingent liabilities		
Claims and damages		
MH Office Machine and stationery: issued summons against the municipality for having submitted numerous invoices for payment for alleged leases of printers and copiers, which the municipality has refused to pay. A bill of cost is being prepared for costs to be recovered. The matter is still pending.	–	90 000
Maxima Global Engineering: issued a summons against the municipality for an alleged breach of contract after developing 2000 RDP houses. The private arbitration proceedings have resumed and further hearings been conducted. The matter is still pending.	1 500 000	1 500 000
Cidar Point Joint Venture: Issued summons against the municipality relying on an alleged repudiation of contract by the municipality. The municipality is taking a “locus standi” of the joint venture to institute legal proceedings on the ground that the joint is an unincorporated joint venture and was established purely for the purpose of submission of the tender.	2 096 681	3 000 000
Martin Vermaak: Issued summons against the municipality for dismissal from work which he considered was procedurally and substantively unfair, and ordered that he be reinstated and remunerated seven months salary and legal costs. Labour appeal court hearing 1 September 2015. Awaiting judgement.	340 817	280 000
Samwu Thuso Bloem: He lodged a grievance with the CCMA which also got dismissed and the determination of the disciplinary enquiry upheld. He has at this point filed a Review Application and the Greater Taung Local Municipality has filed a statement of defence.	44 987	500 000
C/N. 212/2016: (Rustenburg): BA Thhage/GTLM: Claim for R400 000.00. finalised, applicant's application dismissed	400 000	–
C/N 336/2015: Phungo Attorneys/GTLM: Default Judgment rescinded: Action pending	101 574	–
C/N 345/20105: Telkom SA/GTLM: Claim for damaged Telkom cables: Action Pending	50 535	–
	4 534 594	5 370 000

THE MUNICIPALITY OPERATED ON AN ILLEGAL LANDFILL SITE WITHOUT THE NECESSARY LICENCES. THE MUNICIPALITY CAN BE FINED AND/OR CRIMINAL CHARGES CAN BE FILED FOR THE OFFENCE IN TERMS OF THE NATIONAL ENVIRONMENTAL MANAGEMENT WASTE ACT OF 2008. THE MAXIMUM PENALTY IMPOSED ON SUCH AN OFFENCE APPROXIMATES R 10 MILLION. THE OUTCOME WILL BE CONFIRMED THROUGH THE COURTS.

Contingent assets

The Manokwane Disaster Project was subsequently identified to be irregular expenditure. In accordance with MFMA section 167, this irregular expenditure must be recovered and therefore has been handed over for investigation to EY. The investigation consists of confirming whether irregularities incurred during the spending on the Manokwane Disaster project. The investigation is currently referred to MPAC. Expenditure which may be recoverable amounts to R3 273 102.

The municipality purchased building material for Maxima Global engineering and was placed in both Maxima engineering and Buya nempumelelo's possession. Neither Maxima nor Buya nempumelelo performed their duties and the material remained in their possession. A dispute arose between Maxima and Buya nempumelelo which resulted in the material being moved unlawfully. The municipality attempted to regain possession of the material and were unsuccessful. Isang Nakale INC were appointed to recover from both companies an amount of R1 500 000.

Rename Mokalane incorporated: Mokhetle INC is representing the municipality on bills of 3 taxation invoicea for the company above. The company was considered to have fraudulently over exhaustive bills for the work which was not done. Expenditure which my be recovered amounts to R377 000.

L.W. Mahura / GTKM – This is a review and challenging of the appointment of the Municipal Manager and was dismissed with cost amounting to R1 300 000. This is not only recoverable but should be recovered from L.W. Mahura to the total of R1 300 000.

38. RELATED PARTIES

Relationships

Members of key management	Refer to Accounting Officer's report and note 25
Members of key management	Refer to general information and note 25
Members of Council	Refer to general information and note 26

The municipality receives internal audit and risk management services from Dr Ruth Segomotsi Mompoti District

Municipality for no value.

Key management and Councillors receive and pay services on the same terms and conditions as other rate payers. These transactions are recorded at arm's length.Refer to note 26.

Compensation to the Accounting Officer and other key management is set out in note 25 to the Annual Financial Statements.

39. PRIOR PERIOD ERRORS

The following errors relating to prior years were identified in the current period and have been adjusted as indicated below:

Inventories:

During the year a land audit was performed resulting in property recognised as land held for sale resulting in and understatement of inventories to the amount of R 6 836 688.

VAT Receivable

VAT were incorrectly claimed on assets in the prior year resulting in the overstatement of VAT receivable and an understatement of Property, Plant and Equipment to the amount of R 195 139.

Investment Property:

During the year the municipality reconstructed the investment property resulting in an overstatement of investment property to the amount of R 2 412 055 and an overstatement of the fair value adjustments to the amount of R 13 650.

Property, Plant and equipment:

- **Finance leased assets**

Depreciation charged on the finance lease assets in the prior year were incorrectly calculated resulting in the understatement of depreciation and property, plant and equipment to the amount of R 1 565.

- **Movable assets**

The municipality restructured its movable asset register resulting in prior year correction. The restructuring of the asset register resulted in the overstatement of Property, plant and equipment to the amount of R 2 010 175 and understatement of the depreciation charge to the amount of R 309 012 and the understatement of losses on the disposal of assets to the amount of R 137 513.

- **Immovable assets**

Assets where omitted in the prior year fixed asset register resulting assets being recognised. Watermeters were capitalised in the prior year and adjustmenst due to existance and completeness findings received.

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

39. PRIOR PERIOD ERRORS CONTINUED**Payables from exchange transactions:**

Receipts from customers in the prior year were unallocated resulting in a overstatement of payables and an understatement of other income to the amount of R 6 263.

Provisions:

The effect of unwinding in the previous year were not taken into account. This resulted in the understatement of the provision to the amount of R 383 572, undersatement of general expenses of R 579 171 and understatement of finance cost to the amount of R 694 726.

Bulk Purchases:

In the previous financial year interest charges on accounts with the electricity provider were incorrectly included in the Bulk Purchases instead of finance costs. This resulted in the overstatement of general expenses and the understatement of finance costs to the amount of R 2 121.

Property Rates

In the previous financial year rates was incorrectly charged against the municipal properties. This resulted in the overstatement of receivables from non-exchange transactions with the amount of R2 222 855.77

Accumulated surplus

This will be the Nett effect of all the Statement of Financial Performance adjustments from the prior year.

	2016	2015
Statement of financial position		
Inventories	6 836 688	6 836 688
VAT Receivable	(195 139)	(195 139)
Investment properties	(2 412 055)	(2 412 055)
Property, plant and equipment	62 042 029	62 042 029
Payables from exchange transactions	6 263	6 263
Provisions	(383 572)	(383 572)
Accumulated Surplus	(63 671 359)	(68 288 126)
Receivables from non-exchange transactions	(2 222 856)	(2 222 856)
Statement of Financial Performance		
Other income	–	(6 263)
Depreciation	–	991 068
Finance Cost	–	694 726
General expenses	–	(2 121)
Gains or losses on the disposal of assets	–	137 513
Fair value adjustment	–	(13 650)
Rates	–	2 222 856
General expenses	–	592 638

40. FINANCIAL INSTRUMENT DISCLOSURE

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Exposure to interest rate, liquidity and credit risk arises in the normal course of the municipality's operations. This note presents information about the municipality's exposure to each of the above risks, its policies and processes for measuring and managing risk, and the municipality's management of capital. Further quantitative disclosures are included throughout these financial statements.

The District Audit and Risk Committee is responsible for overseeing the integrated risk management policies and activities. The policies were established to ensure a structured approach to the identification and mitigation of risks across the municipality to an acceptable level. The policies and systems are reviewed regularly to ensure that they keep pace with best practices and regulatory requirements.

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of fair-value hierarchy. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and been defined as follows:

Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The municipality measure all their financial instruments at amortised cost.

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

40. FINANCIAL INSTRUMENT DISCLOSURE CONTINUED

The accounting policy for the financial instrument were applied to the following items recognised in the Statement of Financial Position:

Financial Assets

2016		
	Amortised cost and fair value	Carrying value
Cash and cash equivalents	116 037 909	116 037 909
Receivables from exchange transactions	14 879 066	14 879 066
	130 916 975	130 916 975
2015		
Cash and cash equivalent	102 752 899	102 752 899
Receivable from exchange transactions	3 462 674	3 462 674
	106 215 573	106 215 573

Financial Liabilities

2016		
	Amortised cost and fair value	Carrying value
Payables from exchange transactions	4	4
Finance lease obligation	341 154	341 154
	341 158	341 158
2015		
Finance Lease Obligation	981 612	981 612
	1 084 829	1 084 829

Liquidity risk

Liquidity risk is the risk of the municipality not being able to meet its obligations as they fall due. The municipality's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable loss or risking damage to the municipality's reputation.

The municipality ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts. Payables are settled within 30 days of invoice. National and provincial grant funding is received in terms of the Division of Revenue Act (DoRA).

Credit risk

Credit risk is the risk of financial loss to the municipality if customers or counterparties to financial instruments fail to meet their contractual obligations, and rises principally from the municipality's receivables and cash and cash equivalents. The carrying amount of financial assets presents the maximum credit exposure.

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

	2016	2015
Cash and cash equivalents	116 037 909	102 752 899
Receivables from exchange transactions	14 879 066	3 462 674

Cash and cash equivalents

The municipality limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved investment policy. Consequently, the municipality does not consider there to be any significant exposure to credit risk.

Receivables form exchange transactions

Receivables are amounts owing by consumers, and are presented net of impairment losses. The municipality has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The Entity's strategy for managing its risk includes encouraging residents to install water management devices that control water flow to households, as well as prepaid electricity meters. In certain instances, a deposit is required for new service connections, serving as a guarantee.

The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial performance. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers and not concentrated in any particular sector or geographic area. The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The average credit period on services rendered is 30 days from date of invoice.

Capital management

The primary objective of managing the municipality's capital is to see to it that there is sufficient cash available to support the municipality's funding requirements, including capital expenditure, to ensure that the municipality remains financially sound.

The capital structure of the municipality consists out of debt, including finance leases in note 13, cash and cash equivalent disclosed in note 12 and net assets as disclosed in the statement of Financial Position.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

41. GOING CONCERN

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

42. EVENTS AFTER THE REPORTING DATE

The Accounting Officer is not aware of any matter or circumstance arising since the end of the financial year that require adjustments to the Annual Financial Statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

	2016	2015
43. UNAUTHORISED EXPENDITURE		
Opening balance	28 921 944	18 905 805
Overspending of budget	26 554 437	10 016 139
	55 476 381	28 921 944
44. FRUITLESS AND WASTEFUL EXPENDITURE		
Opening balance	986 473	907 156
Add: Current year	152 706	79 317
	1 139 179	986 473
45. IRREGULAR EXPENDITURE		
Opening balance	111 443 781	104 865 726
Add: Irregular Expenditure – current year	12 013 374	6 578 054
	123 457 155	111 443 780
46. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
Contributions to organised local government		
Opening balance		
Current year subscription / fee	–	887 818
Amount paid – current year	–	797 720
	(887 818)	(797 720)
	–	–
Deviation from supply chain management regulations		
Emergency	590 743	–
Sole supplier	424 446	–
Quotation could not be obtained within the required procurement process	123 896	–
The municipality was offered accommodation for free. Only food was paid for	43 900	–
	1 182 985	–

In terms of section 36 of the Municipal Supply Chain Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Accounting Officer and noted by council. The expenses incurred as listed above have been condoned.

continued

	2016	2015
Audit fees		
Opening balance	4 084	–
Current year	2 443 381	4 169 564
Amount paid – current year	(2 443 381)	(4 165 480)
	4 084	4 084
PAYE and UIF		
Opening balance	–	11 726 798
Current year	–	9 414 869
Amount paid – current year	(11 726 798)	(9 414 869)
	–	–
Pension and Medical Aid Deductions		
Opening balance	–	–
Current year	(16 816 034)	16 816 034
Amount paid – current year	(16 816 034)	(14 390 522)
	–	–
VAT		
VAT receivable	6 486 022	1 341 524

VAT output payables and VAT input receivables are shown in note 9.

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2016:

30 June 2016	Outstanding less than 90 days	Outstanding more than 90 days	Total
	R	R	R
AP Scholts	1 478	–	1 478
E Kgatlhane	548	207	755
JD Sethi	5	40	45
JD Sethi	38	–	38
JD Sethi	70	–	70
MS Kanyane	78	97	175
BF Thomas	188	–	188
	2 405	344	2 749

NOTES TO THE ANNUAL FINANCIAL STATEMENT continued

30 June 2015	Outstanding less than 90 days	Outstanding more than 90 days	Total
Sethi JD	51	–	51
Galodikwe KP	533	–	533
Edward GS	90	–	90
Kanyane MS	101	–	101
Lobelo K	616	–	616
Makgalemane E	40	–	40
Scholtz AP	987	–	987
	2 418	–	2 418

Non-compliance

Non-compliance relates to accounts not paid within 30 days of receiving invoices or statements of account.

Incident

G4S Cash Solutions	384	–
G4S Cash Solutions	384	–
G4S Cash Solutions	5 541	–
G4S Cash Solutions	2 774	–
G4S Cash Solutions	5 735	–
G4S Cash Solutions	2 872	–
Eskom	38 799	–
	56 489	–

47. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

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

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

The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations. Refer to Note 46 for the detailed amounts.

48. DISTRIBUTION LOSSES

	2016	2015
Units bought (kwh)	2 792 873	2 924 579
Units sold (kwh)	2 482 349	2 652 131
Units lost (kwh)	310 524	272 448
Cost per unit (R/kWh)	1.15	1.02
Distribution losses in Rand	356 780	278 950

Distribution losses relates to unaccounted electricity distributions. The cost mainly arises from, inter alia, illegal connections to the electricity network and bridging of meters by consumers. The foregoing costs, which represented 11.12% (2015: 9.3%) of the electricity purchases for the year, has been included in bulk purchases. According to

NERSA, the acceptable levels of energy losses are between 5%–12%.

49. CHANGES IN ACCOUNTING POLICY

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Immovable Property, plant and equipment

A voluntary change in accounting policy in regards to the life of water assets, has occurred that would affect balances of the prior periods.

The change in policy in regards to assets EUL have changed in respect of water meters for years presented as follows:

	2016	2015
Water meters	20 years	10 years

The EUL was adjusted from 10 years to 20 years for initial recognition. This is due to the asset being able to serve longer time periods than originally estimated when the asset undergo normal maintenance and is free from vandalism. As these assets is replaced less frequently and with better technology the municipality believe this change, to reflect better the benefit of use water assets and their respective values.

The value of adjustment relating to prior periods are a decrease of depreciation and accumulative depreciation to the value of R184,716.

The change on accounting policy on water meters have been applied from date of first recognition. The effect of the change have applied on the closing accumulated depreciation of the 2014/15 financial year.

50. COMPARATIVE FIGURES

During the compilation of the financial statements management noted that the market values disclosed in the financial statements as per note 23 does not reflect the values on which property rates were levied. This resulted in an overstatement of the market value of the property values to the amount of R98 037 747. The valuation were subsequently corrected.



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